

TAMILNAD HOSPITAL LIMITED

TAMILNAD HOSPITAL LIMITED



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FIFTEENTH ANNUAL REPORT 1998 - 99

TAMILNAD HOSPITAL LIMITED**15TH ANNUAL GENERAL MEETING**

Date : 29th September 1999

Day : Wednesday

Time : 9.30 a.m.

Place : Thirumagal Thirumana Mandapam

V.R. Maligai

20, First Avenue

Near Adyar Telephone Exchange

Sastri Nagar

Chennai 600 020

BOARD OF DIRECTORS**Mr. C.P. Velusami, Chairman &**
*Managing Director***Dr. S. Srinivasan, Executive Director****Dr. A. Bellarmine V. Lawrence****Mr. Jagadeesan V. Poola****Mr. Mohan P. Kandasamy****Dr. Nanda G. Salem****Mr. R. Ramakrishnan****Mr. S. Srinivasan, Nominee of ICICI****VICE PRESIDENT (FINANCE) &
COMPANY SECRETARY****Mr. E.S. Sreshta****AUDITORS****Messrs. M.R. Narain & Co.,**
Chartered Accountants
Chennai 600 031**REGISTRARS AND SHARE
TRANSFER AGENTS****GNSA Investor Services Private Limited**
1/302, 52nd Street
Off 7th Avenue
Ashok Nagar
Chennai 600 083
Tel No. 489 1991
Fax No. 489 0991**BANKERS****Indian Bank**
Madras George Town Branch
Chennai 600 001**REGISTERED OFFICE & HOSPITAL**439, Cheran Nagar
Perumbakkam
Chennai 601 302
Tel No. 237 7708 & 237 7709
Fax No. 237 5229**CONTENTS****PAGE
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TAMILNAD HOSPITAL LIMITED

Notice

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **Tamilnad Hospital Limited** will be held at Thirumagal Thirumana Mandapam, V.R.Maligai, 20, First Avenue, Near Adyar Telephone Exchange, Sastri Nagar, Chennai 600 020 on Wednesday, 29th September 1999 at 9.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March 1999 and the Profit and Loss Account for the six months period ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Mr.R.Ramakrishnan, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr.Nanda G. Salem, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and in this connection, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED that the Messrs. M.R. Narain & Co., Chartered Accountants, be and they are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on a remuneration of such sum as may be fixed by the Managing Director in the best interest of the Company for the purpose of audit of the Company's accounts at its main hospital and all its other hospitals and offices".

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

"RESOLVED that Dr.S.Srinivasan be and he is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER that in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or re-enactment thereof, for the time being in force), the relevant provisions of the Memorandum and Articles of Association of the Company, the relevant laws and regulations prescribed by appropriate authorities, as applicable from time to time and subject to all such approvals, consents, permissions and sanctions of appropriate authorities that may be required in this connection, and subject to all such conditions, modifications as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the

Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board of Directors of the Company may constitute to exercise its powers, including the powers conferred by this resolution), approval of Members of the Company be and the same is hereby accorded to the appointment of Dr.S.Srinivasan as a Wholetime Director of the Company, designated as Executive Director of the Company, for a period of 5 (five) years with effect from 27th August 1999 upto 26th August 2004 to exercise all the powers of management delegated by the Board of Directors and the Managing Director subject to the supervision and control of Managing Director, on the terms and conditions including remuneration as are set out below which are hereby specifically sanctioned with liberty to the Board to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any amendment to or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Dr.S.Srinivasan:

(1) Remuneration:

- (i) Salary : 25,300/- per month
- (ii) Perquisite : Gratuity as per the rules of the Company

(2) Minimum Remuneration :

In the event of loss or inadequacy of profits in any year during the tenure of office of Dr.S.Srinivasan, he shall be paid a salary of Rs 25,300/- per month and gratuity as per the rules of the Company as minimum remuneration.

