



14th Annual Report 2001- 02



Apollo Hospitals

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Indraprastha Medical Corporation Limited

Board of Directors

Smt. Shailaja Chandra
(Chairman)

Dr. Prathap C Reddy
(Vice Chairman)

Dr. Yogi Mehrotra
(Managing Director)

Shri Anil Thadani
Shri Atmaram Jatia
Shri Bana L. Paranjape
Shri Banwari Lal Jatia
Dr. B.Venkataraman
Shri Deepak Vaidya
(Alternate to Shri Anil Thadani)
Shri Prem Pandhi
Shri Ramesh Chandra
Shri S.P. Aggarwal
Lt. General Vijay Lall, PVSM, AVSM, ADC (Retd.)
Shri N.K.Gupta (IFCI nominee)
Mrs. Suneeta Reddy
(Alternate to Shri Atmaram Jatia)

Senior General Manager Cum Company Secretary

Shri A.K. Singhal

Registered Office & Hospital Complex

Sarita Vihar,
Delhi-Mathura Road,
New Delhi-110 044

Auditors

M/s. Brahmayya & Co.
Chartered Accountants
Chennai

&

M/s S.C. Vasudeva & Co.
Chartered Accountants
New Delhi

Bankers

Oriental Bank of Commerce
Bank of Baroda
Indian Overseas Bank
Indian Bank
ICICI Bank Limited
The Jammu & Kashmir Bank Limited

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of Indraprastha Medical Corporation Limited will be held on Saturday, 28th September, 2002 at 10.30 a.m. at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110001, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date together with the Report of Directors' and Auditors' thereon.
2. To declare dividend on shares.
3. To elect a Director in place of Dr. B Venkataraman who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri Banwari Lal Jatia who retires by rotation and being eligible, offers himself for re-election.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as "Special Resolution":

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Brahmaya & Co., Chartered Accountants and M/s. S C Vasudeva & Co., Chartered Accountants, be and are hereby re-appointed jointly as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company until conclusion of the next Annual General Meeting of the Company and the Board of Directors be and are hereby authorised to fix their remuneration."

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 Mrs. Shailaja Chandra be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

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

"RESOLVED THAT Shri S P Aggarwal be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

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

"RESOLVED THAT Lt. General Vijay Lall, PVSM, AVSM, ADC (Retd.) be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

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

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, the Articles of Association of the Company be amended as under:

The following article be inserted after Article 99 (b) :-

99 (c) "NCTD, AHIL & TWL shall each, out of their respective quotas, nominate one director who qualifies as an independent director as defined in the current SEBI Directives on Corporate Governance / Listing Agreement with Stock Exchange(s), and such other rules and regulations as may prevail from time to time."

By order of the Board
for Indraprastha Medical Corporation Limited

Place: New Delhi

Date: 28th June, 2002

A.K. SINGHAL

Senior General Manager-
cum-Company Secretary

NOTES :

1. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote at the meeting instead of himself and

the Proxy need not be a Member of the Company. The instrument appointing proxy, in order to be effective, must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 12th September, 2002 to Saturday, 28th September, 2002 (both days inclusive).

4. Dividend, if declared, will be paid on or after 3rd October, 2002 subject to deduction of tax at source as applicable, to those members whose name stand registered on the Company's Register of Members:-

a) as Beneficial owners as at the end of the business on 11th day of September, 2002 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in demat form and

b) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company before 12th September, 2002.

5. As per the provisions of the Income Tax Act, 1961 as amended by the Finance Act, 2002, tax @ 10.5% is required to be deducted at source if the gross amount of dividend payable to a Resident Individual Shareholder during the financial year exceeds Rs. 1000/-.

Resident Individual Shareholders who are likely to receive dividend amount more than Rs. 1000/- and their total estimated income as provided in Section 197 A (1B) of the Income Tax Act during the financial year is not likely to exceed Rs. 50,000/- can claim gross dividend without deduction of tax at source by submitting declaration in Form 15G (in duplicate) with the Company on or before 12th September, 2002. Please note that it would not be possible for the Company to act upon 15G declarations received thereafter.

6. a) To avoid the incidence of fraudulent encashment of the Dividend warrants, Members are requested to intimate the Company under the signature of the Sole/ First Joint holder, the following information, so that the Bank Account Number and Name and Address of the Bank can be

printed on the Dividend Warrant:-

- 1) Name of Sole/First Joint Holder and Folio No.
- 2) Particulars of Bank Account, viz.
 - i) Name of the Bank
 - ii) Name of Branch
 - iii) Complete address of the Bank with Pin Code Number
 - iv) Account Type, whether savings (SB) or Current Account (CA)
 - v) Bank Account Number allotted by the Bank.

b) Shareholders desirous of availing the facilities of Electronic Credit of Dividend are requested to fill up the ECS Form attached to this Annual Report.

c) Members who hold shares in the dematerialised form, want to change / correct the bank account details should send the same immediately to the concerned Depository Participant. The Company will not entertain any direct request from members for deletion/change in the Bank Account details furnished by Depository Participants to the Company.

7. Non-Resident Shareholders are requested to inform us immediately:-

a) The change in the residential status on return to India for permanent settlement and

b) The particulars of NRE Account with a Bank in India, if not furnished earlier

8. Members who have not encashed the Interim dividend warrant (s), so far for the financial year ended 31st March, 2001 are requested to make their claim to the Share department at the Registered Office of the Company at New Delhi.

9. As per the provisions of the Companies Act, 1956, as amended, facility for making nominations is available to INDIVIDUALS holding shares in the Company. The Nomination can be made in Form- 2B, which can be obtained from the Share Department of the Company.

10. Members are requested to notify immediately the change in their address, if any, at the Registered Office of the Company.

11. Shareholders seeking any information with regard to accounts are requested to write to the



Company at least seven days in advance so as to enable the company to keep the information ready.

12. Members are requested to bring their copy of Annual Report and Attendance Slip duly filled at the meeting.

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

ITEM NO. 3 & 4

A brief resume of the Director's offering themselves for re-election is given below.

Dr. B.Venkataraman

Dr. B.Venkataraman, aged 76 years, is a former member of the Indian Administrative Service. He has extensive experience in administration at various and widely spread levels, having held several senior posts both in the State Government and also in the Government of India, amongst which are Additional Chief Secretary (in which capacity he was in charge of the Department of Health among others), Member, Board of Revenue, Chief Secretary, apart from heading as Chairman of public sector undertakings like the State Industrial Development Corporation, State Mining Corporation and State Forest Development Corporation. In the Government of India he has had almost a decade of experience in the Ministry of Home Affairs and later held the post of Secretary to the Government of India, in the Ministry of Tourism and Civil Aviation, in which capacity he was connected with airport expansions, in India and abroad, introduction of Travel circuits in India for tourism promotion including the concept of the Palace on Wheels, introduced by him and had close connection with sanctions and execution of a number of hotels in Delhi like the Taj Palace, Sheraton Towers, Surya Sofitel, Le Meridien, Hilton among others in Delhi, apart from a number of hotels in the rest of the country.

He was Director for a spell of five years on the Indian National Trust for Art and Cultural Heritage, concerned with the conservation of the Varanasi and Mathura Brindavan heritage regions.

He is a Doctor of Literature (D.Litt) and is an author of repute of a number of books relating to and on Heritage of India with reference to peninsular India.

He is also a Director and member of Audit Committee of C.J. International Ltd., (Le Meriden) and South Asia Enterprises Ltd.

Except Dr. B.Venkataraman, no other director is interested in the aforesaid resolution.

Sh. Banwarilal Jatia

Sh. Banwarilal Jatia, aged 59 years, is B.Com & LLB and has rich and varied experience of 34 years in managing business in various Industries like paper, textiles, chemicals, food processing, mining paints and in International Trade.

Sh. Jatia was the Chairman/Managing Director of Associated Stone Industries (Kotah) Ltd., Houghton Hardcastle (India) Ltd., Hawcoplast Chemicals Ltd., The Modern Mills Ltd. He was Joint Managing Director of Pudumjee Pulp & Paper Mills Ltd.

