

19th Annual Report 2008-2009



CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED

(Formerly known as Devaki Hospital Limited)

148, Luz Church Road, Mylapore, Chennai - 600 004

BOARD OF DIRECTORS

Mr.A.N. RADHAKRISHNAN	- CHAIRMAN
Mr.G.R. NAVIN RAKESH	- MANAGING DIRECTOR
MS. PREMĀLATHA KANIKANNAN	- DIRECTOR
DR.M. GANAPATHY	- DIRECTOR (Till 30.03.2009)
MR.T.V. VENKATARAMAN	- ADDITIONAL DIRECTOR (From 30.01.2009)
MR.M. GOPALAKRISHNAN	- ADDITIONAL DIRECTOR (From 30.01.2009 to 30.03.2009,
DR.S. KAMESWARAN	- ADDITIONAL DIRECTOR (From 16.03.2009 to 30.03.2009 and From 31.03.2009)
DR.R. VENKATASWAMI	- ADDITIONAL DIRECTOR (From 30.03.2009)

CHIEF EXECUTIVE OFFICER	- DR.V. KRISHNAMURTHY
COMPANY SECRETARY	- MR. T. JEYAPRAGASAM

AUDITORS	M/S. VARMA & VARMA Chartered Accountants 'Sreela Terrace', Level - 4, Unit -D, No.105, 1 st Main Road, Gandhi Nagar, Adyar, Chennai - 600 020.
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LEGAL ADVISORS	Mr. A.K. MYLSAMY Advocate, 61, TTK Road, Chennai - 600 018.
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BANKERS	Indian Bank East Abhiramapuram Branch, No.48, Luz Church Road, Chennai – 600 004.
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REGISTERED OFFICE	148, Luz Church Road, Mylapore, Chennai - 600 004.
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CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED
(FORMERLY KNOWN AS DEVAKI HOSPITAL LIMITED)

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of Chennai Meenakshi Multispeciality Hospital Ltd will be held on Tuesday, the 29th day of September 2009 at 11.00 am at "Sri Venkata Auditorium", Bharatiya Vidya Bhavan, New No.18,20,22, East Mada Street, Mylapore, Chennai-600 004 to transact the following:

ORDINARY BUSINESS:

1. To receive, consider, and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2009, the Profit and Loss Statement for the year ended 31st March 2009 and the Auditors' Report thereon.
2. To appoint a Director in the place of Mrs. Premalatha Kanikannan who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:

APPOINTMENT OF MR.T.V. VENKATARAMAN:

Item No.4

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr.T.V. Venkataraman who was appointed under Section 260 of the Companies Act, 1956 and other applicable provisions as Additional Director with effect from 30.01.2009, be and is hereby appointed as Director of the Company and be liable to retire by rotation. The Company has received a notice under Sec.257 of the Companies Act, 1956, from a member proposing his candidature for the office of the Director."

APPOINTMENT OF DR. S. KAMESWARAN:

Item No.5

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. S. Kameswaran who was appointed under Section 260 of the Companies Act, 1956 and other applicable provisions as Additional Director with effect from 31.03.2009, be and is hereby appointed as Director of the Company and be liable to retire by rotation. The Company has received a notice under Sec.257 of the Companies Act, 1956, from a member proposing his candidature for the office of the Director."

APPOINTMENT OF DR. R VENKATASWAMI :

Item No.6

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. R Venkataswami who was appointed under Section 260 of the Companies Act, 1956 and other applicable provisions as Additional Director with effect from 30.03.2009, be and is hereby appointed as Director of the Company and be liable to retire by rotation. The Company has received a notice under Sec.257 of the Companies Act, 1956, from a member proposing his candidature for the office of the Director."

