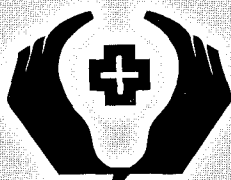


# MALAR HOSPITALS LIMITED



***Malar Hospitals***

(HUMANE CARE FOR HUMAN CURIE)

**Traditional Care - Modern Methods**

**FIFTEENTH  
ANNUAL REPORT 2005 - 2006**

## ANNUAL REPORT 2005-2006

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### BOARD OF DIRECTORS

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

**Shri. M. Ramakrishnan**

**Prof. (Dr.) S. Kameswaran**

**Shri V. Chandrasekharan**

**Shri RM. Sockalingam**

**Shri R. Subramanian**

### REGISTRAR AND SHARE TRANSFER AGENT

**GNSA Investor Services (p) Ltd.**  
GR Mansion  
11, Srinivasa Road,  
Pondy Bazaar, T. Nagar,  
Chennai – 600 017.  
Phone : 044 - 42121428 / 29  
Email : info@gnsaindia.com

### AUDITORS

**K. Gopalan & Co.,**  
Chartered Accountants  
G2, Padmaja Flat,  
5/3, Cart Track Road,  
T. Nagar, Chennai – 600 017.

### BANKERS

**Bank of India**

### REGISTERED OFFICE

52, I Main Road, Gandhi Nagar,  
Adyar, Chennai – 600 020  
Phone : 24914023, 24914768, 24914820  
Website : malarhospitals.com  
E-mail : mhl@md3.vsnl.net.in



## NOTICE

Notice is hereby issued that the 15th Annual General Meeting of the company will be held on Monday, the 26th March 2007 at 10.15 AM at Balamandir German Hall, No.17, Prakasam Street, Off. Habibulla Road, T.Nagar, Chennai – 600 017 to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the company for the year ended 30th September 2006 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. M. Ramakrishnan, who retires by rotation with the end of this meeting and being eligible offers himself for re-election.
3. To appoint a Director in the place of Mr. R.Subramanian, who retires by rotation with the end of this meeting and being eligible offers himself for re-election.
4. To appoint the M/s. K.Gopalan & Co, Chartered Accountants, Chennai, the retiring Auditors, as Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

K.Gopalan & co have expressed their consent to be appointed for the new term and they are eligible for being re-appointed.

### SPECIAL BUSINESS

5. 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 sections 198, 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and subject to other applicable provisions of the said Act, and subject to the approval of the Central Government, if any, the consent of the shareholders be and is hereby conferred on the company for the re-appointment of Dr. ( Mrs.) Nithya Ramamurthy as the Whole Time Director of the company for another term of 5 years with effect from 1st May 2006 on the terms and conditions tabled at the meeting.”

“ Resolved further that the Whole time Director shall be paid:

- a. A monthly salary of Rs 70,000
- b. Perquisites up to the value of Rs. 35,000”.

“Resolved that in addition to the above perquisites Dr. Nithya Ramamurthy shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on perquisites referred to above:

- d. Contribution to Provident Fund to the extent not taxable under the Income Tax Act.
- e. Gratuity at the rate of half a month's salary for each completed year of service.
- f. Encashment of leave at the end of tenure as per the rules of the company.

Provision of car for use on company's business and telephone at residence including long distance calls shall not be considered as perquisites.

The Whole Time Director shall not be entitled to any sitting fees for attending meetings of the Board or Committees.

The Whole Time Director shall be entitled to reimbursement of traveling expenses and entertainment expenses actually incurred in the course of the company's business."

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

"Resolved that in terms of the Guidelines issued by the Securities and Exchange Board of India (SEBI) and subject to the provisions of the Companies Act, 1956 (inclusive of all the statutory modifications, re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred by this resolution), consent be and is hereby accorded to the Board to delist the company's Equity shares from the Ahmedabad Stock Exchange Limited, Ahmedabad and The Madras Stock Exchange Limited, Chennai".

