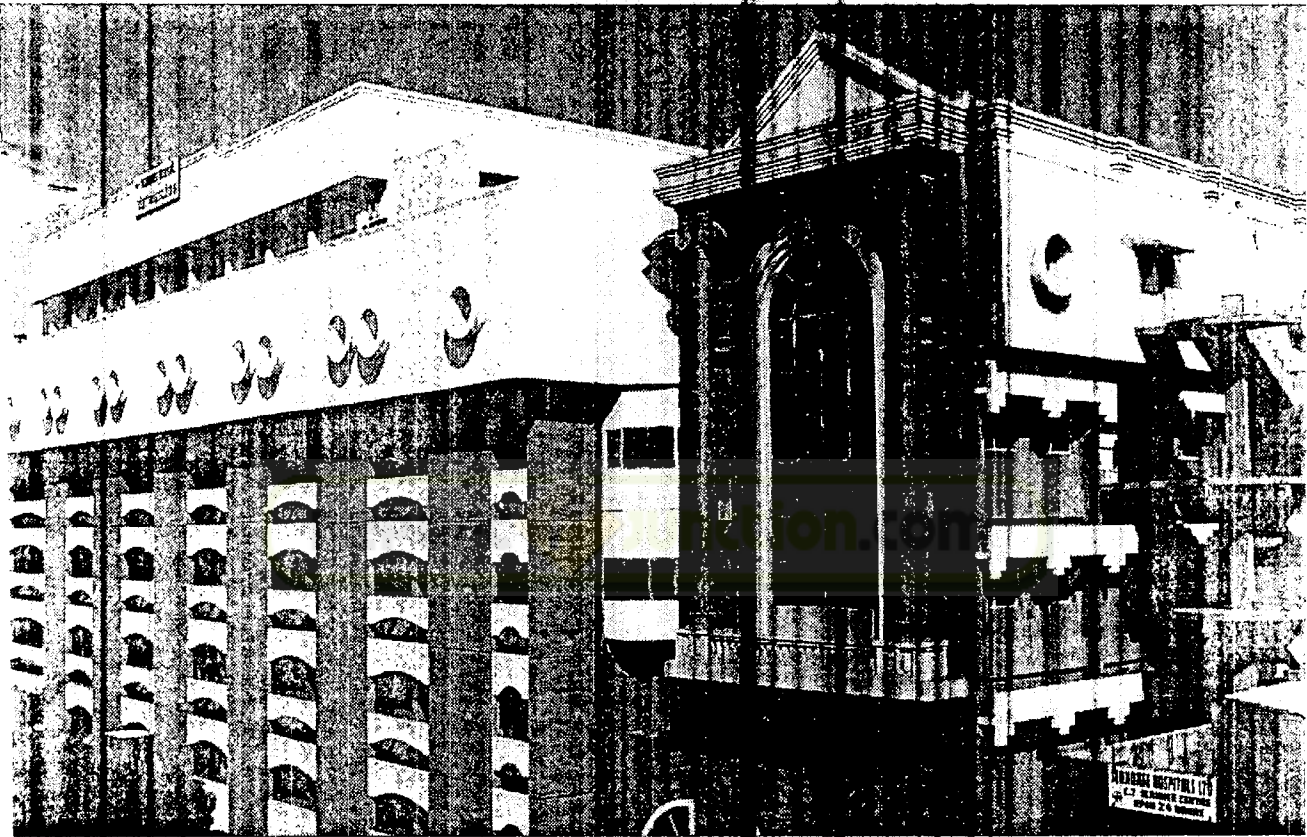


ANNUAL REPORT

1997-98



| | | | | |
|-----|----|---|-----|----|
| MD | / | | BKC | / |
| CS | NA | | DPY | NA |
| RO | / | | DTV | NA |
| TRA | NA | | AC | / |
| AGM | / | / | SHH | / |
| YE | / | / | | / |

SEAHORSE HOSPITALS LIMITED

World class Medical Care within your Reach

Board of Directors :

Shri.S.V.S.RAGHAVAN
Chairman

Dr. A.K.GANDHI
Managing Director

Capt.V.W.KATRE
Director

Capt.A.C. BATRA
Director

Shri C.S.PANI
Director

Capt. S.C.BATRA
Director

Dr. B.RAMAMURTHY
Director

Dr. T.J.CHERIAN
Director

Shri A.NAMASIVAYAM
Nominee Director

SEAHORSE HOSPITALS LIMITED

Financial Institutions:

The ICICI Ltd

IDBI

IFCI

Bankers :

State Bank of India

Legal Advisor:

Shri R.SANKARA NARAYANAN

Auditors:

M/s.Guru - Varadan

Chartered Accountants

Rosy Towers, IV Floor,
8, Mahatma Gandhi Salai
Nungambakkam,
Chennai - 600 034

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Registered Office & Hospital Complex :
6, Royal Road, Cantonment,
Trichy -1.

