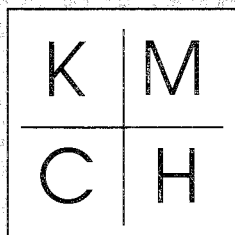


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KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

AVANASHI ROAD COIMBATORE 641 014.

13th Annual Report 1999




KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

BOARD OF DIRECTORS

Dr. Nalla G. Palaniswami

Chairman Cum Managing Director

Dr. K.C. Ramaswami

Director

Dr. M.C. Thirumoorthi

Director

Dr. P.R. Perumalswami

Director

K.M. Subramaniam

Director

(Alternate to Dr. P.R. Perumalswami)

Kasi K.Goundan

Director

N. Sengottaiyan

Director

(Alternate to Kasi K.Goundan)

M.Manickam

Director

A.K.Venkatasamy

Director

A.M.Palaniswamy

Director

Dr. K.S.K. Murugaiyan

Director

V.V. Nathen

Director

P. Ananda Krishna Kumar

ICICI Nominee Director

COMPANY SECRETARY

S.P. Chittibabu

FINANCIAL CONTROLLER

K.P. Murali

**REGISTERED OFFICE
& HOSPITAL COMPLEX**

Post Box No. 3209

Avanashi Road

Coimbatore 641 014

SATELLITE CENTERS

1. Bhavani Main Road,
Perundurai.
2. Ramnagar,
Coimbatore

LEGAL ADVISORS

Ramani & Shankar

Advocates, Coimbatore

AUDITORS

S.V.Jayaraman & Co

Chartered Accountants

Chennai

BANKERS

Canara Bank

ICICI Banking Corporation Ltd

State Bank of India

Bank of India



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KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

NOTICE

Notice is hereby given that the **Thirteenth Annual General Meeting** of the Members of Kovai Medical Center and Hospital Limited will be held on **Tuesday, the 29th day of June 1999 at 2.30 p.m.** at **"A.P. Kalyana Mandapam", 738/2 Avanashi Road, Goldwins, Coimbatore - 641 014** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 1999 and the Balance Sheet as at that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. P.R.Perumalswami, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kasi K Goundan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M.Manickam, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 224A and other applicable provisions, if any, of the Companies Act, 1956 S.V. Jayaraman & Co., Chartered Accountants, the retiring auditors of the Company be and are hereby reappointed as auditors of the Company, to hold office from the conclusion of the 13th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 1,00,000/- and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit."

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification(s) the following ordinary resolution :
"RESOLVED THAT the re-appointment of Dr. Nalla G. Palaniswami as Managing Director of the Company for a period of five years with effect from October 1, 1999 and the remuneration payable to him as detailed below be and are hereby approved.

1. SALARY

Rs. 35,000/- (Rupees Thirty five thousand only) per month.

2. PERQUISITES

a. House Rent Allowance

House rent allowance not exceeding 50% of the salary.

b. Medical Expenses

Premium for Medical Insurance Policy/Medical Expenses reimbursement for self and family not exceeding 10% of the salary.

c. Gas, Electricity and water

Reimbursement not exceeding 10% of the salary.



KOVAL MEDICAL CENTER AND HOSPITAL LIMITED

d. Leave Travel Concession

Leave travel concession for self and family in accordance with the rules specified by the Company.

e. Club Fees

Payment of fees to two clubs excluding admission and life membership fees.

f. Personal Accident Insurance

Premium not exceeding Rs. 4,000/- per annum.

Note : The total value of the above perquisites will be restricted to Rs. 26,250/- per month.

In addition to the above perquisites, Dr. Nalla G. Palaniswami, Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on perquisites referred above.

- a. Contribution to Provident Fund to the extent not taxable under the Income Tax Act.
- b. Gratuity at the rate of half a month's salary for each completed year of service.
- c. Encashment of leave at the end of tenure as per the rules of the Company.

The above salary and perquisites may be paid as minimum remuneration even in the event of loss or inadequacy of profits in any year.

3. COMMISSION

1% commission of the net profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act 1956.

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies in order to be effective should be deposited with the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th June 1999 to 29th June 1999 (both days inclusive) in connection with the Annual General Meeting.
4. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of the special business under Item No.6 is annexed hereto.
5. The members are requested to inform the Company immediately any change in their address.
6. Members are requested to bring their copies of Annual Reports to the meeting for reference.

Coimbatore
June 4, 1999

By order of the Board
S.P.CHITTIBABU
Company Secretary

**KOVAI MEDICAL CENTER AND HOSPITAL LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956 IN RESPECT OF SPECIAL BUSINESS MENTIONED UNDER ITEM NO.6 OF THE NOTICE OF THE ANNUAL GENERAL MEETING**

Dr. Nalla G Palaniswami was appointed as Managing Director for a period of 5 years with effect from 1.10.94. His tenure will expire on 30th September 1999.

Dr. Nalla G Palaniswami is one of the main Promoters of the Company and he is associated with the Hospital Industry for more than three decades.

Considering his rich experience the Board of Directors by resolution passed at their meeting held on 4.6.1999 approved the re-appointment of Dr. Nalla G Palaniswami as Managing Director for a further term of 5 years from 1.10.1999. The terms and conditions of his appointment appears in the text of the ordinary resolution and also refers the minimum remuneration payable to Dr. Nalla G Palaniswami as Managing Director.

The remuneration and perquisites proposed are within the limits prescribed in Part II of Schedule XIII to the Companies Act, 1956.

In the event of inadequacy or absence of net profits during any financial year, the remuneration payable shall be the maximum permissible under section II of Part II of Schedule XIII to the Companies Act, 1956.

This may also be treated as an abstract of the terms and conditions of the contract and Memorandum of interest concerning the appointment and remuneration of Dr. Nalla G Palaniswami as Managing Director.

Dr. Nalla G. Palaniswami, Chairman cum Managing Director and Sri.N.Sengottaiyan, Director are deemed to be interested in the above subject.

Hence necessary resolution is placed before the Members for their approval.

Coimbatore
June 4, 1999

By order of the Board
S.P.CHITTIBABU
Company Secretary


KOVAI MEDICAL CENTER AND HOSPITAL LIMITED
DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Thirteenth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March 1999.

CORPORATE RESULTS

PARTICULARS	<u>31.3.99</u>	<u>31.3.98</u>
	(Rs. in Thousands)	
Turnover	212217	205024
Profit before interest and depreciation	50347	58018
Interest	20892	22949
Cash Profit	29455	35069
Depreciation and non-cash charges	16843	14058
Profit for the year	12612	21010
Prior period expenses	2658	224
Provision for Taxation (MAT)	1045	650
Balance profit carried to Balance Sheet	8909	20136

REVIEW OF OPERATIONS

You will note that the performance of your Medical Center and Hospital has a set back during the year under review on account of the general recession prevailing in the economy. Consequently, the margins were under heavy pressure affecting the bottomline of your Company. Indeed, it has been a very difficult year. Despite heavy pressure on margins, your Medical Center and Hospital has turned out fairly good results. Focussed patient-friendly medical services with thrust on personalised medicare continued to be the forte. Your Medical Center has acquired and updated certain Medical Equipments like Auto Analyser for Laboratory Department, C-arm Image Intensifier for Operation Theatre, Patient Monitors for Intensive Care Unit etc. in core medical specialities/Departments to maintain the standard on par with any best Hospital in the region. Various Seminars and Workshops in different medical specialities were organised - both National and International. These received very positive response and well attended by Delegates.

FUTURE PROSPECTS

Your Medical Center and Hospital with its inherent strength in infrastructure facilities, professional interaction in patient services, untiring and dedicated Doctors with supporting personnel forsee a good future in coming years. The accent will be to focus on core specialities and create a niche in the area of hi-tech surgeries at affordable cost. Your Medical Center will continue to lay emphasis on value-added patient services which will sustain its corporate philosophy of excellence in health care. The best medical skills will be sourced as a means of intellectual capital to propel the growth in coming years. Your Directors hope that during the coming year your Medical Center and Hospital would have better working results. Your Company has reviewed the Computer System installation and software to identify the potential Y2K problem - both in medical and non-medical areas. Since then necessary steps have been initiated to make the system Y2K compliant. The estimated cost on this account works out to Rs. 50,00,000/- and the work is likely to be completed by end November 1999.