He is Chairman and Managing Director of Hardcastle & Waud Mfg. Co. Ltd. and also a Director of Hawcoplast Chemicals Ltd., Hardcastle Restaurants Pvt. Ltd (owns and operates McDonald's Fast Food Restaurants in Maharashtra and Gujarat), Vishwas Investment & Trd. Co. Pvt. Ltd., Horizon Impex Pvt. Ltd., Saubhagya Impex Pvt. Ltd., Subh Ashish Exim Pvt. Ltd., Anand Veena Twisters Pvt. Ltd., Achal Exim Pvt. Ltd., Vandeeep Trade Link Pvt. Ltd., Acacia Impex Pvt. Ltd., Akshay Ayush Impex Pvt. Ltd. and Triple A Foods Pvt. Ltd.

Sh. Jatia is the Chairman of Share Transfer Committee of Hardcastle & Waud Mfg. Co. Ltd. and Hawcoplast Chemicals Ltd.

Except Sh. Banwarilal Jatia, no other Director is interested in the aforesaid resolution.

ITEM NO. 6

Smt. Shailaja Chandra was appointed as an Additional Director and Chairman of the Company on 19th February, 2002. Pursuant to Section 260 of the Companies Act, 1956 Smt. Shailaja Chandra holds office only up to the Annual General Meeting. The Company has received a notice in writing from a member together with deposit of Rs. 500/- as required by the Section 257 of the Companies Act, 1956 proposing Smt. Shailaja Chandra as a candidate for the office of Director.

Smt. Shailaja Chandra, aged 58 years, is an IAS Officer and possesses extensive experience in

administration. She has been serving the Govt. of India and Union Territories at varied positions for the last 36 years and presently posted as Chief Secretary, Govt. of Delhi. Smt. Shailaja Chandra is also a Director of Delhi Metro Rail Corporation Ltd.

Except Smt. Shailaja Chandra and Sh. Ramesh Chandra, no other Director is interested in the aforesaid resolution.

ITEM NO. 7

Shri S. P. Aggarwal was appointed as an Additional Director of the Company on 28th June, 2002. Pursuant to Section 260 of the Companies Act, 1956 Shri S.P. Aggarwal holds office only up to the Annual General Meeting. The Company has received a notice in writing from a member together with deposit of Rs. 500/- as required by the Section 257 of the Companies Act, 1956 proposing Sh. S.P. Aggarwal as a candidate for the office of Director.

Sh. S.P. Aggarwal, aged 56 years, is an IAS Officer and has an extensive experience in administration. He has been serving the Govt. of India and State Governments at varied positions and presently posted as Principal Secretary (Health & Family Welfare), Govt. of NCT of Delhi. Sh. Aggarwal does not hold the office of a Director in any other Company.

Except Sh. S.P. Aggarwal, no other Director is interested in the aforesaid resolution.

ITEM NO. 8

Lt General (Retd.) Vijay Lall is an MBA with distinction. He served the Indian Army for forty years in various vital assignments and retired as Director General Ordnance Services & Senior Colonel Commandant, AOC. His vast and multitudinal experience in *logistics, human resource management; particularly of civilians, administration, education and training* won him many laurels. In his early years he had the unique honour of commanding a foreign Army organization for two years. As President (Mayor) of a large cantonment he made valuable contribution towards improving the quality of life & civic amenities, which was applauded by the media. As head of the College of Materials Management (which imparts integrated management education to foreign and Indian students) & Dean of Management, Jabalpur University, he dedicatedly persevered to get the

institution 'Golden Peacock National Training Award' and recognized as a 'Center of Excellence'. He was specially selected on a number of governmental studies for streamlining logistics, human resource and materials management, which lead to substantial savings to the defence exchequer.

He was decorated/conferred with various honours & awards, **Honorary ADC** to *President of India*, **PVSM** [Param Vishisht Seva Medal (*for distinguished services of most exceptional order*)] **AVSM** [Ati Vishisht Seva Medal] by the President of India, **Commendation** of the *Chief of Army Staff*, **Distinguished Fellowship** of the *Institute of Director (World Quality Council)* & the *Indian Institute of Materials Management*. He was declared '**Man of the year 2000**': by A B I, USA. He is also a **Fellow** of the *British Institute of Management* and is also on the **Executive Council** of the *American Institute of Management*.

Lt General (Retd.) Vijay Lall does not hold the office of Director in any other Company.

Except Lt General (Retd.) Vijay Lall, no other Director is interested in the aforesaid resolution.

ITEM NO. 9

As per the SEBI Directives on Corporate Governance, every Company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors. The number of independent directors would depend whether the Chairman is executive or non-executive. Incase of Non-Executive Chairman, at least one-third of the Board should comprise of independent directors and incase of an Executive Chairman, atleast half of the Board should comprise of independent directors

In order to ensure that the provisions of the Articles of Association of the Company confirms to the requirements of SEBI Directives on Corporate Governance, it is proposed to suitably amend the Articles of Association of the Company as set out in the resolution.

The Directors recommend the resolution for approval of the shareholders. None of the Directors of the Company is, concerned or interested in the resolution.



DIRECTORS' REPORT

To the Members

The Directors have pleasure in presenting the 14th Annual Report of the Company alongwith audited accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	Year ended 31-03-2002	Year ended 31-03-2001
Income from operations	13,085.08	12,683.66
Other income	1,152.41	1,125.03
Total expenditure		
(a) Consumption of stores & spares	3,630.95	3,601.25
(b) Staff Cost	1,960.10	1,725.75
(c) Consultation Fees paid to the Doctors	3,401.78	3,125.37
(d) Other expenditure	1,974.40	2,158.36
Interest	530.34	672.76
Depreciation	925.97	868.88
Prior period provisions & adjustments (Net)	(70.29)	0.21
Profit before tax	1,743.66	1,656.53
Provision for taxation	848.05	141.89
Net Profit (PAT)	895.60	1,514.64
Balance brought forward from previous year	1,010.71	1,663.92
Dividend (Proposed)	687.55	687.55
Corporate Dividend Tax	—	151.26
Balance carried to Balance Sheet	1,218.76	2,339.75

DIVIDEND

The Directors are pleased to recommend payment of dividend on equity shares @ 7.5 % (Rs. 0.75 per share) for the year ended 31st March, 2002. (Previous Year Rs. 0.75 per share).

OPERATIONS

During the year, the total income stood at Rs. 142.37 crores against the total income of Rs. 138.09 crores in the previous year. The profit before tax for the year stood at Rs. 17.44 crores against the profit before tax Rs. 16.57 crores in the previous year. However, the net profit for the year remained lower at Rs. 8.96 crores against the net profit Rs. 15.14 crores in the previous year on account of provision of deferred tax Rs. 7.11 crores made during the year.

The Hospital has been certified for **ISO 9001:2000 and ISO14001:1996** by the British Standards Institution (BSI) for Quality and Environment Management Systems.

CRISIL, the credit rating company, after evaluating the soundness of healthcare entities for patient care standards based on the entire spectrum of healthcare facilities from Nursing homes to multispeciality tertiary care hospitals, released its first set of grades on healthcare institutions and Indraprastha Apollo Hospitals has been rated as **'Grade – A'**.

The Hospital has been recognized by the National Board of Examinations (DNB) in the specialties of Pediatrics, Anesthesia, Microbiology and Nephrology, besides these, Gastroenterology, Pathology, General Surgery, Cardiology, Neonatology and Radiology are under consideration.

The Hospital has started a Diploma course in Medical Lab Technology.

The Hospital has started a School of Nursing for Diploma in General Nursing and Midwifery and the second batch is expected to join in September, 2002.

Three more super specialties namely Joint replacement, Spinal disorders and vascular surgeries have been started in the Hospital.

The Dialysis machines have been replaced with the state of the art new dialysis machine to provide for better and more efficient dialysis.

The X-Knife has been upgraded with the addition of a multileaf collimeter and has been remodelled to work as a whole body linear accelerator. This is now functional and helps in giving precise radiation to the diseased cases sparing the normal tissue.

A second high energy linear accelerator has been installed with a multileaf collimeter to give precise radiation to the diseased part. For the first time in the country a virtual simulator has been added on. Virtual Simulator is functional and the linear accelerator would be functional in the next 6-8 weeks.

The Hospital has introduced a special four digit telephone number "1066" for free access for Emergency Medical Services for the first time in the country. Individuals from the community have been trained to deal with emergencies and providing first aid and the aim is to train at least 100 person every month.