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Fifteenth Annual General meeting of the members of Seahorse Hospitals Ltd, Tiruchirappalli-1 will be held on 26.9.98 at 10.30 a.m. at the Regd. Office of the company at 6, Royal Road, Cantonment, Trichy 1., To consider the following business:-

1. ORDINARY BUSINESS

- 1.01. To receive, consider and adopt the audited Balance Sheet as at 31.03.98 and the Profit and Loss Account for the year ended on that date along with the Report of the Directors and the Auditors thereon.
- 1.02. To appoint Directors in the place of Sri. C.S. Mani and Capt. S.C. Batra who retire by rotation. Being eligible they offer themselves for re-election.
- 1.03. To appoint auditors who will hold office till the conclusion of the next Annual General Meeting and fix their remuneration.

By order of the Board

Place: Trichy.

Date : 26.06.98

(DR. A.K. GANDHI)
Managing Director.

NOTES :

- I. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. Proxies in order to be valid must be lodged with the company at its Registered Office atleast 48 hours before the meeting.
- II. The Register of members of the company will be closed from 16.09.98 to 30.09.98 (both days inclusive).

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Board of Directors of your company have pleasure in presenting the Fifteenth Annual Report of the company together with the audited statements of account for the year ended 31/3/1998.

1. FINANCIAL RESULTS FOR THE YEAR:

The financial results for the year are as under:

Rs IN LACS

| | 1997-98 | 1996-97 |
|-------------------------------------|-------------|------------|
| OPERATING INCOME | 576 | 428 |
| OTHERS | 9 | 6 |
| TOTAL INCOME | <u>585</u> | <u>434</u> |
| OPERATING & ADMINISTRATIVE EXPENSES | 482 | 396 |
| FINANCIAL EXPENSES | 552 | 379 |
| PRIOR PERIOD EXPENSES | 2 | - |
| DEPRECIATION | 109 | 108 |
| TOTAL EXPENDITURE | <u>1145</u> | <u>883</u> |
| NET LOSS | (-) 560 | (-) 449 |

As can be seen from the Profit and Loss a/c, the Operating Income of your company has increased by 34% over the last year (from Rs.428 lakhs to Rs. 576 lakhs) while the Expenses had been controlled systematically and it has increased only by 30% as compared to last year (from Rs. 883 lakhs to Rs.1145 Lakhs). The financial expenses constitute the biggest chunk of expenditure of the company which works out to 48% of the total expenditure of the current year. Negotiations are still being held with financial institutions for getting necessary relief in their charges. On the whole, the performance of the company is improving.

Consequent upon declaring our hospital open for outside Consultants for patient management the strength of the Consultants is in the order of 64 and as a result our OPD is run in various specialities to the optimum capacity. All the equipments have been brought to the functional stage. With the marketing technologies adopted by us our hospital is expected to improve further stage by stage in the years to come. The details of specialised treatment and operations started successfully are as given hereunder:-

- I. Stereostatic surgery
- II. Infra Red Coagulator for Invasive Piles Surgery.
- III. Modified Cataract Surgery.
- IV. The preparation for ISO 9002 is in full swing. We anticipate that by December 1998 we should be in a position to acquire the same.

2. DISCLOSURE UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956

The particulars required to be given as per the Companies (Disclosure of particulars in the report of the Board of Directors') Rules 1988 are as under:

01. CONSERVATION OF ENERGY:

The nature of business is such that the consumption of energy is not significant compared to the cost of operations. However all staff and officers have been advised to save energy. Energy Audit is continued to take all measures to conserve energy.

02. TECHNOLOGY ABSORPTION.

During this year also, the company considering the financial crisis restricted its activities but took all steps to improve and update the knowledge in various fields of Medicine.