"Resolved further that the Board be and is hereby authorized to do all such acts, deeds, matters and things that are considered necessary and expedient to give effect to the aforesaid resolution".

By the Order of the Board

Place : Chennai  
Date : 26.02.2007

**V. SRIDHAR**  
Company Secretary

#### Notes:

1. ***A member who is entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on his behalf and the Proxy need not be a member of the Company.*** Proxies in order to be effective, shall be duly stamped, fully completed, signed and delivered not less than 48 hours before the commencement of the meeting at the GNSA Investor Services Private Limited, the company's Registrar and Share Transfer Agents.
2. Members / Proxies are requested to bring their attendance slip duly filled in and also the copy of their Annual Report to the meeting. Members are requested to quote in all their correspondence with the company their registered Folio Number or the Client ID, in case shares are held in demat form.
3. The Register of Members and the Share Transfer Books will remain closed from 22nd March 2007 to 26th March 2007, both dates inclusive.

## A BRIEF PROFILE OF DIRECTORS SEEKING REAPPOINTMENT

### 1. Mr. M. Ramakrishnan

Mr. Ramakrishnan is in the Board since 20th May 1992 and has contributed immensely for the betterment of the company. He holds a very senior position in Haneda Group, Malaysia. He has been very successful managing many construction companies in Malaysia and India, which companies forms part of the Haneda Group. He has vast experience in corporate management and has traveled widely throughout the world.

Mr. Ramakrishnan, aged 59 is due to retire by rotation at the close of the ensuing Annual General Meeting and as being eligible for reappointment, he has offered himself for being appointed as a Director for another term.

No other director, excepting Mr. Ramakrishnan is interested in the resolution.

### 2. Mr. R. Subramanian

Mr. R. Subramanian was first appointed as an Additional Director at the meeting of the Board of Directors held on 26th December 2005. He is an Advocate by profession and is having more than 32 years of experience and is one of the prominent Advocates in the Madras High Court.

No other director, excepting Mr. Subramanian is interested in the passage of this resolution.

## EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173(2) OF THE COMPANIES ACT, 1956

### Resolution No. 5

Dr. Mrs. Nithya Ramamurthy has successfully completed her term of Five years as Whole Time Director effective 30th April 2006. Owing to her impressive performance during her tenure, the Board of Directors were pleased to appoint her for a further term of 5 years and a resolution to that effect was adopted at the meeting of the Board held on 27th April 2006, which is subject to the approval of the shareholders at their General Meeting and the Central Government.

The remuneration payable to the Whole Time Director was approved by the Remuneration Committee at its meeting held on 27th April 2006.

### I. General information about the Company:

- Nature of business : Hospital.
- Date of commencement of the project : April 1992
- Financial performance :

Particulars	Amt. in Rs. Lakhs			
	2004-05	2003-04	2002-03	2001-02
Turnover	1586.43	1618.82	1575.37	2199.10
PBI & D	365.13	293.10	245.52	319.89
Interest	193.92	174.59	108.68	567.63
Depreciation	229.56	186.15	181.95	210.45
Income Tax	Nil	Nil	Nil	Nil
Net loss	58.35	67.64	45.11	458.1

- d. Export performance and net foreign exchange earnings, collaborations : Nil
- e. Foreign investment and collaborations, if any : Nil

## II. Information about the appointee:

### 1. Back ground details:

Dr. Nithya Ramamurthy is having more than 25 years of experience in medicine. She has been closely associated with the company right from the inception of the hospital project.

After the untimely demise of Dr. Ramamurthy, the founder promoter of the company in 2004, Dr. Nithya Ramamurthy took charge of the affairs of the company and is successfully managing the company. Under her stewardship the company was able to repay the outstanding loans to IDBI AND ICICI under a scheme of One Time Settlement.