An accident Insurance cum Medical Benefit policy namely 'Dost' has been launched for individuals within the age group 5 to 70 years at a premium of Rs. 320 only for Insurance cover upto one lakh for treatment at any Apollo Group Hospitals. It covers death, permanent total disablement and permanent partial disablement caused by accident only. One can buy it for the family for Rs. 275/- per member added to the primary policy.

A new healthcare policy "AASHIRWAD" has been launched by the Hospital to take care of health needs of the people above 45 years of age at an annual payment of Rs. 7,500/- only. It is a complete healthcare solution for elders. The unique feature of this policy is that the Hospital delivers the best personalised care at the door step of enrolled members. In addition, the Hospital facilitates the enrolled members in acquiring a Mediclaim Policy of Rs. 3 lakhs at an annual premium on actuals, specific to the age of the members.

The Department of Transfusion Medicine has installed a newer version of cell separator machines. (Amicus from Baxter & MCS + from Hemonetics) for apheresis procedures. The department is starting a jel colloum technology for screening of immune antibodies and cross matching techniques.

The new Hospital Information System (HIS) is nearing completion and will be fully operational in the next 2-3 months when all the operations would be on line.

Another Satellite Clinic of the Hospital at Golf Link, New Delhi was opened in October, 2001 for providing outdoor consultants and diagnostic facilities and to function as a referral and sample collection center for laboratory investigations for the Hospital.

A Department of Tele-Medicine has been set up in the Hospital and besides having links with Chennai and Hyderabad, a direct link has been opened with Naga Hospital in Kohima. The link is connected daily and tele consultation is carried out. Some of the Doctors from Kohima have been imparted training here.

Hospital has been made as the nodal center for Disaster management (South Delhi).

As an outreach of our commitment to the community, the Hospital has adopted the Jasola

Village with provision for free medicines & medical consultation through an OPD facility in the village. The next clinic at Ghaziabad is being taken up after FICCI prepares the health center there for operations.

AUDITORS / AUDITORS' REPORT

M/s. Brahmayya & Co., and M/s. S.C. Vasudeva & Co., Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. The Board recommends their reappointment.

The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. B. Venkataraman and Shri Banwari Lal Jatia retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Sh. P.S. Bhatnagar, Director and Chairman of the Company, had superannuated from the office of Chief Secretary and ceased to be a Director of the Company and his successor, Smt. Shailaja Chandra, Chief Secretary, Govt. of Delhi had been appointed as a Director and Chairman of the Company. Pursuant to Section 260 of the Companies Act, 1956, Smt. Shailaja Chandra holds office of Director until the conclusion of the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing her appointment as a Director of the Company liable to retire by rotation.

Sh. R. Chandramohan had resigned from the directorship of the Company consequent upon his appointment as a Joint Secretary, Ministry of Environment and Forests, Govt. of India. Smt. Adarsh Misra, Principal Secretary, Health, Govt. of Delhi was appointed as a Director of the Company in the casual vacancy caused by the resignation of Sh. R. Chandramohan. Smt. Adarsh Misra had also resigned from the directorship of the Company



consequent upon her appointment as Additional Secretary, Ministry of Mines, Govt. of India.

Sh. S.P. Aggarwal, Principal Secretary, Health & Family Welfare, Govt. of Delhi was appointed as an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956, Shri S.P. Aggarwal holds office of the Director until the conclusion of forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his appointment as a Director, liable to retirement by rotation.

The Govt. of Delhi has withdrawn the nomination of Dr. R.N. Baishya, Director Health Services, Govt. of Delhi from the Board of Directors of the Company and has nominated Lt. General Vijay Lall, PVSM, AVSM, ADC (Retd.) as an Independent Director on the Board of Directors of the Company. Accordingly, Lt. General (Retd.) Vijay Lall was appointed as an Additional Director on the Board of Directors of the Company. Pursuant to Section 260 of the Companies Act, 1956, Lt. General (Retd.) Vijay Lall holds office of the Director until the conclusion of forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his appointment as a Director, liable to retirement by rotation.