BY ORDER OF THE BOARD

For **CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED**

Regd.Office:

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

Date: 29.08.2009

T. JEYAPRAGASAM
COMPANY SECRETARY



CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED
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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 THE PROXY NEED NOT BE A MEMBER.**
02. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos 4,5 and 6 as set out above is annexed hereto.
03. Proxy forms duly completed should reach the Company not less than 48 hours before the commencement of the meeting.
04. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2009 to 29th September, 2009 (both days inclusive).
05. Members are requested to notify changes if any, in their addresses to the Company's registered office immediately.
06. Members are requested to hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the Company for admission to the meeting hall.
07. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary of the Company at least seven days in advance of the meeting so that the information requested can be made readily available at the meeting.
08. Members are requested to bring their copy of Annual Report to the meeting.
09. Brief resume of the Directors seeking re-appointment:

Mrs. Premalatha Kanikannan: Mrs. Premalatha Kanikannan, born on 24.07.1969, a post graduate in Engineering has got rich experience in management and administration and she is associated with various institutions of Meenakshi Educational Trust. She was appointed as Additional Director and became a Director of the Company since 27.04.2007. She is not holding any shares in the Company. She is not holding any directorship/membership of committee in any other company.

Mr. T. V. Venkataraman: Mr.T.V. Venkataraman born on 23.11.1935, is a retired Indian Administrative Service Officer. He held a number of senior positions in Government of Tamilnadu. He was the Home Secretary, Government of India. He was the Chairman of Chennai Port Trust and retired as the Chief Secretary, Government of Tamilnadu. He has good exposure in Administration, Finance and Accounting fields. He was appointed as an Additional Director of the Company on 30.01.2009. He is not holding any directorship/membership of committee in any other company. He is the Chairman of the Audit Committee, investors' Grievances Committee and Remuneration Committee of the Company. He is not holding any shares in the Company.

Dr. S. Kameswaran: Dr. S. Kameswaran born on 31.07.1923 is a well known ENT surgeon. He has vast experience in medical field and administration of medical institutions. He was appointed as an Additional Director of the Company on 16.03.2009 and resigned on 30.03.2009. He was again appointed as an Additional Director of the Company on 31.03.2009. He is not holding any shares in the Company. He is a member of Audit Committee, Investors' Grievances Committee and Remuneration Committee. He is not holding any directorship/membership of committee in any other company.

Dr. R. Venkataswami: Dr. R. Venkataswami born on 10.01.1933 is a well known plastic surgeon. He has vast experience in medical field. He was appointed as an Additional Director of the Company on 30.03.2009. He is not holding any shares in the Company. He is a member of Audit Committee, Investors' Grievances Committee and Remuneration Committee. He is not holding any directorship/membership of committee in any other company.



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

Item No.4

A notice proposing the candidature of Mr. T. V. Venkataraman for the membership of the Board has been received from one of the shareholders.

Mr.T.V. Venkataraman born on 23.11.1935, is a retired Indian Administrative Service Officer. He held a number of senior positions in Government of Tamilnadu. He was the Home Secretary, Government of India. He was the Chairman of Chennai Port Trust and retired as the Chief Secretary, Government of Tamilnadu. He has good exposure in Administration, Finance and Accounting fields. He was appointed as an Additional Director of the Company on 30.01.2009. He is not holding any directorship/membership of committee in any other company.

The Board recommends the approval of the shareholders. None of the Directors of the Company is interested or concerned in the resolution except Mr.T.V. Venkataraman.

Item No.5

A notice proposing the candidature of Dr. S. Kameswaran for the membership of the Board has been received from one of the shareholders.

Dr. S. Kameswaran born on 31.07.1923 is a well known ENT surgeon. He has vast experience in medical field and administration of medical institutions. He was appointed as an Additional Director of the Company on 16.03.2009 and resigned on 30.03.2009. He was again appointed as an Additional Director of the Company on 31.03.2009. He is not holding any shares in the Company. He is a member of Audit Committee, Investors' Grievances Committee and Remuneration Committee. He is not holding any directorship/membership of committee in any other company.

The Board recommends the approval of the shareholders. None of the Directors of the Company is interested or concerned in the resolution except Dr. S. Kameswaran.

Item No.6

A notice proposing the candidature of Dr. R Venkataswami for the membership of the Board has been received from one of the shareholders.

Dr. R. Venkataswami born on 10.01.1933 is a well known plastic surgeon. He has vast experience in medical field. He was appointed as an Additional Director of the Company on 30.03.2009. He is not holding any shares in the Company. He is member of Audit Committee, Investors' Grievances Committee and Remuneration Committee. He is not holding any directorship/membership of committee in any other company.