- (3) The appointment as a Wholetime Director designated as Executive Director may be terminated by either the Board of Directors or Dr.S.Srinivasan by giving the other three months prior notice of termination in writing.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and same is hereby authorised to do all such acts, deeds, matters, things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in respect of appointment of Dr.S.Srinivasan as Wholetime Director and payment of remuneration to Dr.S.Srinivasan and other incidental matters and to finalise and execute all such deeds, instruments, documents and writings as may be necessary, desirable or expedient to give effect to this resolution, without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

TAMILNAD HOSPITAL LIMITED

RESOLVED FURTHER that the Board be and the same is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Wholetime Director or Directors or any officer or officers of the Company to give effect to this resolution."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

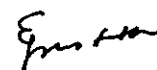
"RESOLVED that pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956, and subject to extant Guidelines of the Securities and Exchange Board of India for Preferential Issues dated 4th August 1994 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 dated 20th February 1997 and subject to all such approvals, consents, permissions and sanctions of appropriate authorities that may be required in this connection, and subject to all such conditions, modifications as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board of Directors of the Company may constitute to exercise its powers, including powers conferred by this resolution), consent of the Company be and the same is hereby accorded to the Board to issue, offer and allot 72,00,000 Equity Shares of the face value of Rs 10/- each of an aggregate amount not exceeding Rs 7,20,00,000 (Rupees seven crores and twenty lacs only) at par in one or more tranches as the Board in its sole discretion may at any time or times hereafter decide, to EPIC Trust and/or OPUS Trust and/or OPUS Healthcare, Education and Research Foundation and their Associates on private placement basis in order to raise funds to finance the Company's expansion plans and activities and to make one-time settlement of its dues to the Financial Institutions and the Indian Bank and also to meet the working capital requirements of the Company and that the Board be and the same is hereby authorised to determine all the terms and conditions of the issue and related or incidental matters and to vary any such terms and conditions from time to time as the Board may in its absolute discretion think fit.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and the same is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of the proceeds of the issue of 72,00,000 Equity Shares of the face value of Rs 10/- each and other incidental matters pertaining to the issue of shares and to finalise and execute all such deeds, instruments, documents and writings as may be necessary, desirable or expedient to give effect to this

resolution without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER that the Board be and the same is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Wholetime Director or Directors or any officer or officers of the Company to give effect to this resolution."

By Order of the Board



(E.S. SRESHTA)
Vice President (Finance) &
Company Secretary

Registered Office:
439, Cheran Nagar
Perumbakkam
Chennai - 601 302

27th August 1999

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY

Proxies, in order to be effective, should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the Meeting is annexed hereto
3. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, 16th September 1999 to Wednesday, 29th September 1999, both days inclusive.
4. Members are requested to intimate any change in their address to the Registers and Share Transfer Agents, GNSA Investor Services Private Limited, 1/302, 52nd Street, Off 7th Avenue, Ashok Nagar, Chennai 600 083.
5. Members / Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
6. The Company does not distribute copies of the Annual Report at the Meeting. Members may, therefore, bring their copy with them.

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Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5 :

Dr.S.Srinivasan joined the Company on 15th September 1997 as Chief Administrative Officer. His present salary is Rs 25,300/- per month.

Dr.S.Srinivasan was appointed by the Board of Directors of the Company at its meeting held on 27th August 1999 as an Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article 12.08 of the Articles of Association of the Company. Dr.S.Srinivasan holds M.B.B.S. Degree and Diploma in Clinical Pathology and has 33 years of professional experience in areas relating to hospital administration.

As required under Section 257 of the Companies Act, 1956, the Company has received a notice from a member signifying his intention to propose Dr.S.Srinivasan as a candidate for the office of Director of the Company. The Company has also received a deposit of Rs 500/- as required under the Act.

The Board of Directors, at its meeting held on 27th August 1999, also appointed Dr.S.Srinivasan as Wholetime Director of the Company, designated as Executive Director of the Company for a period of 5 (five) years with effect from 27th August 1999 upto 26th August 2004, on the terms and conditions including remunerations as are set out in the resolution.

