

ANNUAL REPORT 2003-2004



SEAHORSE HOSPITALS LIMITED

World class Medical Care within your Reach

SEAHORSE HOSPITALS LIMITED

Financial Institutions & Banks

The ICICI Ltd
IDBI
IFCI
SBI
PNB

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

REGISTERED OFFICE :

18, Swamy Shivananda Salai
Chennai - 600 005.

CORP. OFFICE & HOSPITAL COMPLEX

6, Royal Road, Cantonment
Trichy - 620 001

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BOARD OF DIRECTORS

Dr. A.K.Gandhi
Chairman and Managing Director

Capt.V.W.Katre
Director

Capt. S.C.Batra
Director

Capt. A.C. Batra
Director

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

Shri. K.B. Srinivasan
Director

Shri. B. Kalyanasundaram
Director

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SEAHORSE HOSPITALS LIMITED

Regd Office : No:18, Swami Sivananda Salai, Chennai - 600 005

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Twenty First Annual General Meeting of the members of Seahorse Hospitals Limited, Tiruchirapalli-1, will be held on 29.09.2004 at 11.00 am at Hotel Sun Plaza, No: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 31.03.2004 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.V.W.Katre and Shri B.Kalyana sundaram 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.

II. SPECIAL BUSINESS :

2.1 TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION WITH OR WITHOUT MODIFICATIONS:

"Resolved that subject to the provisions of Sec 198, 269 and other applicable provisions of the Companies Act, 1956 read with Part II of Schedule XIII of the Companies Act, 1956. the recommendations of the Board of Directors to re-appoint Dr.A.K.Gandhi as the Chairman and Managing Director of the Company with effect from 26.08.2004 for a period of one year i.e. up to the Annual General Meeting to be held in 2005 on the same terms and conditions as stipulated by the Government of India under Letter No:1/287/2001 CL VII dated 27th September 2001 i.e. on a consolidated remuneration of Rs.87,500 per month be and is hereby approved subject to the Company obtaining requisite approval of the Department of Company Affairs, New Delhi and / or such other authorities under the Companies Act, 1956".

III. SPECIAL BUSINESS TO BE DECIDED BY POSTAL BALLOT :**3.1 TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION WITH OR WITHOUT MODIFICATIONS:**

" Resolved that pursuant to the proviso to Sec 146 (2) of the Companies Act, 1956 the Registered Office of the Company be and is hereby shifted from No:18,Swami Sivananda Salai, Chennai-600 005 to No:6,Royal Road, Trichy-620 001 with powers to the Board to shift the Registered Office within the limits of Tiruchirapalli City Corporation from time to time by complying with the provisions of the Act".

For SEAHORSE HOSPITALS LTD,

Sd/

Place: Trichy

Dr. A.K.Gandhi

Date: 21.07.2004

(Chairman & 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 15.09.2004 to 29.09.2004 (both days inclusive)
- III. The Agenda item No III-3.1 of the Meeting Notice Viz.

'The change of Registered office outside the local limits of any city, town or village' as specified in the proviso to sub section (2) of Section 146 read with Sec 192 A and the Companies (Passing of Resolution by Postal Ballot) (Amendment) Rules' 2001 requires to be decided by Postal Ballot. Necessary Postal Ballot papers are sent along with this notice.

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

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

ITEM No: 2.1

Dr.A.K.Gandhi was re-appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from 26.08.99 at the Annual General Meeting held on 18.08.1999 subject to the approval of the Department of Company Affairs. The Department of Company Affairs by Letter No: No:1/287/2001. CL VII dated 27th September 2001 approved the appointment on the terms and conditions stated therein, the relevant extract of which is given here under.

His term expires on 25.08.2004. The matter was placed before the Board of Directors at the meeting held on 21.07.2004 based on the recommendation of the Remuneration Committee. The Board unanimously decided to recommend to the shareholders to re-appoint Dr.A.K.Gandhi as Chairman and Managing Director with effect from 26.08.2004 for a period of 1 year i.e. till the conclusion of the Annual General Meeting to be held in the year 2005 on the same remuneration of Rs. 87,500 per month and other conditions as stipulated by the Department of Company Affairs in its letter stated above.

The Board recommends the resolution to the shareholders as the services of Dr.A.K.Gandhi are found to be essential and he is also eligible for reappointment.

As per Part III of Schedule XIII the appointment and remuneration of Managing Director shall be subject to the approval of the resolution of the shareholders in the General Meeting and hence the matter is placed before the shareholders for passing requisite resolution approving the appointment of Dr. A.K.Gandhi as Chairman and Managing Director.

None of the Directors except Dr.A.K.Gandhi is personally interested in the subject matter. The Documents connected with the agenda item are open for inspection on all working days between 2 PM-4 PM at the Registered Office of the Company up to the date of the Annual General Meeting.

No: 1 / 287 / 2001 - CL VII
Government of India
Ministry of Law, Justice & Company Affairs
Department of Company Affairs

5th Floor, 'A' Wing,
Shastri Bhavan, New Delhi.
Dated 27th Sept, 2001

To
M/s Seahorse Hospitals Ltd,
No: 18, Swami Sivananda Salai,
Chennai - 5.

Subject : Approval of the Central Government under Sec 269, 198(4) / 309 (3) of the
Companies Act, 1956.

Gentlemen,

I am directed to refer to the correspondence resting with your letter No SECY/AKG/0/02 dated 24.09.2001 on the above subject and to say that the Central Government has been pleased to approve under section 269 of the Companies Act, 1956 the Re-appointment of Dr.A.K.Gandhi as Chairman & Managing Director of the Company for a period of not exceeding 5 (FIVE) years with effect from 26.08.1999.