The Board recommends the approval of the shareholders. None of the Directors of the Company is interested or concerned in the resolution except Dr. R. Venkataswami.

BY ORDER OF THE BOARD
For CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED

Regd.Office:
No.148,Luz Church Road,
Chennai-600 004
Date: 29.08.2009

T. JEYAPRAGASAM
COMPANY SECRETARY



CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED

(FORMERLY KNOWN AS DEVAKI HOSPITAL LIMITED)

DIRECTORS' REPORT

The Board of Directors of M/s Chennai Meenakshi Multispeciality Hospital Ltd have pleasure in presenting the Nineteenth Annual Report of your Company for the year ended 31st March, 2009 together with the Audited Statement of Accounts.

PERFORMANCE AT A GLANCE:

Rs. In Lakhs

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Gross Income	259.25	331.75
Profit/(Loss) Before Depreciation & Tax	(211.88)	(196.54)
Financial Expenses	94.35	62.96
Depreciation	54.49	48.81
Profit/(Loss) before Tax	(360.72)	(308.31)
Provision for Taxation		
a. Current Tax	-	-
b. Fringe Benefit tax	0.75	1.95
c. Deferred Tax Liability	(45.62)	12.35
d. Income Tax for previous years	2.92	0.43
Net Profit / (Loss)	(318.77)	(323.04)
Total Amount available for Appropriation	-	-
Profit/(Loss) carried to Balance Sheet	(318.77)	(323.04)

DIVIDEND

In view of the unavailability of the profit, your Directors express their inability to recommend any dividend for the year.

BUSINESS OPERATIONS

During the year under review your Company has achieved a gross income of Rs. 259.25 Lakhs as against Rs.331.75 lakhs in the previous year and suffered a loss of Rs.318.77 Lakhs as against the loss of Rs.323.04 lakhs during the previous year.

The new management headed by Mr.A.N. Radhakrishnan took charge of the affairs of the Company only in April 2007. The new management has taken a number of steps to improve the performance of the Company. The period under review was not upto expectations. To revamp the outdated systems, operating departments and the delegation of powers and duties, the Company took up several steps. Your management felt the urgent need to strengthen the marketing and sales. To achieve this, your management has initiated new marketing techniques based on the current trends which is yielding positive signs.

The management has initiated various steps to bring into operation the total capacity of 100 beds. At present on an average 35% of the beds are occupied. It is expected that the full capacity will be utilized in the coming periods. Further, the management has taken various steps to bring into fold number of Third Party Administrators to attract more patients and this has resulted in positive results in earning revenue. Certain new lines of treatment were introduced to improve the overall performance.

FUTURE OUTLOOK

The present management has inducted experienced Consultant Doctors in various fields, strengthening of existing facilities and addition of new facilities and services coupled with restructuring of tariff keeping always the affordability factor in my mind. These will boost the occupancy rate of the hospital. The management is focusing its attention to further strengthen its infrastructure and other facilities. There is already sign of improvement in the operation and revenue generation. It is hoped that there will be growth in the overall development of the hospital in the ensuing periods.



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OPPORTUNITIES AND THREATS

With the advent of private insurance and the emergence of India as a medical tourism destination, there has been a growth in volume in super-speciality hospitals, which have teams of specialists, sophisticated equipments, links to other medical centers and the ability to treat a complex range of ailments. Our Country is in need of speciality hospitals to the growing population. Existing hospitals situated very close to your hospital pose the threat of stiff competition. Your management, with strict enforcement of reducing the operational cost is expected to overcome this threat.

RISKS AND CONCERNS

Health care industry is generally prone to non availability of super speciality medical consultants. Your Company is not an exception to this. Your Hospital continues to enjoy the advantages of an excellent location supported by the existing Senior consultants, is confident of continuing to grow and invest in suitable expansion opportunities. The inadequate focus on continued academic and research particularly in the field which is witnessing rapid strides in diagnostic technologies, new molecules for varied ailments, sub-specialisation needs and better knowledge sharing methodologies are the areas of concern for the industry.

