

# 22<sup>nd</sup> Annual Report

## 2011 - 2012



**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**

**(Formerly known as Devaki Hospital Limited)**

New No. 72, Old No.148, Luz Church Road, Mylapore, Chennai - 600 004.

## BOARD OF DIRECTORS

Mr. A.N. RADHAKRISHNAN	- CHAIRMAN & MANAGING DIRECTOR
Mr. G.R. NAVIN RAKESH	- ADDITIONAL DIRECTOR
Ms. PREMALATHA KANIKANNAN	- DIRECTOR
Mr. T.V. VENKATARAMAN	- DIRECTOR
Dr. S. KAMESWARAN	- DIRECTOR
Dr. R. VENKATASWAMI	- DIRECTOR
CHIEF EXECUTIVE OFFICER	- Dr. V. KRISHNAMURTHY
COMPANY SECRETARY	- Mr. T. JEYAPRAGASAM
AUDITORS	- M/s. VARMA & VARMA Chartered Accountants 'Sreela Terrace', Level - 4, Unit-D, 105, 1st Main Road, Gandhi Nagar, Adyar, Chennai - 600 020.
LEGAL ADVISORS	- Mr. A.K. MYLSAMY Advocate, 61, TTK Road, Chennai - 600 018.
BANKERS	- Indian Bank East Abhiramapuram Branch, Chennai - 600 004. Punjab National Bank Mylapore Branch, Chennai - 600 004.
REGISTERED OFFICE	- New No.72, Old No.148, Luz Church Road, Mylapore, Chennai - 600 004.
REGISTRARS AND SHARE TRANSFER AGENT	- M/s. Cameo Corporate Services Ltd. "Subramaniam Building", No.1, Club House Road, Chennai - 600 002. Ph : 28460390-394 / 28460718 Fax : 28460129 E-mail : investor@cameoindia.com

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**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**  
(Formerly known as Devaki Hospital Limited)

**NOTICE**

Notice is hereby given that the Twenty Second Annual General Meeting of Chennai Meenakshi Multispeciality Hospital Ltd will be held on Wednesday the 26th day of September 2012 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 business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit and Loss Statement for the year ended on that date together with Directors' and Auditors' Report thereon.
2. To appoint a Director in the place of Ms. Premalatha Kanikannan who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in the place of Dr. R. Venkataswami who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/S. Varma & Varma, Chartered Accountants, having registration No.004532S as the Statutory Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

**SPECIAL BUSINESS:**

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, consent of the Company be and is hereby accorded to the reappointment of Mr. A. N. Radhakrishnan with designation as Chairman and Managing Director and to retain and fix the remuneration payable to him as Rs.75,000/- (Consolidated salary) for 3 years with effect from 29.04.2012 to 28.04.2015 on the following terms and conditions:"

Period of reappointment	- 29.04.2012 to 28.04.2015(3 years)
Remuneration	- Salary - Rs.75,000/- per month(consolidated salary)
Perks	- Nil

"REOSLVED FURTHER THAT where, in any financial year during the currency of the tenure of the appointee the company has no profits or its profits are inadequate the company will pay the remuneration as determined by the Remuneration Committee subject to the ceilings prescribed under Schedule XIII."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts as may be necessary for giving effect to the aforesaid resolution."

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

"RESOLVED THAT Mr.G.R. Navin Rakesh who was appointed under Section 260 of the Companies Act, 1956 and other applicable provisions as Additional Director with effect from 29.04.2012 be and is hereby appointed as Director of the Company and be liable to retire by rotation."

