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**DHANVANTRI**  
**JEEVAN REKHA LTD.**

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**NINETEENTH ANNUAL REPORT**

## NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of M/s DHANVANTRI JEEVAN REKHA LIMITED will be held on Thursday the 27th day of September, 2012 at Western U.P. Chamber of Commerce & Industry, Bombay Bazar, Meerut at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2012 and the Profit & Loss Account for the year ended on that date along with the Report of the Directors and Auditors thereon.
2. To reappoint Director in place of Dr. V.S. Phull, who retires by rotation, and being eligible offers himself for re-appointment.
3. To reappoint Director in place of Dr. S.P. Gupta, who retires by rotation, and being eligible offers himself for re-appointment.
4. To reappoint Director in place of Shalini Sharma, who retires by rotation and being eligible offers herself for re-appointment
5. To appoint Auditors to hold the office until the conclusion of the next Annual General Meeting and to fix their remuneration

For & on Behalf of the Board of Directors

Sd/-  
(Dr. S.P. Gupta)  
CHAIRMAN

Place: Meerut  
Date: 25.08.2012

### 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 a proxy need not be a member of the company. Proxies, in order to be effective, must reach the registered office of the company not less than 48 hours before the meeting.
2. Members are requested to bring their Annual Report alongwith them as extra copies will not be supplied due to high cost of paper & printing.
3. A member desirous of obtaining any information on accounts of the company at the Annual General Meeting is requested to forward such queries to the company at least ten days prior to the meeting enabling the Management to keep the information ready.
4. The company's Register of Members and Share Transfer Book will remain closed on 25.09.2012 to 27.09.2012

**DHANVANTRI JEEVAN REKHA LIMITED**

Registered office: Number One, Saket, Meerut, U. P.

**DIRECTORS' REPORT****Dear Members**

Your Directors have the pleasure in presenting the 19<sup>th</sup> Annual Report of the company together with Financial Statements for the year ended on 31<sup>st</sup> March 2012.

**FINANCIAL & OPERATIONAL REVIEW:****FINANCIAL RESULTS:**

S. No.	Financial Heads	(Rs in Lacs)	
		Year ended 31.03.2012	Year ended 31.03.2011
1.	Operating Income	456.67	405.57
2.	Other Income	14.91	1.11
3.	Gross Profits before depreciation & interest	110.14	99.27
4.	Interest	1.14	1.00
5.	Gross Profits after interest but before depreciation	109.01	98.27
6.	Depreciation	52.87	51.01
7.	Profit Before Tax	56.14	47.26
8.	Provision for Taxation (net)	13.89	22.55
9.	Deferred Tax Provision	-	1.15
10.	Profit after Tax	42.26	23.56
11.	Proposed Dividend	-	16.39
12.	Corporate Dividend Tax Thereon	-	2.66
13.	Balance after taxation carried over to the Balance Sheet	42.26	4.51

During the year under review the revenue of the company has increased to Rs. 457 Lac registering a growth of 13% as against the revenue of Rs. 406 Lac for the previous year ended on March 31 2011. The Pre Tax Profit has increased by 19%, while the Post Tax Profits of Rs. 42.26 Lac for the year ended March 31, 2012 have registered increase by 79% in comparison of Rs. 23.56 Lac in the previous year ended on 31.03.2011.

The management has taken a number of steps to improve the performance of the Company. The company has incurred capital expenditure to the tune of Rs. 174 Lac in upgrading its Medical Equipment and purchase of Fixed Cath Lab. Major repairs and renewals to the hospital buildings to face-lift the entire environment was taken up during the year to upgrade the hospital and diagnostic facilities provided by the Company. 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. New lines of treatment which were introduced to improve the overall performance have yielded good results.

**FUTURE OUTLOOK**

The management is focusing its attention to further strengthen its infrastructure and other facilities. The present capacity of the hospital is almost fully utilized, in view of the same the Company had acquired the land for expansion of hospital which is situated adjacent to the existing hospital building. We contemplate that this expansion will require a capital outlay in tune of Rs. 500 Lac. This will be funded through Bank Loan and internal accruals of the Company

**DIVIDEND:**

Keeping in view the requirement of resources for up gradation of the hospital facilities, it is proposed to skip the payment of dividend.

