

# **SECUNDERABAD HEALTH CARE LIMITED**

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

**for SECUNDERABAD HEALTH CARE LTD.**



**MANAGING DIRECTOR**

**2004-2005**

# **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**

22-A/I, Phase – II,  
APIIC Colony, Jeedimetla,  
Hyderabad.

## **SHARE TRANSFER AGENTS**

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

## NOTICE

NOTICE is hereby given that the 14<sup>th</sup> Annual General Meeting of the members of the company will be held on Friday, the 30th September, 2005 at 3.00 P.M. at the Registered Office of the Company H.No. 22-A/I, Phase II, APIIC Colony, Jeedimetla, Hyderabad to consider the following business:

### I. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2005 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. N. Prakash Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Arvind Kumar Lingala, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. Ramana Rao who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

### II. SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification(s) the following resolutions as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 293(1) (a) and other applicable provisions if any of the Companies Act 1956, consent of the members be and is hereby accorded to the Board of Directors of the company to sell or otherwise deal, negotiate, lease or/and dispose of the unutilized or idle assets which form part of the undertaking of the Company."

"FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution Mr. G. Vasudeva Reddy, Managing Director be and is hereby authorized to sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instrument (s) that may be considered necessary, usual or proper for the sale, lease or otherwise disposing of the assets of the company."

BY ORDER OF THE BOARD OF DIRECTORS  
For SECUNDERABAD HEALTHCARE LIMITED

SD/-

PLACE : SECUNDERABAD  
DATE : 02.09.2005

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 SUCH A PROXY NEED NOT BE A MEMBER.
- b) PROXIES IN ORDER TO BE EFFECTIVE MUST BE FILED WITH 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 FROM 27TH SEPTEMBER, 2005 TO 30TH SEPTEMBER, 2005 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.

- e) THE MEMBERS ARE REQUESTED TO INTIMATE PROMPTLY ANY CHANGE IN THEIR ADDRESS TO THE SHARE TRANSFER AGENTS OF THE COMPANY M/S.AARTHI CONSULTANTS PRIVATE LIMITED, 1-2-285, DOMALGUDA, HYDERABAD - 500 029.
- f) MEMBERS DESIROUS OF OBTAINING ANY INFORMATION ON THE ANNUAL ACCOUNTS OF THE COMPANY ARE REQUESTED TO WRITE TO THE COMPANY AT LEAST 7 WORKING DAYS BEFORE THE DATE OF THE MEETING TO ENABLE THE COMPANY FOR COMPILATION OF THE REQUIRED INFORMATION MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT AT THE ENSUING ANNUAL GENERAL MEETING.
- g) ITEM NO.6 i.e. RESOLUTIONS REGARDING SALE OF ASETS OF THE COMPANY, REQUIRES THE CONSENT OF THE SHAREHOLDERS THROUGH POSTAL BALLOT. A POSTAL BALLOT FORM TOGETHER WITH A SELF-ADDRESSED DULY STAMPS AFFIXED ENVELOPE IS ENCLOSED FOR THIS PURPOSE. DULY COMPLETED POSTAL BALLOT FORM SHOULD REACH THE COMPANY NOT LATER THAN THE CLOSE OF WORKING HOURS ON 28<sup>th</sup> DAY OF SEPTEMBER, 2005. POSTAL BALLOT FORM RECEIVED AFTER THIS DATE WILL BE STRICTLY TREATED AS IF THE REPLY FROM THE MEMBER HAS NOT BEEN RECEIVED.

#### **EXPLANATORY STATEMENT**

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

#### **ITEM NO.: 6**

The company has been incurring losses. The Board however has been taking steps to revive the company. In any case, the strategies evolved by the Board for comfortable level of operations would however take some more time to crystallise and as such in the meantime, some of the unused or and idle assets of the company, be disposed of or leased out in order to avoid maintenance costs on these assets of the company. Hence, the board of directors feel it prudent to either sell or lease the assets to any prospective buyer(s)

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public company shall not without consent of the members of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company. Since there is sale of assets of the company as proposed vide resolution No.6, to the prospective buyer (s), it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act 1956 for sale of the assets. Hence the resolution is recommended for your approval.