BY ORDER OF THE BOARD

**Regd.Office:**

New No.72, Old No.148,  
Luz Church Road, Chennai - 600 004.  
Date: 13.08.2012

For CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED

**T. JEYAPRAGASAM**  
**COMPANY SECRETARY**



**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**  
(Formerly known as Devaki Hospital Limited)

**NOTES:**

01. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF /HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DULY COMPLETED, STAMPED, SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
02. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos.5&6 as set out above is annexed hereto.
03. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September 2012 to 26th September 2012 (both days inclusive).
04. Members may avail the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registrar and Share Transfer Agent.
05. Since securities of the Company are traded compulsorily in dematerialized form as per SEBI mandate, members holding shares in physical form are requested to get their shares dematerialized at the earliest.
06. Members are requested to notify changes if any, in their addresses to the Company's registered office or Company's Registrar and Share Transfer Agent immediately.
07. 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.
08. 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.
09. Members are requested to bring their copy of Annual Report to the meeting.
10. Brief resume of the Directors seeking re-appointment:

**Ms. 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 Ammal Trust. She was first appointed as Additional Director and then appointed as Director on 27.12.2007. She is not holding any shares in the Company. She is not holding any directorship/membership of Committee in any other company.

**Dr. R. Venkataswami** born on 10.01.1933 is a well known medical specialist in Cosmetology. He has vast experience in medical field. He was appointed as an Additional Director and then as Director on 29.09.2009. He is not holding any shares in the Company. He is the Member of the Audit Committee, Investors Grievances Committee and Remuneration Committee. He is not holding any directorship/membership of Committee in any other company.

BY ORDER OF THE BOARD

For CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED

**Regd. Office:**

New No.72, Old No.148,  
Luz Church Road, Chennai - 600 004.

Date: 13.08.2012

**T. JEYAPRAGASAM**  
**COMPANY SECRETARY**



**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**  
(Formerly known as Devaki Hospital Limited)

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956.**

**Item No.5**

Mr. A.N. Radhakrishnan was appointed as Executive Chairman with effect from 29.04.2007 to 28.04.2012 and again as Chairman and Managing Director from 29.04.2012 to 28.04.2015 under Schedule XIII of the Companies Act, 1956. Mr.A.N. Radhakrishnan has the vision of augmenting the infrastructure of the hospital to establish a corporate hospital with state of art medical facilities. Under his able guidance and maintenance the performance of the hospital has improved substantially. Taking into account the recommendation of the Remuneration Committee, the Board of Directors has considered his reappointment with change in designation as Chairman and Managing Director and fixed his remuneration not exceeding Rs.75,000/- (Rupees Seventy Five Thousand Only) (Consolidated salary) per month for a period of three years with effect from 29.04.2012 to 28.04.2015. Schedule XIII requires consent of the members for his reappointment. Accordingly, necessary ordinary resolution under item No.5 of the Notice is placed for the approval of the shareholders.

The Directors recommend the resolution for your approval.

Mr.A.N. Radhakrishnan is interested in the resolution as it relates to his reappointment and Mr. G.R. Navin Rakesh and Ms.Premalatha Kanikannan, Directors are interested by virtue of their being the relatives of the appointee.

As required under Section 302 of the Companies Act, 1956, the abstract of the terms of remuneration payable to Mr.A.N. Radhakrishnan and the memorandum signifying the concern or interest of the directors therein, and the remuneration payable to him has already been communicated to the shareholders on 11.02.2012.

**Item No.6**

Mr. G.R. Navin Rakesh born on 29.04.1980 was appointed under Section 260 of the Companies Act, 1956 and other applicable provisions as Additional Director with effect from 29.04.2012 and his term expires at the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director. Accordingly, necessary ordinary resolution under item No.6 of the Notice is placed for the approval of the shareholders.

The Directors recommend the resolution for your approval.

Mr. G.R. Navin Rakesh is interested in the resolution as it relates to his appointment and Mr.A.N. Radhakrishnan, Chairman and Managing Director and Ms.Premalatha Kanikannan, Director are interested by virtue of their being relatives of the appointee.

BY ORDER OF THE BOARD

For CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LIMITED

**Regd.Office:**

New No.72, Old No.148,  
Luz Church Road, Chennai - 600 004.

Date: 13.08.2012

**T. JEYAPRAGASAM**  
**COMPANY SECRETARY**

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**DECLARATION**

To: The Members of M/s. Chennai Meenakshi Multispeciality Hospital Limited

This is to declare that the Code of Conduct envisaged by the Company for Members of the Board and Senior Management Personnel have been complied with by all the members of the Board and Senior Management Personnel of the Company respectively.