**AUDITORS:**

M/s Vipin Nagar & Co., Meerut, auditors of the company retire at the ensuing Annual General Meeting and has shown their inability to continue as Auditor of the Company. In view of the same, and in order to fill the casual vacancy caused by the resignation of M/s Vipin Nagar & Co, the Directors have proposed the name of M/s K.K. Jain & Co, Chartered Accountants, Delhi as Auditors of the Company subject to approval of the Members of the Company. A certificate has been taken from M/s K.K. Jain & Co., Chartered Accountants, Delhi stating that their appointment if made, will be within the limits laid down under section 224 (1B) of The Companies Act, 1956.

**CORPORATE GOVERNANCE:**

The Company has complied with the guidelines prescribed by the Stock Exchanges on Corporate Governance. The Company has constituted Audit Committee, Share Transfer Committee and Investors' Grievances Redressal Committee. The details of compliance made by the Company along-with a certificate from the Auditors and Management Discussion and Analysis are as per Annexure - "A" and "B" respectively forming part of this report.

**DIRECTORS:**

Pursuant to section 256 of The Companies Act, 1956 Dr. V.S. Phull, Dr. S.P. Gupta and Ms. Shalini Sharma, Directors of the company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their reappointment. The information on the particulars of Directors seeking re-appointments as required under Clause 49 of the Listing Agreement executed with the Stock Exchanges, have been given under Corporate Governance (Annexure "A") of this report.

**LISTING ON STOCK EXCHANGE:**

The company's securities are listed on The Uttar Pradesh Stock Exchange Association Ltd., Kanpur, The Stock Exchange, Mumbai and The Stock Exchange Association Ltd., Delhi. The company has paid the listing fee for all the stock exchanges for the financial year 2011-12 and has complied with all the requirements of the listing agreement.

**INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 & FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31ST MARCH 2012**

**A. CONSERVATION OF ENERGY:**

Your company is not covered by the Schedule of industries under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 requiring furnishing of information regarding conservation of energy. However, the company does lay a great deal of emphasis on conservation of energy in all phases of operation.

**B. TECHNOLOGY ABSORPTION : Not Applicable****C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

a) Foreign exchange Earnings : NIL

b) Foreign exchange Outgo : NIL

**RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS**

as required under section 217(2AA) of The Companies Act, 1956

Pursuant to the requirement U/s 217(2AA) of The Companies Act, 1956 with respect to Directors' Responsibility statement it is hereby confirmed:

- i) That in the preparation of accounts for the financial year ended on 31.03.2012 the applicable accounting standards have been followed along-with proper explanation relating to material departures;
- ii) That the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the Profit or Loss of the company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of The Companies Act, 1956 and for safeguarding the assets of the company and for preventing and detecting other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31.03.2012 on a going concern' basis.

**PARTICULARS OF EMPLOYEES:**

The provisions of Section 217 (2A) of The Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not applicable, as there is no employee drawing remuneration beyond the stipulated amount provided in the said rules.

**ACKNOWLEDGEMENT:**

We are thankful to our Bankers, Govt. Bodies and Business Associates 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.

By Order of the Board of Directors

Place: Meerut  
Date: 25.08.2012

Sd/-  
(Dr. S.P. GUPTA)  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management discussion and analysis report as required under Clause 49 of the listing agreement is as under:

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

India is fast growing economy and has become an important market in the world. India's rapid growth has brought many changes in its demographics and lifestyle. Rising income, hectic pace of life and stress have resulted in change in disease pattern, coupled with greater awareness about health and preventive measures and a demand for quality health-care.

The Indian healthcare industry comprises of public and private sectors. The private sector accounts for around 75% of total healthcare expenditure in India. Over last two decades, a majority of the tertiary care institutions in public sector have been facing resource crunch resulting in their inability to maintain and upgrade their equipment, pay for consumables and upgrade their infrastructure to meet the growing demand of complex diagnostic and therapeutic treatments. As a result, there is increasing preference for private hospitals.

Indian healthcare industry has distinct merits of clinical excellence and low cost. The sectors tenders much potential to healthcare players as there are frequent lifestyle related and other diseases in the country. The increasing elderly population and increase in income levels are also urging for better facilities in the industry. The health-conscious middle class who can afford and wants quality healthcare is the main driver of the growing sector.

### **OUTLOOK ON OPPORTUNITIES AND FUTURE PROSPECTS**

There is a tremendous scope for growth in the health insurance sector, as the sector at present covers only 10% of the entire Indian population. Over 95% of India's private healthcare expenditure is paid for out of pocket expenditure as health insurance coverage is under 5%. However, with increasing awareness and increasing number of the domestic workforce, more and more insurance coverage is taken through corporate health plans, family and individual health plans, as a result the hospitalization rates are expected to increase.

Medical tourism is also increasing over the years and India is emerging as major tourist destination as India is exceptionally competitive in terms of healthcare cost as compared to other developed nations. India has pool of excellent doctors and nursing staff. It has advanced medical facilities in critical areas and chain of private hospitals that add competitive advantage and improve medical tourism.

The increasing population, links to other medical centers and the ability to treat a complex range of ailments are providing plenty of opportunities for the growth of the industry. The need for specialty hospitals by the people is gradually increasing. The key business opportunities are in clinical research, pharmaceuticals, food supplements, biotechnology, diagnostic centres, pharmacy chains, knowledge and business process outsourcing, education and training, medical equipment, consumables and specialized consultancy services.

### **THREATS, RISKS AND CONCERNS**

In order to meet the demand for healthcare in India and improve the availability of hospital beds and doctors, infrastructure will need to be improved significantly. These additional beds will be required for specialty healthcare needs such as cancer and cardiac diseases in view of the growing incidence of such diseases. Since the Company is becoming stronger day by day, the required finance for the expansion / modernization programme can be mobilized from Banks / Financial Institutions.

The competition from the un-organised sector would be met by delivering quality health care on par with international standards which the un-organised sector lacks in view of constraints in investment to create a quality hospital. There is also the risk of attrition of losing the trained and experienced professionals and the investment made on them in their training. Because of increased opportunities, many private players are entering into this sector. Your Company can counter this challenge because it has an early bird advantage and also by providing focused health care delivery and by deploying the state of the art equipments backed up by a panel of expert Doctors. Threat of stiff competition by the hospitals situated adjacent to your hospital is the cause for decrease in the margins. Strict enforcement of reducing the operational cost coupled with improving the services and making use of locational advantage is expected to overcome this threat.

### **COMPANY OVERVIEW**

At Dhanvantri, diagnostic and therapeutic services are being provided in the field of Urology, Gastroenterology, Cardiology, Neurology, Internal Medicine and Radiology including Magnetic Resonance Imaging (MRI). It has extended its scope of

diagnostic and hospital services by providing a fully operational Cath Lab, catering to higher end needs of the cardiac patients including Angiography, Angioplasty, Pacemaker Implantation, Valvuloplasty etc. The medical equipment and technology used are latest and are continuously upgraded. We have excellent senior medical teams who can ensure high class of medical care. The ultimate aim is to provide quality healthcare to all those who need it. That is why the hospital has developed a sound and highly transparent management model that takes the interests of our patients, shareholders, investors, business partners, employees, community and government bodies into account to maintain the best corporate governance, risk management, corporate ethics and compliance.

The Company continues to have a high occupancy rate of beds during the year under review. Considering the same, the Board foresees a tremendous growth in receipts on increase in the bed capacity and expansion of other hospital facilities.

#### **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has established an appropriate system of internal control to ensure that there exists a proper control over all the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorized use or disposal. The Company's defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable law and regulations as well as protection of resources. Moreover, the company continuously upgrades these systems in line with the best available practices. Regular management committee meetings are held where reports on key performance indicators and variance analysis vis-à-vis budgets are discussed and action plans are drawn for proper follow up. Operational reports are tabled at each Board Meetings, after being discussed in Audit Committee Meetings.

#### **FINANCIAL PERFORMANCE**

##### **OVERVIEW**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, Accounting Standards as laid down by the Institute of Chartered Accountants of India and Generally Accepted Accounting Principles in India. Our management accepts responsibility for the integrity and objectivity of these financial statements as well as various estimates and judgments used therein.

##### **FINANCIAL CONDITIONS**

At present we have only one class of shares i.e. Equity Shares of par value of Rs. 10/- each. The total Authorised Share Capital is Rs. 500 Lac divided into 50,00,000 Equity Shares of Rs. 10/- each. The Company is having Reserves & Surplus amounting to Rs. 113.99 Lac as at 31<sup>st</sup> March, 2012. During the year, the Gross Block of the Company has increased by Rs. 18571 Lac which includes Rs.174.41 Lacs by way of adding new Medical Equipments. All fixed assets are stated at their original cost of acquisition less depreciation and impairment losses are recognized where necessary.

##### **RESULTS OF OPERATIONS**

During the year under review the revenue of the company has increased to Rs. 457 Lac registering a growth of 13% as against the revenue of Rs. 406 Lac for the previous year ended on March 31 2011. The Pre Tax Profit has increased by 19%, while the Post Tax Profits of Rs. 42.26 Lac for the year ended March 31, 2012 have registered increase by 79% in comparison of Rs. 23.56 Lac in the previous year ended on 31.03.2011.

##### **HUMAN RESOURCES**

In a people driven service industry like healthcare, we ensure that we deliver care and attention to patients. Our Company comprises of medical staff like doctors and nurses, paramedical staff like laboratory technician, pathologists, radiologists, ECG operators, support staff for the house keeping and non medical staff that cover the finance, materials, marketing and administration functions. Our employees are our assets as they are the key players for our growth and success of the organization. The Company believes in enhancing the professional expertise of all its employees and towards this end reviews and evolves policies/ processes to attract best of the scientific, technical and managerial talent.

##### **CAUTIONARY NOTE**

Statements in this Management Discussion Analysis Report describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied due to change in healthcare policy of the country.

## CORPORATE GOVERNANCE

### Company's Philosophy on Code of Governance

Your Company is committed to Corporate Governance in all its activities and practicing the same. It is our belief that we move closer towards our aspirations that gives us confidence of having put in the right building block for future growth and ensuring that we achieve our ambitions in prudent and sustainable manner. The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization including the Board of Directors, the Senior Management and Employees etc. The objective extends not merely to comply with statutory requirements but also go beyond them by putting in place procedures and systems which are in accordance with the best practices of governance. We endeavor to enhance long term shareholder value and respect minority rights in all our business decisions.

The company's emphasis on full transparency and accountability in all its transactions in order to protect the interest of all the stakeholders. The Compliances are mandated to ensure that effective process is in place to exercise management and internal controls.

### BOARD OF DIRECTORS

Non executive Directors/Independent Directors are committed to maintenance of high level of Corporate Governance and as such they do not have any material pecuniary relationship with the Company except as stated in the Corporate Governance Report. The following table 1 gives the composition, category, attendance of the Board of Directors and also the number of other Directorship/Chairmanship/ Membership in Board Committees of public limited companies.

**TABLE 1**

Director	Number of Board Meetings		Attendance at Last AGM	Number of Committee memberships held in other companies	Number of Committee Chairmanship held in other companies	Number of outside Directorships held
	Held	Attended				
<b>Executive Directors</b>						
Dr. V.S. Phull	8	8	Yes	None	None	None
Dr. G.P. Elhence	8	8	Yes	None	None	None
<b>Non-Executive Directors</b>	8	8				
Dr. S.P. Gupta	8	8	Yes	None	None	None
Dr. S.P. Mittal	8	8	Yes	None	None	None
Dr. S.K. Khatri	8	8	Yes	None	None	2
Ms. Shalini Sharma	8	-	No	None	None	None
Mrs. Meenakshi Elhence	8	8	Yes	None	None	None
<b>Non-Executive and Independent Directors</b>	8	8				
Mr. Premjit S. Kashyap	8	8	Yes	None	None	None
Mr. Abhimanyu Arora	8	7	Yes	None	None	None
Ms. Priyanka Sharma	8	-	No	None	None	None

### BOARD MEETINGS

During the year 2011-12 the Board of Directors met eight times on 14.05.2011, 28.05.2011, 02.07.2011, 30.07.2011, 28.09.2011, 15.11.2011, 15.12.2011 and 14.02.2012.

The longest gap between any two Board Meetings did not exceed the prescribed period of three months.

## **DIRECTORS' ATTENDENCE RECORD AND DIRECTORSHIPS**

Details are given in Table 1.

## **DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

Pursuant to the requirements of the Listing Agreement of Stock Exchange on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed is given hereunder.

Dr. V.S. Phull, Dr. S.P. Gupta and Ms. Shalini Sharma who are Directors liable to retire by rotation, being eligible offer themselves for reappointment in the forthcoming AGM.

The brief resume of all the Directors liable to retire by rotation at the ensuing Annual General Meeting are given as under:

1. Dr. V. S. Phull, aged about 66 years, has done M.B.B.S. from Govt. Medical College, Amritsar and M. S. from LLRM Medical Collage, Meerut.
2. Dr. Surendra Prakash Gupta, aged about 84 years, has done M.B.B.S. from K. G. Medical College, Lucknow and he has done three years training in orthopedic surgery from D. C. General Hospital, Washington, USA.
3. Ms. Shalini Sharma, aged 32 years, is a Law Graduate from UK and is working with a Law Firm since last eight years.

## **CODE OF CONDUCT**

The Board of Directors of the Company has laid a Code of Conduct for Directors and the senior management. The Code of Conduct is posted on the company's website. All Directors and designated personnel in the senior management have affirmed compliance with the code for the year under review. A declaration to this effect duly signed by Dr. V.S. Phull, Managing Director, is annexed to this report.

## **AUDIT COMMITTEE**

The Audit Committee was set up as per the provisions of section 292 A of the Companies Act, 1956 and clause 49 of the Listing Agreement of the Stock Exchange(s). As on March 2012, the committee had two Non-Executive and Independent Directors and one Non-Executive Director in accordance with the prescribed guidelines. The Company Secretary of the company shall act as the Secretary of the committee. The role and terms of reference of the Audit Committee covers the areas mentioned under clause 49 of the Listing Agreement with the Stock Exchanges besides other terms as may be referred by the Board of Directors. The minutes of the audit committee meeting are placed before and discussed by the Board of Directors

**TABLE 2 DETAILS OF THE AUDIT COMMITTEE**

Director	Category	No. of meetings held	No. of meetings attended
Mr. P.S. Kashyap	Chairman	4	4
Mr. Abhimanyu Arora	Member	4	4
Dr. S.K. Khatri	Member	4	4

The composition, functions and procedures of the Audit Committee are in conformity with the requirements of Clause 49 II of the Listing Agreement and that of Section 292A of the Companies Act, 1956.

### **Date of Meeting:**

The Audit Committee met 4 times in the year under review –30.06.2011, 30.07.2011, 15.11.2011 and 14.02.2012.

The attendance record of the members of the Committee is given in Table 2.



**Powers of Audit Committee:**

- a) To investigate any activity within its terms of reference
- b) To Seek information from any employee
- c) To Obtain outside legal or other professional advise
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**The terms of reference as stipulated by the Board to the Audit Committee include:**

- a) Review of the Company's financial reporting process and disclosure of its financial information.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and Recommending payments for any other services
- c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on
  - (i) Changes in accounting policies and practices.
  - (ii) Major accounting entries involving estimates based on the exercise of judgment by the management.
  - (iii) Qualifications in the draft audit report.
  - (iv) Significant adjustments arising out of audit.
  - (v) The going concern assumption.
  - (vi) Compliance with accounting standards.
  - (vii) Compliance with stock exchange and legal requirements concerning financial statements.
  - (viii) Disclosure of any related party transactions.
- d) Reviewing with the management, the external and internal auditors the adequacy of internal control systems.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Discussion with internal auditors of any significant findings and follow up there on.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.

The committee is in compliance with its requirements under this charter.

**REMUNERATION**

The directors' remuneration policy of your Company confirms with the provisions under the Companies Act, 1956. Remuneration of the Non-Executive Directors is determined by the Board of Directors.

The details of payment of sitting fees, professional fees to the Non Executive Directors during the year 2011-12 are given below:

**TABLE 3. REMUNERATION TO EXECUTIVE DIRECTORS**

Executive Directors	Remuneration	Board Meetings	Committee Meetings	Professional Fees	Total
1. Dr G. P. Elhence	-	38,000	60,000	-	98,000

**TABLE 4. REMUNERATION PAID TO MANAGING DIRECTOR FOR THE YEAR 2011-2012 IS AS UNDER:**

Name	Remuneration	Board Meetings	Committee Meeting	Professional Fees	Total
1. Dr. V.S. Phull	-	38,000	60,000	-	98,000