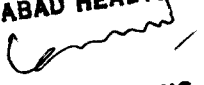


# **SECUNDERABAD HEALTH CARE LIMITED**

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**13<sup>TH</sup> ANNUAL REPORT**

**For SECUNDERABAD HEALTH CARE LTD.**  
  
**MANAGING DIRECTOR**

**2003-2004**

# SECUNDERABAD HEALTH CARE LIMITED

## BOARD OF DIRECTORS

Mr. G. Vasudeva Reddy	Managing Director
Mr. B. Daniel Solomon	Executive Director
Mr. Arvind Kumar Lingala	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

## **BANKERS**

State Bank of Hyderabad  
Gunfoundry, Hyderabad

## **AUDITORS**

M/s. P. Murali & Co.,  
Chartered Accountants,  
6-3-655/2/3,  
Somajiguda,  
Hyderabad – 500 082.

## **REGISTERED OFFICE**

3-1-215 to 220, Somasundaram Street,  
S.D.Road, Secunderabad – 500 003.  
Ph: 55260004, 55260005, 55311554

## **SHARE TRANSFER AGENTS**

M/s. AARTHI CONSULTANTS PRIVATE LIMITED  
1-2-285, DOMALGUDA,  
HYDERABAD – 500 029.  
Ph: 27634445 / 27638111 Fax: 27632184

## NOTICE

NOTICE is hereby given that the 13<sup>th</sup> Annual General Meeting of the members of the company will be held on Wednesday the 29th September, 2004 at 3.00 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 31<sup>st</sup> March 2004 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 Mr. Tarun Kumar Vasantha who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. N.Prakash Rao who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.Venkata Krishna Prasad who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

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

(G.VASUDEVA REDDY)  
MANAGING DIRECTOR

PLACE : Secunderabad  
DATE : 01.09.2004

### 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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- c) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 25<sup>th</sup> September, 2004 to 29<sup>th</sup> September, 2004 (Both days inclusive)

## **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. N.Prakash Rao**  
**Age** : 48 Years  
**Qualifications** : B.Com., L.L.B.  
**Expertise** : Reputed Builder and Social Worker  
**Other Directorships** : Nil
- 2. Name** : **Sri.Tarun Kumar Vasantha**  
**Age** : 35 Years  
**Qualifications** : M.Sc, M.Phil Ph.D  
**Expertise** : Educationalist and Business Man  
**Other Directorships** : NIL
- 3. Name** : **Sri.G.Venkata Krishna Prasad**  
**Age** : 42 Years  
**Qualifications** : B.Tech  
**Expertise** : Reputed Civil Engineer  
**Other Directorships** : NIL

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

**SD/-  
(G.VASUDEVA REDDY)  
MANAGING DIRECTOR**

**PLACE : HYDERABAD  
DATE : 01.09.2004**

## DIRECTORS' REPORT

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

The Directors have pleasure in presenting the 13<sup>th</sup> Annual Report of the company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2004.

### OPERATIONS

The hospital operations were affected by the dispute with the landlord. The Supreme Court has given time up to October 2004 to operate in the existing premises. This had a severe effect on the cash flow of the hospital.

However, the hospital made alternative arrangements to commence the operations and also succeeded in satisfying the accredited institutions with the new premises i.e., 3-1-215 to 220, Somasundaram Street, S.D. Road, Secunderabad – 500 003.

### FINANCIAL RESULTS

	Year Ended 31.03.2004 (Rs. in Lakhs)	Year Ended 31.03.2003 (Rs. in Lakhs)
Turnover	327.68	361.06
Profit (+) / Loss (-)	(46.61)	(39.81)
Balance Brought Forward	(22.49)	3.78
Balance Carried Forward	(65.77)	(22.49)

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

#### A. INDUSTRY BACKGROUND

The Healthcare Industry in Hyderabad is becoming very competitive. The Government emphasis continues to be on Primary Healthcare and the responsibility of providing Super Specialty Services continues to be on the Private Sector.

#### B. INDUSTRY OUTLOOK

The Healthcare Industry is growing at a fast pace with an emphasis on preventive healthcare management. The entry of number of private Insurance Agencies and Third Party Administrators has enabled the hospitals to provide medical care by means of cashless transactions. However, the common man's knowledge of Health Insurance and their willingness to take Health Insurance Policies is at very low. The scene is expected to change during the next couple of years, with some of the Life Insurance Policies being packaged with Health Insurance and increased health awareness among the people.

The advent of two new major hospitals in Secunderabad and also the increased facilities at District level is having an impact on the bed occupancy levels of all the Corporate Hospitals.

#### C. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control system and MIS system that define roles and responsibilities of people across various levels of the organization. These systems facilitate effective checks and controls as well as tight monitoring on a continuous basis.

#### **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.
- (c) 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**

Sri.Tarun Kumar Vasantha, Sri.N.Prakash Rao 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 APIDC withdraw the nomination of Sri.T.A.Choudary. Sri. L.Jagan Mohan Reddy, Dr.Bomidika Narasimha Reddy and Dr.Chittimalla Ajay Kishore resigned as Directors. The Board takes this opportunity to thank them for their valuable contribution during the tenure of their directorship.

#### **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 Loss of the company for the 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 on The Hyderabad Stock Exchange Limited (HSE) and The Stock Exchange, Mumbai (BSE) and the company is not paying the Annual Listing Fees from the year 2001 - 2002 for Mumbai Stock Exchange and from the year 1997 - 1998 for 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, retiring auditors of the Company being eligible offer themselves for appointment as auditors of the Company. M/s. P.MURALI & Co., Chartered Accountants have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956. The members are requested to reappoint the auditors and authorize the Board of Directors of the Company to fix their remuneration.

## PERSONNEL

The relations between the management and the staff were very cordial throughout the 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**

SD/-	SD/-
<b>(G.VASUDEVA REDDY)</b>	<b>(B.DANIEL SOLOMON)</b>
MANAGING DIRECTOR	EXECUTIVE DIRECTOR

PLACE : HYDERABAD  
DATE : 01.09.2004

## 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 stakeholders. 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 6 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, 2003 to March 31, 2004 on the dates mentioned as follows: 28.04.2003, 29.07.2003, 30.10.03 & 30.01.04. The Last Annual General Meeting was held on 29<sup>th</sup> September, 2003. The attendance of each Director is as 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	2	Nil	4	Yes
Mr.L.Jagan Mohan Reddy*	Independent Non-Executive	Nil	Nil	Nil	NO
Mr. Rajendra Macha	Independent Non-Executive	Nil	Nil	Nil	NO
Mr. N.Prakash Rao	Independent Non-Executive	Nil	Nil	2	Yes
Mr.Tarun Kumar Vasantha	Independent Non-Executive	Nil	2	3	Yes
Mr.G.Venkata Krishna Prasad	Independent Non-Executive	Nil	2	4	Yes
Mr.N.Ramana Rao	Independent Non-Executive	Nil	2	3	NO
Mr.T.A.Choudary* (APIDC Nominee)	Independent Non-Executive	Nil	Nil	4	NO
Dr.Bomidika Narasimha Reddy*	Independent Non-Executive	Nil	Nil	Nil	NO