Place : Chennai  
Date : 13.08.2012

**A.N. RADHAKRISHNAN**  
**CHAIRMAN & MANAGING DIRECTOR**



**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**  
(Formerly known as Devaki Hospital Limited)

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 22nd Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2012.

**PERFORMANCE AT A GLANCE:**

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
<b>Gross Income</b>	1493.57	1273.90
Profit / (Loss) Before Depreciation, Tax & Financial Expenses	231.63	124.13
Financial Expenses	157.55	142.41
Depreciation	67.05	61.82
Profit / (Loss) before Tax and Exceptional Items	7.03	(80.10)
Add: Exceptional Item	--	--
<b>Profit / (Loss) Before Tax</b>	7.03	(80.10)
Provision for Taxation		
a. Current Tax	--	--
b. Fringe Benefit Tax	--	--
c. Deferred Tax Liability	--	--
d. Income Tax/ FBT of earlier years	--	--
<b>Profit / (Loss) for the year carried to Balance Sheet</b>	7.03	(80.10)

**DIVIDEND**

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

**BUSINESS OPERATIONS**

The operating performance of the Company has shown better results. Profit Before Tax was Rs.7.03 Lakhs (previous year Loss Rs.80.10 Lakhs) and there was no income tax liability. Your company has improved its performance. During the year under review your Company has achieved a gross income of Rs.1493.57 Lakhs as against Rs.1273.90 Lakhs in the previous year (increase of 17.24%).

Patient Care and Patient Welfare Services have resulted in improvement in patient satisfaction levels. Your Company continues renovation activities, upgradation of medical and engineering equipments to suit the present needs.

Your management believes that the strengthening of existing facilities and addition of new facilities and services with restructuring of tariff keeping always the affordability factor in mind will boost the performance to further heights.





## **CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.** (Formerly known as Devaki Hospital Limited)

### **DIRECTORS**

The term of Mr.A.N.Radhakrishnan expired on 28.04.2012 and he was appointed as the Chairman and Managing Director of the Company with effect from 29.04.2012 to 28.04.2015 for a period of three years without making any salary revision. Ms. Premalatha Kanikannan, Director is retiring by rotation at this Annual General Meeting and being eligible offer herself for re-appointment. Mr.T.V. Venkataraman, Director is also retiring by rotation at this Annual General Meeting express his desire to retire. The next Director, as per seniority, Dr. R. Venkataswami, is retiring by rotation at this Annual General Meeting and being eligible offer himself for re-appointment. The Board placed on record the valuable and excellent services rendered by Mr.T.V. Venkataraman, during his tenure as Director of the Company. The term of Mr.G.R. Navin Rakesh ended on 28.04.2012 and he was appointed as an Additional Director of the Company with effect from 29.04.2012 and his tenure expires at the ensuing Annual General Meeting. The Board placed on record the valuable services rendered by Mr.G.R. Navin Rakesh during his tenure as Managing Director. Mr.G.R. Navin Rakesh is proposed to be appointed as Director of the company in the ensuing Annual General Meeting. The Company had received a notice from a member proposing the appointment of Mr.G.R. Navin Rakesh as Director of the Company. The Board met 5 times on 14.05.2011; 12.08.2011; 21.09.2011; 14.11.2011 and 11.02.2012.

### **AUDIT COMMITTEE**

The Company has constituted Audit Committee and the following are the members:

Mr. T.V. Venkataraman - Chairman, Mr. A.N. Radhakrishnan, Dr. S. Kameswaran and Dr. R. Venkataswami as Members. The Committee met 4 times on 14.05.2011, 12.08.2011, 14.11.2011 and 11.02.2012.

### **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 except the following.

1. M/S. Ganesh Pharmaceuticals - Rs.6,27,337/- & 2. M/S. Shree Health Care India-Rs.1,92,114/-.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that there is no material deviation therefrom.
- (b) 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, 2012 and of the Profit for the year ended on that date.
- (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 not accepted deposits during the year and there are no public deposits fallen due for payment and claimed but not paid as on 31st March, 2012. The total amount of deposit outstanding as at 31st March, 2012 was Nil.



**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**  
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**HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION**

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

**PERSONNEL**

A statement concerning employees as required by Section 217(2A) of the Companies Act, 1956 is attached to this report.

