

SECUNDERABAD HEALTHCARE LIMITED



19th
Annual
Report
2009-2010

Innovation is our future

SECUNDERABAD
HEALTHCARE LIMITED

19th ANNUAL REPORT
2009-2010

SECUNDERABAD HEALTHCARE LIMITED
(Regd Office: S 1 – Vimal, Road No. 5, Jubilee Hills, Hyderabad 500033.)

BOARD OF DIRECTORS

Mr. M. Munisekhar	:	Managing Director
Mr. B. Daniel Solomon	:	Executive Director
Mr. G. Vasudeva Reddy	:	Non Executive - Independent Director
Mr. R. Surendra Naidu	:	Non Executive - Independent Director
Mr. Sharad T. Shah	:	Non Executive - Independent Director
Dr. Thakur Ramesh Singh Chouhan	:	Non Executive - Independent Director
Mr. Rajaram Arjun Rambade	:	Additional Director (Executive)

COMPANY SECRETARY

Mr. B. Venu Gopal Rao

BANKERS

Development Credit Bank (DCB)
Central Bank of India
ICICI Bank Ltd
YES Bank Ltd

AUDITORS

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

REGISTERED & CORPORATE OFFICE

S 1 - Vimal, Road No. 5,
8-2-293/82/A, Plot no. 31-B
Jubilee Hills,
Hyderabad 500033

SHARE TRANSFER AGENTS

M/s. Aarthi Consultants Private Limited
1-2-285, Domalguda,
Hyderabad – 500 029.

LISTING AT:

Bombay Stock Exchange Limited

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NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Secunderabad Healthcare Limited will be held on Thursday, the 9th Day of September, 2010 at 2.00 P.M at Sundaraiah Vignana Kendram (Mini Hall), Baghlingampally, Hyderabad-500 044, to transact the following items of Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2010 and the Audited Balance Sheet as on 31st March, 2010 together with the Reports of the Board of Directors and the Auditors Report and notes thereon.
2. To appoint a Director in place of Mr. Sharad Tejshi Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R. Surendra Naidu, 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(s), the following resolution as an Ordinary Resolution:

M/s. P. Murali & Co., Chartered Accountants, has expressed their unwillingness to continue as the auditors of the Company after the conclusion of the Annual General Meeting. The Company has received a confirmation from, M/s. A. Singhai & Co. that their appointment, if made would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

“RESOLVED THAT pursuant to the provisions of Section 224(1B), 225 and other applicable provisions, if any of the Companies Act, 1956, M/s A. Singhai & Co. Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company in place of M/s. P. Murali & Co., to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration inclusive of the out- of- pocket expenses as may be determined by the Board of Directors in consultation with the Auditor.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Rajaram Arjun Rambade, who was appointed as an Additional Director of the Company by the Board in its meeting held on 14th May, 2010 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing has been received from a member signifying his/her intention to propose him as a candidate for the office of the Director of the Company, under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by Rotation”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) the Company hereby approves the appointment of Mr. Solomon Daniel Bondugula as the Managing Director of the Company with effect from 1st September 2010 for a period of 5 Years, upon the terms and conditions including remuneration as are set out in the draft Agreement (“the Agreement”) executed between the Company

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and the Managing Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary, from time to time the percentage and quantum of the commission payable to the Managing Director, provided that the total remuneration payable whether by way of salary, perquisites, commission, allowances and benefits, shall not exceed the ceiling laid down under Section 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits during the tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement the aforesaid resolution.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 94 and other applicable provisions, if any, of the Companies Act, 1956, Authorized Share Capital of the Company be and is hereby increased from Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 90,00,00,000/- (Rupees Ninety Crores only) divided into 9,00,00,000 (Nine Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each by creation of 8,50,00,000 (Eight Crores Fifty Lakhs) additional Equity Shares of Rs. 10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT pursuant to the provisions of section 16 and other applicable provisions, if any, of the Companies Act, 1956, existing clause V (a) of the Memorandum of Association of the Company be and is hereby substituted with the following new clause:

