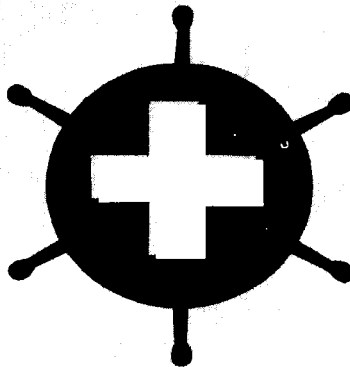


# SEAHORSE HOSPITALS LIMITED

World Class Medical Care Within Your Reach



**ANNUAL REPORT 2007 - 2008**

**SEAHORSE HOSPITALS LIMITED**

**BANKS**

ICICI Bank Ltd.  
State Bank of India  
Punjab National Bank

**AUDITORS**

M/s. Guru & Ram  
Chartered Accountants  
26, Radhakrishnan Salai  
9th Street, Mylapore,  
Chennai – 600 004

**LEGAL ADVISOR:**

SHRI R. SANKARANARAYANAN

**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, Director (upto 30.05.2008)  
Capt. S.C.Batra, Director (upto 30.05.2008)  
Mr.A S.Varadarajan, Director(upto 30.05.2008)  
Capt.A.C.Batra, Director (upto 30.05.2008)  
Capt.V.W.Katre, Director

Dr.S.Chandrakumar, Managing Director/CEO  
(from 30.05.2008)  
Dr.S.Manivannan, Director(from 30.05.2008)  
Er.D.Selvaraj, Director (from 30.05.2008)  
Er.R.Mohan, Director (from 30.05.2008)  
Mr.A.Krishnamoorthy, Director (from 30.05.2008)  
Dr. T.Senthil Kumar, Director (from 30.05.2008)

**Annual Report 2007-2008**

## SEA HORSE HOSPITALS LIMITED

## SEAHORSE HOSPITALS LIMITED

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

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of Seahorse Hospitals Limited, Tiruchirapalli-1, will be held on 14.07.2008, Monday at 4.30 PM at the Registered Office, No:6,Royal Road,Trichy-1 to transact the following business.

**ORDINARY BUSINESS**

- 1.1 To receive, consider and adopt the audited Balance Sheet as at 31.03.2008 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 auditors to audit the accounts of the year 2008-2009 and fix their remuneration. The retiring auditors M/S Guru & Ram Chartered Accountants, Chennai 4, have expressed their inability to continue as Auditors of the company. Hence, the Board of Directors recommends the appointment of M/s Patel, Mohan , Ramesh & Co Chartered Accountants, Chennai as auditors relating to the financial year 2008 -09, till the conclusion of the AGM to be held in 2009.

**SPECIAL BUSINESS:**

2. To consider and if thought fit to pass a separate and independent resolution as ordinary resolution, appointing the following Directors of the company.
  - 2.1 To appoint Dr. S.Chandrakumar, who was appointed as Additional Director and , who will be vacating the office at the conclusion of the General Meeting, pursuant to sec 260 of the Companies Act, as a Director.
  - 2.2 To appoint Dr. S.Manivannan, who was appointed as Additional Director and, who will be vacating the office at the conclusion of the General Meeting, pursuant to sec 260 of the Companies Act, as a Director.
  - 2.3 To appoint Dr. T.Senthil Kumar, who was appointed as Additional Director and, who will be vacating the office at the conclusion of the General Meeting, pursuant to sec 260 of the Companies Act, as a Director.
  - 2.4 To appoint Er. D.Selvaraj, who was appointed as Additional Director and, who will be vacating the office at the conclusion of the General Meeting, pursuant to sec 260 of the Companies Act, as a Director.
  - 2.5 To appoint Er. R.Mohan, who was appointed as Additional Director and, who will be vacating

the office at the conclusion of the General Meeting, pursuant to sec 260 of the Companies Act, as a Director.