03. FOREIGN EXCHANGE EARNINGS AND OUTGO:

| | |
|------------------------------------|-----|
| Export and Foreign Exchange earned | NIL |
| (Previous year) | NIL |

04. EXPENDITURE IN FOREIGN CURRENCY:

| | |
|---|-------------|
| Value of imports on CIF basis for Goods (Previous year Rs. 2,89,518) | Rs.2,08,469 |
|---|-------------|

| | |
|------------------------------------|------------|
| Foreign Travel (Previous year Nil) | Rs. 61,000 |
|------------------------------------|------------|

3. PARTICULARS OF EMPLOYEES

In terms of section 217 (2A) of the Companies Act, 1956 no one is getting more than Rs.3,00,000 p.a. or Rs. 25,000 p.m. except the Managing Director.

4. DEPOSITS

The company has not accepted any deposits from the Public.

5. PERSONNEL :

The employer-employee relationship in your company continues to be cordial. Your Directors wish to acknowledge and record the dedicated efforts put in by employees and consultants which ensured smooth functioning of the company. Your Directors look forward to their continued co-operation.

6. DIRECTORS :

The present total strength of Directors is 9 including two non-retiring Directors. Pursuant to Section 256 of the Companies Act, 1956 the following two Directors retire by rotation and being eligible, offer themselves for re-election:-

i) SRI. C.S. PANI.

ii) SRI. S.C. BATRA.

7. AUDITORS AND THEIR REPORT

M/s Guru-Varadhan, Chartered Accountants who were appointed as auditors of the company to audit the accounts relating to the financial year 1997-98 have furnished their report.

8. ACKNOWLEDGEMENT

Your Directors wish to thank various Government agencies, ICICI, IDBI, IFCI, SBI and Canara Bank for their continued co-operation and support extended by them. Your Directors wish to record their sincere appreciation for the services rendered by the officers, consultants and employees of the Company during the year under report.

For and on behalf of the Board

Place : Trichy

Date : 26.06.98

(S.V.S. LAGHAVAN)

Chairman

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REPORT OF THE AUDITORS TO THE MEMBERS OF M/S SEAHORSE HOSPITALS LIMITED

We have examined the accounts for the year ended 31.03.98, Balance Sheet as on that date, Profit and Loss Account for the year ended on that date of M/S SEAHORSE HOSPITALS LIMITED and report as under:

1. Our Report on the matters required to be contained in the Report of the MANUFACTURING AND OTHER COMPANIES (AUDITOR'S REPORT) ORDER, 1988 to the extent applicable is contained in the Annexure to this Report.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) The Balance Sheet and Profit and Loss Account are in agreement with the books of account.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account together with the Notes thereon subject to:

(I) Non-provision for gratuity payable to employees on retirement or otherwise.

(ii) Reconciliation of interest and other charges payable to financial institutions.

give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

In the case of Balance sheet, of the State of Company's Affairs as at 31.03.1998

and

In the case of the Profit and Loss Account of the Loss for the year ended 31.03.1998.

Place: Chennai.

Date : 26.06.1998

For **GURU & VARADAN**
Chartered Accountants.

Sd/-

A.S. VARADARAJAN
PARTNER.

ANNEXURE TO THE REPORT OF THE AUDITORS

1. The company has maintained proper records showing full particulars including quantitative details and situation of the Fixed Assets. According to the information available to us, Fixed Assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
2. According to the information and explanations given to us, none of the Fixed Assets have been revalued during the year.
3. According to information available to us, physical verification has been conducted by the management at reasonable intervals in respect of medicines consumables & stores.
4. In our opinion, the procedures for physical verification of consumables followed by the management are reasonable and adequate having regard to the size of the company and nature of its business.
5. According to information and explanations given to us, no material discrepancies were noticed on such physical verification as compared to book & records.
6. In our opinion, the valuation of stocks is fair and proper and in accordance with normally accepted accounting principles and the basis of valuation is same as in the preceding year.
7. According to the information and explanations given to us, the company has taken loans from parties listed in the register maintained u/s 301 of the Companies Act, 1956 and in our opinion the terms and conditions of such loans are not prima-facie prejudicial to the interests of the company.
8. According to the information and explanations given to us, the Company has not given any loan to Companies, firms or other parties listed in the register maintained under Section. 301 or to Companies under the same management as defined u/s 370(1B) of the Companies Act, 1956.
9. According to the information available to us, the company has not granted any loan to any parties, other than to its staff, free of interest and which are recovered as stipulated.
10. According to the information and explanations provided to us and in our opinion there is an adequate internal control procedure commensurate with the size of the company and nature of its business, for the purchase of stores, consumables, plant and machinery, equipment and other assets and provision for services.