V(a) The Authorized Share Capital of the Company is Rs. 90,00,00,000/- (Rupees Ninety Crores only) divided into 9,00,00,000 (Nine Crores) 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.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds and things as may be deemed expedient to give effect to the aforesaid resolution”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as “the Act”) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed, applicable guidelines under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”) and such applicable regulations and/or guidelines, if any, of any other authority and subject to such statutory, regulatory and government approvals, sanctions and permissions as may be necessary including such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, sanctions and permissions, which the Board of Directors of the Company (herein after referred to as “the Board” which term shall be deemed to include any Committee thereof which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorized to accept and subject to such conditions and modifications as may be considered appropriate by the

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Board, consent of the members be and is hereby accorded to the Board to create, offer, issue and allot at its sole discretion on preferential basis 8,00,00,000 (Eight Crores) Convertible Equity Warrants (hereinafter referred to as “Warrants”) to the prospective investors or any of its nominees or affiliates, at Rs. 18.60/- per warrant which is derived in accordance with clause 76 of Chapter VII of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, which shall be the higher of the following:

> Average of the weekly high and low of closing prices of the related shares quoted on the Stock Exchange during six months preceding the relevant date

OR

> Average of the weekly high and low of closing prices of the related shares quoted on the Stock Exchange during two weeks preceding the relevant date and at any other price above the exercise price, as may be finalized by the Board.

RESOLVED FURTHER THAT at least 25% shall be payable before the allotment of warrants and Balance on or before 18 months from the date of allotment or else the money received for the allotment of warrants shall be forfeited by the Company.

RESOLVED FURTHER THAT in the event Convertible Warrants are issued the same shall at the option of the allottee, be converted into equivalent number of Equity Shares in one or more tranches but before expiry of 18 months from the date of allotment.

RESOLVED FURTHER THAT:

> The Relevant date for the purpose of Pricing of issue of is 10th August, 2010 which is 30 days prior from the date of Annual General Meeting, being in accordance with the ICDR Regulations.

> The Equity Shares to be offered, issued and allotted upon conversion of Convertible Warrants shall be subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company in pursuance of this resolution and shall rank pari-passu with the then existing equity shares of the Company in all respects.

> The offer, issue and allotment of the convertible warrants shall be made at such times or times and in such manner as the Board may in its absolute discretion decide, subject to the provisions of the ICDR Regulations.

> The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the convertible warrants and shall be entitled to vary, modify and alter any of the terms and conditions, including the issue price and size of the issue, as it may deem expedient, without being required to seek any further consent or approval of the members of the Company.

> The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any committee of Directors or any other Officer or Officers of the Company.

> The Equity Shares allotted on conversion of warrants in terms of this resolution shall be subject to lock in requirements as per the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to this resolution and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Shares and the utilization of the issue proceeds of the convert-

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ible warrants and to prescribe the forms of application, enter into agreements or other instruments, and to take such actions or give such directions as it may consider as being necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may in its absolute discretion deem fit.”

By order of the Board
Venu Gopal Rao Brahmanapalli

Place: Hyderabad.
Date: 12th August, 2010.

Company Secretary

NOTES:

1. 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 of the Company.
2. Proxies in order to be effective must be filed with the Company not later than 48 hours before commencement of the meeting.
3. The relevant explanatory statement in respect of the special business set out above, as required by section 173 (2) of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24th Day of August, 2010 to 26th Day of August, 2010 (Both Days inclusive) in connection with the Annual General Meeting of the Company.
5. Members are requested to:
 - > Quote folio no./ DP ID & CL. ID for any communication for their Shareholding.
 - > Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
 - > Intimate to the Company's Registrars and Share Transfer Agents, M/s. Aarthi Consultants Private Limited (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their Registered address, Bank account number / details etc. at an early date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting of the Company.
7. Members/Beneficial Owners are requested to quote their full name as per Company's record, Folio No. /DP and Client ID Nos. as the case may be, in all correspondence with the Company.
8. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the extent possible.

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EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NOS. 4 TO 6 OF THE NOTICE:

ITEM NO. 4

Mr. Rajaram Arjun Rambade was appointed by the Board of Directors as an Additional Director with effect from 14th May 2010. As per Section 260 of the Companies Act, 1956, Mr. Rajaram Arjun Rambade holds office only upto the date of this Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a member signifying his intention to propose the name of Mr. Rajaram Arjun Rambade as a candidature for the office of Director.

