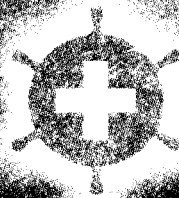


ANNUAL REPORT 2002 - 2003



SEAHORSE HOSPITAL

Report Junction.com



SEAHORSE HOSPITALS LIMITED

World class Medical Care within your Reach

SEAHORSE HOSPITALS LIMITED

Financial Institutions & Banks

The ICICI Ltd

IDBI

IFCI

SBI

PNB

REGISTERED OFFICE :

18, Swamy Shivananda Salai
Chennai - 600 005.

CORP. OFFICE & HOSPITAL COMPLEX

6, Royal Road, Cantonment
Trichy - 620 001

Legal Advisor :

**Shri R. SANKARA
NARAYANAN**

Auditors

M/s. Guru & Ram

Chartered Accountants

Rosy Towers, IV Floor

8, Mahatma Gandhi Salai

Nungambakkam, Chennai - 600 034

Report Junction.com

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

(Upto 25.09.2002)

ANNUAL REPORT 2002-2003

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Twentieth Annual General Meeting of the members of Seahorse Hospitals Limited, Tiruchirapalli - 1, will be held on 29.09.2003 at 11.00 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 31.03.2003 and the Profit and Loss Account for the year ended on that date along with the Reports of Directors and the Auditors thereon and the Corporate Governance Report.
- 1.2. To appoint Directors in the place of Capt.A.C. Batra and K.B. Srinivasan 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 : Chennai

(Dr. A.K. Gandhi)

Date : 22.05.2003

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 15.09.2003 to 29.09.2003 (both days inclusive).

Queries on Agenda items shall reach the Registered Office atleast 7 days before the AGM to facilitate detailed reply at the meeting.

DIRECTORS' REPORT

The Board of Directors of your company have pleasure in presenting the Twentieth Annual Report of the company together with the audited statements of account for the year ended 31.03.2003

1. FINANCIAL RESULTS FOR THE YEAR:

Financial results for the year are as under.

	Amount in Lakhs of Rupees	
	2002-2003	2001-2002
Operating Income	665	676
Other Income	4	7
Total Income	669	683
Operating and Administrative Expenses	611	647
Depreciation	113	115
Total Expenses	724	762
Net Profit (Loss) before Extra Ordinary Income	(55)	(79)
Extra Ordinary Income	316	—
Net Profit (Loss) after Extra Ordinary Income	261	(79)

Operating and Administrative expenses constitute 84% of the Total expenses. The company has made a net loss of Rs. 55 lakhs (Previous year Rs. 79 lakhs) after providing for depreciation. However after taking into account the Extra Ordinary Income, arising out of the waiver of accumulated interest to the company by SBI against their Term Loan under One Time Settlement, the company has made a book profit of Rs. 261 lakhs (Previous year loss of Rs. 79 lacs). In view of the accumulated loss the Directors regret their inability to recommend any dividend.

During the financial year 2001-2002, there had been a substantial increase of Rs. 90 lacs in the income over the previous year 2000-2001. However, there has been a marginal decrease in the income (Rs. 14 lacs) for 2002-2003 over the previous year 2001-2002.

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. A.C.Batra, and Shri. K.B. Srinivasan 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 takes 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.36 lakhs.

iii. Foreign exchange earning and outgo

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

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

No employee is drawing a salary in excess of Rs. 12 lacs p.a. or Rs.1 lac p.m.

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

Your Directors report as follows:

- i) that in the preparation of the annual accounts relating to the financial year ending on 31.3.2003, 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, 2003 and Profit 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 D.V.A. Manoharan and Sri B. Kalyanasundaram, independent Directors of the company, as its members. The audit committee held five 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 Auditors, M/s Guru and Ram have stated in their report that the company's stand of being as a "going concern" is at risk 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 for settling their dues by way of a One Time Settlement. During the current year, your company has successfully concluded One Time Settlement with SBI. Other than the dues of the Financial Institutions, 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 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 years shall be adequate.

The Auditors M/s Guru & Ram, Chartered Accountants, Chennai, retire at the conclusion of the Twentieth 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 : Chennai

(Dr A K Gandhi)

Date : 22.05.2003

Chairman and Managing Director



SEAHORSE HOSPITALS LIMITED, TRICHY CORPORATE GOVERNANCE REPORT

COMPANY'S 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 2003 is as under:-

Name of the Director	Executive/ Non Exec. independent	No of Meetings Attended	Attendance at last AGM held on 30/7/2002	No of outside Director ship	No of Member-ship/ Chairman-ship in Other Board Committees
Dr. A.K. Gandhi	Chairman & M.D.	5	Present	02 (1 Public)	-
Capt. V.W.Katre	Independent	3	Absent	07 (1 Public)	-
Capt. S.C.Batra	Independent	3	Present	15 (-Nil-)	-
Capt. A.C Batra	Independent	1	Present	15 (-Nil-)	-
Shri. D.V.A.Manoharan	Independent	5	Present	1 (1 Public)	-
Shri. K.B.Srinivasan	Independent	5	Present	4 (-Nil-)	-
Shri. B. Kalyanasundaram	Independent	3	Absent	Nil	-
Shri. Arvind K. Goel (Resigned on 25.09.2002)	Independent	2	Absent	-	-

The total strength of the Board as on the Date of the report is Seven.

Board Meetings were held during the financial year 1/4/2002 to 31/3/2003 on the following dates:-

Name of the Director	DATES OF MEETINGS				
	1st 17.05.02	2nd 29.07.02	3rd 24.10.02	4th 21.11.02	5th 28.01.03
Dr.A.K.Gandhi	Present	Present	Present	Present	Present
Capt V.W.Katre	Present	Absent	Present	Present	Absent
Capt S.C.Batra	Present	Present	Absent	Present	Absent
Capt A.C.Batra	Absent	Present	Absent	Absent	Absent
Shri. K.B. Srinivasan	Present	Present	Present	Present	Present
Shri. B.Kalyanasundaram	Present	Absent	Present	Absent	Present
Shri.D.V.A.Manoharan	Present	Present	Present	Present	Present
Shri. Arvind K. Goel	Present	Present	resigned on 25.09.2002		

AUDIT COMMITTEE

An Audit committee consisting the following independent directors has been constituted in accordance with Sec.292 A of the Companies Act 1956 and Clause 49 of the Listing Agreement.

- | | |
|--|----------|
| 1. Shri. K.B.Srinivasan | Chairman |
| 2. Shri. B.Kalyanasundaram | Member |
| 3. Shri. D.V.A.Manoharan (W.E.F. 17.05.2002) | Member |
| 4. Shri.Arvind K Goel (Resigned on 25.09.2002) | Member |

During the financial year 1/4/2002 to 31/3/2003 the Audit Committee met as per the details given hereunder:-

Name of the Director	DATES OF MEETINGS				
	1st 16.05.02	2nd 29.07.02	3rd 23.10.02	4th 20.11.02	5th 28.01.03
Shri. K.B. Srinivasan	Present	Present	Present	Present	Present
Shri. B.Kalyanasundaram	Present	Absent	Present	Absent	Present
Shri.D.V.A.Manoharan	-	Present	Present	Present	Present
Shri. Arvind K. Goel	Present	Present	resigned on 25.09.2002		

Dr. A.K. Gandhi the Chairman and Managing Director clarified all the points raised by the Committee as and when he was called for by the Committee.