

Malar Hospitals Ltd.



(HUMANE CARE FOR HUMAN CURE)

Report Junction.com

Traditional Care - Modern Methods

SEVENTH ANNUAL REPORT 1996-97

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		





ANNUAL REPORT 1996-97

BOARD OF DIRECTORS

Dr. S. Ramamurthy
Chairman and Mg. Director

Shri M. Ramakrishnan
Vice-Chairman

Dr. (Mrs.) Nithiya Ramamurthy
Whole-Time Director

Prof. B. Ramamurthi

Prof. Arcot Gajaraj

Prof. S. Kameswaran

Shri S. Thyagarajan

Shri V. N. G. Rao

Shri K. Subramaniam

Shri RM. Sockalingam
Alternate to Shri M. Ramakrishnan

Shri S. Muruganandam
Alternate to Shri K. Subramaniam

GENERAL MANAGER (FINANCE)

Shri N. K. Murali

SECRETARY

Shri V. Balachandran

AUDITORS

K. Gopalan & Co.,
Chartered Accountants
36/3, Mambalam High Road,
T. Nagar, Chennai 600 017

BANKERS

Bank of India
Bank of Baroda
Indian Bank
ICICI Bank

HOSPITAL COMPLEX & REGISTERED OFFICE

52, I Main Road, Gandhi Nagar
Adyar, Chennai 600 020
Tel : 4914023, 4914768, 4914820

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the Company will be held on Monday, the 30th day of March, 1998 at 11.30 A.M. at "Balamandir German Hall", No. 17, Prakasam Street (Off. Habibulla Road), T. Nagar, Chennai 600 017 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Accounts of the Company for 18 months ending 30th September, 1997, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Prof. Arcot Gajarj, who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in the place of Mr. S. Thyagarajan, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Mr. M. Ramakrishnan, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

M/s. K. Gopalan & Co., the retiring Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 198, 269, 309, 310 and other applicable provisions, if any, and Schedule XIII of the Companies Act, 1956 Dr. S. Ramamurthy be and is hereby re-appointed as the Managing Director of the Company for a further period of five years from 01.10.1997 to 30.09.2002 on the following terms and conditions :

Salary : Rs.25,000/- p.m.
 Commission : NIL
 Perquisites : Within the limits prescribed under
 Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to increase, reduce, alter or vary the terms of remuneration from time to



time in such manner so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956."

7. To consider and if thought fit to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the company and subject to the approvals, consents, permissions and sanctions, as may be necessary, from the appropriate authorities or bodies, if any, and subject to such conditions as may be prescribed by them which the Board of Directors of the company (hereinafter referred to as the "Board"), may in its absolute discretion think fit in the interest of the company, the Board be and is hereby authorised to issue, offer and allot preference shares or debentures or such other instrument as the Board may determine [hereinafter referred to as the "security(s)"] of such nominal value, with such premium, if any, as may be determined by the Board, whether in whole or in part, or to secure foreign currency loans by entering into relevant loan agreement with the lender by providing adequate security as may be required by the said lender, aggregating to a total nominal value upto Rs.20 crores (Rupees twenty crores only) in one or more private offerings including private placement, to the investors (whether individuals/banks and/or incorporated bodies (including companies) and/or any other bodies corporate and/or trusts and/or mutual funds and/or local bodies and/or non-resident indians and/or overseas body corporates and/or foreign institutional investors and/or directors of the company and/or any combination thereof] and whether or not such investors are the shareholders of the company, on such terms and conditions as may be decided by the Board in its absolute discretion."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay fees and commission and incur expenses in relation thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to the Managing Director and/or Whole-time Director of the company to give effect to the aforesaid resolution."

8. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution :

"RESOLVED THAT the consent of the company be and is hereby accorded in terms of Sec. 293 (1) (a) and other applicable provisions, if any, of the Companies Act,

1956, to the Board of Directors, for creation of charge/security (including pari passu charge/security) over the assets of the company in such manner and in such form and on such of the assets of the company, both present and future, as may be agreed to, by the Board of Directors of the company for the purpose of securing an amount of upto Rs.20 crores (Rupees twenty crores only) to be borrowed from the new lender(s) to pay off the existing secured loans and interest that are due to ICICI, IDBI, IFCI and Indian Bank.

"RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorised to finalise and execute such documents and such other agreements as may be necessary for creating the charge/security (including pari passu charge/security) over the assets of the Company, as aforesaid, and to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution."

9. To consider and if thought fit to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, if any, consent of the company given by means of a special resolution passed at the Extraordinary General Meeting of the company held on 22nd May, 1996 for increasing the Authorised Capital of the company from Rs.15 crores divided into 1,50,00,000 shares of Rs.10/- each to Rs.20 crores divided into 2,00,00,000 shares of Rs.10/- each, be and is hereby revoked so that the Authorised Capital of the company shall continue to remain at Rs.15 crores only divided into 1,50,00,000 shares of Rs.10/- each."

By Order of the Board

Place : Chennai

V. BALACHANDRAN

Date : 27.02.98

Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHALL BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.
2. Members are requested to intimate to the company change, if any, in their registered address along with pincode numbers.
3. The Register of Members and Share Transfer Books will remain closed from 27.03.98 to 30.03.98 (both days inclusive).
4. Members/Proxies are requested to bring the attendance slips filled in for attending the meeting.



ANNEXURE TO NOTICE

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

ITEM No. 6

Dr. S. Ramamurthy was re-appointed as a Managing Director as per the Central Government letter No. 4/280/92-CLIX dated 16.09.1992 for five years with effect from 01.10.92. He has completed his tenure on 30.09.97. He has been conducting the affairs of the company with his best efforts during difficult periods. The Board therefore re-appointed Dr. S. Ramamurthy as Managing Director for another term of five years effective 01.10.1997 on the same terms and conditions as applicable to his previous appointment, at their meeting held on 27.02.98 subject to the approval of the shareholders at the general meeting.