**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**

Reply to qualification given by the auditors in the Auditors' Report:

Auditors' Qualification: Para 17 of the Annexure to the Auditors' Report:

According to the information and explanations given to us, and an overall examination of the Balance Sheet of the company, in our opinion short term funds have not been used for long term purposes *except to the extent of Rs.4,83,24,026/-*.

**Management's reply:**

Due to non-availability of sufficient other funds to meet the urgent requirements the company has used the long term funds for long term purpose and short terms funds for long term purpose. The company is planning to rectify it at the earliest possible period.

**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 of Directors) Rules, 1988 are annexed hereto and the same forms part of this Report. (Annexure - I)

**REPORT ON CORPORATE GOVERNANCE**

Your Company continues to strive towards highest standards of Corporate Governance. The report of Board of Directors on Corporate Governance is given in separate section titled "Report on Corporate Governance" which forms part of this Annual Report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management Discussion and Analysis" and forms part of this report.

**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 their 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 : 13.08.2012

**A.N. RADHAKRISHNAN**  
**CHAIRMAN & MANAGING DIRECTOR**





**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**  
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**ANNEXURE - I TO DIRECTORS' REPORT**

**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.

<b>A. Power and Fuel Consumption</b>	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
<b>01.Electricity</b>		
<b>(a) Purchased</b>		
Units	701279	721610
Total Amount(Rs.)	4,775,710	4,854,110
Rate/unit (Rs.)	6.81	6.72
<b>(b) Own Generation</b>		
Through Diesel generators		
Units	67488	28625
Unit per-litre of Diesel oil	4.28	5.35
Cost/Unit (Rs.)	10.26	7.53
<b>02. Coal</b>	<b>N.A.</b>	<b>N.A.</b>
<b>03. Furnace Oil</b>	<b>N.A.</b>	<b>N.A.</b>
<b>Consumption per unit of Production</b>	<b>N.A.</b>	<b>N.A.</b>

**FORM-B**

**B. TECHNOLOGY ABSORPTION**

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

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
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:**

	<b>As on 31.03.2012(Rs.)</b>	<b>As on 31.03.2011(Rs.)</b>
a. Total Foreign Exchange earned	NIL	NIL
b. Foreign Exchange outgo	NIL	1,57,878



**CHENNAI MEENAKSHI MULTISPECIALITY HOSPITAL LTD.**  
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Statement showing the particulars of Employees of the company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies(Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended 31st March, 2012.

Name	Designation And nature of duties	Age (years)	Qualification	Experience (years)	Last employment and post held	Date of commencement of employment	Gross Remune- ration(Rs.)
Dr.V. Krishnamurthy*	Chief Executive Officer	55	M.D., D.M.,	30	Consultant, Rheumatologist, Apollo & Fortis Malar Hospital	01.01.2009	9,090,000

\* Not a relative of any Director of the company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The healthcare industry though vastly improved over the recent decades, remain inadequate on more parameters. In terms of hospital infrastructure and manpower, our country ranks below other developing countries in terms of key healthcare adequacy norms. The Healthcare Industry in our country has reported a remarkable growth rate over the last decade due to the significant growth in the country's GDP & less than commensurate capacity creation.

### **OUTLOOK**

The favourable trends such as Growth in population and change in population mix, Increase in Income levels, Increasing penetration of Health Insurance, Increasing health awareness and Increased dispersion of people into cities are expected to provide growth in the Healthcare Industry.

### **RISKS AND CONCERNS**

The healthcare sector faces many challenges also, as the country looks forward to growth and better standards of medical care. Poor infrastructure, the demand-supply gap in healthcare, geographical accessibility are some notable challenges before the sector.

### **OPPORTUNITIES AND THREATS**

Significant demand supply gap in healthcare infrastructure, changing disease patterns are the opportunities in the healthcare industry. Limited supply of Human Health care resources, Increase in competition intensity, High capital investment requirements, Obsolescence of Medical Equipments are the major threats in the industry.

### **HUMAN RELATIONS**

Employee welfare was strengthened with a view to provide the employee the Best Working atmosphere. The number of employees as on 31st March, 2012 was 205.