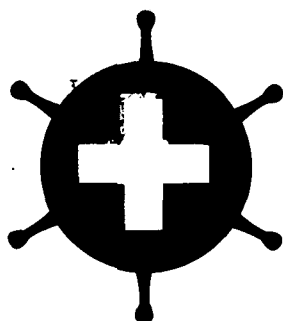




SEAHORSE HOSPITALS LIMITED

World Class Medical Care within your Reach



Annual Report 2006-2007

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
9 th 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

Managing Director

Upto 31.03.2007

Director (From 01.04.2007)

Capt. V. W. Katre

Director

Capt. S. C. Batra

Director

Shri A. S. Vardarajan

Director, (From 29.07.05)

Capt. A. C. Batra

Director

SEAHORSE HOSPITALS LIMITED
Regd. Officer : No. 6 Royal Road, Trichy 620 001
NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the members of Seahorse Hospitals Limited, Tiruchirappalli 620 001, will be held on 18.09.2007 (Tuesday) at 12:00 p.m. at the Registered Office, No. 6, Royal Road, Trichy 620 001 instead of 15.09.2007 (Saturday) to transact the following business.

I. ORDINARY BUSINESS :

- 1.1 To receive, consider and adopt the audited Balance Sheet as at 31.03.2007 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 2007-08 and fix their remuneration.

II. SPECIAL BUSINESS :

- 2.1 TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION WITH OR WITHOUT MODIFICATION.

"Resolved that the appointment of Dr.S.Ramji, with effect from 29/05/2007 by the Board of Directors as "Manager" with reference to Sec.2 (24) read with Sec.269 and other applicable provisions of the Companies Act, 1956, with the designation "CHIEF EXECUTIVE OFFICER", on a remuneration of Rs 29,500/-p.m. in addition to the perquisites detailed hereunder, as approved by the Remuneration Committee, subject to the provisions of Sec. 198,309 and other applicable provisions of the Companies Act 1956, read with Part II of Schedule XIII of the Companies Act 1956, for the period commencing from 29/05/2007 till the date of the Annual General Meeting to be held in the year 2008, subject to the approval, if any, of the Registrar of Companies, Chennai and such other authorities under the provisions of the Companies Act, 1956. ", be and is hereby approved.

DETAILS OF PERQUISITES:

- a. Provident Fund and Gratuity :

The Company will contribute 12% of monthly salary towards PF Contribution.

He is eligible for gratuity as per the rules of the company and as per the Gratuity Act, not exceeding half a month salary for every completed year of service.

- b. Subscription to professional bodies :

He is eligible for membership fee at actual of any one domestic professional institution.

"Resolved further that Dr.S.Ramji, shall be the "Officer in default" pursuant to Sec.5(c) of the Companies Act, 1956 and he subject to the superintendence, control and direction of the Board of Directors has substantial powers of management of the whole of the affairs of the company and he shall exercise such other powers, duties and responsibilities, including the power of sub-delegation, as he may further be empowered by the Board of Directors or shareholders from time to time ."

For SEAHORSE HOSPITALS LTD

Place : Mumbai
 Date : 29.05.2007

Capt.V.W.Katre
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 01.09.2007 to 15.09.2007 (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**

Dr.A.K.Gandhi has resigned from the post of " Managing Director " of the Company on health grounds with effective from 31.03.2007 and continues to be a member of the Board of Directors as an Ordinary Director.

As per section 269 of the Companies Act 1956, the company should appoint a Managing Director or a whole time Director or a Manager.

The Board of Directors at the meeting held on 29.05.2007 have unanimously decided to appoint Dr.S.Ramji, presently Medical Superintendent of the Hospital, as a Manager of the Company with the designation 'Chief Executive Officer' (CEO), for the period commencing from 29/05/2007 and ending on the conclusion of the day on which the Annual General Meeting is held in the year 2008.

Information about the appointee :

Back Ground Details :

Dr.S.Ramji, a post graduate in General Surgery has served in the Medical Department of the Indian Railways in various capacities for over 20 years. He has rich experience in Managerial enterprises and administration besides his medical capability. He has also served as Medical Superintendent of this company (Hospital) from Dec. 1998. to till date and has been managing the affairs of the hospital successfully in the absence of the Managing Director.

The Board recommends to the share holders to pass the resolution as ORDINARY RESOLUTION as the services of Dr.S.Ramji are essential to run the hospital (Company) on day to day basis in the absence of Managing Director.

As per part II of the Schedule XIII of the Companies Act, 1956 the appointment and the remuneration of Manager shall be subject to the approval of the share holders in the General Meeting and hence the matter is placed before the share holders for passing requisite resolution approving the appointment of Dr.S.Ramji as 'CHIEF EXECUTIVE OFFICER' of the Company.

None of the Directors is personally interested in the subject matter.

For SEAHORSE HOSPITALS LTD

Place : Mumbai
Date : 29.05.2007

Capt.V.W.Katre
DIRECTOR

SEAHORSE HOSPITALS LIMITED, TIRUCHIRAPPALLI**DIRECTORS' REPORT:**

The Board of Directors of your company have pleasure in presenting the Twenty Fourth Annual Report of the company together with the audited statements of account for the year ended 31.03.2007

1.FINANCIAL RESULTS FOR THE YEAR:

Financial results for the year are as under.