### 2. Past remuneration:

(Amts. In Rs. Per month)

Particulars	Salary	Perquisites	Commission	Total
1-5-1996 to 30-4-2001	35000	17500	Nil	52500
1-5-2001 to 30-4-2006	35000	17500	Nil	52500

### 3. Job profile and the suitability of the appointee:

Subject to the superintendence, control and directions of the Board, the Whole Time Director manages the whole of the business of the company and all its affairs, exercises all powers, control its finances, appoints and manages employees at all levels and performs all duties generally in relation to the management of the affairs and transactions of the company, as may be proper, expedient and in particular exercise the powers conferred on the Board, with the exception of those which can be only exercised only by the Board collectively or by the Company in General Meetings and the Whole time Director always acts for and on behalf of the company while managing the affairs of the company.

Dr. Nithya Ramamurthy is one of the Chief promoters of this company and is actively engaged in the management of the company ever since inception. She holds approximately 29 % of the equity shares along with her relatives, friends and associates. Owing to her dedicated endeavours and futuristic vision, Malar Hospitals today is reckoned as one of the few multi-speciality hospitals in the city. Her continued association with the hospital is a dire necessity for the betterment of the company.



**4. Proposed remuneration:**

All figures in Rs. Per month.

Salary	Perquisites	Commission	Total	% of Net profits Approval By Board	Date of Appointment	With effect from
70,000	35,000	Nil	105,000	NA	27-4-06	1-5-06

**5. Comparative remuneration package for a medical professional in the hospital industry that is in vogue today:**

The remuneration package that is offered to Dr. Nithya Ramamurthy is far less compared to the prevailing industry standards. Given the nature and size of the company, the Managing directors of similar companies are drawing more than double the package that is being proposed .

**6. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel: Nil****III. Other information:****1. Reasons for loss or inadequate profits:**

- Exorbitant interest burden.
- Cost overrun of the project not financed by Financial Institutions.
- Delay in project implementation owing to paucity of funds to meet cost overrun.

**2. Steps taken or proposed to be taken for improvement:**

- One Time Settlement (OTS) arrangement with Financial Institutions. The OTS dues of IDBI, ICICI and Indian Bank were already settled in full.
- Increase in Bed capacity in the hospital is envisaged.
- Operational efficiency of the hospital is being improved.

**3. Expected increase in productivity and profits in measurable terms:**

(Rs. In lakhs)

Particulars	2006-07	2007-08	2008-09
Turnover	1800	1950	2200
PBIDT	450	510	570

The directors recommend the passing of the Special Resolution.

None of the directors excepting Dr.Mrs. Nithya Ramamurthy and Mr. R M Socklingam are interested in the said resolution.

**Resolution No. 6**

The company's Equity shares are presently listed on the following Stock Exchanges

The Bombay Stock Exchange Limited, Mumbai.

The Ahmedabad Stock Exchange Limited, Ahmedabad and

The Madras Stock Exchange Limited, Chennai.

Of late SEBI has issued guidelines permitting companies to delist from one or more stock exchanges where the company's shares are listed, provided the company's shares are listed in either the Bombay Stock Exchange Limited or The National Stock Exchange of India Limited.

Presently owing to computer networking and internet facilities any shareholder can buy or sell shares online from any location. Further the trading volumes of the company's shares on the stock exchanges at Chennai and Ahmedabad have been very thin resulting in no additional benefits to the members by being listed in those exchanges. As such it is proposed to delist the company's shares from the said stock exchanges.

The proposed delisting from the said stock exchanges will not affect the interests of the members, including members who may be located in and around Chennai and Ahmedabad. As the company is continuing with its listing facilities with the Bombay Stock Exchange, the members will not find it difficult to trade in the company's shares. Moreover the delisting will result in financial savings and will also reduce the statutory compliances associated with those stock exchanges.

After careful consideration, the Board of your company has decided to delist the equity shares of the company from the Ahmedabad Stock Exchange Limited and the Madras Stock Exchange Limited, subject to the approval of the shareholders of the company by means of a special resolution.