The terms and conditions of the appointment and/or remuneration set out in the resolution may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any amendment to or re-enactment thereof, for time being in force) or any amendments made thereto.

Dr.S.Srinivasan shall be a Director liable to retire by rotation.

In terms of Part III of Schedule XIII to the Companies Act, 1956, the appointment and remuneration as above shall be subject to the approval by a resolution of the shareholders in a general meeting and accordingly, the subject is placed before the members for their approval.

All documents referred to in the Notice and Explanatory Statement are available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day upto the date of Fifteenth Annual General Meeting.

Dr.S.Srinivasan is interested in this Resolution which pertains to his appointment as Wholetime Director designated as Executive Director and sets out the terms thereof. None of the other Directors of the Company is, in any way, concerned or interested in this Resolution.

The foregoing may be treated as an abstract of the terms and conditions governing the appointment and remuneration of Dr.S.Srinivasan and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

Item No. 6 :

At the insistence of the ICICI Limited (ICICI), Lead

Institution, the Company had submitted to the ICICI a proposal for one-time settlement of its dues to the ICICI, Industrial Development Bank of India (IDBI), The Industrial Finance Corporation of India (IFCI) and the Indian Bank. The Company had received letters of approval from the ICICI, IDBI, IFCI and the Indian Bank agreeing to one-time settlement of dues to the Financial Institutions and the Indian Bank. In terms of the letters of approval, the Company has to pay Rs 2,900 lacs to the Financial Institutions and the Indian Bank (IDBI : Rs 911 lacs, IFCI : Rs 850 lacs, ICICI : Rs 789 lacs and Indian Bank : Rs 350 lacs) as one-time settlement of dues and the balance dues by the Company would be waived. The Scheme of one-time settlement entails a relief of about Rs 5,200 lacs as on 31st March 1999.

The Company, in order to finance its expansion plans and activities and to make one-time settlement of its dues to the Financial Institutions and Indian Bank and also to meet its working capital requirements, has entered into a Memorandum of Understanding with EPIC Trust, a trust registered in United Kingdom.

Following are the salient points agreed to by both the parties:

- * OPUS Healthcare, Education and Research Foundation (OPUS Foundation) which is a part of EPIC Trust shall invest a sum not exceeding US\$ 15 million in the Equity Shares of the Company and 5% Redeemable Cumulative Preference Shares to be issued by the Company.
- * The Company shall make a preferential share issue and EPIC Trust and/or OPUS Trust and/or OPUS Foundation shall subscribe to and fully pay for 56,00,000 5% Redeemable Cumulative Preference Shares of Rs 100/- each at par aggregating to Rs 56 crores.
- * OPUS Foundation reserves the option of taking up 40% Equity Shares at par by way of preferential allotment under Section 81 (1A) of the Companies Act, 1956.
- * OPUS Foundation shall have the right to nominate three Directors on the Board of Directors of the Company

Authorised Representative of OPUS foundation, vide his letter dated 13th September 1998 to the ICICI, has conveyed the intention of the OPUS Foundation to provide necessary funds for making one-time settlement of dues subject to the Company complying with all the statutory obligations and obtaining the necessary approvals. The Representative also requested the Company to obtain the approval of the Members of Company for issue of Preference Shares and Equity Shares on private placement basis. Accordingly, at the Extraordinary General Meeting held on 7th November 1998 and the 14th Annual General Meeting held on 28th December 1998 special resolutions were passed by the Company according approval for the issue, offer and allotment of 56,00,000 5% Redeemable Cumulative Preference Shares of Rs 100/- each and 72,00,000 Equity Shares of Rs 10/- each respectively at par in favour of EPIC Trust and/or OPUS Trust and/or OPUS Healthcare, Education and Research Foundation and their Associates on private placement basis.

The Authorised Representative vide his letter dated 17th October 1998 furnished the Bio-Data of Sir Arnold Elton and Mr. Michael Anthony Jennings, Executives of the OPUS Foundation who are proposed to be nominated on the Board of Directors of the Company. The Representative also furnished the background of the OPUS Foundation.

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An application for Foreign Investment at par of Rs 56 crores in Preference Shares and Rs 7.2 crores in Equity Shares were submitted by the Company to the Foreign Investment Promotion Board, Government of India (FIPB). FIPB's approvals have been obtained.

As the resolution passed by the Company at its 14th Annual General Meeting held on 28th December 1998 for preferential issue of 72,00,000 Equity Shares of the face value of Rs 10/- each at par could not be acted upon and allotment completed within 3 (three) months from the date of passing of the resolution, a fresh consent of the shareholders will have to be obtained in terms of the SEBI Guidelines for Preferential Issues dated 4th August 1994.

It is now proposed to issue, offer and allot 72,00,000 Equity Shares of the face value of Rs 10/- each at par to EPIC Trust and/or OPUS Trust and/or OPUS Healthcare, Education and Research Foundation and their Associates in accordance with the SEBI Guidelines for Preferential Issues dated 4th August 1994 as amended from time to time. The Equity Share Holding of the Promoter Group in the Company which presently stands about 64% would decrease to about 38% upon allotment of 72,00,000 Equity Shares in favour of EPIC Trust and/or OPUS Trust and/or OPUS Foundation and their Associates.

The Preferential Issue as above requires consent of the members of the Company in a General Meeting in terms of Section 81 of the Companies Act, 1956 and the SEBI Guidelines for Preferential Issues dated 4th August 1994.

As on 22nd November, 1998, Equity Shares of the Company of the face value of Rs 10/- each were last traded at the Madras Stock Exchange on 16th April 1998 @ Rs 3/- only and also the 52 week high/low traded price is Rs. 3/- only. Equity Shares were traded at the Madras Stock Exchange @ Rs 5/- per share on 25th November 1998 and @ Rs 5/- per share on 27th November 1998. The 52 week high/low traded prices were Rs 5 / Rs 3. The preferential issue as above is being made at par and a Certificate has been obtained from the Statutory Auditors that this issue is being made in accordance with the requirements contained in the SEBI Guidelines for Preferential Issues dated 4th August 1994.

Hence the Proposal.

All documents referred to in the Notice and Explanatory Statement are available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day upto the date of the Fifteenth Annual General Meeting.

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

Disclosure under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 dated 20th February 1997 :

- I. Identity of the proposed allottee(s) : EPIC Trust and/or OPUS Trust and/or OPUS Healthcare, Education and Research Foundation.
- II. Price at which allotment is proposed : Allotment is proposed at the price of Rs 10/- per share.
- III. Purpose and reason for allotment : To finance the Company's expansion plans and activities and to make one-time settlement of dues to the Financial Institutions and the Indian Bank and to meet the Company's working capital requirements.
- IV. Consequent changes in the Board of Directors: The Foreign Investor has reserved its right to nominate three Directors on the Board of the Company.
- V. Consequential changes in voting rights : Allotment of 72,00,000 Equity Shares will have the effect of decreasing the voting rights of Promoter Group from about 64% to about 38%.
- VI. Consequential changes in shareholding pattern :

Sl.No.	Class of Members	Present Holding		Post Issue Holding (Projected)	
		No. of Shares (in lacs)	%	No. of Shares (in lacs)	%
1.	Promoter Group	68.89	63.59	68.89	38.20
2.	Financial Institutions/Banks	4.60	4.25	4.60	2.55
3.	Bodies Corporate	0.45	0.41	0.45	0.25
4.	Mutual Funds	0.25	0.23	0.25	0.14
5.	Foreign Investors (Non NRI)	Nil	Nil	72.00	39.93
6.	Public	34.14	31.52	34.14	18.93
	Total	108.33	100.00	180.33	100.00

- VII. Change in control : The allotment under the present Preferential Issue would not result in change in control over the Company.

By Order of the Board



(E.S. SRESHTA)
Vice President (Finance) &
Company Secretary

Registered Office:
439, Cheran Nagar
Perumbakkam
Chennai - 601 302
27th August 1999

TAMILNAD HOSPITAL LIMITED

Directors' Report

Your Directors have pleasure in presenting the Fifteenth Annual Report on the results of your Company, together with the audited accounts for the six months period ended 31st March 1999.

QUALITY CARE

The message of your hospital's QUALITY CARE has been carried by countless satisfied patients.

FINANCIAL RESULTS

The Board of Directors decided to close the financial year 1998 - 99 of the Company on 31st March 1999. Total income of the Company for the six months period ended 31st March 1999 was Rs 473.40 lacs compared to Rs 1,104.44 lacs for the previous financial year of 12 months period ended 30th September 1998. In spite of overall recession and downtrend in the economy, the Company could maintain almost the same level of operations in the six months period under review. The Company has been exploring new avenues for improvement in operations.

The Company had negotiated with the Financial Institutions and the Indian Bank a Scheme of one-time settlement of dues to them. Letters of approvals have been received from the Financial Institutions and Indian Bank. The Scheme entails a relief of about Rs 5,200 lacs to the Company. Details are given in the Company's Note (7) on the Accounts.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R. Ramakrishnan and Dr. Nanda G. Salem retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

Dr.S.Srinivasan was appointed as an Additional Director with effect from 27th August 1999, pursuant to Section 260 of the Companies Act, 1956. Dr.S.Srinivasan holds office upto the ensuing Annual General Meeting. The Company has received from a member a notice pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Dr.S.Srinivasan. Dr.S.Srinivasan was also appointed as the Wholtime Director designated as Executive Director for a period of five years with effect from 27th August 1999 subject to necessary approvals. Approval of the members for the appointment and remuneration of Dr.S.Srinivasan is sought at the ensuing Annual General meeting.

PARTICULARS OF EMPLOYEES

The Company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. Hence, no information is required to be appended to this Report in this regard.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Your Company has taken steps to improve the performance of air handling units and the efficiency of cooling towers. This has enabled reduction in power consumption.

Your Company continues to adopt latest technology in equipment and procedures.

Foreign Exchange earned during the six months period was Rs 28,629/- and expenses incurred in Foreign Exchange were Rs 17,155/- on subscription and membership.

AUDITORS AND AUDITORS' REPORT

Messrs. M.R. Narain & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Accordingly, the said auditors are eligible for re-appointment as auditors of the Company at the ensuing Annual General Meeting. The Notes on Accounts referred to in the Auditors' report are self explanatory and, therefore, do not call for any further comments.

As regards the qualifications in the Auditors' Report about the accounting of receipts from the Health Guard Schemes and the costs in respect of the same, your Directors would like to mention that the Company has to recognise the income on receipt basis even though corresponding expenditure will be incurred in the future years, as the life expectancy of the Members of the Health Guard Schemes cannot be estimated to enable apportionment of income. Similarly, the corresponding expenditure that may be incurred in the future years cannot be estimated to provide for the contingent costs at any point of time.

As regards the qualification about the increase of the Authorised Share Capital from Rs 15 crores to Rs 69 crores without filing of notice of such increase in Form No. 5, the Company's Note No. (8) on the accounts is self explanatory.

APPRECIATION

Your Directors would like to express their grateful appreciation for the assistance and valuable support received from the Financial Institutions viz., ICICI, The Lead Institution, IDBI and IFCI and the Indian Bank. The Directors also thank the suppliers of materials and equipments and those servicing them.

Your Directors wish to place on record their deep sense of appreciation for the devoted services rendered by the Executives and Staff of the Company. The Directors also express their gratitude for your continued support as shareholders.

For and on behalf of the Board

C. P. Velusamy

(C.P. VELUSAMI)
Chairman &
Managing Director

Chennai

27th August 1999