CORPORATE GOVERNANCE

The Company is observing the Corporate Governance and a separate report on Corporate Governance forms part of this Annual Report. The Company has appointed Independent Directors to fulfill the requirements of Corporate Governance,

DIRECTORS

During the year Messers T.V. Venkataraman and Dr.M. Gopalakrishnan were appointed as Additional Directors with effect from 30.01.2009. Dr.S. Kameswaran was appointed as Additional Director with effect from 16.03.2009. Dr.R. Venkataswami was appointed as an Additional Director with effect from 30.03.2009. Dr.S. Kameswaran, Dr.M. Gopalakrishnan, Additional Directors and Dr.M. Ganapathy, Director have resigned with effect from 30.03.2009. Dr.S.Kameswaran was again appointed as an Additional Director with effect from 31.03.2009. The Board places on record the contribution made by the then Directors, Messers T.V. Venkataraman, Dr.S. Kameswaran and Dr. R. Venkataswami, Additional Directors are proposed to be appointed as Directors in the ensuing Annual General Meeting. The Company had received notices from members proposing the appointment of Messers T.V. Venkataraman, Dr.S. Kameswaran and Dr.R. Venkataswami as Directors of the Company. The Board met on 28.04.2008, 26.07.2008, 29.08.2008, 27.09.2008, 30.09.2008, 31.10.2008 and 30.01.2009.

Mrs.Premalatha Kanikannan, Director is retiring at this AGM and being eligible offers herself for reappointment.

AUDIT COMMITTEE

During the year the Audit Committee was reconstituted with the following :

Mr. T. V. Venkataraman – Chairman, Mr. A.N. Radhakrishnan, Dr. S. Kameswaran and Dr. R. Venkataswami as Members. The Committee met on 28.04.2008, 26.07.2008, 29.08.2008, 31.10.2008 and 30.01.2009. Dr. M. Ganapathy and Mrs. Premalatha Kanikannan were ceased to be the Members of the Audit Committee during the year.

DUES TO SSI

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the Companies Act,1956, your Directors wish to state:

- That in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there is no material deviation therefrom;
- Reasonable and prudent accounting policies have been applied in the preparation of the financial statements, that they have been consistently applied and that reasonable prudent judgment and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the Loss for the year ended on that date.



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- (c) 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 preventing and detecting fraud and other irregularities.
- (d) The financial statements have been prepared on a going concern basis.

PUBLIC DEPOSITS

Your Company has accepted deposits to the tune of Rs. 114.35 lakhs and renewed existing deposits to the tune of Rs.6.00 lakhs during the year and there are no public deposits fallen due for payment and claimed but not paid as on 31st March, 2009. The total amount of deposit outstanding as at 31st March, 2009 was Rs.120.35 lakhs..

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

Your Company has substantially complied with all applicable Environmental Laws and Labour Laws.

PERSONNEL

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

AUDITORS

M/s.Varma and Varma, Chartered Accountants, Chennai-600 020, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

EXPLANATION TO AUDITORS' COMMENTS

01. Auditors' qualification: Refer para 4(g) I of the Auditors' Report
Management's Reply: The management is in the process of obtaining confirmation of balances.
02. Auditors' qualification: Refer para 4(g) II of the Auditors' Report – Note No.10 (a) of the Notes on Accounts
Management's Reply: The matter is before the Honourable High Court of Madras and is sub-judice.
03. Auditors' qualification: Refer para 4(g) III of the Auditors' Report – Note No.10 (b) of the Notes on Accounts
Management's Reply: The matter is before the Honourable High Court of Madras and is sub-judice.
04. Auditors' qualification: Refer para 3(a) of the Annexure to the Auditors' Report – Note No.10 (b) of the Note on Accounts.
Management's Reply: Please refer management reply given for para 4(g) II above.
05. Auditors' qualification: Refer para 4 of the Annexure to the Auditors' Report.
Management's Reply: The Internal Control procedure is being strengthened wherever required.
06. Auditors' qualification: Refer para 9 (a) of the Annexure to the Auditors' Report.
Management's Reply: Due to funds crunch there were some delays.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required to be disclosed under the Companies (Disclosures of Particulars in the Report of the Board Directors) Rules, 1988 are annexed hereto and the same forms part of this Report. (Annexure – I)

ACKNOWLEDGEMENTS

We are thankful to our Bankers for the cooperation and assistance extended by them. The Board places on record their thanks to the shareholders and the patient public for the confidence reposed by them in the Company and the appreciation for the services and untiring efforts of the Doctors and Employees at all levels, which has helped the Company to run its affairs smoothly.