The Directors recommend that the proposed Special Resolution be passed by the Shareholders by Postal Ballot.

None of the directors is interested / concerned in the resolution

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

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

PLACE : SECUNDERABAD  
DATE : 02.09.2005

**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. Arvind Kumar Lingala**  
**Age** : 43 Years  
**Qualifications** : B.Sc. (Hons) D.B.I.M.  
**Expertise** : Experienced Industrialist  
**Other Directorships** : 1. Applied Cybernetics (INDIA) Pvt.Ltd.  
Managing Director  
2. Chiva's Business Associates Pvt. Ltd.  
Director.
- 2. Name** : **Sri. N.Prakash Rao**  
**Age** : 50 Years  
**Qualifications** : B.Com., L.L.B.  
**Expertise** : Reputed Builder and Social Worker  
**Other Directorships** : Nil
- 3. Name** : **Sri N.Ramana Rao**  
**Age** : 48 Years  
**Qualifications** : B.A., B.Arch.  
**Expertise** : Professional Interior Designer.  
**Other Directorships** : Nil

## DIRECTORS' REPORT

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

The Directors have pleasure in presenting the 14<sup>th</sup> Annual Report of the company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2005.

### OPERATIONS

The hospital operations were effected due to problems connected with lack of proper premises for the Hospital.. The hospital was not able to conduct operations as envisaged at the existing place. The major part of the operations has been shifted to the premises at I.D.A .Jeedimetla. The center at Jeedimetla is being expanded with the additions of two more floors. The centre is being developed as speciality trauma care centre keeping in view the growing demand from industrial units surrounding the hospital premises. The expansion is expected to show the results in the next 6 – 12 months.

### FINANCIAL RESULTS

	Year Ended 31.03.2005 (Rs. in Lakhs)	Year Ended 31.03.2004 (Rs. in Lakhs)
Turnover	195.27	327.68
Profit (+) / Loss (-)	(41.17)	(46.61)
Balance Brought Forward	(65.77)	(22.49)
Balance Carried Forward	(185.36)	(65.77)

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

#### A. INDUSTRY BACKGROUND

Hyderabad has become a major hub for the medical facilities in India. At the same time this has made health care industry very competitive with many new persons/companies entering the field with huge investments.

#### B. INDUSTRY OUTLOOK

It is expected that with changing life styles, disease profiles and rising treatment costs will cause spending on health care delivery in india at higher level. The entry of private insurance agencies and third party administrators has enabled the hospital to provide medical care needs by means of cash less transactions. However, the penetration levels of insurance sector is not as on expected levels. The increased awareness of health care & rising medical treatment costs is forcing people towards health insurance. In coming years this will generate substantial turnover to 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. Arvind Kumar Lingala, Sri.N.Prakash Rao and Sri. N.Ramana Rao retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA)**

- 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 Bombay Stock Exchange Limited (BSE) and the company is not paying the Annual Listing Fees from the year 2001 - 2002 to 2005-2006 for Bombay Stock Exchange Limited and from the year 1999-2000 to 2005-2006 for The Hyderabad Stock Exchange Limited.

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

SD/-  
(B.DANIEL SOLOMON)  
EXECUTIVE DIRECTOR

PLACE : SECUNDERABAD

DATE : 02.09.2005



**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**

5 Board Meetings were held during the year from April 01, 2004 to March 31, 2005 on the dates mentioned as follows: 02.04.2004, 29.04.2004, 30.07.2004, 29.10.2004, & 28.01.2005 The Last Annual General Meeting was held on 29<sup>th</sup> September, 2004. 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	5	Yes
Sri.Daniel Solomon	Executive Director	1	Nil	5	Yes
Sri.Arvind Kumar Lingala	Independent Non-Executive	2	Nil	5	Yes
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

**3. AUDIT COMMITTEE:**

During the year under review 4 (Four) Meetings were held for approval of Un-audited Financial Results for each quarter ended.