The Board recommends the passage of this resolution.

None of the Directors are interested in this resolution.

By the Order of the Board

Place : Chennai  
Date : 26.02.2007

**V. SRIDHAR**  
Company Secretary





## DIRECTORS' REPORT

Your directors present the 15th Annual Report of the company along with the audited accounts for the year ended 30th September, 2006.

### FINANCIAL RESULTS

(Rs. In Lakhs)

<i>Particulars</i>	<i>for the year ended 30/09/2006</i>	<i>for the period ended 30/09/2005 (15 months)</i>
Turn over	1364.77	1586.43
Profit before Interest & Depreciation	440.21	365.13
Financial Cost	166.64	193.92
Depreciation	171.64	229.56
Income Tax	—	—
Net Profit / (Loss)	101.93	(58.35)
Prior Period Expenses	(0.20)	(0.80)
Prior Period Income	—	—
Provision for Deferred Tax	(46.99)	2.74
Prior period Depreciation written back	3.35	—
Adjusted Net Profit / (Loss )	58.09	(56.41)

### PERFORMANCE

During the year under review your hospital's endeavours continued to maximize strong and satisfied client base by our track record and delivery of efficiency and our efforts are still on to add more clientele thus improving our revenue generation and increase in profitability. In this setting your hospital increased the revenue by almost 12 % on year on year basis and the net result has been positive as is visible in this annual report.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your hospital has entered into a settlement agreement on 31-08-2006 for a period of three years with the employee's Union, in response to their charter of demands.

### DIRECTORS

Shri. M.Ramakrishnan and Mr. R.Subramanian are the directors who retire by rotation at the forthcoming Annual General Meeting and have given their consent for being re-appointed.

### STATUS OF ONE TIME SETTLEMENT PACKAGE (OTS)

The Company has disputed the claim of IFCI Limited and the later has filed the case before DRT and the matter is pending before DRT for final decision.

As regards Auditor's observations relating to non provision of interest, the note given under clause 2 of schedule 19 is self explanatory.

A claim made by an outsourced service provider has been disputed by the Company and the same is in the final stage of negotiation.

### Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, Your Directors confirm that:

a) In the preparation of annual accounts, the applicable accounting standards have been followed;

- b) Appropriate accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 30/09/2006 and of its loss for the period ended on that date;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis;

### **CORPORATE GOVERNANCE**

The Audited Accounts for the year ended 30-9-2006 were approved by the Audit Committee at its meeting held on 26-2-07 and as there were no material discrepancies, the board at its meeting held on the same date approved the same.

Your Company has been complying with the requirements of the code of Corporate Governance of the listing agreement viz, formation of Audit Committee, Shareholders' grievance Committee, disclosures etc. The meetings of Sub Committees are held periodically.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis and Corporate Governance Report together with the Certificate from the Auditors of the company confirming compliance of the conditions of the Corporate Governance form part of the Annual Report.

### **AUDITORS**

M/s K.Gopalan & Co., Chartered Accountants, the Company's Statutory Auditors retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

Particulars of Employees as per section 217 (2A) of the Act forms part of this report

There are no employees drawing remuneration in excess of the prescribed limit as laid down in Sub-section 2A of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

### **TECHNOLOGY ABSORPTION**

As in the previous years the hospital, continues to absorb latest technology in Radiology, Neurology, Cardiology, Nephrology, etc.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings	:	Rs. 50,058
Foreign Exchange Outgo	:	Rs. Nil

### **ACKNOWLEDGEMENT**

Your company is grateful for the co-operation and assistance extended by the Financial Institutions, Banks and Government of Tamil Nadu. The board also wishes to place on record its appreciation of the dedicated service of our consultants, employees and other members of the hospital.

For and on behalf of the Board

Place : Chennai  
Date : 26.02.2007

**Dr. NITHIYA RAMAMURTHY**  
Whole — Time Director

**Prof. (Dr.) S. KAMESWARAN**  
Director