Hence the proposed resolution seeking the approval of the shareholders.

Dr. S. Ramamurthy is interested in the resolution to the extent of remuneration received by him. Dr. (Mrs.) Nithiya Ramamurthy is deemed to be interested in the resolution by virtue of her relationship with Dr. S. Ramamurthy.

No other director is interested in the aforesaid resolution.

Item No. 7 & 8

As informed in the last Annual General Meeting, the company has been incurring continuous losses on account of high escalation in the project costs and increased interest and other financial costs. The company has been making persistent efforts in convincing the financial institutions for consideration of a package of reliefs and concessions in favour of the company. As part of the revival programme the financial institutions have also been thinking in terms of granting considerable reliefs/concessions taking into account the significant factors viz. goodwill/reputation generated over the years, potential to accommodate more complicated cases, panel of reputed consultants, locational advantages, infrastructure facility, etc.

The Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Development Bank of India (IDBI), The Industrial Finance Corporation of India Ltd., (IFCI), and Indian Bank (I.B.) have jointly lent us to the extent of Rs. 40.34 crores, Rs. 18.58 crores relating to principal and the balance of Rs. 21.76 crores being interest as on 30.09.1997. The company's properties have been charged as security by way of joint equitable mortgage in favour of the institutions and banks by means of a resolution passed at the EGM held on 23.08.1990 and 13.02.1992, and at the AGM held on 12.09.1994.

The company has identified foreign parties who have agreed to provide monies at lower interest rates when compared to the existing interest rates of secured loans of ICICI, IDBI, IFCI and IB.

The Company's existing properties which are presently mortgaged in favour of ICICI, IDBI, IFCI and IB shall have to be mortgaged in favour of the new lending party(s) who have agreed to provide the necessary funds for discharging the existing secured loans relating to ICICI, IDBI, IFCI, and IB. The new lending party(s) will be issued at the option of the company either preference shares or debentures or such other instrument as the Board may determine or the company may opt for accepting foreign funds by entering into necessary agreement directly with the foreign lender. The nature of instrument, quantum and other related modalities will be worked out by the Board.

As explained earlier, the proposal to mortgage the company's properties in favour of the lender will attract the provisions of Sec. 293(1) (a) of the Companies Act, 1956.

Hence the Board recommends the passing of the above mentioned resolutions.

None of the Directors is interested in the foregoing resolutions.

Item No. 9

The term lending institutions - The Industrial Credit and Investment Corporation of India Ltd (ICICI) and Industrial Development Bank of India (IDBI) offered to provide a package of reliefs and concessions in favour of our Hospital as part of their revival programme. This includes conversion of loan/interest into Shares, waiver of interest, penal interest, etc. Of this ICICI and IDBI had converted interest dues into Equity Shares aggregating to Rs. 1,19,04,930/- (Rs. 71,08,000/- of ICICI and Rs. 47,96,930/- of IDBI) for which shareholders approval was obtained by means of a special resolution passed at the AGM held on 29.09.1995. The said conversion was well within the previous Authorised Capital limit of Rs. 15 crores.

Thereafter, the institutions has not come forward to convert their loans/interest dues into shares of the company for the purpose of which the Authorised Capital was increased from Rs. 15 crores to Rs. 20 crores at the Extraordinary General Meeting held on 22nd May, 1996.

The Board of Directors at their meeting held on 27.02.98 felt that although a resolution was adopted to increase the Authorised Capital, the same was not implemented. The Board therefore decided to retain the Authorised Capital of the company at Rs. 15 crores.

The resolution at item No. 9 is therefore submitted to the meeting for approval.

None of the Directors is interested in the foregoing resolution.

By Order of the Board

V. BALACHANDRAN

Secretary

Place : Chennai

Date : 27.02.98



DIRECTORS' REPORT

Your Directors wish to present the Seventh Annual Report of the Company along with the Audited Accounts for the 18 months ending 30th September, 1997.

FINANCIAL RESULTS

	<i>For 18 months ended 30.09.1997</i>	<i>For 12 months ended 31.03.1996</i>
	<i>Rs. in Lakhs</i>	
Turnover	1782.41	803.67
Profit before Interest and Depreciation	431.97	209.90
Financial cost	1347.34	554.87
Depreciation	214.35	122.84
Income Tax	—	—
Net Profit/(Loss)	(1129.72)	(467.81)
Prior Period Expenses	7.03	7.91
Prior Period Income	3.12	—
Adjusted Net Profit/(Loss)	(1133.63)	(475.72)

Though your company's II Phase of seven floors commenced operations, only 116 beds could be effectively provided as against the anticipated 150 beds, provisioning the space of the balance 34 beds for utilities viz., additional theatres, laboratories and consultants rooms.

The profit before interest and depreciation (PBID) is Rs. 431.97 lacs which shows 105.8% increase over previous year's PBID of Rs. 209.90 lacs. Though your company continued to maintain strict cost control measures, a major portion of internal accruals have been eaten away by high interest bearing loans.

ONE-TIME SETTLEMENT TO FINANCIAL INSTITUTIONS

In the last Annual General Meeting you were informed that the company was exploring the possibility of securing funds at lower interest costs. In this connection I wish to inform you that the company could identify some NRI sources who have agreed to grant loans to the company carrying financial cost upto 15%. Assuming that the company would continue with the present performance, there will be a comfortable service of debt at an interest rate of 15% for the proposed borrowing upto Rs. 25 crores. The company has also had discussion with the financial institutions on its proposal to make one-time settlement towards existing secured loans relating to ICICI, IDBI, IFCI and