Your Directors wish to place on record their appreciation of the valuable services rendered by Shri P.S. Bhatnagar, Shri R. Chandramohan, Smt. Adarsh Misra and Dr. R.N.Baishya during their tenure.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Section 58 A of the Companies Act, 1956 read with Companies (Acceptance and Deposits) Rules, 1975.

INSURANCE

All properties and insurable assets of the Company, including Building, Plant & Machinery and Stocks had been adequately insured, wherever necessary, and to the extent required.

INFECTION CONTROL, HEALTH, SAFETY AND ENVIRONMENT PROTECTION

Infection Control, Health, Safety and Environment

aspects are an integral part of the Company's business processes. Appropriate measures have been taken to improve all business operations with regards to area of Infection Control, Health, Safety and Environment.

The Delhi Pollution Control Committee (DPCC) has identified the Hospital as a nodal center to educate the hospital staff of the other hospitals on norms governing Bio-Medical Waste (Management and Handling) Rules 1998.

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

Conservation of energy continued to be one of the important objectives of the Company. Regular plant maintenance, review of energy generation and consumption are some of the measures adopted in this regard. New variable speed drive chiller has been installed, which consumes less power compare to existing chillers.

The Company has not imported any technology.

During the year in the review, your company's foreign exchange earnings and outgo are as under:-

Earnings:- Rs. 146.77 Lakhs

Outgo:- Rs. 319.06 Lakhs

PARTICULARS OF EMPLOYEES

During the year, there was no employee in the company drawing remuneration within ceiling limits whose particulars are required to be given as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended upto date.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent 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 at the end of the financial

year and of the profit or loss of the Company for that period;

- (iii) that proper and sufficient care has been taken 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;
- (iv) that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE REPORT

Your Company is fully committed to good corporate governance practices. The Company has implemented all the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with Stock Exchanges during the year ended 31st March, 2002. A report on Corporate Governance alongwith a certificate of compliance from the Auditors' of the Company is annexed and forms part of this report.

LISTING

The shares of your Company are listed on Delhi, Mumbai and National Stock Exchanges. The annual listing fee for the year 2002-2003 has been paid.

ACKNOWLEDGEMENT

The Directors wish to thank and deeply acknowledge the cooperation, assistance and support extended by the financial institutions, banks, the Govt. of Delhi and the Union Government.

The Directors also wish to place on record their appreciation for the all round support and cooperation received from the employees at all levels and the Consultant Doctors.

For and on behalf of the Board

Place: New Delhi
Date : 28th June, 2002

**SHAILAJA CHANDRA
CHAIRMAN**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Development

The Indian healthcare industry is widely perceived to be the next sunrise industry considering the innate potential of the sector. CMIE estimates, the industry to be at Rs. 730 billion (US \$15 million) and expects it to grow by 13% to 15% in the next 5-10 years.

The healthcare sector was recognised as an Industry only in the mid 1980's. Consequently, allowance of long term funding by the financial institutions and reduced import duties on medical equipment and technology have been some of the benefits provided by the Government from time to time. Another driver for growth in this sector is the burgeoning middle class in the country. According to CMIE estimates the middle and higher income population as a proportion of total population has grown to 22% in the calendar year 2000 from 14% in the calendar year 1990. The insurance sector has been opened up and health insurance will make healthcare affordable to a large number of people.

Although the prospects for the industry are encouraging, the situation in the past has been different. The Industry has been dominated by the Govt. Hospitals and other small Hospitals and Clinics run by non - corporate entities, mainly charitable institutions and private practitioners. High Capital Investment, long gestation period and required medical expertise have been the major detriment to investments in this Industry. Further, fragmentation and poor insurance penetration have also plagued this Industry in the country.

One of the major players in the Industry is Apollo Hospitals, which is pioneer of corporate Hospitals in the country and has an experience in operation of hospitals and providing consultancy for setting up and management of hospitals for over a decade.

Opportunities & Threats:

The bed to population ratio in India is one of the lowest in the world, with one bed for 1300 persons against the WHO norm of one bed for 500 persons. To reach this, an investment to a tune of about Rupees 100,000 crores is required over a period of 5-10 years. This is expected to come mainly from the private sector. Health awareness is growing