

SECUNDERABAD Healthcare Limited



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16th

Annual Report
2006-2007

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SECUNDERABAD

Healthcare Limited

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16TH ANNUAL REPORT

2006-2007

SECUNDERABAD HEALTHCARE LIMITED

BOARD OF DIRECTORS

Mr. M. Munisekhar
Mr. B. Daniel Solomon
Mr. G. Vasudeva Reddy
Mr. M.T. Srinivas Rao
Mr. V. Sundera Raja Bhattar
Mr. K. Hari Kumar
Mr. R. Surendra Naidu

Managing Director
Executive Director
Non Executive Director
Independent Non Executive Director
Independent Non Executive Director
Independent Non Executive Director
Independent Non Executive Director

COMPANY SECRETARY

B. Venu Gopal

BANKERS

Development Credit Bank (DCB)
Central Bank of India

AUDITORS

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

REGISTERED OFFICE

Flat No. 501, Rukmini Enclave,
Dharam Karan Road, Ameerpet,
Hyderabad-500 016.

CORPORATE OFFICE

Flat No. 402, Mahita Enclave (Above Magna),
Madhura Nagar, Hyderabad 500 038.

SHARE TRANSFER AGENTS

M/s. AARTHI CONSULTANTS PRIVATE LIMITED
1-2-285, Domalguda,
Hyderabad 500 029.

LISTING AT

The Hyderabad Stock Exchange Limited
Bombay Stock Exchange Limited

2. All medical expenses incurred by the appointee for self and family shall be reimbursed.
3. Fees of clubs subject to maximum of two clubs this will not include the admission and life membership fees.
4. Personal Accident insurance, the premium of which shall not exceed Rs.10000/- per annum.
5. Contribution to the Provident fund, Superannuation fund, and Annuity fund to the extent the same are not taxable under the Income Tax Act.
6. Provision of Car with driver for use of the Company's Business and telephone at the residence.

"RESOLVED FURTHER that in pursuance of the provisions of Section 198 (4) read with Schedule XIII to the Companies Act, 1956 wherein any financial year the company incurs losses or its profits are inadequate, the salary, perquisites and allowances as specified above be paid as minimum remuneration to Sri. M. Munisekhar, Managing Director."

6. To consider and if thought fit with or without modification, the following Resolution as Special Resolution:

"RESOLVED that pursuant to the provisions of the section 94 (1)(a) read with section 16 of the Companies Act, 1956, the Authorized Share Capital of the company be increased from Rs. 4,00,00,000 (Rupees Four Crores Only) divided into 40,00,000 Equity Shares of Rs. 10/- each (Rupees Ten Only) to Rs.5,00,00,000 (Rupees Five Crores only) divided into 50,00,000 Equity Shares of Rs. 10/- each (Rupees Ten Only) by further addition of 10,00,000 Equity Shares of Rs. 10 (Rupees Ten Only) each ranking pari passu with the existing shares of the company and clause V of the Memorandum of Association and Article 3 of Articles of Association of the company be altered accordingly."

"RESOLVED FURTHER THAT pursuant to the provisions of section 16 read with section 94(1)(a) of the Companies Act, 1956, the Clause V of the Memorandum of Association of the Company be altered by substituting New Clause V (a) & (b) in the place of existing Clause V as follows:

- V. (a) The Authorized Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lakhs only) Equity Shares of Rs.10/- (Rupees Ten only) each to be increased or reduced in accordance with the relevant provisions of the Companies Act, 1956.
- (b) The Share Capital of the Company (whether original, increased or reduced) may be subdivided, consolidated or divided into such classes of shares as may be allowed under the law for the time being related to companies act with such privileges or rights as may be attached and to be held upon such terms as may be prescribed by Articles of Association of the Company.

"RESOLVED FURTHER THAT pursuant to the provisions of Section 31 read with Section 94(1)(a) of the Companies Act, 1956, the Articles of Association of the Company be altered by replacing the existing Article 3 by a New Article 3 as follows:

3. The Authorized Share Capital of the Company shall be as specified in Clause V (a) & (b) of the Memorandum of Association of the Company."

BY ORDER OF THE BOARD OF DIRECTORS
For SECUNDERABAD HEALTHCARE LIMITED

PLACE: HYDERABAD
DATE: 29-08-2007

(M.MUNISEKHAR)
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 RELAVANT 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 27-09-2007 TO 29-09-2007 (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.

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:

Name	Sri. V. Sundera Raja Bhattar
Age	43 Years
Qualifications	B.Com, J.D.C
Experience	20 years in Banking Sector
Other Directorships	NIL

Name	Sri. M. Munisekhar
Age	42 Years
Qualifications	MBA
Experience	17 years experience in the areas of Finance, Administration, Marketing, Legal and Procurements.
Other Directorships	1

Name	Sri. G. Vasudeva Reddy
Age	54 Years
Qualifications	MBA
Experience	30 years experience in the areas of Finance, Administration,
	Marketing, Legal and Procurements.
Other Directorships	1



Explanatory Statement

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

Item No.5

Mr.M.Munisekhar has acquired major shareholding in the company through open offer made pursuant to the SEBI (SAST) Regulations, 1997 in the year 2006. Since then he has been actively associated in managing the affairs of the company. Mr.Munisekhar has vast experience in the field of marketing of health care products and Business & Administration. Mr.G.Vasudeva Reddy expressed his inability to do service in the Managing Director capacity and wanted to continue as non-executive director of the company. Hence, he submitted his resignation to the office of Managing Director and accepted to continue as Director on the Board. Thereafter, the board thought that it was expedient and appropriate to appoint Mr.Munisekhar as Managing Director of the Company in view of his vast experience and active association with the company. After due deliberations and discussions the Board of directors in the Board meeting held on 21-04-2007 appointed Mr.M.Munisekhar as Managing Director subjected to approval of the members in the next meeting.

The remuneration committee has approved the remuneration proposed to Mr. M.Munisekhar. Board recommends the resolution to shareholders for approval in terms of Schedule XIII and other applicable provisions of the Companies Act, 1956.

No other Director is directly or indirectly concerned or interested in this resolution. Mr M.Munisekhar also has no other interest either directly or indirectly except to the extent of his shareholding in the company.

The explanatory statement together with the accompanying notice may be treated as an abstract of the terms of remuneration payable to Mr. M.Munisekhar pursuant to Section 302, 319, 310 and Schedule XIII of the Companies Act, 1956.

The brief profile of Mr. M.Munisekhar has been given elsewhere in this Notice.

Item No. 6

Your Company is planning to explore the business opportunities. As your company has been exploring various options to finance expansion plans and working capital requirements of the Company. In this direction, your company is contemplating to issue warrants to promoters and/or to non promoters on preferential basis.

Therefore, the present authorized capital limit is Rs 4,00,00,000 (Rupees Four crores only) will not be sufficient for further issue of shares/ warrants. so it is necessary to increase the Authorized Capital to up to Rs 5,00,00,000 (Rupees Five Crores only).

Henceforth, to give effect to the proposed increase capital, the Capital Clause of the Memorandum of Association required to be altered in terms of Section 94 of the Companies Act, 1956.

Consequent to the alteration to the memorandum, the amendments required to be effected in the Articles of Association in respect of Capital Clause.

The Directors commend the passing of the above resolution as a Special Resolution.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the 16th Annual Report of the company together with the Audited Accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

(Rs. Lakhs)

Particulars	Year ended 31-03-2007	Year ended 31-03-2006
Turnover	883.58	60.97
Profit before Tax (+) / Loss (-)	195.36	4.62
Provision for Tax	16.94	0.39
Profit After Tax (+) / Loss (-)	178.42	4.23
Balance Brought Forward	(170.00)	(185.36)
Balance Carried Forward	5.76	(169.99)

OPERATIONS

The Company is planning to source and procure medicines and nutraceuticals for new generation pharmacies in India. The Company is using its contacts in US for sourcing good quality products at competitive rates for Indian pharmacies.

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): The Company is taking steps to get Research and Development work to be 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

During the year the Board Appointed Mr. M.Munisekhar as Managing Director of the Company in place of Mr. G.Vasudeva Reddy for a period of five years since Mr. Vasudeva Reddy expressed his inability to serve as Managing Director and willing to continue as Non Executive Director on the Board. The Board placed appreciation for his services during the tenure of Managing Director to the Company.

Mr.G.Vasudeva Reddy and Mr. V.S.R Bhattar retires by rotation at the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment.

AUDITORS:

M/s P. Murali & Co Chartered Accountants, Statutory Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received letters from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re appointment within the meaning of section 226 of the said act.

The notes on accounts referred to in the auditors' Report are self explanatory and therefore do not call for any further comments

COMPANY SECRETARY:

During the year the Board appointed Mr. Sri Rama Saran Prasad as Company secretary with effect from 01.04.2006. But due to his personal problems he resigned from the office of company secretary with effect from 15.03.2007. And in his place your Company has appointed Mr. B. Venugopal Rao as Company Secretary with effect from 21.04.2007 and the requisite filings have been made with the Registrar of Companies and intimation given to the Stock Exchanges as per listing agreement.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA)

As required under Section 217(2AA) of the Companies Act, 1956 which was introduced by the Companies (Amendment) Act, 2000, your Directors confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) 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 CLAUSE 38 OF 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 has paid the Annual Listing Fees for the year 2007-08.

The Bombay Stock Exchange Limited (BSE) has revoked the suspension in trading of shares of the company. Accordingly the shares of the company are trading in the BSE with effect from 18.07.2007 at fair price of Rs. 19/- as certified by SEBI approved Merchant Banker.

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."

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

A. INDUSTRY BACKGROUND

India is known for its health, pharmaceutical industry for sometime. With the growing economy, increased awareness of health, availability of technical staff has made India as destination for health and related industries like pharmaceutical, biotech and nutraceutical industries. Besides globalization, population in India, increased life expectancy, knowledge about health, availability of health insurances have given boost of health and health related industry in India.

B. INDUSTRY OUTLOOK

With the globalization and liberalization, India become a major player in health, pharmaceutical and nutraceuticals. It may be large in volume terms, but it is considered very small in value terms. With availability of health insurances, increased costs of production with environmental restrictions, Indian health and related industry is expected to triple in next decade in value terms too. Life expectancy has increased and at the same time cost of medication and lifestyle products, like probiotics, have increased tremendously which makes health and health related industry to grow continuously.

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 has taken care of changes top, middle managements and staff. in requirement of middle management and staff. By taking in to consideration of proposed changes in business model i.e. from health diagnostics and healthcare to pharmaceuticals, biotechnology and nutraceuticals the company has appointed required technical and administrative staff. New staff has undergone required training and orientation to handle present and future businesses of the company in efficient and effective manner.

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.