

ANNUAL REPORT 2005-2006



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
26, Radhakrishnan Salai
9th Street, Mylapore,
Chennai - 600 004.

REGISTERED OFFICE :

6, Royal Road, Cantonment
Trichy - 620 001
HOSPITAL COMPLEX
6, Royal Road, Cantonment
Trichy - 620 001,

BOARD OF DIRECTORS

Dr. A.K.Gandhi

Chairman & Managing Director
(upto 31.12.2005)
Managing Director (From 01.01.2006)

Capt.V.W.Katre

Director

Capt. S.C.Batra

Director

Capt. A.C. Batra

Director

Shri A.S.Varadarajan

Director, (From 29.07.05)

Shri. K.B. Srinivasan

Director, (Up to 30.09.05)

Shri. B. Kalyanasundaram

Director, (Up to 23.07.05)

Shri Uday M Chitale

Director, (From 25.11.05 to 29.05.06)

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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 Third Annual General Meeting of the members of Seahorse Hospitals Limited, Tiruchirapalli-1, will be held on 29-09-2006 at 02.00 PM 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 31.03.2006 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.V.W.Katre and Sri A.S.Varadarajan who retire by rotation. They are eligible for re-appointment.
- 1.3 To appoint auditors to audit the accounts of the 2006-07 and fix their remuneration.

For **SEAHORSE HOSPITALS LTD,**

Place: Chennai

Dr. A.K. Gandhi

Date: 29.05.2006

(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 15.09.2006 to 29.09.2006 (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.

SEAHORSE HOSPITALS LIMITED

DIRECTORS' REPORT

The Board of Directors of your company have pleasure in presenting the Twenty Third Annual Report of the company together with the audited statements of account for the year ended 31.03.2006

1. Financial Results For The Year

Financial results for the year are as under.

	Amount in Lakhs of Rs.	
	2005-2006	2004-2005
Operating income	281	373
Other Income	2	2
Total Income	283	375
Operating and Administrative Expenses	351	395
Depreciation	113	106
Total Expenditure	464	501
Net Profit (Loss) before Extra Ordinary Income	(181)	(126)
Extra ordinary Income	----	4543
Net Profit (Loss) after Extra Ordinary income	(181)	4417

The company has suffered due to severe competition offered by the number of smaller nursing homes offering the same type of services as our hospital, at a lesser cost due to smaller overheads. Since our hospital being corporate we have certain fixed type of statutory overheads and we are not able to match their cost. We will try our level best to improve the

performance of the hospital by adopting aggressive marketing strategies. 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.

The Management and Administrative expenses constitute 76% of the total expenses. The company has a net loss of Rs. 181 lakhs (Previous year Profit of Rs.4417 lakhs) after providing for depreciation. The profit during the last year is mainly on account of the extra ordinary income which is due to interest provided written back during the previous Year.

2. Directors

The Directors Capt. V.W.Katre and Shri A.S.Varadarajan are retiring by rotation. Both are eligible for reappointment and 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 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

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

There is no employee drawing a salary attracting the provisions of Section 217(2A) of the Companies Act.,1956

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 31.3.2006, 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 judgement 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, 2006 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.
- v) At the time of preparation of the accounts the terms and conditions of the Unsecured Loan/Inter-Corporate Loan have not been finalized and hence no provision for interest thereon was made.
- vi) That a comprehensive Code of Conduct has been laid down for all the Board Members and Senior Management personnel of the company. Strict compliance of this Code of Conduct by Board Members and Senior Management personnel is closely monitored. This Code of Conduct has also been posted on the website of our company.

6. Audit Committee

Pursuant to Sec 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement, an Audit Committee has been constituted with Capt V.W.Katre as Chairman, Shri Uday M Chitale and Shri A.S.Varadarajan as members of the committee. The Audit Committee met four times during the year.

7. Deposits

The company has not accepted any deposit 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 enclosed their report. The auditors commented on the non provision of interest on Inter-Corporate Loan for the current year. As stated in Para 3(d) of the notes forming part of the accounts, since the terms and conditions of the Inter-Corporate Loan have not been finalized, no provision for interest had been made.

The Auditors M/s Guru & Ram, Chartered Accountants, Chennai 600 004, retire at the conclusion of the Twenty Third Annual General Meeting and are eligible for re-appointment.

10. Corporate Governance

A Detailed Corporate Governance Report has been annexed to this report.

11. Acknowledgement

Your Directors wish to thank various Government agencies, the Financial Institutions, State Bank of India, Punjab National Bank, United Bank of India 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

Date: 29.05.2006

(Dr. A.K. Gandhi)

Managing Director

SEAHORSE HOSPITALS LIMITED, TIRUCHIRAPPALLI CORPORATE GOVERNANCE REPORT

1. 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.

2. BOARD OF DIRECTORS

(i) The composition of the Board of Directors and other details as on 31st March 2006 are as under:

Name of the Director	Executive/ Non Exec. Independent	No of Meetings Attended	Attendance at last AGM held on 28/09/2005	No of outside Director ship	No of Membership/ Chairmanship in Other Board Committees
Dr. A.K. Gandhi	M.D.	5	Present	2	(1 Public)
Capt. V.W.Katre	Independent	4	Absent	07	(1 Public)
Capt. S.C.Batra	Independent	1	Absent	16	(-Nil-)
Capt. A.C Batra	Independent	1	Absent	15	(-Nil-)
Shri. K.B.Srinivasan (Up to 30.09.2005)	Independent	5	Present	5	(-Nil-)
Shri. B. Kalyanasundaram (Up to 23.07.2005)	" "	3	-----	Nil	(-Nil-)
Shri A.S.Varadharajan (From 29.07.2005)	" "	2	Absent	2	(1 Public)
Shri Uday M Chitale (From 25.11.2005 to 29.05.2006)	" "	1	-----	6	(3 Public)

The Total strength of the Board as on the Date of the report is Five..

(ii) Board Meetings were held during the financial year 1/4/2005 to 31/3/2006 on the following dates:

Name of the Director	D A T E S O F M E E T I N G S			
	1 st 18.05.05	2 nd 29.07.05	3 rd 25.11.05	4 th 31.01.06
Dr. A.K.Gandhi	Present	Present	Present	Present
Capt V.W.Katre	Present	Present	Present	Present
Capt S.C.Batra	Absent	Absent	Absent	Present
Capt A.C.Batra	Absent	Present	Absent	Present
Shri. K.B. Srinivasan (Up to 30.09.05)	Present	Present	----	----
Shri. B.Kalyanasundaram (Up to 23.07.05)	Present	----	----	----
Shri A.S.Varadarajan (From 29..07.05)		----	Present	Absent
Shri Uday M Chitale (From 25.11.05 to 29.05.06)			Absent	Present

3. AUDIT COMMITTEE:

An Audit committee consisting of 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 (Up to 30.09.05) | Chairman |
| 2. Shri. B.Kalyana sundaram (Up to 23.07.05) | Member |
| 3. Capt V.W.Katre | Chairman |
| 4. Shri A.S.Varadarajan (From 29.07.05) | Member |
| 5. Shri Uday M Chitale (From 25.11.05 to 29.05.06) | Member |

During the financial year 1/4/2005 to 31/3/2006 the Audit Committee met as per the details given hereunder: