

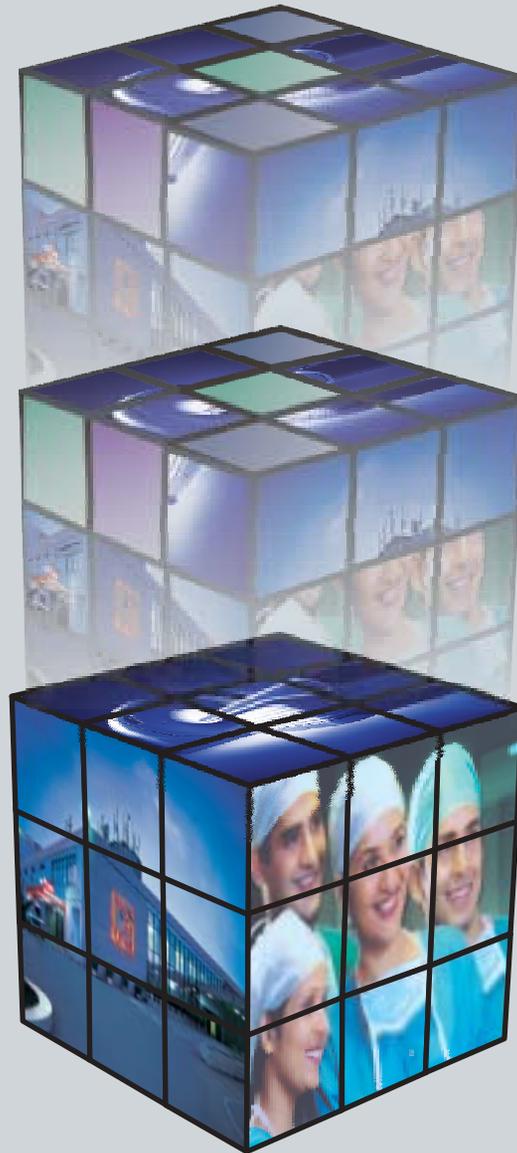


# Indraprastha Apollo Hospitals

*touching lives*

DELHI

19th Annual Report 2006-2007



Creating One of India's Most Valuable Healthcare Company

**INDRAPRASTHA MEDICAL CORPORATION LIMITED**



*Started as a game,  
Rubik's Cube developed in to a philosophy,  
where the objective is to  
bring alignment and order  
through a judicious combination  
of the individual elements,  
thus adding value to the whole.*

*A philosophy that reflects  
the theme of this Annual Report,  
demonstrating  
Indraprastha Apollo Hospitals' capability  
in blending its assets  
to form one of  
India's Most Valuable Healthcare Company.*



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## **BOARD OF DIRECTORS**

Mr. Ramesh Narayanaswami  
(Chairman)

Dr. Prathap C. Reddy  
(Vice Chairman)

Mr. Richard Leroy Larison  
(Managing Director)

Dr. B. Venkataraman  
Mr. D. S. Negi  
Ms. Renu S. Karnad  
Mr. Satnam Arora  
Ms. Suneeta Reddy  
Lt. Gen. (R) Vijay Lall, PVSM, AVSM, ADC  
Mr. V.R. Reddy  
Mr. V.V. Bhat

## **VICE PRESIDENT CUM COMPANY SECRETARY**

Shri A. K. Singhal

## **REGISTERED OFFICE & HOSPITAL COMPLEX**

Sarita Vihar,  
Delhi-Mathura Road,  
New Delhi – 110076

## **AUDITORS**

M/s. S.C. Vasudeva & Co.  
Chartered Accountants  
New Delhi

## **BANKERS**

Oriental Bank of Commerce  
UTI Bank Limited

Place : New Delhi  
Date : 26<sup>th</sup> July, 2007

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## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of Indraprastha Medical Corporation Limited will be held on Friday, 21<sup>st</sup> September, 2007 at 10.15 a.m. at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110001, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2007 and the Profit & Loss Account for the year ended on that date together with the Report of Directors' and Auditors' thereon.
2. To declare dividend on shares.
3. To elect a Director in place of Ms. Suneeta Reddy who retires by rotation and being eligible, offers herself for re-election.
4. To elect a Director in place of Mr. V. R. Reddy who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in place of Ms. Renu S. Karnad who retires by rotation and being eligible, offers herself for re-election.
6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as "Special Resolution":

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. C. Vasudeva & Co., Chartered Accountants, be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 7.25 lakhs plus out of pocket expenses."

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution:  
"RESOLVED THAT Mr. Richard Leroy Larison be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification, the following as a Special Resolution:

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and such other approvals as may be necessary, the Company hereby accords its approval for the appointment of Mr. Richard Leroy Larison as Managing Director of the Company for a period of 3 years effective from the date of his joining the Company, on the remuneration and terms and conditions as given below:-

#### A. Salary

- a) Basic Salary Rs. 3,75,000/- (Rupees Three Lakh Seventy Five Thousand only) per month. The Board of Directors may review the basic salary on completion of each year of tenure.
- b) Performance bonus as may be decided by the Board, for each financial year or part thereof, subject to a ceiling of 35% of the annual basic salary.

#### B. Perquisites

- a) Rent free furnished accommodation along with the benefits of gas, fuel, water, electricity, furnishings, telephone/fax, mobile phone, blackberry, household help, security staff as also upkeep and maintenance of the furnished accommodation. Personal long distance calls on telephone / Mobile Phone will be billed to Mr. Richard Leroy Larison.
- b) Free use of Company's car with chauffeur.
- c) Fees of one club. Admission and Life Membership Fees shall not be allowed.
- d) Reimbursement of Professional membership fee.
- e) Reimbursement of to and fro business class air ticket once a year to United States of America for self and family.
- f) Full Medical coverage including reimbursement of medical expenses and insurance premium for Hospitalization policy, for self and family.
- g) Group Personal Accident Insurance premium, as per the rules of the Company.

## Indraprastha Medical Corporation Limited

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- h) Contribution to Provident Fund as per the rules of the Company.
- i) Leaves as per the rules of the Company. Leave accumulated but not availed of, can be encashed at the end of the tenure.

### C. Others

- a) Reimbursement of expenses on travelling (business class airfare) for self and family and transportation of personal effects on joining duty and upon completion of tenure.
- b) Notice for separation – either party shall be at liberty to terminate the appointment with three months notice in writing to the other or payment of salary in lieu of the notice period.
- c) Mr. Richard Leroy Larison will not be entitled to sitting fee for meeting of the Board/ Committee of the Board attended by him.
- d) If at any time, Mr. Richard Leroy Larison ceases to be Managing Director of the Company, he shall cease to be a Director of the Company.
- e) The aggregate value of perquisites shall be subject to a maximum of 100% of annual basic salary.
- f) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income tax Rules, wherever applicable.
- g) Company's contribution to Provident Fund and encashment of leave at the end of the tenure, shall not be included in the computation of ceiling for perquisites.

### D. Minimum Remuneration

In the absence or inadequacy of profits in any financial year during the currency of tenure of the Managing Director, the Company shall pay the above-mentioned amount of remuneration and benefits to Mr. Richard Leroy Larison as minimum remuneration.

- 9. To consider and if thought fit, to pass with or without modification, the following as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its

approval to the increase in the remuneration payable to Mr. Richard Leroy Larison, Managing Director of the Company, from Rs. 3,75,000/- (Rupees Three Lakh Seventy Five Thousand only) to Rs. 5,75,000/- (Rupees Five Lakh Seventy Five Thousand only) per month by way of Basic Salary and the consequential increase in the Performance Bonus and value of perquisites, in terms of his appointment and remuneration, w.e.f. 1<sup>st</sup> April, 2007, for the remainder of his tenure, the other terms and conditions of his appointment remaining the same.

**By order of the Board**

**for Indraprastha Medical Corporation Limited**

A.K.SINGHAL

Place: New Delhi

Vice President cum

Date: 26<sup>th</sup> July, 2007

Company Secretary

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote at the meeting instead of himself and the Proxy need not be a Member of the Company. The instrument appointing proxy, in order to be effective, must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. The relevant 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 Share Transfer Books of the Company shall remain closed from Tuesday, 11<sup>th</sup> September, 2007 to Friday, 21<sup>st</sup> September, 2007 (both days inclusive).
4. Dividend, if declared, will be paid to those members whose names appear :-
  - a) as Members on the Register of Members of the Company as on 21<sup>st</sup> September, 2007, after giving effect to all valid share transfers in physical form lodged with the Company up to the closing hours of business on 10<sup>th</sup> September, 2007, and



- 
- b) as Beneficial owners as per the Statement of Beneficial Ownership to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in dematerialized form as at the closing hours of business on 10<sup>th</sup> September, 2007.
5. Securities & Exchange Board of India (SEBI) has made trading in the shares of the Company compulsory in dematerialized form for all investors. Members are requested to open an account with a Depository participant, if not done so far and dematerialize their shareholding to avoid inconvenience in future.
6. To avoid the incidence of fraudulent encashment of the Dividend warrants, Members, holding shares in physical form, are requested to intimate the Company under the signature of the Sole/ First Joint holder, the following information, so that the Bank Account Number and Name and Address of the Bank can be printed on the Dividend Warrant:-
- 1) Name of Sole/ First Joint Holder and Folio No.
  - 2) Particulars of Bank Account, viz.
    - i) Name of the Bank
    - ii) Name of Branch
    - iii) Complete address of the Bank with Pin Code Number
    - iv) Account Type, whether Savings (SB) or Current Account (CA)
    - v) Bank Account Number allotted by the Bank.
7. Shareholders desirous of availing the facilities of Electronic Credit of Dividend are requested to submit ECS form duly filled in. ECS form can be obtained from the Registered Office of the Company.
8. Members who hold shares in the dematerialized form, want to change / correct the bank account details should send the same immediately to the concerned Depository Participant. The Company will not entertain any direct request from members for deletion/change in the Bank Account details furnished by Depository Participants to the Company.
9. Non- Resident Shareholders are requested to inform immediately:-
- a) The change in the residential status on return to India for permanent settlement and
  - b) The particulars of NRE Account with a Bank in India, if not furnished earlier.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEP Fund) of the Central Government. No claim shall from a Member against the Company or the said Fund once the transfer is made to the said Fund and no payment shall be made in respect of any such claims. Therefore, members who have not encashed their dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March, 2001 or any subsequent financial year(s), are requested to make their claim to the Company, before such transfer to the said Fund, in their own interest. It may be noted that the unclaimed dividend for the financial year ended 31<sup>st</sup> March, 2001 shall be due to be transferred to the aforesaid Fund on 5<sup>th</sup> February, 2008.
11. In terms of Section 109(A) of the Companies Act, 1956, the Shareholder of the Company may nominate a person to whom the shares held by him/her shall vest in the event of his/her death. In case, any member wishes to avail the nomination facility in respect of shares held by him/her, please write to the Company to obtain the nomination form.
12. Members holding shares in physical form are requested to notify immediately the change in their address, if any, to M/s. Intime Spectrum Registry Ltd., A-31, 3<sup>rd</sup> Floor, Near PVR Cinema, Naraina Ind. Area, Phase – I, New Delhi – 110 028.
13. Shareholders seeking any information with regard to accounts are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
14. Members are requested to bring their copy of Annual Report and Attendance Slip duly filled at the meeting.
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## Indraprastha Medical Corporation Limited

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### INFORMATION REQUIRED TO BE FURNISHED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

The particulars of the Directors who are proposed to be appointed / reappointed are as given below:

#### 1. Name : Ms. Suneeta Reddy

**Age :** 48 years

**Qualifications :** Bachelor of Arts in Economics and Marketing, Diploma in Financial Management and completed the Owner / President Management Program at Harvard Business School.

**Expertise :** Ms. Suneeta Reddy is the Executive - Director Finance of Apollo Hospitals Enterprise Ltd. since May, 2000. Prior to this, she had served as the Joint Managing Director of Indian Hospitals Corporation Ltd.

#### Outside Directorship :

Apollo Sindhoori Capital Investment Ltd.  
Aircel Ltd.  
Aircel Cellular Ltd.  
Dishnet Wireless Ltd.  
Apollo Sindoori Hotels Ltd.  
Apollo Hospitals Enterprise Ltd.  
PCR Investments Ltd.  
Apollo Gleneagles Hospitals Ltd.  
Apollo DKV Insurance Co. Ltd.  
Indian Hospitals Corp. Ltd.  
Imperial Cancer Hospital & Research Centre Ltd.

#### Membership of Committees of the Board of other Companies :

Investor Grievance Committee (Apollo Hospitals Enterprise Ltd.) - Member

**Shareholding in the Company :** 1,38,293 Shares

#### 2. Name : MR. V. R. Reddy

**Age :** 68 years

**Qualifications :** LLB, Post-Graduate Diploma in Law from the University of London

**Expertise :** Mr. V. R. Reddy was the Government Pleader in the early years of his practice in the High Court of Andhra Pradesh and later he was the Advocate General of Andhra Pradesh. He was 1<sup>st</sup> Additional Solicitor General of India in the Supreme Court of India for over seven years. He is presently practicing as Senior Advocate in the Supreme Court of India.

Mr. Reddy was a member of Bar Council of India, Statutory body governing legal profession and legal education, for over ten years. During this tenure, he was Managing Trustee of the Bar Council of India Trust for about four years and was Chairman, Bar Council of India during 1987- 1990. He was actively associated with the setting up of National Law School of India University at Bangalore and continues to be a member of its Executive Council. He had represented the Indian Bar in many International Conferences. He is presently Vice-President of the Bar Association of India.

**Outside Directorship :** None

**Membership of Committees of the Board of  
other Companies :** None

**Shareholding in the Company :** Nil

#### 3. Name : Ms. Renu S. Karnad

**Age :** 55 years

**Qualifications :** Bachelor in Law, Masters in Economics

**Expertise :** Ms. Renu S Karnad is the Executive Director of Housing Development Finance Corporation Ltd. (HDFC). She has been employed with the Corporation since 1978 and was appointed as the Executive Director of the Corporation in the year 2000. She is responsible for overseeing all aspects of lending operations of HDFC. This includes framing of policies and strategies relating to mortgage lending by HDFC, development of new retail products, expansion of branch network and other channels of distribution.

#### Outside Directorship :

Credit Information Bureau (India) Ltd.  
GRUH Finance Ltd.  
Housing Development Finance Corporation Ltd  
HDFC Bank Ltd.  
HDFC Asset Management Co. Ltd.  
HDFC Chubb General Insurance Co. Ltd.  
HDFC Realty Ltd.  
HDFC Property Ventures Ltd.  
HDFC Standard Life Insurance Co. Ltd.  
HDFC Venture Capital Ltd.  
ICI India Ltd.  
Sparsh BPO Services Ltd.  
Motor Industries Co. Ltd.



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**Membership of Committees of the Board of other Companies :**

Audit Committee {Credit Information Bureau (India) Ltd.} - Chairperson

Audit Committee (HDFC CHUBB General Insurance Company Ltd.) – Member

Audit Committee (ICI India Ltd.) – Chairperson

Audit Committee (Motor Industries Co. Ltd.) – Member

Shareholders'/Investors' Grievance Committee (Motor Industries Co. Ltd.) - Member

**Shareholding in the Company : Nil**

**4. Name : Mr. Richard Leroy Larison**

**Age :** 54 years

**Qualifications :** Masters of Science – Health Administration, Bachelor of Science – Accounting

**Expertise :** Mr. Richard Leroy Larison is an Healthcare Management Professional with successful track record of simultaneously building programs, reducing costs, maintaining clinical quality, and meeting JCHAO accreditation standards. He possesses extensive experience of more than 26 years, having held Senior Management positions in USA and has an impressive track record of achievements.

**Outside Directorship :** None

**Membership of Committees of the Board of other Companies :** None

**Shareholding in the Company :** Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 7, 8 & 9**

Mr. Richard Leroy Larison was appointed as an Additional Director of the Company by the Board of Directors on 18<sup>th</sup> October, 2006. Pursuant to Section 260 of the Companies Act, 1956, Mr. Richard Leroy Larison holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith deposit of Rs. 500/- signifying his intention to propose Mr. Richard Leroy Larison as a candidate for the office of Director.

The Board of Directors has also appointed Mr. Richard Leroy Larison as a Managing Director of the Company for a period of 3 years effective from the date of joining on the terms and conditions as set out in the resolution, subject to the approval of the Central Government and shareholders of the Company. The approval of the Central Government for the appointment of and remuneration to the Managing Director has since been obtained.

Mr. Richard Leroy Larison has assumed office of Managing Director on 1<sup>st</sup> December, 2006.

As per the provisions of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Managing Director requires the approval of the shareholders in General Meeting by way of a special resolution.

Considering the workload and responsibilities of the Managing Director, as also the amount of remuneration generally offered to healthcare management professionals occupying similar positions, the Board of Directors of the Company has deemed fit to increase the monthly Basic Salary with consequential increase in the Performance Bonus and value of perquisites for the remaining period of his tenure. The other terms and conditions of his appointment shall remain the same. The increase in remuneration to the Managing Director has the approval of the Remuneration Committee.

The Explanatory Statement read with item no. 8 & 9 of the accompanying notice may also be regarded as an abstract of the variation u/s. 302 of the Companies Act, 1956.

As per the provisions of Section 310 read with Schedule XIII to the Companies Act, 1956, the increase in remuneration to Managing Director requires the approval of the shareholders in General Meeting by way of a special resolution.

The information as required under Schedule XIII to the Companies Act, 1956 is as under:-

**I. GENERAL INFORMATION :**

- (1) Nature of Industry - Healthcare
- (2) Date of commencement of commercial operation – 01.04.1996.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – N.A.

## Indraprastha Medical Corporation Limited

### (4) Financial Performance.

Rs. In Lakhs

Financial Parameters	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Turnover	15802.18	18080.68	19405.59	22484.35	25373.21
Net Profit (as computed u/s.198)	1897.71	2560.42	2465.31	2348.82	2393.63
Net profit as per profit and loss Account	1118.77	1549.34	1634.60	1666.06	1472.34
Amount of dividend paid	779.22	916.73	916.73	1145.91	1145.91
Rate of dividend declared	8.5%	10%	10%	12.5%	12.5%

(5) Export performance and net foreign exchange collaborations - The Company is not carrying on any export activities and has no foreign exchange collaboration.

(6) Foreign investments or collaborators, if any – None

### II. INFORMATION ABOUT THE APPOINTEE:

#### (1) Background Details

Mr. Richard Leroy Larison, a U.S. National, aged 54 years, is a Masters of Science – Health Administration and Bachelor of Science – Accounting with emphasis on Computer Applications. Both degrees conferred by the University of Missouri; Columbia, Missouri (USA).

#### (2) Past remuneration –

Year	Total Remuneration (US\$)
2003	235000
2004	173410
2005	104120

(3) Recognition or awards : None

#### (4) Job profile and his suitability

Subject to the superintendence, direction and control of the Board, the day to day management and administration of the Company is vested in the Managing Director.

Mr. Richard Leroy Larison is an Healthcare Management Professional with successful track record of simultaneously building programs, reducing costs, maintaining clinical quality, and meeting JCHAO accreditation standards. He possesses extensive experience of more than 26 years, having held Senior Management positions in USA and has an impressive track record of achievements. Prior to his appointment as Managing Director of the Company,

Mr. Richard Leroy Larison was associated with Apollo Hospitals Group for about one and half years as Chief Executive Officer, Apollo Hospitals, Dhaka, Bangladesh (a 450 beds tertiary care Hospital). He had been responsible for startups, reorganizations, new constructions, and introduction of new treatment programs in various Hospitals in USA. The professional competence and experience possessed by Mr. Richard Leroy Larison will be a very valuable asset to the Company. With the emerging trend in the global healthcare industry and increasing focus on medical tourism, which holds tremendous potential for the nation, a candidate with the credentials of Mr. Richard Leroy Larison holds much significance to raise the level of excellence of the Hospital by invoking professional management talent available internationally.

(5) Remuneration proposed – as set out in the resolution for the item no. 8. The remuneration to Managing Director has the approval of the Remuneration Committee.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) – Taking into consideration the size of the Company, the profile of Mr. Richard Leroy Larison, a U.S. National, the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any – Besides, the remuneration proposed, Mr. Richard Leroy Larison do not have any other pecuniary relationship with the Company.

### III. OTHER INFORMATION

- |   |   |      |
|---|---|------|
| <ul style="list-style-type: none"> <li>(1) Reasons of loss or inadequate profits</li> <li>(2) Steps taken or proposed to be taken for improvement</li> <li>(3) Expected increase in productivity and profits in measurable terms</li> </ul> | } | N.A. |
|---|---|------|

The Board of Directors recommends the resolutions for your approval as set out under item no. 7, 8 & 9.

None of the Directors except Mr. Richard Leroy Larison is concerned or interested in the said resolutions.



## DIRECTORS' REPORT

### Dear Shareholders

The Directors take pleasure in presenting the 19th Annual Report of the Company alongwith audited accounts for the year ended 31st March, 2007.

### FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	Year ended 31-03-2007	Year ended 31-03-2006
Income from Operations	<b>23,271.35</b>	20,455.60
Other Income	<b>2,101.86</b>	2,028.75
Total Expenditure		
Consumption of stores & spares	<b>6,690.90</b>	5,801.84
Staff Cost	<b>4,591.91</b>	4,006.46
Consultation Fees paid to the Doctors	<b>6,225.38</b>	5,476.14
Other expenditure	<b>3,874.63</b>	3,346.49
Interest	<b>509.49</b>	300.53
Depreciation	<b>1,183.73</b>	1,330.45
Profit before tax	<b>2,297.17</b>	2,222.44
Provision for taxation	<b>824.83</b>	556.38
Net Profit (PAT)	<b>1,472.34</b>	1,666.06
Balance brought forward from previous year	<b>1,994.71</b>	1,685.27
Amount available for appropriation	<b>3,467.05</b>	3,351.33
<b>Appropriations</b>		
Transferred to General Reserve	<b>50.00</b>	50.00
Dividend (Proposed)	<b>1,145.91</b>	1,145.91
Corporate Dividend Tax	<b>194.75</b>	160.71
Balance carried to Balance Sheet	<b>2,076.39</b>	1,994.71

### DIVIDEND

The Directors are pleased to recommend payment of dividend on equity shares @ 12.5 per cent (Rs. 1.25 per share) for the financial year ended 31st March, 2007 (previous year Rs. 1.25 per share).

### OPERATIONS

During the year under review, the total income of the Company increased to Rs. 253.73 crores from Rs. 224.84 crores in the previous year - an increase of 13 per cent. The profit after tax stood at Rs. 14.72 crores against Rs. 16.16 crores in the previous year.

The operational performance details are as under:-

	2006-07	2005-06	Growth (Decline)
No. of In-patient Admissions	<b>30367</b>	30469	(0.34%)
Average daily bed occupancy	<b>408</b>	410	(0.49%)
Total no. of outpatients (New Registrations)	<b>71473</b>	72821	(1.85%)
Health Check up	<b>19356</b>	18681	3.61%
Dialysis	<b>20197</b>	21129	(4.41%)
Cardiac Surgeries	<b>709</b>	764	(7.20%)
Transplant Surgeries	<b>99</b>	114	(13.16%)
Other Surgeries	<b>11354</b>	11290	0.57%
No. of International Patients	<b>1949</b>	1440	35.35%

### Highlights of the year 2006-07

During the year under review, various strategic initiatives were taken to improve the performance of the Company. Realizing which way the burden of disease is heading, the Company has given special emphasis to **Centres of Excellence** in six areas — Cardiology and Cardiothoracic Surgery, Neurology and Neurosurgery, Oncology, Orthopedics, Transplant Surgery and Emergency Services.

The new 57-bed Apollo Hospital in Noida offering secondary and tertiary services became operational in 2006.

The marketing department launched aggressive campaigns to capture a bigger share of the cardiac market. A specialized Clinic for Chest Pain under the banner 'Apollo Chest Pain Centre (ACPC)' was launched in three locations - Bansal Hospital in Friends Colony, Sehgal Nursing Home in Paschim Vihar and the Apollo Clinic in Vasant Kunj, New Delhi. The Apollo Chest Pain Clinic also operates from the hospital at Noida. It is planned to have at least ten such centres after studying the results of the pilot project in these centres.

Marketing initiatives to attract more international patients as well as domestic corporate clients were strengthened. The surge in revenues in these two areas is a reflection of the marketing efforts paying off.

## Indraprastha Medical Corporation Limited

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### Attracting the Best

- The Company has succeeded in attracting top talent in key specialties, so as to strengthen our Centres of Excellence. Notably, **Dr. Naresh Trehan**, an eminent Cardiothoracic Surgeon, who established the Escorts Heart Institute, joined us in June 2007. He moved in with his team of over 100 members comprising cardiothoracic surgeons, cardiologists, paramedics and nursing staff. Since Dr Trehan has joined the Hospital, the number of cardiac surgeries has almost doubled and the Department of Cardiology & Cardiothoracic Surgery is moving towards achieving greater heights.
- Eminent Neurosurgeons, **Prof A.K.Banerjee** and **Dr.V.P.Singh** moved from VIMHANS and have strengthened our Centre for Neurosciences. Prof Banerjee had established VIMHANS and has a wide following in India and overseas, having trained a large number of neurosurgeons.
- **Dr. Subhash Gupta** and his liver transplant team joined the Hospital in September 2006; he has since performed 30 liver transplants.
- With **Prof Dr. S. N. Mehta** and **Dr. Anant Kumar** joining us as senior kidney transplant surgeons, the kidney transplant numbers have increased substantially. The Transplant Centre is now performing close to 12 transplants a month.
- **Dr. Girish Raheja** and **Dr. Arvind Soni**, Senior ENT Surgeons have joined the ENT Department, and this has resulted in increased volumes.
- Seven eminent consultants have joined the Apollo Noida Hospital in the Departments of Obstetrics & Gynecology and Pediatrics.

With eminent doctors and surgeons joining the Hospital, the number of patients coming to Indraprastha Apollo Hospitals for treatment has gone up. During June 2007, the bed occupancy of the Hospital was almost full. Forty more beds have been added; however, there is increasing demand for beds. The Hospital is exploring possibilities of increasing bed capacity. A new Cath Lab is also being commissioned to handle the increasing patient load.

Also, the Iraqi government, in a first of its kind agreement with any private healthcare company in India, has begun sending patients to Indraprastha Apollo Hospitals. About 20 patients a week have been coming to the Hospital for treatment of various diseases. A number of Iraqi children have already had Cochlear Implant surgery and many more are likely to avail of this facility in the coming months.

### Training Programmes

225 Continuous Medical Education (CME) Programmes and 20 workshops were held during the year ended March 2007. Some of these included:

- Seminar with FICCI Ladies organization on cancer prevention in women.
- CME on Robotics in Rehabilitation (by Professor Daniel Ramsay from Switzerland).
- Launch of the joint Apollo - Johns Hopkins Cardiovascular Study. A study was undertaken to identify genes that makes the Indian population more susceptible to heart disease.
- In February 2007, Apollo hosted the 4th International Pathology Update, which saw delegates from across the UK, Europe and India in attendance.
- The Hospital conducted an update on Avian Influenza, where experts from World Health Organisation (WHO) and National Institute of Communicable Diseases (NICD) participated as well as an update on Dengue and mosquito borne viruses, where experts from Municipal Corporation of Delhi (MCD) and NICD took part.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Management guru Peter Drucker once famously said that “a healthy society requires three vital sectors: a public sector of effective governments; a private sector of effective businesses; and a social sector of effective community organizations”.

Increasingly, however, the private sector is thinking beyond its business goals and contributing to a healthier society by taking its social responsibility seriously. At Indraprastha Apollo Hospitals too, the thrust on CSR is escalating. Some initiatives:



- Apollo Joint and Bone Month” was observed in April 2006, during which 253 patients were screened. Eight school health camps were held during which 3424 school children were screened by Apollo doctors in Delhi and NCR.
- In May 2006, 12 critical patients from the Meerut Victoria Park fire tragedy were brought to Indraprastha Apollo Hospitals for treatment and all of them recovered satisfactorily.
- Medical Cover was provided on World Disability Day organized by National Centre for Promotion of Employment for Disabled people.
- Breast Self Examination programme for 250 Anganwari workers was conducted.
- Mobile mammography programme to screen underserved populations took place.
- A Christmas celebration in collaboration with cancer society, CANKIDS for cancer, thalassemia and chronically ill kids was hosted.
- In December 2006, the Hospital launched a helpline for hepatitis patients.

#### **AUDITORS / AUDITORS' REPORT**

M/s. S. C. Vasudeva & Co., Chartered Accountants, Auditors of the Company shall hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from M/s. S. C. Vasudeva & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. The Board of Directors recommends the appointment of M/s. S. C. Vasudeva & Co., Chartered Accountants as Auditors of the Company.

#### **DIRECTORS**

Mr. Richard Leroy Larison was appointed as an Additional Director of the Company by the Board of Directors on 18th October, 2006. Pursuant to Section 260 of the Companies Act, 1956, Mr. Richard Leroy Larison holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, a notice has been received from a member along with a deposit of Rs. 500/- signifying his intention to propose

Mr. Richard Leroy Larison as a candidate for the office of Director.

The Board of Directors has also appointed Mr. Richard Leroy Larison as Managing Director of the Company for a period of three years effective from the date of joining, on the terms and conditions as set out in the resolution, subject to the approval of the Central Government and shareholders of the Company. Mr. Richard Leroy Larison has assumed office of Managing Director on 1st December, 2006. The approval of the Central Government has been obtained.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Suneeta Reddy, Ms. Renu S Karnad and Mr. V. R. Reddy, Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

The information on the particulars of the Directors seeking appointment / re-appointment, as required under clause 49 of the Listing Agreement, has been furnished in the notice to the shareholders for the Annual General Meeting.

#### **FIXED DEPOSITS**

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

#### **INSURANCE**

All properties and insurable assets of the company, including Building, Plant & Machinery and Stocks have been adequately insured, wherever necessary.

The Company also has a professional indemnity insurance policy to cover the risk on account of claims filed against the Company in consumer Courts.

#### **RESEARCH & DEVELOPMENT**

The Company is running a multi super-specialty hospital and is not engaged in any major research & development activity. However, the Hospital continues to be a major centre for international clinical trials.

## Indraprastha Medical Corporation Limited

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### CONSERVATION OF ENERGY

The Company on a continuous basis undertakes programmes for conserving energy. Plant maintenance on a regular basis, review of energy generation and its consumption are some of the measures adopted towards this end. Training programmes for creating awareness about conservation of energy and natural resources are also being done on a regular basis for employees.

### TECHNOLOGY ABSORPTION

The Company continued to invest in cutting edge technology to offer the latest in medical care and maintain international standards. As part of absorption of latest technology, the Hospital is in the process of setting-up a Picture Archival & Communication System (PACS).

PACS is a state of the art technology for radiological imaging that will result in faster and more accurate diagnostics at all departments. It has a very strong impact on therapeutic side as well. Once the system is integrated with work stations at EMR, Cardiology, Neurology and Orthopaedics, the consultants and the surgeons will get to see the summary view during consultation and have a handy reference for procedures/ surgeries.

Other new pioneering initiatives included:

- Successful launch of Flowcytometer which forms one of the backbones of helping immuno-suppressed patients and would contribute to corporate sector involvement in combating HIV.
- Apollo became the first centre in the country to start nucleic acid testing (NAT) for screening of blood for HIV, HBV & HCV to improve blood safety
- Opening of fetal medicine section
- In September 2006, the Apollo Laparoscopic Centre was launched. Gastric bypass and banding was introduced. The same month saw the launch of the Apollo National Cardiac Plan.
- In October 2006, Apollo announced innovation in liver transplants that will cut costs drastically. Procedure called the Hong Kong technique was introduced successfully.

### FOREIGN EXCHANGE EARNINGS & OUTGO

#### (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

The Company is engaged in the healthcare business and is not carrying on any export activities. The Hospital has been empanelled with eminent international insurance companies and has appointed Health Care Facilitators in various countries to attract international patients.

#### (b) Total Foreign Exchange earnings and Outgo

During the year under review, foreign exchange earnings and outgo are as under:-

Earnings	: Rs. 5.91 crores
Outgo	: Rs. 9.71 crores

### INDUSTRIAL RELATIONS

The Industrial Relations scenario continued to be cordial during the year under review.

However, the proceedings of the labour and other court cases, which took place after the strike by a section of employees in the Hospital in September, 1998 continued during the year.

### PARTICULARS OF EMPLOYEES

The Particulars of employees as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are annexed and form part of this report.

### DIRECTORS' RESPONSIBILITY STATEMENT

#### As required under Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the



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Company as at 31<sup>st</sup> March, 2007 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2007.

- (iii) that proper and sufficient care has been taken 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 annual accounts have been prepared on a going concern basis.

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report and a Report on Corporate Governance is attached to this Report.

A Certificate from the Statutory Auditors of the Company regarding the compliance by the Company of the conditions stipulated under Clause 49 of the Listing Agreement is also attached to this Report.

The declaration by the Managing Director pursuant to clause 49(I)(D)(ii) of the Listing Agreement stating that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, during the financial year ended 31st March, 2007, is also attached to this Report.

#### **ACKNOWLEDGEMENT**

The Directors wish to thank and deeply acknowledge the cooperation, assistance and support extended by the financial institutions, banks, the Govt. of Delhi and the Union Government.

The Directors also wish to place on record their appreciation for the all-round support and cooperation received from the employees at all levels and the Consultant Doctors.

#### **For and on behalf of the Board**

Place : New Delhi  
Date : 26th July, 2007

Ramesh Narayanaswami  
Chairman

# Indraprastha Medical Corporation Limited

## ANNEXURE TO DIRECTOR'S REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31<sup>st</sup> March, 2007.

Name of the Employee Age	Designation/Nature of Duties	Qualification & Experience	Date of Commencement of Employment	Remuneration Received (Rs.)	Last Employment held
<b>(A) Employed throughout the year and in receipt of remuneration aggregating not less than Rs. 24,00,000/- for the year.</b>					
Mr. Ajay Kumar Singhal 49 yrs.	Vice President Cum Company Secretary	B.Com, L.L. B, F.C.S (25 Years)	1-05-1996	2,405,248	Practising Company Secretary
Dr. Anupam Sibal 39 yrs.	Director Medical Services	M.B.B.S., M.D. (10 Years)	8-11-2002	2,622,491	Senior Consultant - Paediatric, Gastroenterology & Hepatology, Indraprastha Apollo Hospitals, New Delhi.
Mr. Jaideep Gupta 43 yrs.	Chief Executive Officer	B.Sc, PG Diploma in Rural Management (21 Years)	29-04-2005	2,514,732	Vice President - Operations Apollo Hospitals Enterprise Ltd.
<b>(B) Employed for part of the year and in receipt of remuneration aggregating not less than Rs. 2,00,000/- per month.</b>					
Ms. Anne Marie Moncure 51 yrs.	Managing Director	M.B.A, C.H.E (26 Years)	16-08-2004	9,07,479	Chief Financial Officer & Administrative Director, The Alpha Center, Carnden, South Carolina, U.S.A
Mr. Richard Leroy Larison 54 yrs.	Managing Director	Masters of Science-Health Administration Bachelor of Science -Account- ing (26 Years)	1-12-2006	2,166,548	Chief Executive Officer Apollo Hospitals Dhaka (Bangladesh)

- Notes :**
1. Remuneration includes salary, allowances, Company's contribution to Provident Fund and monetary value of perquisites and other benefits as valued under Income Tax Act, 1961.
  2. None of the above employment is / was on contractual basis except the employment of Ms. Anne Marie Moncure & Mr. Richard Leroy Larison.
  3. None of the employees as mentioned above is related to any Director of the Company and holds (by himself or along with his spouse and dependent children) more than 2% of equity shares of the Company.



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### Indian Healthcare Scenario

At the turn of the new millennium, India is poised for yet another economic renaissance. Last time round it was the IT industry that led the boom. Now, it is the country's healthcare industry – especially the private sector – that is at the forefront of the revival. Even as domestic demand for hospital beds escalates, off shoring is becoming a growth driver as more and more first-world patients, driven out of their own systems by high costs and crowded conditions, arrive in India seeking quality medical care.

From a static and seemingly inconspicuous industry, the healthcare sector in India has in the last decade transformed itself into a dynamic and significant industry. According to the India Brand Equity Foundation, growth rate is chugging along at 13 per cent annually and is expected to continue at this rate for the next six years. Revenues from the healthcare sector account for 5.2 per cent of the GDP and it employs over 4 million people, says a CII-Mckinsey study on 'Health in India', making it the largest service sector in the economy. Jobs in the sector are likely to double by 2012. According to India Vision 2020 Report, demand for doctors, nurses, medical technicians and other scientific occupations will escalate leading to a boom in jobs in this area.

Currently India's spend on healthcare, public and private combined, is pegged at \$30 billion. The CII-Mckinsey study says that India will spend \$45.76 billion on healthcare in the next five years as the country, on an economic upsurge, is witnessing changes in its demographic profile accompanied with lifestyle diseases and increasing medical expenses. Estimates suggest that 75 per cent of the growth will be in the private sector.

With India's population estimated to touch 1.2 billion by 2015, the market size is growing by the day. CRISIL Research, in its annual review on the healthcare sector, released in February 2007, estimated the market size for healthcare delivery (hospitals) to be 2.29 billion treatments in 2006, which translates into Rs. 1,253 billion in value terms. According to the projections issued by the ratings, research, risk and policy advisory company, the potential of the healthcare delivery market is Rs. 2,172 billion by 2011 and Rs. 3,642 billion by 2016.

To meet its healthcare requirements, WHO says that India must add 80,000 hospital beds per year over

the next five years. According to CRISIL's survey, currently India has around 1,050,000 beds. To expand its bed volumes by 632,000 from 1,050,000 to 1,682,000, CRISIL estimates that India will need around Rs. 668 billion worth of investments by 2011 and an additional Rs. 985 billion during the period 2011-2016, amounting to Rs. 1,654 billion in investments over the next 10 years.

CRISIL predicts that shortage of beds will increase across cities. Over the next five years, the report says that Mumbai will top the list with a shortage of 15,327 beds, while Delhi will face a shortage of 8,171 beds.

#### The Onus is on the Private Sector

With the public sector supplying less than half of the country's inpatient bed capacity and expected to make only 20-30 per cent of the investment for expansion, it's up to the private sector to satisfy the unmet demand for services.

Indeed, if you look at the total spend on the healthcare sector, which currently accounts for 6.1 per cent of the GDP, the government spend is just 1.1 per cent of the GDP. According to WHO's World Health Report, 2005, India's public expenditure on health as a percentage of total expenditure on healthcare was just 21.3 per cent (2002 figures), which implies that private spending accounted for nearly 80 per cent.

According to the CII-Mckinsey study, private healthcare will continue to be the largest component in 2012 and is likely to double to \$35.7 billion. The study also forecasts that it could rise by an additional \$8.9 billion if health insurance cover is extended.

#### The Growth Drivers

Urbanization is a big driver for increased healthcare demand. Urban population, which is approximately 28 per cent today, is expected to grow to 33 per cent by 2010. As the profile of the healthcare consumer evolves, semi urban pockets will also emerge as a major market. The key is to tap this market by expanding into these areas. Per capita expenditure on health in India is \$27 while China is \$45.

As health insurance penetration, which is currently 2.5 per cent of the population, increases, it is expected to increase the per capita spend and fuel significant growth in the sector.

## Indraprastha Medical Corporation Limited

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Increase in lifestyle-related ailments will drive up patient volumes in hospitals. In 2006, according to the CRISIL study, cardiac, oncology and diabetes cases collectively accounted for 13 per cent of the hospitalized cases - translating into 36 per cent of the in-patient revenues. By 2016, it estimates these lifestyle diseases will collectively account for 20 per cent of the hospitalized cases, translating into 52.5 per cent of in-patient revenues.

Finally, and most important of all, it is the government's role in stimulating the growth of the healthcare sector. Currently public spend on healthcare is a mere fraction of overall spend. Although this ratio is not expected to change much, the government can play a key role by offering a set of targeted incentives to the private sector, by defining and enforcing minimum standards for healthcare facilities and facilitating the supply of quality manpower.

### The Way Ahead

As demand escalates for healthcare services, competition is bound to intensify. Already, several corporate houses have ventured into the field. In such a scenario, quality of services is going to be the differentiating edge. However, conceptualizing quality in healthcare institutions is difficult for all the stakeholders. Quality is synonymous with affordability, accessibility, less medication errors and many other benefits. Quality accreditation, which will provide a big advantage, becomes important and provides an objective assessment of the care process.

The other differentiating edge will lie in providing new treatments and cutting edge technology: Medical science is advancing at a rapid pace and new treatment protocols are emerging by the day. The challenge is to rapidly upgrade technology

### OPPORTUNITIES

For healthcare delivery firms, overwhelming opportunities exist in areas like health insurance, medical value travel, telemedicine and clinical trials. The increasing corporate emphasis on investing in prevention, in other words on health check ups, is another big opportunity for healthcare providers.

- **Health Insurance:** Health insurance has the potential to increase top line significantly. The health insurance sector, which is currently at Rs. 3,199 crores is expected to grow to Rs. 17,100 crores by 2012.

- **Medical Value Travel:** According to Ernst & Young Analysis & International Finance Corporation Analysis, India has the potential to be the most cost-effective healthcare market by 2015. This will spur more and more medical tourists from the West to visit the country to add to the existing traffic from the Middle East and Africa. Apart from the cost advantage, the high success rate, growing credibility and focus on quality is what will make Indian hospitals an attractive destination for medical tourism.
- **Telemedicine:** Telemedicine offers exciting opportunities offering quality healthcare solutions to remote locations.
- **Clinical Trials:** Clinical trials can become a US \$ 1 billion industry by 2010. However, the industry would need a boost in terms of effective government policies and effective utilization of government infrastructure
- **Corporate Spending on Wellness Programmes:** As an increasing number of companies invest in workplace wellness packages for their employees, this is emerging as a major opportunity area. A study by PricewaterhouseCoopers on 'Working Towards Wellness: The Indian Perspective' says that a small but growing number of multinational corporations are expanding their wellness schemes to combat chronic disease around the world. Of the multinationals surveyed by the National Business Group on Health (NBGH) and PricewaterhouseCoopers, 33 per cent reported that they are rolling out comprehensive wellness programmes in multiple countries.
- **Focus on Prevention:** A study by PricewaterhouseCoopers (Working Towards Wellness) reveals that in 2004, only 3 per cent of all health expenditure was directed at prevention in the Organization for Economic Co-operation and Development (OECD) member states. However, with growing awareness on preventable diseases like obesity, lifestyle related ailments, and diseases caused by tobacco consumption, the focus is shifting towards investing more on prevention. This includes investing in periodic health check ups, conducting behavior modifying talks and workshops.



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## THREATS

The biggest challenge for the healthcare industry today is an acute shortage of trained personnel, ranging from doctors, nurses, technicians and even healthcare administrators. With the entry of several new players, competition to grab market is intense. The loss in pricing power can erode margins.

Retention of talent in the short run has the potential to push staff costs significantly higher. To retain competitive edge, the hospital has to make continuous investments in high end technology, increase the scope of breadth of services offered by it and introduce innovative academic programmes.

## SEGMENT-WISE PERFORMANCE

The Company is engaged in healthcare business, which in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India, is considered the only business segment.

## OUTLOOK

There is tremendous demand, both from domestic as well as international segments, for healthcare services in India. The surge of new players venturing into the healthcare sector is a pointer to the fact. Despite the intensifying competition, there's room for growth since the unmet demand for healthcare services is huge.

However, quality of services and perceived value will be the drivers for future success. Indraprastha Medical Corporation Limited (IMCL) has already invested in quality. The Indraprastha Apollo Hospitals was the first hospital in the country to get an international quality accreditation certificate, when it was accredited by the Joint Commission International (JCI), USA. India's independent credit rating agency CRISIL has also assigned 'Grade-A' rating to Apollo. This will not only make it the preferred destination for medical tourists, but also the increasingly discerning domestic healthcare consumer.

IMCL's growth prospects will also be buoyed by the Apollo Hospitals Group's growing presence across the North. The group has entered Agra, Kota, Ludhiana, Lucknow and Varanasi, and is prospecting locations in Amritsar, Bareilly and Dehradun. This could lead to increased referrals from these regions to Indraprastha Apollo Hospitals, New Delhi for specialized treatments.

IMCL's strategic thrust has been to customize offerings based on local needs. Given the emerging burden of illnesses, Indraprastha Apollo Hospitals has given emphasis to centres of excellence in six areas — Cardiology and Cardiothoracic Surgery, Neurology and Neurosurgery, Oncology, Orthopaedics, Transplant Surgery and Emergency Services.

A strong marketing thrust has driven up international as well as domestic patient volumes up is beginning to pay off. On the international front, the Hospital got empanelled with 49 healthcare facilitators across Africa, the Middle East and the US, which drove up the number of international medical patients. On the domestic front, 77 new corporates got empanelled with the Hospital, even as the existing base renewed their tie ups. This should drive up the revenues from corporate clients. In addition, awareness generating health camps and screening and detection programmes in various neighborhoods were held.

The outlook for your Company certainly appears bright since Indraprastha Apollo Hospitals enjoys a reputation of being a preferred tertiary care institution in the country.

## RISKS AND CONCERNS

Risk is an inherent aspect of any business and has to be managed with a well defined strategy. Mitigation of risk in time would help sustain profitable growth in the future. Spotting the huge potential in the healthcare sector, a host of private players have ventured into this segment. However, strong brand equity, quality of service, long experience in the healthcare industry as well as dedication to providing committed care will give Indraprastha Apollo Hospitals the edge to retain its leadership position.

Adverse publicity generated because of a growing tendency among a few odd dissatisfied patients to either file a complaint before the Consumer Forum or call the media can also impact the image and reputation of the Hospital and stakeholders. It can also lead to unnecessary litigation and costs attached thereto.

As per the terms of lease deed with the Govt. of Delhi, the Hospital has been providing free treatment exclusive of medicines and medical consumables to patients recommended by the Govt. of Delhi. A Public Interest Litigation (PIL)

## Indraprastha Medical Corporation Limited

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regarding free treatment in the Hospital is pending in the High Court of Delhi. The main issue in the PIL is that the Hospital should provide free medicines and medical consumables to patients recommended by the Govt. of Delhi.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has put in place adequate internal controls to ensure that assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The internal audit department together with an independent firm of Chartered Accountants reviews the effectiveness of the systems and procedures. The internal auditors evaluate the adequacy of the internal control systems by analyzing and testing controls and make their recommendations to management to improve controls wherever necessary.

### **FINANCIAL PERFORMANCE/OPERATIONAL PERFORMANCE**

The total income of the Company stood at Rs. 253.73 crores, registering a growth of 13 per cent over the total income of the previous year (Rs. 224.84 crores). The total income could have been higher, but de-panelment of the Hospital by CGHS from November 2006 has negated much of the topline growth. The Director, CGHS revised tariff for all specialties w.e.f. Nov. 2006, keeping it extremely low for some specialties. The Hospital found it commercially unviable and did not accept it.

The profit before tax stood at Rs. 22.97 crores and registered only marginal growth over the profit before tax in the previous year (Rs. 22.22 crores) mainly because the Noida Hospital got operational in March'06. There were initial teething problems and lack of consultants in some specialties. Sufficient foot falls for the units to become self sufficient could not be generated resulting in a loss of Rs. 2.18 crores, which has been absorbed in the accounts. The legal and professional expenses have also increased significantly by Rs. 1.95 crores.

The profit after tax stood at Rs. 14.72 crores as compared to the previous financial year (Rs. 16.66

crores). But this is because profit after tax in the previous year was inclusive of tax credit availed amounting to Rs. 2.33 crores.

### **HUMAN RESOURCE DEVELOPMENT**

As is inevitable in a sunrise sector, the healthcare industry in India has witnessed intense HR movement. This has resulted in some attrition in your Company as well. At the same time, the Company has also succeeded in attracting top talent from elsewhere. Strategies have been put in place to address the needs of our consultants and staff more proactively during the current financial year, which should help in retention.

During the year under review, development of leadership and people capability in the organization continued to be a focus. In order to motivate the staff, the Company introduced a "Star Employee of the Month" programme, which has received overwhelming response. In addition, regular interactive sessions with management are being organized to further create a feeling of belongingness amongst staff. At the same time, these sessions are also being used to get valuable feedback on how to improve quality and the working environment.

The total number of employees in the Company as on 31st March, 2007, was 2435. Besides this, there are 260 Consultant Doctors who work in the Hospital on a 'fee for service' basis. The Company has engaged contractors for various support services in the hospital and they have deployed 694 workers.

### **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

### **For and on behalf of the Board**

Place : New Delhi  
Date : 26th July, 2007

Ramesh Narayanaswami  
Chairman



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance is to practice transparency in operations and maintain a professional approach and accountability in dealing with its stakeholders. The Company is committed to deliver health care facilities comparable with international standards at affordable cost to a wide cross section of the society and to optimize shareholders value.

### 2. BOARD OF DIRECTORS

#### a) Composition

As on 31st March, 2007, the Board of Directors had 11 members comprising of one Executive Director and ten Non-Executive Directors including four Independent Directors. The Chairman of the Board is Non-Executive.

The Chairman, Vice-Chairman and Managing Director are not liable to retire by rotation. All other Directors are liable to retire by rotation.

#### b) Attendance of each Director at the Board Meetings and the last Annual General Meeting

The attendance of each of the Directors at the Board Meetings held during the financial year ended 31<sup>st</sup> March, 2007 and at the last Annual General Meeting held on 11<sup>th</sup> August, 2006, is as under:-

Name of the Director		Category	Number of Board Meetings attended	Attendance at the Last AGM
Mr. S.Regunathan (Chairman)	(1)	Non-Executive	1	N.A.
Mr. Ramesh Narayanaswami (Chairman)	(2)	Non-Executive	5	No
Dr. Prathap C Reddy (Vice-Chairman)		Non-Executive	5	Yes
Ms. Anne Marie Moncure (Managing Director)	(3)	Executive	-	N.A.
Mr. Richard Leroy Larison (Managing Director)	(4)	Executive	2	N.A.
Mr. Rakesh Mehta	(5)	Non-Executive	-	N.A.
Mr. D. S. Negi	(6)	Non-Executive	6	Yes
Dr. B.Venkataraman		Non-Executive – Independent	6	Yes
Lt. Gen. (R) Vijay Lall		Non-Executive – Independent	6	Yes
Ms. Suneeta Reddy		Non-Executive	5	Yes
Ms. Renu S. Karnad		Non-Executive	5	Yes
Mr. V. R. Reddy		Non-Executive – Independent	2	No
Mr. V. V. Bhat	(7)	Non-Executive	5	No
Mr. Satnam Arora	(8)	Non-Executive – Independent	3	Yes

(1) Ceased to be a Director w.e.f. 01.06.2006.

(2) Appointed by the Board as an Additional Director on 14.06.2006 and thereafter appointed by the shareholders as a Director at the last Annual General Meeting held on 11.08.2006.

(3) Ceased to be a Director w.e.f. 26.04.2006.

(4) Appointed by the Board as an Additional Director on 18.10.2006.

(5) Ceased to be a Director w.e.f. 20.05.2006.

(6) Appointed by the Board as an Additional Director on 20.05.2006 and thereafter appointed by the shareholders as a Director at the last Annual General Meeting held on 11.08.2006.

(7) Appointed by the Board as an Additional Director on 19.11.2005 and thereafter appointed by the shareholders as a Director at the last Annual General Meeting held on 11.08.2006.

(8) Appointed by the Board as an Additional Director on 25.01.2006 and thereafter appointed by the shareholders as a Director at the last Annual General Meeting held on 11.08.2006.

## Indraprastha Medical Corporation Limited

### (c) Number of Other Boards or Board Committees in which the Director is a Member/Chairperson

Name of Director	Number of outside Directorships held (excluding alternate directorships and directorships in private and foreign Companies) as on 31.3.2007	Total number of Committee position held (excluding in private Companies) as on 31.3.2007	
		Chairman	Member
Mr. Ramesh Narayanaswami (Chairman)	8	Nil	Nil
Dr. Prathap C Reddy (Vice-Chairman)	12	1	Nil
Mr. Richard Leroy Larison (Managing Director)	Nil	Nil	Nil
Mr. D. S. Negi	Nil	Nil	Nil
Shri V.V.Bhat	9	Nil	Nil
Lt. Gen. (R) Vijay Lall	Nil	Nil	Nil
Dr. B.Venkataraman	2	Nil	1
Ms. Suneeta Reddy	13	Nil	1
Ms. Renu S. Karnad	12	2	1
Mr. V.R. Reddy	Nil	Nil	Nil
Mr. Satnam Arora	4	Nil	1

None of the Directors on the Board hold the office of Director in more than 15 Companies, or membership of Committees of the Board in more than 10 Committees and Chairmanship of more than 5 Committees across all Companies.

### (d) Number of Board Meetings held and the dates of the Board Meeting

Six (6) Board meetings were held during the financial year ended 31st March, 2007. The dates of the meetings are as follows : 20th May, 2006, 14th June, 2006, 28th July, 2006, 18th October, 2006, 27th November, 2006, and 29th January, 2007. The maximum time gap between two consecutive Board meetings was not more than four months.

## 3. AUDIT COMMITTEE

### (a) Terms of Reference

The term of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies, Act, 1956, besides other terms as may be referred by the Board of Directors.

### (b) Composition, Name of Members and Chairman

As on 31st March, 2007, the Audit Committee consists of 3 Non-Executive Directors (including 2 Independent Directors) viz. Dr. B Venkataraman,

Lt. Gen. (R) Vijay Lall and Ms. Suneeta Reddy. Dr. B. Venkataraman (Independent Director) is the Chairman of the Audit Committee.

Mr. A. K. Singhal, Vice President cum Company Secretary is the Secretary to the Audit Committee.

### (c) Meetings and attendance during the year

The Audit Committee met 4 times during the year and the maximum time gap between two consecutive meetings was not more than four months. The name of Members, Chairman and their attendance at the Audit Committee Meetings are as under:

Members	Category	Meeting	Meeting
		Held	Attended
Dr. B. Venkataraman (Chairman)	Non-Executive Independent	4	4
Lt. Gen (R) Vijay Lall	Non-Executive Independent	4	4
Ms. Suneeta Reddy	Non-Executive	4	3

Mr. V. V. Bhat, Director representing Govt. of Delhi, also attended the 3 meetings of the Audit Committee by invitation.

The Chairman of the Audit Committee was present at the last Annual General Meeting.



#### 4. REMUNERATION COMMITTEE

##### (a) Terms of Reference

The terms of reference of the Remuneration Committee is to determine the Company's policy on specific remuneration packages for executive directors and other senior executives of the Company including pension rights, any compensation payment and such other relevant matters as may be referred by the Board from time to time.

##### (b) Composition, Name of Members and Chairman

As on 31<sup>st</sup> March, 2007, the Remuneration Committee consists of 5 Non-Executive directors (including 3 Independent Directors) viz. Dr. B Venkataraman, Mr. V. V. Bhat., Lt. Gen. (R) Vijay Lall, Ms. Suneeta Reddy and Mr. V. R. Reddy. Dr. B Venkataraman (Independent Director) is the Chairman of the Remuneration Committee.

##### (c) Attendance during the year

The Remuneration Committee met once during the year ended 31<sup>st</sup> March, 2007. All the members of the Remuneration Committee were present at the meeting.

The Chairman of the Remuneration Committee was present at the last Annual General Meeting.

##### (d) Remuneration Policy

The remuneration policy is to remain competitive in the industry and to attract and retain talent and appropriately reward employees on their contribution.

##### (e) Details of Directors Remuneration

The details of Remuneration paid to Directors for the year ended 31<sup>st</sup> March, 2007 are as under:-

- i) The Non-Executive Directors are paid by way of sitting fee for attending each meeting of the Board of Directors or Committees thereof. The details of Remuneration paid to Non-Executive Directors are as under:-

Name of the Director	Sitting Fee (Rs.)
Mr. S. Regunathan	15,000
Mr. Ramesh Narayanaswami	75,000
Dr. Prathap C Reddy	75,000
Mr. V. V. Bhat	1,35,000
Mr. D. S. Negi	90,000
Lt. Gen. (R)Vijay Lall	1,95,000
Dr. B Venkataraman	1,95,000
Ms. Suneeta Reddy	1,35,000
Mr. V. R. Reddy	45,000
Ms. Renu S Karnad	75,000
Mr. Satnam Arora	60,000

Apart from receiving director's remuneration by way of sitting fee for attending each meeting of the Board or Committee thereof, none of the Non-Executive Directors has any pecuniary relationship or transactions with the Company during the year ended 31<sup>st</sup> March, 2007.

- (ii) The details of Remuneration paid to Executive Directors are as under:-

Name of the Director	Salary	Perquisites	Total (Rs.)
Ms. Anne Marie Moncure	8,34,960	72,519	9,07,479
Mr. Richard Leroy Larison	16,80,000	4,86,548	21,66,548

#### 5. SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

As on 31<sup>st</sup> March, 2007, the Shareholders / Investors' Grievance Committee consists of 3 Non-Executive directors viz. Lt. Gen. (R) Vijay Lall, Dr. B Venkataraman and Mr. Satnam Arora. Lt. Gen. (R) Vijay Lall is the Chairman of the Shareholders / Investors' Grievance Committee. The Shareholders / Investors' Grievance Committee met twice during the year.

- a) Name of the Non-Executive Director heading the Committee Lt. Gen. (R) Vijay Lall
- b) Name and Designation of the Compliance Officer Mr. A. K. Singhal Vice President cum Company Secretary
- c) Number of Shareholders Complaints received during the financial year The Company has received Ninety Seven Complaints during the year and three complaints were pending at the beginning of the year.
- d) Number not resolved to the satisfaction of shareholders All the complaints have been resolved to the satisfaction of the complainants.
- e) Number of pending complaints as on 31<sup>st</sup> March, 2007 Two

## Indraprastha Medical Corporation Limited

### 6. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Location	Date	Time
2005-2006	FICCI, Golden Jubilee Auditorium	11th August, 2006	10.15 A.M
2004-2005	Federation House, Tansen Marg, New Delhi	31st August, 2005	10.00 A.M
2003-2004	New Delhi	31st August, 2004	11.00 A.M

Note:-

- Special Resolution was passed at all three AGM mentioned above for the appointment of Auditors, being more than 25% of the share capital of the Company is held by the Govt. of Delhi.
- Special Resolution was passed at AGM on 31<sup>st</sup> August, 2004, for voluntary delisting of shares of the Company from the Delhi Stock Exchange Association Ltd. (DSE).
- Special Resolution was passed at AGM on 31<sup>st</sup> August, 2004, in pursuance of Section 269 of the Companies Act, 1956 for the appointment of Sh. V.J.Chacko as "Manager" of the Company.
- Special Resolution was passed at AGM on 31<sup>st</sup> August, 2004, in pursuance of Section 198, 269 & 309 of the Companies Act, 1956 for the appointment of and remuneration to Ms. Anne Marie Moncure as "Managing Director" of the Company.
- Special Resolution was passed at AGM on 31<sup>st</sup> August, 2005, for payment of all fees / compensation to the Non-Executive Director, including Independent Directors, in pursuance of the requirement of the amended Clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance.
- No Resolution was required to be put through postal ballot last year.
- No special resolution is proposed to be conducted through postal ballot.

### 7. DISCLOSURES

- During the financial year ended 31<sup>st</sup> March, 2007, the following were the related party transactions of material nature:-

Name	Relationship	Nature of Transactions	Value of Transactions	Due from as on 31st March, 2007	Due to as on 31st March, 2007
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Apollo Hospitals Enterprise Limited	Associate	Pharmacy-Consumables	978.84	-	403.95
		Licence Fees	78.00	-	-
		Commission Pharmacy Sales	202.76	-	-
		Reimbursement of Expenses	39.71	-	-
Managing Director	Key Management Personnel	Remuneration to Managing Director	30.74	-	-

- There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory authority on any matter related to capital markets during the last three years.
- The Company has not adopted a Whistle Blower Policy.
- The Company has complied with all the Mandatory requirements of the Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance. As regards the Non-mandatory requirements the extent of compliance has been stated in this report against each item.



## 8. MEANS OF COMMUNICATION

- |  |   |
|--|---|
| (i) Quarterly Results  | Published in the newspapers in terms of Clause 49 of the Listing Agreement. |
| (ii) Newspapers wherein results normally published                       | Financial Express – All edition & Jansatta (Hindi) Delhi edition            |
| (iii) Any website, where displayed                                       | Yes – www.apollohospdelhi.com   |
| (iv) Whether it also displays official news releases                     | Yes   |
| (v) The presentations made to institutional investors or to the analysts | No  |

## 9. GENERAL SHAREHOLDER INFORMATION

- |   |   |
|---|---|
| <b>a. Annual General Meeting Date, Time and Venue</b> | 21 <sup>st</sup> September, 2007 at 10.15 A.M.<br>FICCI, Golden Jubilee Auditorium,<br>Federation House, Tansen Marg,<br>New Delhi – 110001.  |
| <b>b. Financial Calendar</b>                          | 1 <sup>st</sup> Qtr. - 1 <sup>st</sup> April to 30 <sup>th</sup> June<br>2 <sup>nd</sup> Qtr. - 1 <sup>st</sup> July to 30 <sup>th</sup> September<br>3 <sup>rd</sup> Qtr. - 1 <sup>st</sup> October to 31 <sup>st</sup> December<br>4 <sup>th</sup> Qtr. - 1 <sup>st</sup> January to 31 <sup>st</sup> March |
| <b>c. Book Closure Date</b>                           | 11 <sup>th</sup> September, 2007 to 21 <sup>st</sup> September, 2007. (both days inclusive).  |
| <b>d. Dividend Payment Date</b>                       | On or after 26 <sup>th</sup> September, 2007.   |
| <b>e. Listing on Stock Exchanges</b>                  | 1) The Bombay Stock Exchange Limited (BSE) &<br>2) The National Stock Exchange of India Ltd. (NSE)<br>The annual listing fee for the year 2007-08 has been paid.  |
| <b>f. Stock Code/Symbol</b>                           | BSE - 532150<br>NSE - INDRAMEDCO  |
| <b>Demat ISIN in NSDL &amp; CDSL</b>                  | INE681B01017  |
| <b>g. Market Price Data</b>                           | Monthly High & Low during each month of the financial year 2006-07 at National Stock Exchange (NSE) is under:-  |

Month	National Stock Exchange			NSE Index (S&P CNX 500)	
	Highest (Rs.)	Lowest (Rs.)	Volume (Nos.)	Highest	Lowest
April – 2006	40.00	29.25	26,55,049	3071.45	2826.80
May – 2006	42.50	29.00	43,77,088	3223.15	2439.60
June – 2006	33.90	23.75	28,31,376	2680.20	2137.80
July – 2006	33.90	27.90	14,70,402	2623.25	2334.75
August - 2006	39.80	28.05	76,01,395	2842.15	2536.85
September - 2006	38.40	32.55	59,49,653	2994.25	2765.15
October – 2006	39.15	33.40	27,57,904	3145.20	2943.25
November– 2006	38.00	33.00	45,15,291	3314.50	3110.15
December – 2006	36.20	31.25	15,04,116	3354.40	3026.85
January – 2007	35.95	32.40	15,37,346	3443.60	3209.00
February – 2007	38.80	28.50	12,61,846	3505.55	3059.35
March, 2007	31.20	25.40	16,51,043	3193.95	2931.00

- |   |   |
|---|---|
| <b>h. Registrar and Transfer Agents</b> | M/s. Intime Spectrum Registry Ltd. continue to be the Registrar & Transfer Agents of the Company and their address is as under:-<br>M/s. Intime Spectrum Registry Ltd.<br>A-31, 3rd Floor, Near PVR Cinema,<br>Naraina Ind. Area, Phase I,<br>New Delhi - 1100 028. |
|---|---|

### i. Share Transfer System

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Physical Shares which are lodged with the Registrar and Transfer Agents / or with the Company for transfer are processed and returned to the shareholders duly transferred within the time limit stipulated under the Listing Agreement subject to the documents being in order.

## Indraprastha Medical Corporation Limited

### j. Distribution of shareholding as on March 31, 2007.

Shareholding of nominal value of Rs.		Shareholders		Share Amount	
		Rs.	Number	% to total	Rs.
Upto	2,500	21743	55.128	29367100	3.203
2,501 -	5,000	9035	22.908	38912120	4.245
5,001 -	10,000	4470	11.333	39730680	4.334
10,001 -	20,000	1990	5.046	31936800	3.484
20,001 -	30,000	702	1.780	18569530	2.026
30,001 -	40,000	327	0.829	12039750	1.313
40,001 -	50,000	315	0.799	15253800	1.664
50,001 -	1,00,000	433	1.098	33256060	3.628
1,00,001 &	above	426	1.080	697664160	76.104
<b>Total</b>		<b>39441</b>	<b>100.000</b>	<b>916730000</b>	<b>100.000</b>

### Shareholding Category as on 31<sup>st</sup> March, 2007

Category	No. of Shares held	% to total
Indian Promoters	42735279	46.617
Foreign Promoters	3930038	4.287
Mutual Funds & UTI	85407	0.093
Financial Institutions / Banks	1404800	1.532
Bodies Corporate	14518679	15.838
NRI's/OCB's	2135879	2.330
Indian public	26862918	29.303
<b>Grand Total</b>	<b>91673000</b>	<b>100.000</b>

### Shares held by Non-Executive Directors

The number of shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2007, is as under:-

Name of the Non-Executive Director	Number of shares held
Dr. Prathap C Reddy	2,37,187
Dr. B Venkataraman	15,800
Ms. Suneeta Reddy	1,38,293

### k. Dematerialisation of Shares

About 66% of the Company's paid-up equity share capital has been dematerialised upto 31<sup>st</sup> March, 2007.

The details of demat of shares as on 31<sup>st</sup> March, 2007 are as under:-

	No. of Shareholders	No. of Shares	% of Capital
<b>NSDL</b>	<b>24423</b>	<b>55746932</b>	<b>60.81</b>
<b>CDSL</b>	<b>6661</b>	<b>4899617</b>	<b>5.34</b>

Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within 15 days.

Shares of the Company are regularly traded at NSE & BSE.

### l. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.



**m. Hospital Location**

Indraprastha Apollo Hospitals,  
Sarita Vihar, Delhi-Mathura Road,  
New Delhi – 110076.

**n. Address for Correspondence**

**Postal Address:-**

M/s. Indraprastha Medical Corporation Limited  
Sarita Vihar, Delhi-Mathura Road,  
New Delhi - 110076

**E-mail Address:- for Investors:-**  
asinghal@apollohospitals.com

**NON-MANDATORY REQUIREMENTS**

- |  |   |
|--|---|
| 1. (a) Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.  | No office for the Chairman is maintained at the Company's expense. There was no reimbursement of expenses to the Chairman.  |
| (b) Independent Directors may have a time not exceeding in the aggregate a period of nine years on the Board of the Company.   | As on date, there is no Independent Director having a term of office exceeding nine years on the Board of the Company except Dr. B. Venkataraman who was appointed on the Board of the Company on 22-9-1995 and has completed the term of 11 years. |
| 2. Remuneration Committee  | Please refer to Sr. No. 4 of this report  |
| 3. Shareholder rights – the half yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders | As the Company's half yearly results are published in English newspaper having a circulation all over India and in a Hindi newspaper having a circulation in Delhi region, the same are not sent to the shareholders of the Company.                |
| 4. Audit Qualifications  | There are no audit qualifications in the Auditors report.   |
| 5. Training of Board Member  | At present, the Company does not have such a training programme for the Board members.  |
| 6. Mechanism for evaluating non-executive Board members  | At present, the Company does not have such a mechanism as contemplated for evaluating the performance of non-executive Board members.   |
| 7. Whistle Blower Policy   | At present, the Company does not have a Whistle Blower Policy.  |

**For and on behalf of the Board**

Ramesh Narayanaswami  
Chairman

Place : New Delhi  
Date : 26th July, 2007

## **Indraprastha Medical Corporation Limited**

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### **C E R T I F I C A T E**

**To**

**The Members of Indraprastha Medical Corporation Ltd.**

We have examined the compliance of conditions of corporate governance by M/s Indraprastha Medical Corporation Ltd., for the year ended on 31.03.2007, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that 2 (two) investor grievance(s) are pending against the company as per the records maintained by the company as on 31<sup>st</sup> March 2007.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For S.C. Vasudeva & Co.,**

*Chartered Accountants*

Place : New Delhi

Date : July 26, 2007

Sachin Vasudeva

*Partner*

M.No. 092783

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### **Declaration under Clause 49-I (D) of the Listing Agreement**

**To**

**The Members of Indraprastha Medical Corporation Ltd.**

I hereby declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the provisions of the **CODE OF CONDUCT** during the financial year ended 31<sup>st</sup> March, 2007.

Name : Richard Leroy Larison

Designation : Managing Director

Date : 22nd May, 2007



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## AUDITORS' REPORT

### To the Members of

#### Indraprastha Medical Corporation Limited.

We have audited the attached Balance Sheet of Indraprastha Medical Corporation Limited, as at 31<sup>st</sup> March, 2007 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes an examination, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the annexure referred to above, we report that: -

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account, as required by law have been kept by the company so far, as appears from our examination of the books;
- c) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement are in agreement with the books of account;
- d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the directors/companies in which they are directors as on 31<sup>st</sup> March 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) The provisions of Section 441 A of the Companies Act, 1956 regarding the levy and collection of cess on turnover or gross receipts of the companies, have not yet been notified by the Central Government. Accordingly, we do not express our opinion on the compliance of the said Section in terms of clause (g) of sub-section (3) of section 227.
- g) In our opinion and to the best of our information and according to explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2007;
  - ii.) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii.) In the case of Cash Flow Statement, of the cash flows for the year ended on that date

**For S.C.Vasudeva & Co.**  
Chartered Accountants

Sachin Vasudeva  
Partner  
M.No. 92783

Place: New Delhi  
Dated: 29.05.2007

#### ANNEXURE TO THE AUDITORS' REPORT

Annexure referred in paragraph 3 of our report to the members of Indraprastha Medical Corporation Limited on accounts for the financial year ended 31<sup>st</sup> March 2007.

- (i) (a) According to the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets

## Indraprastha Medical Corporation Limited

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- have been physically verified by the management during the year and we are informed that no discrepancies were noticed on such physical verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and the nature of its business.
- (c) According to the information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year.
- (ii) (a) According to the information and explanations given to us, the physical verification of inventory has been conducted at reasonable intervals during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management as evidenced by written procedures and instructions are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories. Further according to the information and explanations given to us no material discrepancies were noticed on physical verification of inventory as compared to the book records. The balance of inventory established on physical verification as at the year end have been incorporated in the books of account. Consequently, the shortages/excess, if any have been adjusted in the consumption of stores and spares.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of Paragraph 4 (iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the company.
- (c) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from any companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (d) As the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of Paragraph 4 (iii) (f) and (iii) (g) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, each of the transactions made in pursuance of the contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the aggregate value of rupees five lakhs during the financial year under audit in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us the company has not accepted any deposits from the public. Therefore, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and relevant rules framed thereunder are not applicable to the company.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.



- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to the company, if any, have been regularly deposited with the appropriate authorities during the financial year. We are informed that the provisions of Excise Duty are not applicable to the company.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, Income-tax, Customs Duty, Wealth tax, Service tax and Cess which have not been deposited on account of any dispute.
- (x) In our opinion, the company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management we are of the opinion that the company has not defaulted in repayment of dues to any financial institution or bank. As informed to us no money has been raised through debentures by the company.
- (xii) According to the information and explanations given to us, the company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of paragraph 4(xii) of the Order are not applicable to the company.
- (xiii) The company is not a chit fund company or nidhi / mutual benefit fund/society. Therefore, the provisions of Paragraph 4 (xiii) of the said Order are not applicable to the company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions of paragraph 4(xiv) of the said Order are not applicable to the company
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of paragraph 4(xv) of the said Order are not applicable to the company
- (xvi) According to the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that the term loans raised have been utilised for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments by the company.
- (xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has not issued any debentures. Therefore the provisions of paragraph 4 (xix) of the said Order are not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year. Therefore, the provisions of paragraph 4 (xx) of the said Order are not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud, on or by the company has been noticed or reported during the year.

**For S.C.Vasudeva & Co.**  
Chartered Accountants

Sachin Vasudeva  
Partner  
M.No. 92783

Place: New Delhi  
Dated: 29.05.2007

## Indraprastha Medical Corporation Limited

### BALANCE SHEET AS AT 31ST MARCH, 2007

Particulars	Schedule No.	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	916,730,000	916,730,000
Reserves and Surplus	2	217,639,846	204,470,589
<b>Loan Funds</b>			
Secured Loans	3	536,213,878	447,280,828
Unsecured Loans	4	-	50,000,000
<b>Deferred Tax Liability (Net)</b>		<b>280,223,706</b>	263,253,478
<b>Total</b>		<b>1,950,807,430</b>	1,881,734,895
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	2,873,431,720	2,597,153,790
Less: Depreciation		1,178,105,625	1,060,458,822
<b>Net Block</b>		<b>1,695,326,095</b>	1,536,694,968
Capital Work in Progress		-	118,818,678
<b>Current Assets, Loans and Advances</b>			
Inventories	6	78,368,186	63,887,190
Sundry Debtors		384,037,620	406,841,223
Cash and Bank Balances		56,113,998	36,677,402
Other Current Assets		52,912,117	46,762,711
Loans and Advances		497,722,576	384,564,952
		1,069,154,497	938,733,478
<b>Less: Current liabilities and Provisions</b>	7		
Liabilities		385,233,204	352,527,135
Provisions		428,439,958	359,985,094
<b>Net Current Assets</b>		<b>813,673,162</b>	712,512,229
		255,481,335	226,221,249
<b>Total</b>		<b>1,950,807,430</b>	1,881,734,895
<b>Notes to Accounts</b>	11		

As per our separate report of even date attached

**For S.C. Vasudeva & Co.**

Chartered Accountants

Sachin Vasudeva  
Partner  
M. No. 92783

A.K. Singhal  
Vice President Cum  
Company Secretary

Ramesh Narayanaswami  
Dr. Prathap C. Reddy  
Richard Leroy Larison  
Suneeta Reddy

Chairman  
Vice Chairman  
Managing Director  
Director

Place : New Delhi  
Date : 29.05.2007



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Schedule No.	For the year ended 31st March, 2007 Rs.	For the year ended 31st March, 2006 Rs.
<b>INCOME</b>			
Hospital Revenue		2,327,135,049	2,045,560,386
Other Income	8	210,186,366	202,875,274
<b>Total</b>		<b>2,537,321,415</b>	<b>2,248,435,660</b>
<b>EXPENDITURE</b>			
Stores and Spares consumed		669,089,643	580,183,961
Operating and Administrative Expenses	9	1,469,191,654	1,279,882,024
Interest and other Financial Charges	10	50,948,701	30,052,921
Preliminary Expenses written off		-	3,027,372
Depreciation		135,614,406	133,044,943
Reversal of impairment loss		(17,241,057)	-
<b>Total</b>		<b>2,307,603,347</b>	<b>2,026,191,221</b>
<b>Profit before tax</b>		<b>229,718,068</b>	<b>222,244,439</b>
Less : Provision for			
- Current Tax		60,352,873	65,195,048
- Deferred Tax		16,970,228	10,540,050
- Fringe Benefit Tax		4,828,225	3,083,222
- Wealth Tax		85,020	91,400
Tax paid/excess provision for tax written back		246,432	28,500
Add : Tax credit availed/Tax paid		-	(23,299,708)
<b>Profit after tax</b>		<b>147,235,290</b>	<b>166,605,927</b>
Add : Balance brought forward		199,470,589	168,527,335
<b>Balance available for appropriation</b>		<b>346,705,879</b>	<b>335,133,262</b>
Appropriations			
Transferred to General Reserve		5,000,000	5,000,000
Proposed Dividend		114,591,250	114,591,250
Tax on Proposed Dividend		19,474,783	16,071,423
<b>Balance carried to Balance Sheet</b>		<b>207,639,846</b>	<b>199,470,589</b>
<b>Earnings per share of Rs. 10/- each (Refer to note no. 10 of Notes to Accounts)</b>			
<b>Basic &amp; Diluted</b>		<b>1.61</b>	<b>1.82</b>
<b>Notes to Accounts</b>	<b>11</b>		

As per our separate report of even date attached

**For S.C. Vasudeva & Co.**

Chartered Accountants

Sachin Vasudeva  
Partner  
M. No. 92783

A.K. Singhal  
Vice President Cum  
Company Secretary

Ramesh Narayanaswami  
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Richard Leroy Larison  
Suneeta Reddy

Chairman  
Vice Chairman  
Managing Director  
Director

Place : New Delhi  
Date : 29.05.2007

# Indraprastha Medical Corporation Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Year Ended 31st March, 2007 Rs.	Year Ended 31st March, 2006 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & Extraordinary items	229,718,068	222,244,439
Add:		
Depreciation	135,614,406	133,044,943
Preliminary expenses written off	-	3,027,372
Interest charged	41,906,880	23,616,613
Loss on sale of fixed assets	189,247	200,495
Deduct:		
Interest received	392,967	1,507,652
Reversal of impairment loss	17,241,057	-
Operating Profit before Working Capital changes	389,794,577	380,626,210
Adjustments for		
Trade & Other Receivables	(1,421,609)	(176,203,142)
Trade payables	(72,828,120)	126,044,787
Inventories	(14,480,996)	19,030,563
Cash Generated from Operations	301,063,852	349,498,418
Deduct:		
Interest paid	(10,720,680)	(10,593,786)
Income tax paid	(88,530,860)	(73,105,151)
Net Cash from Operating Activities	<u>201,812,312</u>	<u>265,799,481</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Assets (Net of sale)	(162,697,730)	(339,191,748)
Interest received	270,544	1,542,694
Net Cash from Investing Activities	<u>(162,427,186)</u>	<u>(337,649,054)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from - long term loans	280,000,000	270,000,000
Proceeds from - short term loans	100,000,000	100,000,000
Repayment of - long term loans	(87,500,000)	(108,455,316)
Repayment of - short term loans	(150,000,000)	(100,000,000)
Interest paid	(33,154,129)	(12,433,289)
Dividend paid	(129,294,401)	(103,528,163)
Net Cash from Financing Activities	<u>(19,948,530)</u>	<u>45,583,232</u>
Net increase in cash and Cash equivalents	19,436,596	(26,266,341)
Opening Cash and cash equivalents	36,677,402	62,943,743
Closing Cash and cash equivalents	56,113,998	36,677,402

As per our separate report of even date attached

**For S.C. Vasudeva & Co.**

Chartered Accountants

Sachin Vasudeva  
Partner  
M. No. 92783

A.K. Singhal  
Vice President Cum  
Company Secretary

Ramesh Narayanaswami  
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Richard Leroy Larison  
Suneeta Reddy

Chairman  
Vice Chairman  
Managing Director  
Director

Place : New Delhi  
Date : 29.05.2007



## SCHEDULES

### SCHEDULE 1

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100,000,000 Equity Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued, Subscribed and Paid up</b>		
(91,673,000 Equity Shares of Rs. 10/- each fully paid up)	916,730,000	916,730,000
	<u>916,730,000</u>	<u>916,730,000</u>

### SCHEDULE 2

#### RESERVES AND SURPLUS

<b>(a) General Reserve</b>		
As per last account	5,000,000	-
Add: Transferred from Profit and Loss Account	5,000,000	5,000,000
	<u>10,000,000</u>	<u>5,000,000</u>
<b>(b) Profit and loss account</b>	207,639,846	199,470,589
	<u>217,639,846</u>	<u>204,470,589</u>

### SCHEDULE 3

#### SECURED LOANS

From Banks:		
-Term loan	485,625,000	293,125,000
(The above are secured by exclusive charge on the medical equipment and other movable fixed assets funded from the term loan and subservient charge on the movable fixed assets both present and future)		
(Due for repayment within 12 months		
Rs. 97,500,000/-(Previous year Rs. 77,500,000/-))		
<b>Working capital facility from Bank</b>	50,588,878	154,155,828
(Secured against hypothecation of stores, spares and receivables)	<u>536,213,878</u>	<u>447,280,828</u>

### SCHEDULE 4

#### UNSECURED LOANS

Short Term Loans from Bank	-	50,000,000
[(Due for repayment within 12 months Rs. Nil)		
(Previous year Rs. 50,000,000/-)]	<u>-</u>	<u>50,000,000</u>

# Indraprastha Medical Corporation Limited

## SCHEDULE 5

### FIXED ASSETS

#### (A) Tangible Assets

Particulars	Gross Block			Depreciation			Impairment Loss			Net Block		
	Cost As at 1.04.2006 (Rs.)	Additions (Rs.)	Deletion/ Adjusted (Rs.)	Cost As at 31.03.2007 (Rs.)	Up to 31.03.2006 (Rs.)	For the Year Adjusted (Rs.)	Written back/ Adjusted (Rs.)	Up to 31.03.2007 (Rs.)	Reversal During the year (Rs.)	Up to 31.03.2007 (Rs.)	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
LEASEHOLD LAND (LEASED FROM DELHI ADMINISTRATION)	NIL			NIL							NIL	NIL
BUILDINGS	785,521,670	70,954,796	-	856,476,466	115,551,713	15,553,416	-	131,105,129	-	-	725,371,337	669,969,957
FURNITURE & FITTINGS	75,555,523	9,566,910	-	85,122,433	41,796,153	5,275,366	-	47,071,519	-	-	38,050,914	33,759,370
PLANT & MACHINERY	241,269,024	37,878,837	-	279,147,861	95,520,077	12,963,674	-	108,483,751	-	-	170,664,110	145,748,947
OFFICE EQUIPMENT	137,750,169	15,327,187	-	153,077,356	88,249,644	15,459,069	-	103,708,713	-	-	49,368,643	49,500,525
MEDICAL EQUIPMENT	1,326,097,073*	140,479,912	-	1,466,576,985	564,305,653	82,699,382	-	647,005,035	17,241,057	120,796,328	698,775,622	623,754,035
VEHICLES	14,583,721	1,269,271	1,186,905	14,666,087	3,944,088	1,325,889	726,546	4,543,431	-	-	10,122,656	10,639,633
<b>TOTAL (A)</b>	<b>2,580,777,180</b>	<b>275,476,913</b>	<b>1,186,905</b>	<b>2,855,067,188</b>	<b>909,367,328</b>	<b>133,276,796</b>	<b>726,546</b>	<b>1,041,917,578</b>	<b>17,241,057</b>	<b>120,796,328</b>	<b>1,692,353,282</b>	<b>1,533,372,467</b>

#### (B) Intangible Assets

Particulars	Gross Block			Amortisation			Impairment Loss			Net Block		
	Cost As at 1.04.2006 (Rs.)	Additions (Rs.)	Deletion/ Adjusted (Rs.)	Cost As at 31.03.2007 (Rs.)	Up to 31.03.2006 (Rs.)	For the Year Adjusted (Rs.)	Written back/ Adjusted (Rs.)	Up to 31.03.2007 (Rs.)	Reversal During the year (Rs.)	Up to 31.03.2007 (Rs.)	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
SOFTWARE	16,376,610	1,987,922	-	18,364,532	13,054,109	2,337,610	-	15,391,719	-	-	2,972,813	3,322,501
<b>TOTAL (B)</b>	<b>16,376,610</b>	<b>1,987,922</b>	<b>-</b>	<b>18,364,532</b>	<b>13,054,109</b>	<b>2,337,610</b>	<b>-</b>	<b>15,391,719</b>	<b>-</b>	<b>-</b>	<b>2,972,813</b>	<b>3,322,501</b>
<b>GRAND TOTAL (A+B)</b>	<b>2,597,153,790</b>	<b>277,464,835</b>	<b>1,186,905</b>	<b>2,873,431,720</b>	<b>922,421,437**</b>	<b>135,614,406</b>	<b>726,546</b>	<b>1,057,309,297</b>	<b>17,241,057</b>	<b>120,796,328</b>	<b>1,695,326,095</b>	<b>1,536,694,968</b>

Previous Year Capital Work In Progress 2,345,465,695 252,499,542 811,447 2,597,153,790 789,742,780 133,044,943 366,286 922,421,437 138,037,385 NIL 138,037,385 1,536,694,968 1,417,685,530

\* Includes additions during the year amounting to Rs.9,69,93,554/- (Previous Year Rs.1,82,64,570/-) which have been depreciated @ 13.57% based on the technological evaluation of the estimated useful life of seven years.

\*\* includes Rs. 23,37,610/- (Previous Year Rs. 50,26,213/-) on account of amortisation of intangible assets.



<b>SCHEDULE 6</b>	<b>As at 31st March, 2007 Rs.</b>	<b>As at 31st March, 2006 Rs.</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Inventories</b>		
Stores & Spares	<b>35,542,333</b>	32,757,772
Crockery & Utensils	<b>1,288,358</b>	933,389
Linen	<b>11,585,755</b>	11,266,314
Medical & Surgical Instruments	<b>29,951,740</b>	18,929,715
	<b>78,368,186</b>	63,887,190
<b>Sundry Debtors (Unsecured)</b>		
Debts outstanding for a period exceeding six months		
—Considered Good	<b>229,116,391</b>	168,859,667
—Doubtful	<b>14,230,403</b>	12,056,678
Other Debts		
—Considered Good	<b>154,921,229</b>	237,981,556
—Doubtful	<b>-</b>	-
	<b>398,268,023</b>	418,897,901
Less : Provision for doubtful debts	<b>14,230,403</b>	12,056,678
	<b>384,037,620</b>	406,841,223
<b>Cash and Bank Balances</b>		
—Cash balance on hand	<b>12,995,083</b>	9,823,676
—With scheduled banks		
in current accounts	<b>32,190,387</b>	19,050,354
in fixed deposits	<b>5,509,216</b>	3,752,332
(includes Rs. 2,915,160/- pledged towards margin money (previous year 1,344,061/-))		
—With scheduled banks in Unpaid Dividend Account	<b>5,419,312</b>	4,051,040
	<b>56,113,998</b>	36,677,402
<b>Other Current Assets</b>		
Patient's treatment in progress	<b>36,791,479</b>	38,589,168
Interest Receivable	<b>300,732</b>	178,309
Other Receivable	<b>15,819,906</b>	7,995,234
	<b>52,912,117</b>	46,762,711
<b>Loans and Advances</b> (Unsecured, considered good)		
Advance for capital items	<b>15,137,270</b>	8,462,303
Advances recoverable in cash or in kind or for value to be received	<b>19,238,723</b>	24,808,173
Prepaid Taxes	<b>429,698,923</b>	338,446,442
Deposits	<b>7,815,524</b>	6,541,926
Prepaid Expenses	<b>25,832,136</b>	6,306,108
	<b>497,722,576</b>	384,564,952

## Indraprastha Medical Corporation Limited

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a. Current Liabilities</b>		
Sundry Creditors -		
Due to Small Scale Industrial Undertaking	-	-
Due to Others		
—for Capital Works	28,460,462	26,108,180
—for Expenses	92,272,923	96,213,985
Advance from patients	40,774,662	33,084,010
Unclaimed Dividend *	5,419,312	4,051,040
Other liabilities	218,305,845	191,101,991
Interest Accrued but not due	-	1,967,929
	<u>385,233,204</u>	<u>352,527,135</u>
<b>b. Provisions</b>		
Provision for Income tax	277,811,935	217,459,062
Provision for Fringe Benefit tax	7,911,447	3,083,222
Provision for Wealth tax	484,607	399,587
Proposed Dividend	114,591,250	114,591,250
Tax on Proposed Dividend	19,474,783	16,071,423
Provision for Leave encashment	8,165,936	8,380,550
	<u>428,439,958</u>	<u>359,985,094</u>
	<b>For the year ended 31st March, 2007 Rs.</b>	<b>For the year ended 31st March, 2006 Rs.</b>
<b>SCHEDULE 8</b>		
<b>OTHER INCOME</b>		
Interest received from banks (Tax deducted at source Rs. 53,639/- (Previous Year Rs. 218,392/-))	347,952	1,128,816
Interest received from others	45,015	378,836
License fee & commission from licensees	43,858,835	38,233,982
Service charges received from doctors	129,420,320	120,618,715
Miscellaneous income	30,263,792	27,530,730
Provision no longer required written back	6,250,452	14,984,195
	<u>210,186,366</u>	<u>202,875,274</u>



<b>SCHEDULE 9</b>	<b>For the year ended 31st March, 2007 Rs.</b>	<b>For the year ended 31st March, 2006 Rs.</b>
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**OPERATING AND ADMINISTRATIVE EXPENSES**

Salaries and wages	<b>413,293,585</b>	352,408,478
Contribution to Provident & Other Funds	<b>22,233,778</b>	23,068,720
Staff welfare	<b>23,663,360</b>	25,168,597
Consultation fees paid to doctors	<b>622,538,419</b>	547,613,660
Outside lab investigations	<b>4,797,257</b>	3,999,560
Leasehold ground rent	<b>13</b>	12
Power & Fuel	<b>102,125,159</b>	103,136,908
Rent	<b>7,240,091</b>	6,596,508
Travelling and Conveyance	<b>21,848,417</b>	17,335,923
Insurance	<b>7,840,562</b>	6,702,751
Directors' sitting fees	<b>1,095,000</b>	930,000
Communication	<b>16,386,182</b>	12,994,438
Printing and stationery	<b>17,486,627</b>	15,678,471
Advertisement	<b>42,474,676</b>	32,017,170
Legal and professional charges	<b>30,495,649</b>	10,982,516
Security charges	<b>7,163,364</b>	7,677,320
Payment to auditors	<b>825,000</b>	574,500
Auditors out of pocket expenses	<b>41,811</b>	31,000
Rates, taxes and licenses	<b>5,524,321</b>	5,215,600
Loss on Sale of Discarded Assets	<b>-</b>	200,495
Service Charges	<b>75,012,663</b>	61,648,195
Repairs and maintenance		
- Building	<b>8,563,657</b>	7,550,648
- Plant & Machinery	<b>13,817,373</b>	13,366,750
- Others	<b>6,669,688</b>	6,872,653
Miscellaneous expenses	<b>7,124,868</b>	5,507,969
Bad debts written off	<b>4,359,281</b>	6,973,996
Provision for doubtful debts	<b>6,570,853</b>	5,629,186
	<b><u>1,469,191,654</u></b>	<u>1,279,882,024</u>

**SCHEDULE 10**

**INTEREST AND OTHER FINANCIAL CHARGES**

Interest on term loans	<b>31,186,200</b>	13,022,827
Interest on working capital	<b>10,720,680</b>	10,593,786
Other financial charges	<b>9,041,821</b>	6,436,308
	<b><u>50,948,701</u></b>	<u>30,052,921</u>

# Indraprastha Medical Corporation Limited

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## SCHEDULE 11

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007.

#### I. Significant Accounting Policies :

##### A. Accounting Convention

The accounts are prepared on accrual basis under the historical cost convention in accordance with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

##### B. Revenue Recognition

- i) Revenue is recognized on accrual basis. Hospital Revenue comprises of income from services rendered to the out-patients and in-patients. Revenue also includes value of services rendered pending billing in respect of in-patients undergoing treatment as on 31<sup>th</sup> March, 2007.
- ii) The revenue in respect of export benefits is recognized on the basis of foreign exchange earned during the financial year at the rate at which the said entitlement accrues.

##### C. Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation. In respect of assets acquired out of foreign currency loans, the increase / decrease in the amount payable against such loans on account of fluctuation in exchange rate is adjusted with the cost of the assets.

##### D. Depreciation

- i) Depreciation is charged on straight line method at the rates prescribed under schedule XIV to the Companies Act, 1956 (considered the minimum rate) or at higher rates, if the estimated useful life based on technological evaluation of the assets are lower than as envisaged under Schedule XIV to the Companies Act. In case of additions and deletions during the year, the computations are on the basis of number of days for which the assets have been in use. Assets costing not more than Rs. 5,000/- each, individually have been depreciated fully in the year of purchase.
- ii) Where the historical cost of the depreciable asset undergoes a change due to increase or decrease in the long-term liability on account of exchange rate fluctuations, the depreciation on the revised unamortised depreciable amount is provided prospectively over the residual useful life of the asset.
- iii) When impairment loss / reversal is recognized, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any) on a systematic basis over its remaining useful life.

##### E. Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation.

##### F. Amortisation of Intangible Assets

- i) Intangible assets are amortised on straight line method over the estimated useful life of the asset.
- ii) The useful life of the intangible assets for the purpose of amortisation is estimated to be three years.

##### G. Impairment of Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined on the basis of value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in the carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

##### H. Inventories

- i) Inventories are valued at lower of cost and net realizable value.



ii) The cost in respect of the items constituting the inventories has been computed on FIFO basis.

**I. Expenditure incurred during the construction period**

In respect of new / major expansion of units, the indirect expenditure incurred during construction period up to the date of commencement of business, which is attributable to the construction of the project, is capitalised on various category of fixed assets on proportionate basis.

**J. Retirement benefits**

**Provident fund:** Employer's contribution to Provident Fund and Employees Pension Scheme is made in accordance with the Provident Fund Act, 1952 read with Employees Pension Scheme, 1995.

**Gratuity:** The liability for gratuity is provided through a policy taken from Life Insurance Corporation of India (LIC) by an approved trust formed for that purpose. The contribution to the trust is made on the basis of actuarial valuation, as at the end of the year carried out by LIC to cover the year's gratuity.

**Leave encashment:** The Company has provided for the liability for the year on the basis of actuarial valuation as at the end of year.

**K. Foreign currency transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.

Exchange differences other than those relating to acquisition of fixed assets are recognised in the profit and loss account. Exchange differences relating to purchase of fixed assets are adjusted to the carrying cost of fixed assets.

**L. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other costs are recognized as expense in the year in which they are incurred.

**M. Taxation**

(i) Provision for Taxation comprises of Income Tax Liability on the profits for the year chargeable to tax and Deferred Tax resulting from timing differences between Book and Tax Profits. The Deferred Tax Asset/Liability is provided in accordance with the Accounting Standard – 22 (AS-22), "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India.

(ii) Fringe Benefit Tax is provided on the aggregate amount of fringe benefits determined in accordance with the provisions of the relevant enactments at the specified rate of tax.

**N. Provisions and contingent liabilities**

(i) Contingent liability is disclosed in the case of :

(a) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or

(b) a possible obligation, unless the probability of outflow in settlement is remote

**II. Notes on Accounts**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 20,364,612/- (Previous Year Rs. 25,160,408/-)

**2. Contingent Liability**

i) Claims against the company not acknowledged as debt Rs. 405,133,000/- (Previous Year Rs. 392,442,500/-) and interest thereon. This represents suits filed against the company and the consultant doctors. Based on the facts and circumstances, possibility of any of the claims resulting in a loss to the company is remote. Notwithstanding above, the company is adequately insured to mitigate the possibility of any loss.

ii) Letters of credit / Bank guarantees outstanding on account of stores / spares and medical equipment amounting to Rs. 31,993,175/- (Previous Year Rs. 5,221,558/-).

iii) In respect of Income Tax cases pending before Income Tax appellate authorities amounting to Rs. 10,201,325/- (Previous Year Rs. 1,461,455/-).

## Indraprastha Medical Corporation Limited

3. The appeal filed by the company against assessment of property tax by MCD, has been decided by the Additional District Judge, Delhi on 17<sup>th</sup> April, 2004 remanding the case to MCD for reassessment on the basis of directions set out in the said order.

The Company had provided Rs. 83,693,078/- against property tax liability up to 31<sup>st</sup> March, 2004. The Company has been advised by their legal counsel that on the basis of facts and the directions given by the Honourable Judge, the Company's liability is not likely to exceed the amount provided for the said liability in the books of account.

Further the company had provided Rs. 2,968,053/- (Previous year Rs. 2,968,053/- ) against property tax liability for the year ended 31<sup>st</sup> March, 2007 as per unit area method of calculating the property tax.

4. Under the terms of the agreement between the Government of NCT of Delhi and the company, the Hospital project of the company has been put up on the land belonging to Government of NCT of Delhi. The Government of NCT of Delhi is committed to meet the expenditure to the extent of Rs. 154,780,000 out of IMCL Building fund account (funds earmarked for the period) together with the interest thereon for construction of definite and designated buildings while the balance amount of the cost of the building will be borne by the Company. As at 31<sup>st</sup> March, 2007, the aforesaid fund, together with interest thereon amounting to Rs. 192,357,946 have been utilized towards progress payments to contractors, advances to contractors, payments for materials, etc. The ownership of the building between Government of NCT of Delhi and the company will be decided at a future date keeping in view the lease agreement.
5. Fixed Assets includes expenditure amounting to Rs. 63,176,181/- on building incurred by the company in connection with setting up 57 bedded hospital at Noida (U.P.). The hospital has been set up on land taken on lease from Noida Authority. The rights of the lease deed has been acquired through an assignment deed in favour of the company by Apollo Hospital Enterprise Limited, who are the sub-lessee.

	As at		Amount in Rs.	
	31.03.2007		As at 31.03.2006	
Project & Pre-Operative Expenses:-				
Pre-Operative Pending Allocation:-				
a) Staff Cost	2,663,233		2,425,896	
b) Power & Fuel	2,501,700		2,094,804	
c) Insurance	376,821		364,775	
d) Others	<u>2,566,263</u>	<u>8,108,017</u>	<u>1,403,946</u>	6,289,421
Allocated To Building		<u>8,108,017</u>		Nil
Pending Allocation		<b>Nil</b>		6,289,421

6. The company had filed application for determination of question of law under section 84 of the Delhi Value Added Act, 2004 (VAT) before the Commissioner, Trade and Taxes, Delhi (CTT) regarding the applicability of VAT to the hospitals, inter alia, in respect of medicines and consumables administered by the hospitals in the course of medical treatment to its patients.

The CTT has vide its order dated 17<sup>th</sup> March, 2006 in this regard held that VAT would be applicable to the hospitals in respect of the aforesaid. The company has preferred an appeal against aforesaid order of the CTT before Delhi VAT Tribunal.

7. Travelling and conveyance includes Rs. 2,561,171/- ( Previous Year Rs. 3,453,871/- ) on account of Directors' travelling.
8. (a) For the current year ended 31<sup>st</sup> March, 2007 timing differences have resulted in a net deferred tax expense amounting to Rs. 16,970,228/-, which is adjusted to the provision for taxation for the year.
- (b) Deferred Tax Liability (net) as on 31<sup>st</sup> March, 2007 is as follows:

	Amount in Rs.
Timing difference on account of depreciation	<u>287,762,314</u>
Less: Deferred tax assets arising on account of	
Provision for doubtful debts	4,789,954
Provision for retirement benefits	2,748,654
Net deferred tax liability	<u>280,223,706</u>



## 9. Related party disclosures

			Rs. in Lakhs	
Name	Relationship	Nature of Transactions	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006
Apollo Hospitals	Associate	Pharmacy - Consumables	978.84	802.46
Enterprise Limited		Licence Fees	78.00	67.07
		Commission on Pharmacy Sales	202.76	177.67
		Reimbursement of Expenses	39.71	75.65
		Account Payable	403.95	483.62
Managing Director	Key Management Personnel	Remuneration to Managing Director	30.74	68.08

10. The Basic earning per share (EPS) disclosed in the profit and loss accounts has been calculated by dividing the net profit for the year ended 31<sup>st</sup> March, 2007 attributable to equity shareholders by the weighted average number of equity shares outstanding during the said period. The net profit attributable to equity share holders is Rs. 147,235,290/- and the weighted average number of equity share is 91,673,000 for this purpose.

11. During the year ended 31<sup>st</sup> March, 2007 the company has reversed certain impairment losses recognized in the earlier years and the resultant gain of Rs. 17,241,057/- has been credited to Profit and Loss Account. This reversal is due to increase in the usage of certain medical equipments in the Radiation Oncology Department on account of increased business. The value in use has been taken to be recoverable amount of such assets. The value in use has been calculated by using appropriate discount rate which is the weighted average cost of capital of the company.

12. There are no amounts payable to any small-scale industrial undertaking.

13. The Managing Director of the Company Mr. Richard Leroy Larison was appointed by the Board in its meeting held on 18<sup>th</sup> October, 2006, subject to the approval of the Central Government and the shareholders. Mr. Richard Leroy Larison has assumed office of Managing Director on 1<sup>st</sup> December, 2006. The approval of the central government has since been received. The approval of the shareholders is being sought in the ensuing Annual General Meeting of the Company.

14. Remuneration to Managing Director.

	<b>2006-2007</b> <b>(Amount in Rs.)</b>	2005-2006 (Amount in Rs.)
Salary & allowances	<b>2,514,960</b>	5,745,600
Perquisites	<b>559,067</b>	1,062,008
As no commission is payable to the Managing Director, the computation of net profits under section 349/350 of the Companies Act, 1956, is not being given.		

15. Earnings in Foreign Currency:  
On account of Hospital Revenue **59,098,218** 40,400,778

16. Expenditure incurred in Foreign Currency:  
On account of travel **2,019,816** 3,938,020  
On account of other matters **3,006,301** 6,447,025  
Outflow of Foreign Currency on account of dividend:  
On account of remittance of dividend **3,342,401** 2,674,463  
For financial year **2005-2006** 2004-2005  
Number of non-resident shareholders **32** 32  
Number of shares held by them **2,673,918** 2,674,463

17. Value of Imports on CIF basis:  
Capital Goods **75,976,353** 66,249,897  
Stores & Spares **12,790,494** 14,767,009

## Indraprastha Medical Corporation Limited

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18. Payment to Auditors:		
As audit fee	<b>725,000</b>	525,000
Tax audit fee	<b>60,000</b>	49,500
Other matters	<b>40,000</b>	-
Total	<b>825,000</b>	574,500

19. Stores & Spares Consumed				
<b>Particulars</b>	<b>2006-2007</b>		<b>2005-2006</b>	
	<b>Rs.</b>	<b>%</b>	<b>Rs.</b>	<b>%</b>
Imported	<b>15,470,969</b>	<b>2.31</b>	17,225,192	2.97
Indigenous	<b>653,618,674</b>	<b>97.69</b>	562,958,769	97.03
<b>Total</b>	<b>669,089,643</b>	<b>100</b>	580,183,961	100

20. Materials consumed are of varied nature and include items of food, beverages, medical consumables etc. Therefore it is not feasible to give the details as required under part II of schedule VI to the Companies Act, 1956.

21. The company is engaged in the healthcare business, which in context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India is considered the only business segment.

22. Previous year figures have been regrouped/rearranged wherever necessary.

23. Schedule 1 to 11 form an integral part of the Balance Sheet and Profit & Loss Account and have been authenticated as such.

24. All figures have been rounded off to the nearest rupee.

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As per our separate report of even date attached

**For S.C. Vasudeva & Co.**

*Chartered Accountants*

Sachin Vasudeva  
Partner  
M. No. 92783

A.K. Singhal  
Vice President Cum  
Company Secretary

Ramesh Narayanaswami  
Dr. Prathap C. Reddy  
Richard Leroy Larison  
Suneeta Reddy

Chairman  
Vice Chairman  
Managing Director  
Director

Place : New Delhi  
Date : 29.05.2007



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## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. : 55-30958 State Code : 55

Balance Sheet 31 03 2007  
Date Month Year

### II. Capital raised during the year (Amount in Rs. '000)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement:	NIL
		Foreign Direct Investment	NIL
		Promoters	NIL

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	1,950,807	Total Assets	1,950,807
<b>Sources of Funds</b>			
Paid-up Capital	916,730	Reserves & Surplus	217,640
Share Application Money	NIL	Unsecured Loans	—
Secured Loans	536,213	Net deferred tax liability	280,224
<b>Application of Funds</b>			
Net Fixed Assets	1,695,326	Investment	NIL
Net Current Assets	255,481	Misc. Expenditure	—
Accumulated Losses	Nil		

### IV. Performance of Company (Amount in Rs. '000)

Total Income	2,537,321	Total Expenditure	2,307,603
Profit/Loss Before Tax	229,718	Profit/Loss After Tax	147,235
Earning per share in Rs.	1.61	Dividend	114,591

### V. Generic Names of Three Principal Products/Services of Company (as per terms)

Item Code No. (ITC Code):	—
Product Description:	Health Care Services



**INDRAPRASTHA MEDICAL CORPORATION LIMITED**

Hospital Complex, Sarita Vihar, Delhi-Mathura Road, New Delhi - 110 076

**PROXY FORM**

DP Id.....

Client Id.....

(For shares held in Demat Form)

Folio No. ....

(For shares held in Physical Form)

I/We .....  
being a Member/Members of Indraprastha Medical Corporation Limited hereby appoint  
..... of ..... in the  
district of ..... or failing him .....  
..... of ..... in the  
district of ..... as my/our Proxy to vote for me/us on my/our behalf at the  
Annual General Meeting of the Company to be held on Friday, 21<sup>st</sup> September, 2007 at 10.15 a.m. at FICCI  
Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001 and at any adjournment  
thereof.

Signed this ..... day of ..... 2007.

Signature 

Affix Revenue Stamp
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**NOTE: The instrument appointing Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.**

**INDRAPRASTHA MEDICAL CORPORATION LIMITED**

Hospital Complex, Sarita Vihar, Delhi-Mathura Road, New Delhi - 110 076.

**ATTENDANCE SLIP**

DP Id.....

Client Id.....

(For shares held in Demat Form)

Folio No.....

(for shares held in Physical Form)

Name of the Member .....

No. of Shares held .....

Name of Proxy .....

(To be filled in only when a Proxy attends the Meeting)

I hereby record my presence at the Annual General Meeting held on Friday, 21<sup>st</sup> September 2007 at 10.15 a.m. at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi -110 001

*Signature of Member/Proxy*



**Indraprastha Apollo Hospitals**  
*touching lives* DELHI

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