

ANNUAL REPORT 2004-2005



SEAHORSE HOSPITAL



SEAHORSE HOSPITALS LIMITED
World class Medical Care within your Reach



SEAHORSE HOSPITALS LIMITED

Banks

ICICI Bank Ltd.
State Bank of India
Punjab National Bank
United Bank of India

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 :

6, Royal Road, Cantonment
Trichy - 620 001

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)
(upto 29-11-2004)

Shri. K.B. Srinivasan
Director

Shri. B. Kalyanasundaram
Director

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SEAHORSE HOSPITALS LIMITED

Regd Office: No:6, Royal Road, Trichy 620 001.

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Twenty Second Annual General Meeting of the members of Seahorse Hospitals Limited, Tiruchirapalli-1, will be held on 28.09.2005 at 11.00 AM at the Registered Office, No:6, Royal Road, Trichy-1 to transact the following business.

I. ORDINARY BUSINESS :

- 1.1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2005 and the Profit and Loss Account for the year ended on that date along with the Reports of the Directors and the Auditors thereon and the Corporate Governance Report.
- 1.2. To appoint Directors in the place of Capt A.C.Batra and Capt S.C.Batra who retire by rotation. They are eligible for re-appointment.
- 1.3 To appoint auditors to audit the accounts of the year 2005-2006 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 MODIFICATION:**

"Resolved that subject to the provisions of Sec 198,269,309,310 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 28.09.2005 for a period of three years i.e up to the Annual General Meeting to be held in 2008 on the remuneration, terms and conditions as placed before, be and is hereby approved".

For **SEAHORSE HOSPITALS LTD,**

Place: Mumbai
Date: 29.07.2005

Dr. A.K. Gandhi
(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 14.09.2005 to 28.09.2005 (both days inclusive)

Queries on Agenda items shall reach the Registered Office at least 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

The period of office of the Chairman and Managing Director held by Dr.A.K.Gandhi expires at the conclusion of the ensuing Annual General Meeting. With due regard to the recommendation of the Remuneration committee to the Board, at its meeting held on 29.07.2005 the Board recommends to the shareholders to re-appoint Dr.A.K.Gandhi as Chairman and Managing Director on the remuneration, terms and conditions as mentioned herein for a period of three years i.e., till the conclusion of the Annual General Meeting to be held in the year 2008.

The terms and conditions of the re-appointment of Dr.A.K.Gandhi as Chairman and Managing Director.

1. **Salary:** Rs.1,20,000 per month with annual increment of 5%.
2. **Commission:**

Such percentage of the net profit as may be decided by the Board of Directors computed as per Sec 309 (5) of the Companies Act, 1956.

3. Perquisites:

In addition to salary, the chairman and managing director will be eligible for perquisites as mentioned below:

1. The Company leased House (Rent not to exceed 60% of Salary) or HRA of Rs.25,000 per month.
2. He is eligible for an amount not exceeding Rs. 50,000/-p.a towards the cost of Electricity.
3. The Reimbursement of medical expenses incurred for self and family up to a maximum of one month salary in a year or three months salary over a period of 3 years. The company will take a Mediclaim policy for him and the family.
4. He is entitled to Leave Travel Concession as per Company Rules.
5. Superannuation and PF

The company will contribute 12% of Monthly salary towards PF and 14% towards Superannuation Fund.

6. Gratuity

As per rules of the company not exceeding half month salary for each completed years of service.

7. Subscription to professional bodies:

Membership fee at actual of any professional institutions: domestic two and overseas two.

The value of perquisites covered under item 1 to 7 shall not exceed the annual Salary.

4. Minimum Remuneration:

In the event of loss or inadequacy of profit in any financial year Dr.A.K.Gandhi, Chairman and Managing Director shall be paid remuneration by way of salary , perquisites as specified above excluding commission and further subject to the limits laid down under Part II, Sec II (i) (B) of the schedule XIII of the Companies Act, 1956.

Additional Information required to be given as per Schedule XIII**I. General Information:**

1. **Nature of Industry** : Hospital Services providing Medical Health Care.
2. Date or Expected Date of Commencement of Commercial Production &
3. In case of new companies expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus.

This is a running concern providing health care services from 1988.

4. Financial performance based on given indicators.

Please refer the profit and loss account enclosed.

We hope to achieve 10% growth in every year barring unforeseen Circumstances.

5. Export performance and Net Foreign Exchange Collaborations
Nil

6. Foreign Investment or Collaborators if any

At present we are having 9.13% of shares held by NRIs.

II. Information about the Appointee:**1. Background Details:**

Dr.A.K.Gandhi, MD is a leading Nephrologist with over two decades of experience. He has vast experience in Managerial enterprises, administration, having an extensive financial acumen, besides his medical capability. He has been at the helm of the Hospital from August 1994 onwards and has successfully turned out the hospital into a well established and popular status in the city of Trichy and around. With his persistent efforts and negotiating skills he could complete the One Time Settlement with the Financial Institutions successfully and made the hospital debt free, excepting unsecured loans obtained for this purpose. Since 1994 he has not taken any increment in his remuneration.

2. Past Remuneration:

Salary	Rs. 7.50 Lacs/pa
HRA	Rs 3.00 Lacs/pa
PF	Rs.0.90 Lacs/pa

3. Recognition / Awards

Dr.A.K.Gandhi was able to obtain the quality certification for the hospital under ISO 9001- 2000(BVQI)

4. Job Profile and his suitability

Being a Doctor of repute and well experienced in managerial and finance function Dr.A.K.Gandhi is quite suitable to hold the post of CMD of the Hospital.

5. Remuneration Proposed

As per the details furnished in the notice.

6. Comparative Remuneration Profile with respect to industry, size of the company, profile of the position and person.

The remuneration proposed is quite comparable with the similar corporate hospital nearby.

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any- Nil**III. Other Information**

1. Reasons of loss or inadequate profits &
2. Steps taken or proposed to be taken for Improvement

Because of the instability of the hospital pending settlement of its debts with the financial institutions, there had been a sort of hesitation among the consultant doctors to admit their patients in our hospital. Now that the One Time

Settlement has been completed with the financial institutions the hospital has since been stabilised and all out efforts are taken to bring up the hospital, to its past glory.

3. Expected increase in productivity in measurable terms

With the concerted efforts and vigorous marketing strategy we hope to achieve a growth of 10% in annual turnover barring unforeseen circumstances.

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

As per Part II of Schedule XIII the appointment and remuneration of Managing Director shall be subject to the approval of the special resolution of the shareholders in the General Meeting and hence the matter is placed before the shareholders for passing requisite resolution approving the re-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 2PM and 4 PM at the Registered Office of the Company up to the date of the Annual General Meeting.

For **SEAHORSE HOSPITALS LTD,**

Place: Mumbai

Date: 29.07.2005

Dr. A.K. Gandhi

(Chairman & Managing Director)

SEAHORSE HOSPITALS LIMITED**DIRECTORS' REPORT**

The Board of Directors of your company have pleasure in presenting the Twenty Second Annual Report of the company together with the audited statements of account for the year ended 31.03.2005.

1. Financial Results For The Year

Financial results for the year are as under.

	Amount in Lakhs of Rs.	
	2004-2005	2003-2004
Operating income	373	551
Other Income	2	5
Total Income	375	556
Operating and Administrative Expenses	395	563
Depreciation	106	114
Total Expenditure	501	677
Net Profit (Loss) before Extra Ordinary Income	(126)	(121)
Extra ordinary Income	4543	-Nil-
Net Profit (Loss) after Extra Ordinary income	4417	(121)

The management is pleased to announce that the long awaited One Time Settlement with Financial Institutes has been concluded in this financial year. This has made company virtually a debt free company, the only debt being that from promoters. The entire interest component has been waived and part of the principal is also waived. This gives one time effect of profit in the current year. This will give stability to the company.

The company has suffered due to uncertainty in the last eleven years. The bed occupancy also has decreased and the overall business has gone down. Now

is the time to put efforts and revive the hospital once again as we had done in 1995-1996. This is a Herculean task and we will try our level best to achieve. The management continues to abide by its commitment to society and is quite keen on its motto of "World class health care at affordable price" to all patients.

Operating and Administrative expenses constitute 79% of the total expenses. The company has a net Profit of Rs.4417 lakhs (Previous year Loss of Rs. 121 lakhs) after providing for depreciation and taking into account the extraordinary income which is mainly due to the interest earlier provided now written back.

2. Directors

The Directors Capt. A.C.Batra and Capt S.C.Batra are retiring by rotation. Both are eligible for reappointment and offer themselves for re-election. Your Directors recommend to re-appoint Dr.A.K.Gandhi as Chairman and Managing Director for a period of three years ie., upto AGM to be held on 2008 about which detailed information has been given in the Meeting Notice & in the annexure thereto.

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 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,