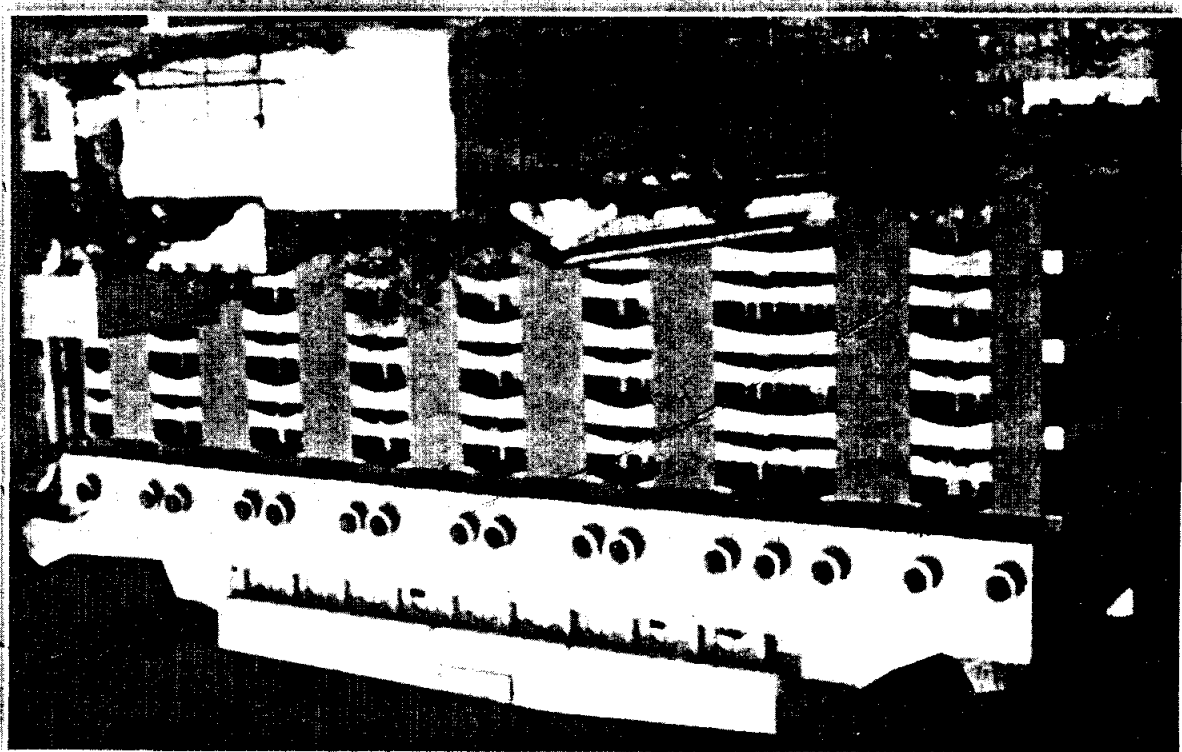
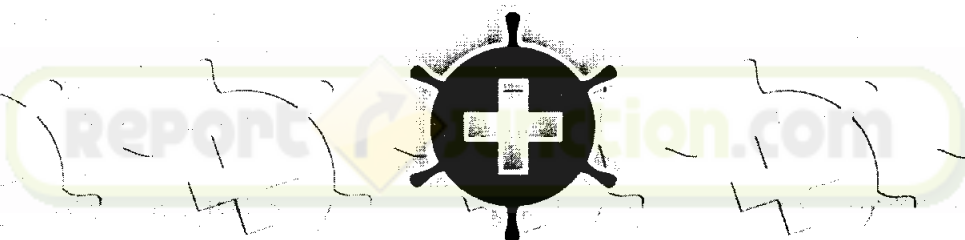


SEAHORSE HOSPITALS LIMITED

*World class Medical Care within your Reach*



ANNUAL REPORT  
2001 - 2002

# SEAHORSE HOSPITALS LIMITED

*Financial Institutions & Banks*

**The ICICI Ltd**  
**IDBI**  
**IFCI**  
**SBI**  
**PNB**

*Legal Advisor :*

**Shri R. SANKARA NARAYANAN**

*Auditor*

**M/s. Guru & Ram**  
*Chartered Accountants*  
*Rosy Towers, IV Floor*  
*8, Mahatma Gandhi Salai*  
*Nungambakkam, Chennai - 600 034*

**REGISTERED OFFICE :**

18, Swamy Shivananda Salai  
Chennai - 600 005.

**CORP. OFFICE & HOSPITAL COMPLEX**

6, Royal Road, Cantonment  
Trichy - 620 001

## **BOARD OF DIRECTORS**

**Dr. A.K.Gandhi**  
*Chairman and Managing Director*

**Shri. D.V.A. Manoharan**  
*Nominee Director (ICICI)*

**Capt.V.W.Katre**  
*Director*

**Shri. K.B. Srinivasan**  
*Director*

**Capt. S.C.Batra**  
*Director*

**Shri. B. Kalyanasundaram**  
*Director*

**Capt. A.C. Batra**  
*Director*

**Shri. Arvind K Goel**  
*Director*

**ANNUAL REPORT**  
**2001-2002**

**NOTICE TO THE SHARE HOLDERS**

Notice is hereby given that Nineteenth Annual General Meeting of the members of Seahorse Hospitals Ltd., Tiruchirappalli - 1, will be held on 30.07.2002 at 11 a.m. at Hotel Sun Plaza, 19 G.N. Chetty Road, Chennai 600 006 to transact the following business :-

**I. ORDINARY BUSINESS :**

- 1.1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2002 and the Profit and Loss Account for the year ended on that date along with the Reports of Directors and the Auditors thereon.
- 1.2. To appoint Directors in the place of Capt. S C Batra and B.Kalyanasundaram who retire by rotation. They are eligible for re-appointment.
- 1.3. To appoint auditors who will hold office till the conclusion of the next Annual General Meeting and fix their remuneration.

For Seahorse Hospitals Ltd.

Place : Trichy  
Date : 17.05.2002

(Dr. A.K. Gandhi)  
Chairman and 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 in its Registered office at least 48 hours before the meeting.
- II. The Register of members of the Company will be closed from 16.07.2002 to 30.07.2002 (both days inclusive).

Queries on Agenda items shall reach the Corporate Office 7 days before the AGM.

**DIRECTORS' REPORT**

The Board of Directors of your Company have pleasure in presenting the Nineteenth Annual Report of the Company together with the audited statements of account for the year ended 31.03.2002

**1. FINANCIAL RESULTS FOR THE YEAR:**

Financial results for the year are as under.

	Amount in Lakhs of Rupees	
	2001-2002	2000-2001
Operating Income	676	585
Other Income	7	8
Total Income	683	593
Operating and Administrative Expenses	646	477
Financial Expenses	1	1126
Depreciation	115	110
	762	1713
Net Profit (Loss)	(79)	(1120)

Operating and Administrative expenses constitute 85% of the total expenses. The Company has made a net profit of Rs. 37 lakhs before providing for financial expenses and depreciation. However after providing for financial expenses and depreciation the Company has suffered a loss of Rs. 79 lakhs and hence the Directors regret their inability to recommend any dividend.

The high increase in the operating and administrative expenses(169 lakhs) is mainly due to increase in the number of full time specialist doctors(33 lakhs), increased consumption of stores/medicine (corresponding to the increased turnover) (50 lakhs), increased cost of maintenance of the Building and Medical equipments necessitated by aging of equipments (21 lakhs) and facilities (16 lakhs) and writing off of useless condemned assets(38 lakhs). There is substantial decrease in financial expenses and the same is due to non-provisioning of interest payment to Financial Institutions / State Bank of India.

The management continues to abide by its commitment to the society and is quite keen on its motto of "World class health care at affordable price" to all the patients. It is a matter of deep satisfaction that the reputation of the Company is gaining every

year after new management took over in the year 1994 and the Company is currently able to live up to its motto..

## 2. Directors

The Directors Capt. S.C.Batra, and Shri B.Kalyanasundaram are retiring by rotation and being eligible for re-appointment, they offer themselves for re-election.