	Amount in Lakhs of Rupees	
	2006-2007	2005-2006
Operating income	197	281
Other Income	11	2
	—	—
Total Income	208	283
	—	—
Operating and Administrative Expenses	228	352
Depreciation	104	113
	—	—
Total Expenditure	332	465
	—	—
Net Profit (Loss)	(124)	(182)

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 69% of the total expenses. The company has a net loss of Rs. 124 lakhs (Previous year Rs.182 lakhs) after providing for depreciation.

2. Directors:

The Directors Capt. A.C.Batra and Capt. S.C.Batra are retiring by rotation. They are eligible for reappointment and offer themselves for re-election. Dr.A.K.Gandhi has resigned from Managing Directorship with effect from 31.03.07. However he continues to be a Member of The Board of Directors as an Ordinary Director.

The Board of Directors in their meeting held on 29.05.2007 recommend the appointment of Dr.S.Ramji, presently Medical Superintendent, as "Manager" of the company with reference to Section 2(4) and Section 269 of the Company's Act 1956 for the period commencing from 29.05.2007 till the completion of the Annual General Meeting to be held in the year 2008, about which detailed information has been given in the Notice to the Share Holders and in the Annexure there to.

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 31.3.2007, 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, 2007 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 of 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 the Board Members and Senior Management personnel is closely monitored. This code of Conduct has also been posted on the Website of the 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.Varada Rajan as members of the committee. Consequent on the resignation of Shri Uday M.Chitale from the Board, Capt S.C.Batra Director has been nominated as the third member of the committee by the Board of Directors in their meeting held on 29.05.2007 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 company is negotiating with it's lenders for a compromise settlement of it's dues and it's financial charges / interest, in view of the present financial position of the company.

The Auditors M/s Guru & Ram, Chartered Accountants, Chennai – 600 004, retire at the conclusion of the Twenty Fourth 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, 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 : Mumbai
Date : 29.05.2007

Capt.V.W.Katre
DIRECTOR

SEAHORSE HOSPITALS LIMITED, TIRUCHIRAPPALLI
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 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 2007 is as under:

Name of the Director	Executive Non Exec. Independent	No of Meetings Attended	Attendance at last AGM held on 29/09/2006	No of outside Director ship	No of Membership/ Chairmanship in other Board Committees
Dr. A.K. Gandhi	M.D. upto 31.03.2007 Non-exec:Director From 01.04.07	5	Present	2	(1 Public)
Capt. V.W.Katre	Independent	5	Present	07	(1 Public)
Capt. S.C.Batra	Independent	4	Absent	15	(-Nil-)
Capt. A.C.Batra	Independent	3	Absent	15	(-Nil-)
Shri A.S.Varadharajan	" "	2	Absent	2	(1 Public)

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

Board Meetings were held during the financial year 1/4/2006 to 31/3/2007 on the following dates:

Name of the Director	D A T E S O F M E E T I N G S				
	1st	2nd	3rd	4th	5th
	29.05.06	26.07.06	27.11.06	31.01.07	27.03.07
Dr. A.K.Gandhi	present	present	present	present	present
Capt V.W.Katre	present	present	present	present	present
Capt S.C.Batra	absent	present	present	present	present
Capt A.C.Batra	absent	absent	present	present	present
Shri A.S.Varadarajan	present	present	absent	absent	absent

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. Capt V.W.Katre | Chairman |
| 2. Shri A.S.Varadarajan | Member |
| 3. Shri Uday M.Chitale | Member (up to 29.05.06) |
| 4. Capt S.C.Batra | Member (from 29.05.07) |

Keeping in mind the Whistle Blower Policy as per Class 49 (IV) of the listing agreement, no personnel is denied access to the Audit Committee for sharing their views, suggestions, or deficiencies in systems and procedures.

During the financial year 1/4/2006 to 31/3/2007 the Audit Committee met as per the details given hereunder:

Name of the Director	D A T E S O F M E E T I N G S			
	1st	2nd	3rd	4th
	29.05.06	26.07.06	16.11.06	31.01.07
Capt V.W.Katre	present	present	present	present
Shri A.S.Varadarajan	present	present	present	absent

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

Shareholders' Grievance

In the absence of the Company Secretary, the Financial Controller was appointed by the Board as the Compliance Officer to redress all the genuine grievances of the Shareholders and also to bring to the notice of the Board any matter of importance for the purpose of taking policy decisions in the best interest of the Shareholders. Every effort is taken by giving wide publicity to appoint a qualified Company Secretary who are on high demand.

A Shareholders'/Investors' Grievance Committee consisting of the same Directors as members of the Audit Committee has been constituted by the Board. There was no meeting of the Committee during the financial year 2006-2007. A separate email ID has been created to enable the share holders to register their grievances.

The total number of complaints received during the financial year 1/4/2006 to 31/3/2007 are categorised hereunder:

Nature of Complaint	No of Complaints
Non-receipt of Annual Report and Accounts	85
Annual reports were sent sufficiently in advance of every AGM.	
However for shareholders who haven't received, copies were sent.	
Non-receipt of Share certificates	9
The Duplicate Share certificate were issued, wherever needed	
Non-receipt of Refund of Share Application Money	-NIL-
Non-receipt of Dividends	58
The Shareholders were informed that no dividend was declared so far.	
Others	Nil

Share transfer Committee

A share transfer committee consisting of the following Directors has been constituted. The committee met three (3) times during the financial year 2006-2007 and ensured that all valid transfer deeds and transmission applications were acted upon and share certificates sent to the transferee promptly