ON BEHALF OF THE BOARD

Place: Chennai
Date : 29.08.2009

A.N. RADHAKRISHNAN
CHAIRMAN


CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED
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ANNEXURE - I**FORM-A**

Statement of Particulars of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo pursuant to Sec.217(1) (e) read with Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Power and Fuel Consumption	As on 31.03.2009	As on 31.03.2008
01. Electricity		
(a) Purchased		
Units	469983	5,38,565
Total Amount (Rs.)	2,568,045	3,263,128
Rate/Unit (Rs.)	6.10	6.06
(b) Own Generation		
Through Diesel generators		
Units	14841	13636
Unit per-litre of Diesel oil	3.30	3.40
Cost/Unit	11.12	11.00
02. Coal	N.A.	N.A.
03. Furnace Oil	N.A.	N.A.
Consumption per unit of Production	N.A.	N.A.
B. TECHNOLOGY ABSORPTION	NIL	NIL

FORM-B

(Form for disclosure of particulars with respect to Technology Absorption)

	As on 31.03.09	As on 31.03.08
Research and Development (R&D):	NIL	NIL
Expenditure on R&D:	NIL	NIL
Technology Absorption, Adoption and Innovation:	NIL	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	As on 31.03.09(Rs.)	As on 31.03.08(Rs.)
a. Total Foreign Exchange earned	NIL	NIL
b. Foreign Exchange outgo	NIL	28,30,740/-

The number of Inpatients and Outpatients during the year 2008-09 were 1435 and 10484 respectively as compared to 1667 and 5065 during the previous year.



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MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The present steady economic growth in our Country is leading to increased spend on Healthcare. Healthcare industry in our Country is growing manifold and the Indian Healthcare infrastructure is fast improving with initiatives by the Government and the Private sector. The Industry is expected to grow at a much faster rate in future and offers abundant opportunities for service providers. India is likely to reach a bed to thousand population ratio of 1.85 by the year 2012.

OUTLOOK

The increase in the life expectancy coupled with lifestyle diseases has resulted in in-patients spending and it is expected that the spending will be double of the total healthcare expenditure in the coming years. Since this is a Capital oriented Industry, your Company is taking efforts to meet the growing requirements of Capital. Your Company is inducting experienced doctors and personnel to meet the present day requirements of patients. After the appointment of the leading Rheumatologist Doctor V. Krishnamurthy, there is substantial improvements in the activities as well as overall performance and it is expected that this trend will manifold in the coming years. The Management is taking steps to develop marketing and sales in order to improve the activities and also to meet the competition in the field.

Your Company is taking steps to increase the occupancy capacity to attract more inpatients. Your Company is also taking efforts to improve the working of the Outpatient Department and to expand the Laboratory, Testing, Dialysis and other clinical areas which will yield improved revenue. Though your Company is taking steps to improve the overall performance, the above statements are only forward looking and could be affected by internal / external factors.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company makes it a point to comply with the requirements of the Code of Corporate Governance (Code introduced by the Securities and Exchange Board of India (SEBI) and incorporated in Clause 49 of the Listing Agreement in all material aspects, stipulated for listed companies. The company also makes it a point to comply with all the applicable legal provisions in letter and spirit.

The following is the report on the practices of the company on major aspects of corporate governance:

2. BOARD OF DIRECTORS

At present the Board is functioning with three non-independent Directors and three independent Directors as required in Clause 49 of the Listing Agreement. It is pertinent to note that neither the Executive Chairman Mr. A. N. Radhakrishnan nor the Managing Director Mr. G. R. Navin Rakesh is drawing any salary or avail any benefits and perks from the Company.

Physical Attendance of each Director since April 2008 at the Board Meetings and the last AGM.