## 3. 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:

### i. Conservation of Energy

The nature of the business of the Company is such that the consumption of energy is not significant when compared to the overall cost of operation. However Company makes all out efforts to conserve energy. Company also carries out periodical energy audits.

### ii. Technology Absorption

The Company currently is forced to restrict the updation of technology on account of severe financial constraints. However within the limitation, everything possible was done to acquire, improve and update the technology in various fields of Medicine. Important Medical equipments have been acquired at a cost of Rs.49 lakhs.

### iii. Foreign exchange earning and outgo

	Current year	Previous year
(i) Export and foreign exchanges earned	Nil	Nil
(ii) Value of import of goods on CIF basis	Nil	Nil
(iii) Foreign Travel	Nil	246805

## 4. Particulars of Employees pursuant to Section 217(2A)

No employee is drawing a salary in excess of Rs. 12,00,000 per annum or Rs.1,00,000 per month.

**5. Directors' Responsibility Statement pursuant to Sec.217 (2AA) of the Companies Act, 1956**

Your Directors report as follows:

- i) that in the preparation of the annual accounts relating to the financial year ending on 31.3.2002, the applicable accounting standards had been followed and proper explanatory statements had been added relating to material departures, wherever necessary
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and Loss of the Company for the financial year ending on that date.
- iii) that the Directors had taken proper and sufficient care 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 Directors had prepared the annual accounts on a going concern basis.

**6. Audit Committee**

Pursuant to Sec.292-A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, an Audit Committee has been constituted with Sri K B Srinivasan as its Chairman, Sri Arvind K Goel and Sri B. Kalyanasundaram, independent Directors of the Company, as its members. The audit committee held four meetings during the year.

A report on the Corporate Governance of the Company and the Auditor's certificate thereon are attached separately.

**7. Deposits**

The Company has not accepted any deposits from the public.

**8. Personnel**

Employer-employee relationship in your Company continues to be cordial. Your directors look forward to the same in future.

**9. Auditors and their Report**

The Partners of the firm M/S Guru and Varadan, Chartered Accountants, which had been appointed by the shareholders at the last Annual General Meeting as Statutory Auditor of the Company, dissolved the firm. This has created a casual vacancy for Statutory Auditor for the Company. At the same time, most of the senior staff and also the senior partner of the erstwhile auditor firm have formed a new firm under the name M/s Guru and Ram. They offered their services to act in the capacity as Statutory Auditor of the Company. Considering the fact that the partners of this firm have been closely associated with the Company for last eight years, the Directors felt that it was in the interest of the Company to appoint them as Statutory Auditor. Accordingly the Board has appointed them to audit the accounts for the year 2001-2002. They have submitted their report for the financial year 2001-2002.

The Auditors have stated in their report that the Company is at risk continuing as a "going concern" should the Financial Institutions, to whom Company owes large debts, take action for recovery of their dues. As reported in earlier years also, your Company has been in constant dialogue with these institutions as well as State Bank of India for settling their dues by way of a One Time Settlement. In year 2000, the Company had almost achieved its objectives but the outside investor who had come forward to acquire additional equity in the Company and settle these dues, backed out at the last moment for reasons of his own. Other than the dues of the Financial Institutions and State Bank of India, the Company has discharged all its other term debts. Vigorous efforts are currently being made to settle this vexatious issue once for all. Once the dues of the financial institutions are settled, the Company will be a "going concern".

The auditors have also commented regarding non-provisioning of interest payable to Financial Institutions and State Bank of India for the current year. Since the Company is in active negotiations for a One Time Settlement, by which certainly some waiver of accrued interest will be achieved, it is not possible to make a definite assessment of total interest liability which Company must provide for. Hence the Directors have decided not to make any interest provision for the current year. However in the opinion of Directors, the provisions already made in previous year shall be adequate.

The Auditors M/s Guru & Ram, Chartered Accountants, Chennai, retire at the conclusion of the Nineteenth Annual General Meeting and are eligible for re-appointment.

## 10. Acknowledgement

Your Directors wish to thank various Government agencies, the Financial Institutions, State Bank of India, Punjab National Bank and ICICI Bank for their continued co-operation and the support to the Company by them. Your Directors wish to record their appreciation of services rendered by the staff, consultants and officers of the Company during the year under report.

For and on behalf of the Board

Place : Trichy  
Date : 17.05.2002

(Dr A K Gandhi)  
Chairman and Managing Director





**SEAHORSE HOSPITALS LIMITED**  
**CORPORATE GOVERNANCE REPORT**

**COMPANIES PHILOSOPHY ON CORPORATE GOVERNANCE**

Seahorse Hospitals Limited, a Company in the Seahorse Group is committed in adopting the best possible practices of corporate governance. Corporate Governance envisages commitment of the Company towards the attainment of rendering the best medical facilities to the society at large at moderate cost, attaining the goal of making itself transparent and accountable with the ultimate objective of protecting the long term interest of the Shareholders and other stakeholders.

**BOARD OF DIRECTORS**

The composition of the Board of Directors and other details as on 31st March 2002 is as under:-

Name of the Director	Executive/ Non Exec. independent	No of Meetings Attended	Attendance at last AGM held on 29/9/2001	No of outside Director ship	No of Membership/ Chairmanship in Other Board Committees
Dr. A.K. Gandhi	Chairman & M.D.	5	Present	1 (1 Public)	-
Capt. V.W.Katre	Independent	3	....	17 (1 Public)	-
Capt. S.C.Batra	Independent	2	....	19 (1 Public)	-
Capt. A.C Batra	Independent	1	....	20 (1 Public)	-
Dr. T.J. Cherian	Independent	1	Resigned on 13.9.2001	Nil	-
Shri. D.V.A.Manoharan	Independent	3	Present	1 (1 Public)	-
Shri. K.B.Srinivasan	Independent	4	Present	5 (Nil)	-
Shri. B. Kalyanasundaram	Independent	4	Present	Nil	-
Shri. Arvind K. Goel	Independent	4	Absent	1 (Nil)	-

Shri K.B Srinivasan , Shri. B. Kalyanasundaram and Shri Arvind K. Goel ,who were co-opted by the Board were elected by the Shareholders at the last Annual General Meeting held on 29/9/2001 . The total strength of the Board as on the Date of the report is eight.

Board Meetings were held during the financial year 1/4/2001 to 31/3/2002 on the following dates:-

Name of the Director	DATES OF MEETINGS				
	1st 30.05.01	2nd 31.07.01	3rd 16.08.01	4th 19.10.01	5th 29.01.02
Dr.A.K.Gandhi	Present	Present	Present	Present	Present
Capt V.W.Katre	Absent	Present	Present	Present	Absent
Capt S.C.Batra	Absent	Absent	Present	Present	Absent
Capt A.C.Batra	Absent	Absent	Present	Absent	Absent
Shri. K.B. Srinivasan	Present	Present	Absent	Present	Present
Shri. B.Kalyanasundaram	Present	Present	Absent	Present	Present
Shri. Arvind K. Goel	Present	Present	Absent	Present	Present
Shri.D.V.A.Manoharan	Present	Absent	Absent	Present	Present

#### AUDIT COMMITTEE

An Audit committee was constituted by the Board and its 1st Meeting was held on 30.05.2001 with three independent Directors viz., Shri. K.B. Srinivasan ( Chairman of the Committee), Shri. B. Kalyanasundaram and Shri. Arvind K. Goel and Secretary of the Company as the Secretary to the Committee. The powers, duties and responsibilities delegated to the Committee as per the Board resolution are as under:-

1. To review the Company's systems of internal control and to ensure that adequate system of internal audit exists and is functioning.
2. To establish accounting policies.
3. To review expense accounts.
4. To serve as an informed voice on the Board of directors in support of the financial and accounting departments of the Company.
5. To have discussion with statutory auditors periodically about internal control systems, scope of audit including the observations of the auditors and review the quarterly and annual financial statements before submissions to the Board.
6. To investigate into any matter referred to it by the Board and for that purpose have full access to information contained in the records of the Company.