Particulars of Mr. Rajaram Arjun Rambade pursuant to Clause 49 of the Listing Agreement is given below.

Age: 47 years

Educational Qualification: Commerce Graduate from the University of Mumbai

Experience and Expertise in specific functional area: Finance, Taxation and Accountancy

Name of Companies in which person holds Directorship: None

Name of the Companies in which the person holds membership of Committees: None

Shareholding in the Company (number & percentage): Nil

None of the Director is directly or indirectly concerned or interested in this resolution except Mr. Rajaram Arjun Rambade.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

ITEM NO. 5

The Board of Directors at their meeting held on 12th August, 2010 has proposed to appoint Mr. Solomon Daniel Bondugula as the Managing Director of the Company, subject to the approval of the members in the General Meeting of the Company.

The material terms and conditions of his appointment contained in the draft agreement between the Company and the said Managing Director are as follows:

- > The Managing Director shall, subject to the supervision and control of the Board of Directors, carry out such duties as may be entrusted to him by the Directors and shall exercise such powers as are such powers as are delegated to him by the Board of Directors.

Period of Agreement: with effect from 1st September'2010.

Duration: 5 years.

Remuneration:

- | | |
|-------------------------|---|
| a) Salary Basic | : Rs. 40,000 per month |
| b) Conveyance | : Rs. 5,000 per month |
| c) House Rent Allowance | : Rs. 15,000 per month |
| d) Gratuity | : As per the rules of the Company's Scheme. |

In computing the Gratuity benefits payable to the Managing Director, his period of employment from 1st of September'2010 would be considered as continuous employment with the Company and he would be eligible to receive gratuity benefits for such total continuous period of service.

- > Minimum Remuneration

In the event of any absence or inadequacy of net profits in any financial year, the remuneration as mentioned in the agreement entered between the M.D and the Company shall be the minimum remuneration payable to the Managing Director.

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The Managing Director shall be entitled to reimbursement of all the actual expenses or charges including all the other out-of-pocket expenses incurred by him on behalf of the Company, in furtherance of its business and objects.

- > The Terms and conditions of the said appointment and/ or agreement may be altered, enhanced or varied from time to time by the Board as it may, in its absolute discretion, deem fit.
- > The Agreement may be terminated by either party giving the other party 6 months notice.
- > The Managing Director shall not be entitled to receive any fees for attending the meetings of the Board/ Committee.

None of the Directors other than Mr. Solomon Daniel Bondugula is interested in this resolution since it relates to his appointment.

ITEM NO.6

The Present Authorized Share Capital of the Company is 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each.

Having regard to the anticipated growth of the Company in future, and in view of the Expansion and Diversification plans of the Company and a consequence of the Private Placement of the Securities envisaged under item No. 7 of this Notice, your Directors anticipate an increase in the Capital Base of the Company.

Thus, the Authorized Share Capital of the Company needs to be increased from the present 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 90,00,00,000/- (Rupees Ninety Crores only) divided into 9,00,00,000 (Nine Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each by creation of 8,50,00,000 (Eight Crores Fifty Lakhs) additional Equity Shares of Rs. 10/- (Rupees Ten only) each in order to accommodate the said Private Placement of Securities.

Increase in Authorized Share Capital of the Company would necessitate amendment to Clause V(a) of the Memorandum of Association and would require Member's approval by passing an Ordinary Resolution.

A copy of a Memorandum and Article of Association of the Company is open for inspection by any member of the Company between 11:00 a.m. to 1:00 p.m. during all working days at the Registered Office of the Company.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

ITEM NO.7

Healthcare Sector is the backbone of any country and plays a very important role in the development of the country. As an integral part of the healthcare industry, your Company realizes its responsibility towards its clients, shareholders, employees and the society.

Thus, your company is always alert to grab any opportunities which can benefit its members and society as a whole. To enable your company to take full advantage of these opportunities, it is very important to have enough capital resources to deploy in the required projects as and when the need arises.