- 2.6 To appoint Mr.A.Krishnamoorthy, who was appointed as Additional Director and, who will be vacating the office at the conclusion of the General Meeting, pursuant to sec 260 of the Companies Act, as a Director.
3. To consider and if appropriate to pass the following resolution with or without modification as a *Special resolution*.  
Resolved that subject to the provisions of Sec 198, 269, 309,310 and other applicable provisions of the Companies Act, the recommendation of the Board of Directors to appoint Dr. S.Chandrakumar as Managing Director of the Company for a period of 3 years from 30/ 05 /2008 till the conclusion of AGM to be held in 2011 without remuneration, be and is hereby approved.

4. To consider and if appropriate to pass the following resolution with or without modification as a *Special resolution*.

Resolved that subject to the approval of the Central Government under Sec 21 of the Companies Act, the name of the Company be and is hereby changed from Seahorse Hospitals Limited to KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Resolved further that the name of Seahorse Hospitals Limited wherever it occurs in the Memorandum and Articles of Association be and is hereby substituted by the New name KMC SPECIALITY HOSPITALS (INDIA) LIMITED subject to approval of the Shareholders and the Registrar of Companies, Chennai.

5. To consider and if appropriate to pass the following resolution with or without modification as a *Special resolution*.

Resolved that subject to the approval of such authorities as prescribed in the Companies Act, 1956, and other related regulations, the shares of the Seahorse Hospitals Limited, be and are hereby approved and recommended for DELISTING from the Madras Stock Exchange.

For Seahorse Hospitals Limited

Capt.V.W.KATRE  
( Director)

Place : Chennai  
Date : 30.05.2008

**SEA HORSE HOSPITALS LIMITED****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 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 09.07.2008 to 14.07.2008( 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 to 2.6**

Consequent on the change in the management, many of the existing Directors have resigned from Directorship. Hence the Board of Directors has been reconstituted with the induction of new Directors representing the new management. A brief profile of the new Directors proposed to be appointed is furnished below.

**2.1. Dr.S.Chandrakumar MD**

Dr.S.Chandrakumar M.D., is a Senior Consultant Anaesthesiologist with over 16 years of clinical experience as an Anaesthesiologist and Critical Care Specialist. He has over a decade of experience in managing hospitals. With his entrepreneurial skills he has been instrumental in steering a multi specialty hospital as one of the foremost hospitals in Trichy.

He is well known and respected in medical and allied circle, and is an active participant of all social activities in this region.

He is life member of the Indian Society of anesthesiology, Member of the Health care panel of CII, Tamilnadu region, member of the executive committee headed by the District Collector for the public grievances and Life member of Indian Medical Association. He has been selected as one of the top 101 entrepreneurs in Tamilnadu for this year by the CII. He is proposed to be appointed as Managing Director and the Chief Executive Officer of the Company.

**2.2 Dr.S.Manivannan M.D. D.N.B.**

Dr.S.Manivannan M.D. D.N.B. is a Senior Consultant Anaesthesiologist and Intensivist with over a decade of clinical experience in this field. He has rich experience in managing hospitals and event organization. He has been the Executive Director of a multi specialty hospital in Trichy for over 8 years.

He is a life member of Indian Society of Anaesthesiologist and Indian Medical Association. He was the secretary of Indian Society of Anaesthesiologist for the past 3 years. He is an active round tabler. He is a member of the CII Healthcare sub committee. He was awarded the power user in IT by CIOL – SMB forum.

**2.3 Dr. T.Senthil Kumar M.S., M.Ch.,**

Dr. T.Senthil Kumar M.S., M.Ch., is a senior consultant Cardiothoracic Surgeon with over 17 years of professional experience. He was instrumental in establishing open Heart Surgery in Trichy. He is well known and respected among the medical fraternity. He is life member of the Association of Cardiovascular and Thoracic surgeons of India, and Indian Medical Association. He has rich teaching experience and is an examiner for B.P.T. (Bachelor in Physiotherapy) course for over 5 years. He has made numerous presentations, and has many publications to his credit.

**2.4 Er.D.Selvaraj. B.E.,**

Er.D.Selvaraj. B.E., is an Engineer by profession and has over 40 years of experience in the Executive and Administrative fields. He has over a decade of experience as the Administrative Officer of a multi specialty hospital in Trichy.

**2.5 Er. R.Mohan. B.E.(Hons), M.Sc.(Eng), M.E.(USA).**

Er. R.Mohan. B.E.(Hons), M.Sc.(Eng), M.E.(USA), is an Engineer by qualification with wide experience and interest in a wide range of subjects such as Literature, Histrionics, Music, besides Management and Consultancy Services. He is a member in a lot of Philanthropic Associations. He has more than 20 years of experience in Advisory and Consultancy Services. He is a Director of Lakshmi Vilas Bank.

## SEA HORSE HOSPITALS LIMITED

- 2.6 Mr.A.Krishnamoorthy M.A., M.B.A, CAIIB., Mr.A.Krishnamoorthy M.A., M.B.A, CAIIB., is Ex-Chairman and CEO of Lakshmi Vilas Bank. He has 40 years of experience in Banking Industries starting with Reserve Bank Of India and then to Andhra Bank(Govt of India UTG) rising to the position of General Manager and handling several functional and Geographical responsibilities in International Banking, Human Resources, Credit Management and Administration. He was appointed by Govt of India as Concurrent Chairman of Banking Services Recruitment of Andhra Pradesh. He has extensively travelled around the world and has good rapport with international organizations. He is a sitting Director of Cethar Vessels and Director of Soundaraja Mills.

## Item no. 3

Dr. S.Ramji M.S. who was appointed as 'Manager' with the designation of CEO with effect from 29/05/2007 has resigned from the post of 'Manager' and his resignation has been accepted by the Board of Directors in their meeting held on 30/05/2008. Consequently the Board of Directors in the same meeting have recommended the appointment of Dr. S.Chandrakumar, M.D. as "Managing Director and CEO" in compliance with the provisions of Sec 269 of the Companies Act, for a period of 3 years with effect from 30/05/2008 (i.e. till the conclusion of the AGM to be held in 2011) without remuneration and perquisites.

## 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 & 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.
3. Financial performances based on given indicators. Please refer to the Profit and Loss Account enclosed We hope to achieve 10% growth in every year barring unforeseen circumstances.

4. Export performance and net foreign exchange collaborations NIL
5. Foreign investments or Collaborators if any  
At present we are having 9.13% shares held by NRIs

## II Information about the Appointee:

1. Background Details

Dr.S.Chandrakumar, MD is a leading Anaesthesiologist, with over 18 Years of clinical experience. He is life member in Indian Medical Council and Indian Society of Anaesthesiologists and an Executive member of the Health care Sub Committee in Confederation of Indian Industry. He is an active participant in various social activities in this region and well known in the Medical and Allied circle. He has been at the helm of running a multi specialty hospital at Trichy, quite successfully for a decade now.

2. Past remuneration – Fresh appointment in this institution
3. Recognition/Awards – Dr.S.Chandrakumar is one of the 101 best Entrepreneurs in Tamilnadu selected by the Confederations of Indian Industries, Tamilnadu. Further, he is one of the 5 members selected by the Healthcare Panel in Tamilnadu by the Confederation of Indian Industries, Tamilnadu.
4. Job Profile and his suitability: Being a doctor of repute and well experienced in managing a multi specialty hospital for over a decade in managerial and finance functions, Dr.S.Chandrakumar is quite suitable to hold the post of Managing Director and CEO.
5. Remuneration proposed : As per the details furnished in the notice.
6. Comparative remuneration profile with respect to the industry, size of the company, profile of the position and person. - Not Applicable
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any – NIL

**SEA HORSE HOSPITALS LIMITED****III. Other information**

1. Reasons for loss or inadequate profits &
2. Steps taken or proposed to be taken for improvement With frequent breakdown of essential equipments (for want of regular maintenance) and exodus of experienced paramedical staff such as Nurses, Lab Technicians, Pharmacists etc, there has been a sort of hesitation among the Consultant Doctors to admit their patients in our hospital. The new management under the leadership of Managing Director has chalked out a concrete plan for positioning experienced and dedicated team of doctors and paramedical staff. All the essential medical equipments could be got either repaired/reconditioned or replaced with state – of –art models. Aggressive marketing strategies have been planned to bring in specialist doctors and corporate customers.
3. Expected increase in productivity and measurable terms. With concerted efforts and vigorous marketing strategy we hope to achieve a growth of not less than Rs. 10 crores in annual turnover in the next 3 years, barring unforeseen circumstances.

As per part II of Schedule XIII of the companies Act, the appointment and remuneration of the Managing Director shall be subject to the approval of the Special Resolution by the Shareholders in the General Meeting and hence the matter is placed before the shareholders for passing the requisite resolution approving the appointment of Dr.S.Chandrakumar as Managing Director and CEO on the terms and other conditions as specified above.

None of the Directors excepting Dr.S.Chandrakumar is interested in the subject matter.

Item No. 4 :

**CHANGE IN THE NAME OF THE COMPANY :**

Consequent on the change in Management from Seahorse Group to KMC Group, the name of the company is proposed to be changed to KMC SPECIALITY HOSPITALS (INDIA) LIMITED, so as to be in line with the image, Goodwill and reputation built by KMC Group, among the public in and around Trichy. As per Sec 21 of the Companies Act, this requires the approval of the Special Resolution by the Shareholders in the General Meeting. Hence the requisite Special Resolution is placed before the Shareholders for passing the same.

Item No. 5 :

Delisting of the Shares of the Seahorse Hospitals Ltd. from Madras Stock Exchange.

Our company is a Listed member of the Bombay Stock Exchange and Madras Stock Exchange. For the past several years, our company shares were not traded in the Madras Stock Exchange, while whatever trading was done it had taken place in Bombay Stock Exchange only. Further our shares can be traded in the Bombay Stock Exchange from any place in India.

Further additional listing fees for Madras Stock Exchange, Rs. 42,000/- is payable to them by the Company every year as annual listing fees. Considering all the aspects, the Board in their meeting on 30.05.2008 has approved the Delisting of the Company shares from Madras Stock Exchange.. However the annual listing fees for the year 2008-09 has already been paid. Since this requires the approval of the shareholders, necessary resolution is put up herewith.

The documents connected with the agenda items are open for inspection on all working days between 2-pm and 4 pm at the Registered Office of the Company up to the date of the Annual General Meeting

For Seahorse Hospitals Limited

Capt. V.W.KATRE  
(DIRECTOR)

Place : Chennai  
Date : 30.05 .2008



**DIRECTORS' REPORT**

The Board of Directors of your company have pleasure in presenting the Twenty Fifth Annual Report of the company together with the audited statements of account for the year ended 31.03.2008.

**The financial results are as follows:**

	(Amount in Lakhs of Rupees)	
	2007-08	2006-07
Operating income	84	197
Other Income	4	11
Total Income	88	208
Operating and Administrative Expenses	298	228
Depreciation	98	104
	396	332
Net Profit (Loss)	(308)	(124)

The Operating and Administrative expenses constitute 75% of the total expenses. The company has a net loss of Rs. 308 lakhs (Previous year Rs.124 lakhs) after providing for depreciation.

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. Our hospital being corporate we have certain fixed type of statutory overheads and we are not able to match their cost without compromising quality and ethical standards in Medical care. Further many of the equipments have become old and obsolete requiring replacement and strengthening of the management was also considered necessary. All this would need a large input of funds and the present promoters were on the look out for a suitable resource. In the meanwhile Sri Kaveri Medical Care, (Trichy) Private Ltd (KMC) which is running a Multi Specialty Hospital in Trichy, has expressed their keen interest in acquiring the shares of the Present Promoters of our company (Seahorse Hospital Ltd – SHL) and take over the Management. After detailed deliberations and due diligence, a Share Purchase Agreement has been entered into between SHL and KMC on 06/02/2008. As per the regulation of SEBI (SAST) necessary formalities, including 20% Open Offer has since been

completed. The company is happy that another hospital KMC which is in growth trajectory is acquiring shares from the Promoters and the Directors wish them best.

**2. Directors:**

The following persons representing the new Management have been proposed for appointment as Additional Directors

<b>1. Dr.S.Chandrakumar</b>	<b>Director</b>
<b>2. Dr.S.Manivannan</b>	<b>Director</b>
<b>3. Dr.T.Senthil Kumar</b>	<b>Director</b>
<b>4. Mr.D.Selvaraj</b>	<b>Director</b>
<b>5. Mr.R.Mohan</b>	<b>Director</b>
<b>6. Mr.A.Krishnamoorthy</b>	<b>Director</b>

The above appointments have been recommended and approved by the Board of Directors in their meeting held on 30/05/2008. More details have been furnished in the Notice to the shareholders and in the Annexure thereto

As a sequence to the change in Management, the following Directors and Manager/CEO have submitted their resignations with effect from 30 - 05 -2008.

<b>1. Dr. A.K.Gandhi</b>	<b>Director</b>
<b>2. Capt. S.C.Batra</b>	<b>Director</b>
<b>3. Capt. A.C.Batra</b>	<b>Director</b>
<b>4. Shri.A.S.Varadharajan</b>	<b>Director</b>
<b>5. Dr.S.Ramji</b>	<b>Manager/CEO</b>

The above resignations have been accepted by the Board of Directors in their meeting held on 30/05/2008.

**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 31.3.2008, 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 judgment 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, 2008 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) that interest on loans payable to KMC has been decided upon earlier. The outstanding loan as on 31.03.2007 has been taken over by KMC on terms and conditions agreed upon. Necessary provision for interest on loan payable to KMC for the period up to 31.03.2008 has been made in the books of accounts.
- 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 A.S.Varadarajan and Capt.S.C.Batra 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 M/s Guru & Ram, Chartered Accountants, Chennai – 600 004, retire at the conclusion of the Twenty Fifth Annual General Meeting. They have submitted in writing that they are not seeking reappointment as Statutory Auditors at the said meeting. Hence M/S Patel, Mohan, Ramesh & Co, Chartered Accountants, Chennai have been proposed for appointment as Statutory Auditors for the year 2008-09. More details have been furnished in the Notice to the Shareholders with necessary Resolution for approval by the Shareholders

### 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, 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 : 30.05.2008

Capt.V.W.KATRE  
( Director)



## SEA HORSE HOSPITALS LIMITED

## 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.

Name of the Director	Executive/ Non Exec. Independent	No of Meetings Attended	Attendance at last AGM held on 18/09/2007	No of outside Director-ship	No of Membership/ Chairmanship in Other Board Committees
Dr. A.K. Gandhi	Non - Exec. Director	2	Absent	1	(NIL)
Capt. V.W.Katre	Independent	4	Present	06	(NIL)
Capt. S.C.Batra	Independent	4	Absent	17	(NIL)
Capt. A.C Batra	Independent	-	Absent	19	(NIL)
Shri A.S.Varadharajan	Independent	3	Present	1	(NIL)

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

Board Meetings were held during the financial year 1/4/2007 to 31/3/2008 on the following dates:

Name of the Director	DATES OF MEETINGS			
	1st 29.05.07	2nd 30.07.07	3rd 28.11.07	4th 30.01.08
Dr. A.K.Gandhi	present	absent	absent	present
Capt V.W.Katre	present	present	present	present
Capt S.C.Batra	present	present	present	present
Capt A.C.Batra	absent	absent	absent	absent
Shri A.S.Varadarajan	absent	present	present	present

**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. Capt S.C.Batra       | Member          |
|                         | (from 29.05.07) |

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

During the financial year 1/4/2007 to 31/3/2008 the Audit Committee met as per the details given hereunder: