

11th Annual Report 2001-2002

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SECUNDERABAD HEALTHCARE LIMITED

BOARD OF DIRECTORS

Mr. G.Vasudeva Reddy	Managing Director
Mr. B.Daniel Solomon	Executive Director
Mr. Aravind Kumar Lingala	Director
Mr. L.Jagan Mohan Reddy	Director
Mr. Rajendra Macha	Director
Mr. N. Prakash Rao	Director
Mr. G.Venkata Krishna Prasad	Director
Mr.N.Ramana Rao	Director
Mr.Tarun Kumar Vasantha	Director
Sri. T.A.Choudary	APIDC Nominee

BANKERS

State Bank of Hyderabad
Gunfoundry, Hyderabad.

AUDITORS

M/s. MOGILI SRIDHAR & CO.,
Chartered Accountants,
6-3-655/2/3, 1st Floor,
Somajiguda,
Hyderabad - 500 082.

REGISTERED OFFICE

35, S.D.Road,
Secunderabad - 500 003.

SHARE TRANSFER AGENTS

M/s. AARTHI CONSULTANTS PRIVATE LIMITED
1-2-285, DOMALGUDA,
HYDERABAD - 500 029.

NOTICE

NOTICE is hereby given that the 11TH Annual General Meeting of M/s SECUNDERABAD HEALTH CARE LIMITED will be held on Saturday, the 28th day of September, 2002, at 2 P.M. at Sundaraiah Vignan Kendram (Mini Hall), Baghlingampally, Hyderabad – 500 044 to consider the following Business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2002 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri. L. Jagan Mohan Reddy who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri G.Venkata Krishna Prasad who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :

"WHEREAS a Special Notice has been received pursuant to Section 225(1) of the Companies Act, 1956 from Shareholder for the appointment of M/s P.Murali & Co., Chartered Accountants, in place of the retiring Auditors, namely M/s Mogili Sridhar & Co., Chartered Accountants."

"NOW THEREFORE IT IS RESOLVED that M/s P.Murali & Co., Chartered Accountants, Hyderabad be and are hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Tarun Kumar Vasantha who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

BY ORDER OF THE BOARD OF DIRECTORS
for SECUNDERABAD HEALTH CARE LIMITED

PLACE : HYDERABAD
DATE : 26-8-2002

(G.VASUDEVA REDDY)
MANAGING DIRECTOR

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- c) THE RELATIVE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS SET OUT ABOVE, AS REQUIRED BY SEC.173 (2) OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO.
- d) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED 26th September, 2002 to 28th September, 2002 (Both days inclusive)

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 4

The retiring auditors, namely, M/s Mogili Sridhar & Co., have given notice in writing of their unwillingness to be re-appointed and that a Special Notice in terms of Section 190 of the Companies Act, 1956 read with Section 225 of the Act has also been received from a Shareholder of the Company for the appointment of new Auditors in place of the retiring auditors M/s Mogili Sridhar & Co., Chartered Accountants. The Company has forthwith communicated to the retiring auditors of the Special Notice and that the retiring auditors have made no representation against the said special notice. A written certificate has been obtained from M/s P.Murali & Co., Chartered Accountants to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under Section 224 (1B) of the Act.

Your Directors recommend the Resolution for your approval.

None of the Directors is concerned or interested in this resolution.

ITEM NO. 5

Mr. Tarun Kumar Vasantha was co-opted as Additional Director. As per the provisions of Section 260 of the Companies Act, 1956, he ceases to be Director at the ensuing Annual General Meeting. As required by Section 257 of the said Act, Notice along with a Deposit of Rs.500/- has been received from Member signifying intention proposing the appointment of Mr.Tarun Kumar Vasantha as Director of the company.

The Board consider it desirable that the company should continue to avail itself of his services.

No other Directors except Mr.Tarun Kumar Vasantha are interested in the Resolution.

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below :

1. **Name** : Sri. G.VENKATA KRISHNA PRASAD
Age : 40 Years
Qualifications : B.E.,
Expertise : 12 years of experience in Hospital Industry.
Other Directorships : Hyderabad Engineers Consultancy Private Limited.
2. **Name** : Sri. L. JAGAN MOHAN REDDY
Age : 42 Years
Qualifications : MBA
Expertise : Vast Experience in Business Management
Other Directorships : 1) Lohi Constructions Pvt.Ltd.,
2) Classic Durables Pvt.Ltd.
3. **Name** : Sri. TARUN KUMAR VASANTHA
Age : 33 years
Qualifications : MSC (Chemistry) M.Phil (Chemistry) (Phd)
Expertise : Worked as Asst.Manager , (Planning & Procurement) ITC Ltd., and also having 10 years of experience in Business Management.
Other Directorships : Nil.

DIRECTORS' REPORT

To
The Members of
M/s.SECUNDERABAD HEALTH CARE LIMITED

The Directors have pleasure in presenting the 11th Annual Report of the company together with the Audited Accounts for the year ended 31st March 2002.

OPERATIONS

The hospital has emerged as a major medical center of the Secunderabad. The year also saw the consolidations of Various medical facilities along with supporting areas. During the year the hospital found the confidence of various Insurance Companies and also CGHS beneficiaries residing in the Secunderabad area.

The continued litigations with the land lord of the building has adversely affected the image of the hospital & the confidence of the supporting doctors which in return had its impact on the financial performance of the Company. The Case is still pending in the High Court.

FINANCIAL RESULTS

	Year Ended 31.03.2002 (Rs.in Lakhs)	Year Ended 31.03.2001 (Rs.in Lakhs)
Turnover	416.84	431.02
Profit (+) / Loss (-)	3.72	5.82
Balance Brought Forward	33.15	27.82
Balance Carried Forward	3.78	33.15

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :

Pursuant to Clause 49 of the Listing Agreement, a Management Analysis Report is given below:

A. INDUSTRY BACKGROUND

The Healthcare Industry has shown impressive growth in the lost decade. As the Government spending is more aimed at Primary Healthcare, the Private Sector has filled the gap in providing Multispeciality & Super Specialty Healthcare.

B. INDUSTRY OUTLOOK

With the advent of private insurance in health sector and the increased awareness among the people about the health insurance has given a great opportunity to the corporate hospitals. However, the Twin Cities of Hyderabad and Secunderabad are witnessing a sudden spurt in the number of hospitals and this is leading to some unhealthy practices, which is affecting the image of all the Hospitals and thereby patients confidence. Newciti Hospitals is able to maintain a fair image in this regard with institutions, Doctors and in the Society.

C. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Internal control systems are aimed at promoting operational efficiencies while stressing adherences to policies. The systems are designed with adequate internal controls commensurate with size and nature of operations. Transactions are executed in accordance with the Company's Policies. Assets are safeguarded and deployed in accordance with the Company's Policies.

During the year under review, an Audit Committee consisting of Three Independent and Non-Executive Directors was constituted. The committee is empowered by the Board with the authority to investigate any matters relating to the internal control system. The committee also reviews the quarterly, half yearly and annual financial statements before they are submitted to the Board and ensure compliance of internal control systems.

D. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS :

The Company is able to retain the experienced staff, in spite of the sudden growth of number of Hospitals, thereby creating a heavy demand for experienced and trained staff. The Company feels confident of keeping its manpower costs to below industry norms, with the emphasis on becoming customer-centric, the staff are regularly exposed to training & Orientation programmes not only in their respective fields but also in public relations.

ADDITIONAL INFORMATION AS REQUIRED U/S 217(1)(e) OF THE COMPANIES ACT, 1956

(a) Conservation of Energy :

The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.

(b) (i) Technology Absorption, adaptation and innovation:- No technology either indigenous or Foreign is involved.

(ii) Research and Development (R & D): No research and Development has been carried out.

(b) Foreign exchange earnings : NIL

Foreign exchange out go : NIL

PARTICULARS OF EMPLOYEES

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.24, 00,000/- or more per annum or Rs.2,00,000/- or more per month where employed for a part of the year.

DIRECTORS

Mr.Tarun Kumar Vasantha was co-opted as Additional Director during the year to hold the office at the ensuing Annual General Meeting. Notice pursuant to Section 260 of the Companies Act, 1956, has been received from the member signifying intention propose the appointment of Mr.Tarun Kumar Vasantha as Director of the company.

Sri.L.Jagan Mohan Reddy and Sri.G.Venkata Krishna Prasad retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year Sri.R. Dasaradha Rami Reddy resigned as Director. The Board takes this opportunity to thank him for his valuable contribution.

DIRECTORS RESPONSIBILITY STATEMENT

- i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and 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 Company at the end of the financial year and/ of the Profit or Loss of the company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

STATEMENT PURSUANT TO LISTING AGREEMENT

Presently the company's Equity shares are listed at Hyderabad Stock Exchange (HSE) and Mumbai Stock Exchange (BSE) and the company has not paid the Annual Listing Fees for the years 2001 to 2003 for Mumbai Stock Exchange and for the years 1998 to 2003 to Hyderabad Stock Exchange.

CORPORATE GOVERNANCE

In order to bring more transparency in the conduct of business, the Stock Exchanges have amended the listing agreement incorporating the code of corporate governance to listed companies. Your Company has always been committed to the best practices in the governance of its affairs. Your company had taken steps and complied with most of the recommendations during the year. For the year under review, the Compliance Report is provided in the Corporate Governance section in this Report. The Auditors' Certificate on compliance with the mandatory requirements of Corporate Governance is given in "Annexure "A" to this Report."

AUDITORS

M/s. P.Murali & Co., Chartered Accountants, are appointed as Auditors of the company in place of M/s. Mogli Sridhar & Co., Chartered Accountants the retiring Auditors, who expressed their inability to continue(s) as Auditors of the Company.

PERSONNEL

The relations between the management and the staff were very cordial throughout this year. Your Directors take this opportunity to record their appreciation for the Co-Operation and loyal services rendered by the employees.

DEPOSITS

The company has not accepted any deposits during the year.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge with thanks the constructive guidance and support extended by Banks and Government Agencies.

for and on behalf of the Board
for **SECUNDERABAD HEALTH CARE LIMITED**

PLACE : HYDERABAD
DATE : 26-8-2002

(G.VASUDEVA REDDY) (B.DANIEL SOLOMON)
MANAGING DIRECTOR EXECUTIVE DIRECTOR

ANNEXURE – "A" TO DIRECTORS REPORT- CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)

1. Company's Philosophy on code of governance :

The Basic philosophy of corporate governance of the company is to achieve business excellence and enhance shareholder value keeping in view the interests of all stake-holders. The company stands by transparency in all its dealings and strict regulatory compliance. The company believes that strong corporate governance is indispensable for healthy business growth and to be resilient in a vibrant capital market and is an important instrument of investor protection.

2. Board of Directors

a) Composition

The composition of Board of Directors of the company meets the stipulated requirements. The Board of Directors comprises of One Managing Director, One Executive Director and 7 Independent Non Executive Directors. To be in line with the company's philosophy on Corporate Governance, all statutory subjects are placed before the Board to discharge its responsibilities as trustees of the Share Holders.

b) Attendance of each Director at the Board Meetings and the last AGM

4 Board Meetings were held during the year from April 01, 2001 to March 31st, 2002. The dates on which the meetings were held i.e. 31.05.2001, 30.07.2001, 24.10.2001 and 30.01.2002. The Last Annual General Meeting was held on 24th September, 2001. The attendance of each Director is under :

Name of the Director	Category	No. of Other Directorships	No. of Committees in which member	No. of Board Meetings attended	Whether attended last AGM
Sri.G.Vasudeva Reddy	Managing Director	1	Nil	4	Yes
Sri.Daniel Solomon	Executive Director	1	Nil	4	Yes
Sri.Arvind Kumar Lingala	Independent Non-Executive	1	Nil	4	Yes
Mr.L.Jagan Mohan Reddy	Independent Non-Executive	2	2	3	Yes
Mr. Rajendra Macha	Independent Non-Executive	1	Nil	Nil	No
Mr. N.Prakash Rao	Independent Non-Executive	Nil	Nil	3	No
Mr.G.Venkata Krishna Prasad	Independent Non-Executive	1	2	3	Yes
Mr.N.Ramana Rao	Independent Non-Executive	Nil	Nil	3	Yes
Mr.T.A.Choudary (APIDC Nominee)	Independent Non-Executive	9	Nil	3	No
Mr.Tarun Kumar Vasantha*	Independent Non-Executive	Nil	2	1	No
R.Dasaradha Rami Reddy*	Independent Non-Executive	1	Nil	3	Yes

*Note: a) Sri.R.Dasaradha Rami Reddy resigned as Director w.e.f.30.01.2002

b) Sri.Tarun Kumar Vasantha joined as Director w.e.f.30.01.2002.