2. I am also directed to say that notwithstanding the limits of 5% and 10% of the net profits as the case may be as laid down in sub-section (3) of Section 309 of the Companies Act, and the overall limits of 11% of the net profits as laid down in sub-section (1) of section 198 ibid and having regard to the facts and circumstances of the case including working results of the company, the remuneration drawn earlier, the present policy being followed and the provisions of the section 637A and section 637AA of the Companies Act, the Central Government in terms of Section 198(4) of the Companies Act hereby approves that the remuneration payable to the aforesaid Managerial personnel from the date of his appointment shall not exceed the following

- (a) Total Remuneration of Rs.87,500(Rs Eighty Seven Thousand Five Hundred only pm) all inclusive.

3. Earned / Privilege leave may be allowed to the managerial personnel as per rules of the company, Leave accumulated and not availed of during his tenure as Chairman and Managing Director may be allowed to be encashed at the time of his retirement as per the rules of the company.
4. The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the company. A reasonable ceiling in such expenses, may, however, be fixed in this regard by the company.
5. The remuneration as stated in para 2 above is subject to the approval of the company in General Meeting as required by sub-section (1) of section 309 of the Act and subject further to such reduction as the company in General Meeting may like to make unless the same has already been approved by the company in General Meeting.
6. The aforesaid Managerial Personnel shall not be paid any sitting fees for attending the meeting of Board of Directors or Committee thereof from the date of his appointment.

Yours faithfully

-sd-

(N.K.VIG)

**Under Secretary to the
Govt. of India**

ITEM No. 3-1

The Registered Office of the company was shifted from Trichy to Chennai based on the resolution passed by the shareholders at the Annual General Meeting held on 18.08.1999. The decision to shift the Registered Office was taken with the hope that the affairs of the Company could be run far more efficiently from Chennai than from Tiruchirapalli.

But our present experience in the last 5 years has proved that no administrative convenience has accrued to the company by having the Registered Office at Chennai

with its only hospital at Trichy. Maintenance of a separate Registered Office at Chennai leads to increase in expenditure which is avoidable if the Registered Office is also located at the hospital premises itself. By relocating the Registered Office at their hospital premises the Company will be able to serve the shareholders and the Government Departments by collecting the required data and information at the hospital itself and furnishing the same.

It will also help the shareholders to visit the hospital whenever they attend the shareholders meeting at Trichy. Hence the Board recommends to the shareholders to approve the shifting of Registered Office from Chennai to Trichy.

As per the proviso to Sec 146 (2) read with Sec 192A and read with Companies (Passing of Resolution by Postal Ballot)(Amendment) Rules 2001 the subject has to be decided by the shareholders by postal ballot. The Ballot Paper together with self addressed envelope addressed to Mr.R.Sankaranarayanan, Senior Advocate, who has been appointed as Scrutiniser to receive the completed postal ballot papers is sent herewith. No stamp need be affixed by the shareholders. The ballot papers and conditions stated therein are self explanatory. The ballot papers duly filled in and signed by the shareholders should reach the scrutiniser not later than close of working hours on **25.09.2004**. Envelopes received after the date will be strictly treated as if the reply from the member has not been received.

The scrutiniser will place the poll results together with ballot papers for approval of the Chairman and the result will be declared by the Chairman of the meeting at the ensuing 21st Annual General Meeting to be held on 29.09.2004 at 11.00.am.

None of the Directors is personally interested in the resolution.

For **SEAHORSE HOSPITALS LTD,**

Place: Trichy

Date: 21.07.2004

Dr. A.K. Gandhi

(Chairman & Managing Director)

DIRECTORS' REPORT

The Board of Directors of your company presents the Twenty first Annual Report of the company together with the audited statements of account for the year ended 31.03.2004

1. Financial Results For The Year

Financial results for the year are as under.

	Amount in Lakhs of Rupees	
	2003-2004	2002-2003
Operating income	551	665
Other Income	5	4
Total Income	556	669
Operating and Administrative Expenses	563	611
Depreciation	114	113
Total Expenditure	677	724
Net Profit (Loss) before Extra Ordinary Income	(121)	(55)
Extra ordinary Income	nil	316
Net Profit (Loss) after Extra Ordinary income	(121)	261

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.

Operating and Administrative expenses constitute 83% of the total expenses. The company has suffered a net loss of Rs. 121 Lakhs (Previous year Profit of Rs. 261 Lakhs) after providing for depreciation. The previous year's profit was mainly on account of the Extra Ordinary Income of Rs. 316 lacs arising out of the waiver of accumulated interest to the company by SBI against their term loan under OTS. In view of the accumulated loss, the Directors regret their inability to recommend any dividend.

2. Directors

The Directors Capt. V.W.Katre, and Shri. B. Kalyanasundaram, are retiring by rotation. They are eligible for reappointment and offer themselves for re-election.

3. Change of Registered Office

The Registered Office of the Company is at Chennai while its hospital is at Trichy. Originally the Registered Office was at Trichy. Expecting some advantages the Registered Office was shifted to Chennai in the year 1999 based on the approval given by the shareholders at the Annual General Meeting, The Board after due consideration has decided to recommend to the shareholders to shift back the Registered Office to Trichy for which purpose an agenda item is included in the meeting notice for the Annual General Meeting.

4. 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 efforts to conserve energy and 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.

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

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

No employee is drawing a salary attracting the provisions of Section 217(2A) of the Companies Act.

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

Your Directors report as follows: