



SECUNDERABAD

HEALTHCARE LIMITED

INNOVATION IS OUR FUTURE

20TH ANNUAL REPORT

2010-2011

SECUNDERABAD HEALTHCARE LIMITED

20th ANNUAL REPORT
2010-2011

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. SOLOMON DANIEL BONDUGULA	: CHAIRMAN & MANAGING DIRECTOR
MR. RAJARAM ARJUN RAMBADE	: EXECUTIVE DIRECTOR
MR. MEDASANI MUNISEKHAR	: NON-EXECUTIVE DIRECTOR
MR. SURENDRA NAIDU RAYAPATI	: INDEPENDENT NON-EXECUTIVE DIRECTOR
MR. SHAH SHARAD TEJSHI	: INDEPENDENT NON-EXECUTIVE DIRECTOR
MR. THAKUR RAMESH SINGH CHOUHAN	: INDEPENDENT NON-EXECUTIVE DIRECTOR
MR. AMIT TARACHAND SHAH	: ADDITIONAL INDEPENDENT NON-EXECUTIVE DIRECTOR
MR. JIGAR PREMCHAND MOTTA	: ADDITIONAL INDEPENDENT NON-EXECUTIVE DIRECTOR
MR. VINAY MADHUKAR GANU	: ADDITIONAL EXECUTIVE DIRECTOR
MR. VENUGOPAL RAO BRAHMANAPALI	: SECRETARY

BANKERS

DEVELOPMENT CREDIT BANK LTD
ICICI BANK LTD
YES BANK LTD
CENTRAL BANK OF INDIA
ING VYSYA BANK LTD

AUDITORS

D.P. AGARWAL & Co,
CHARTERED ACCOUNTANTS,
BILQUEES MANTION, 4TH FLOOR,
261/263, D.N.ROAD, FORT,
MUMBAI- 400001

REGISTERED OFFICE

S 1 - VIMAL, ROAD NO. 5, JUBILEE HILLS,
HYDERABAD- 500 033 .

SHARE TRANSFER AGENTS

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

LISTED AT

BOMBAY STOCK EXCHANGE LIMITED

SECUNDERABAD HEALTHCARE LIMITED

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

CONTENTS:

- ▲ Chairman's Speech
- ▲ Directors report
- ▲ Corporate Governance Report
- ▲ Code of Conduct & CEO/CFO certification
- ▲ Compliance Certificate on Corporate Governance
- ▲ Management Discussion & Analysis
- ▲ Auditors report
- ▲ Balance sheet
- ▲ Profit & loss Account
- ▲ Schedules & Notes on Account
- ▲ Cash flow statement

► CHAIRMAN'S SPEECH

To,
The Shareholders,

A very warm welcome to all our valued stakeholders who have been associated with the company. This is the 20th year in the journey of the Secunderabad Healthcare Limited.

Our world grows more complex everyday and we encounter increased challenges. The management and staff of Secunderabad Healthcare Limited have faced challenges for more than 19 years, and have overcome them with commitment, hard work and are confident that we will continue to do so in the years ahead. Through all these years, our Company has faced many tough times and enjoyed equal moments of glory. Everything is worth it, if one is able to create lasting values and strong core.

In the past too, there has been sharp swings in the business cycles and there will be more of these in the future, though hopefully not of the magnitude and ferociousness we are seeing today. And each time in the past we have come out of the eye of the storm, we have emerged fitter, stronger and the passion for innovation is vibrant and urgent. We have been able to create a foundation, which is enabling us to overcome times such as now and helping us to adapt to the current situation while retaining the strength to fulfill the long -term vision.

Our demanding standards of governance have set us apart, even more, now, and in the future. Clearly investors and employees will appreciate and learn to value and differentiate between organizations like ours. This is a huge strength, built over time into our genetic coding. It will always stand us in good stead.

We, at Secunderabad Healthcare Limited, remain steadfast in our vision of making it one of the best healthcare and related services providers and this vision positions us in an industry where the gap, between demand for quality healthcare and requirement to meet that demand, remains enormous. Asian countries are becoming important markets for healthcare companies, as the demand for quality healthcare increases in parallel with economic growth. We recognize this opportunity and are working towards capitalizing the enormous potential envisaged in this industry. To further our growth, we are also commencing few new line of business as mentioned in notice earlier. Confidence in our product will further accelerate the success rate in the upcoming years.

At this juncture, I would take the opportunity of placing on record the appreciation for the services rendered by the human resources of the Company. Your company believes that the most valuable asset of any organization is the quality of the Human Resources. It is they who make the organization worth in the eyes of all the stakeholders. Thus your Company has always placed emphasis on our people and the safety at the workplace Thus I take this opportunity to thank them for their efforts and continued support and excellent work

Date: 1st September, 2011
Place: Hyderabad

Sd/-
Solomon Daniel Bondugula

(Chairman Of The Board)

SECUNDERABAD HEALTHCARE LIMITED

DIRECTORS REPORT

To,
The Shareholders,

Your Directors have the pleasure in presenting their Twentieth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

This year the Company completed its nineteenth year of operations. Market conditions have been challenging. However your Company has always been working through this demanding situation to ensure that the viable products can move forward. In some cases we have been successful and in some, we have not been able to achieve the desired success as expected.

However in order to ensure that the Company's growth is not hindered, it is venturing into new lines of businesses in addition to the present business activities undertaken by it. The Management of the Company is hopeful that the efforts undertaken by them would meet with the desired level of success in the years to come.

➤ FINANCIAL RESULTS:

The financial performance of the Company, for the year ended March 31, 2011 is summarised below:
(Rs in lakhs)

Particulars	2010-2011	2009-2010
	Amount	Amount
Income	5894.13	2011.30
Profit before tax	25.31	25.88
Provision for tax	5.10	4.05
Profit After tax	20.21	21.84

➤ RESULTS OF OPERATIONS:

During the year under the review i.e. March 31, 2011 the Company has achieved a total income aggregating to Rs. 5894.13 lacs as compared to Rs. 2011.30 lacs in the previous financial year ended March 31, 2010, an increase of 200% as compared to the previous year. This achievement is a result of extensive efforts put in by the management for growing revenue, improving gross margins and generating efficiencies through increased productivity and leveraging scale.

Further the company posted a net profit of Rs. 25.31 lacs for the financial year ended March 31, 2011 which is slightly less as compared to that earned during the year ended March 31, 2010. The decrease in the amount of Net Profit can be attributed to the mounting direct expenses incurred by Company. Further after making the necessary provisions for tax, the Company's net profit stands at Rs. 20.21 lacs.

With the anticipated revival of the economy, your Directors are hopeful of better performance in the future years.

➤ OUTLOOK:

Your Board of Directors proposes to diversify the activities of the Company with a view to broad basing its activities and making it more resilient. In view of the bright prospects and with the rich experience of the senior executives of the Company, the Company feels that it can conveniently venture into business of Investment Company, its allied activities and other areas more elaborately described in the explanatory statement given in notice, which are to be read independently.

The Company is empowered by the existing object clause 1 & 4 in the Memorandum of Association to trade and deal in chemicals and alkalis (whether by wholesale or retail) and which would include

SECUNDERABAD HEALTHCARE LIMITED

all kinds of drugs, chemical, acids, medical and chemical preparation. The Board is satisfied that the proposed business can be undertaken conveniently and advantageously with the existing business of the Company.

↗ DIVIDEND:

Your Directors do not recommend Dividend for the year ended March 31, 2011 with a view to conserve the financial resources of the Company.

↗ DIRECTORS:

During the year, Mr. Vasudev Reddy Guda resigned from the directorship of the Company with effect from September 1, 2010 and his resignation was accepted by the Board of directors with immediate effect. Further the Board appointed Mr. Vinay Ganu as the Executive Director of the Company on 14th October, 2011.

The Board wishes to place on record its appreciation for the valuable contribution rendered by Mr. Vasudev Reddy Guda during his long association with the Company.

Further Mr. Medasani Muniseshkar & Mr. Thakur Ramesh Singh Chouhan, Directors of the company, are due for retirement by rotation and are eligible for re-appointment. Also, Mr. Amit Shah, Mr. Jigar Motta & Mr. Vinay Madhukar Ganu are appointed during the year under section 260 of the companies act, 1956, as the Additional directors of the company.

Your Directors commends their re- appointment as the Directors of the Company.

↗ SUSTAINABILITY:

Your Company has at a unified and centralized level, put in place a Corporate Social Responsibility (CSR) policy which is based on a belief that a Business cannot succeed in a society that fails and therefore it is imperative for business houses, to invest in the future by taking part in social-building activities.

Corporate Social Responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business) is a form of corporate self regulation integrated into a business model. CSR is the deliberate inclusion of public interest into corporate decision-making that is the core business of the company or firm, and the honoring of a triple bottom line: people, planet, profit. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

↗ SUBSIDIARY:

The Company does not have any subsidiary Company within the meaning of section 4 of the Companies Act, 1956. Thus furnishing of the statement pursuant to the provisions of Section 212 of the Companies Act, 1956 is not required

↗ DISCLOSURE OF CHANGES IN THE CAPITAL STRUCTURE:

During the year under review, 4,00,96,000 Equity Shares were issued in lieu of the Convertible Equity shares on 2nd March, 2011 by the Company consequent to the payment of entire consideration and upon exercise of the option of conversion by the allottees

Consequent to the afore-said issue of shares, the paid- up share capital of the Company stands at Rs. 43,85,56,000 divided into 4,38,55,600 Equity Shares of Rs. 10/- each. Further the conversion of 3,99,04,000 Warrants is pending as on date.

Post conversion the paid- up share capital of the company would stand at Rs. 83,75,96,000 divided into 8,37,59,600 equity shares of Rs. 10/- each.

SECUNDERABAD HEALTHCARE LIMITED

↗ PUBLIC DEPOSITS AND LOANS/ADVANCES:

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58A of the Companies Act, 1956; and therefore, no amount of principal or interest was outstanding in respect of deposits from the public as of the date of Balance Sheet.

↗ MANAGEMENT DISCUSSION & ANALYSIS:

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion & Analysis is given separately and forms part of this Annual Report.

► CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement, Corporate Governance Report forms part of the Annual Report along with the compliance certificate on the conditions laid down in clause 49 of the Listing Agreement.

↗ DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards read with requirements set out under Schedule VI of the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting 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 as at March 31, 2011 and of the profit of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

► AUDITORS:

M/s. D. P. Agarwal & Co. retires at the ensuing Annual General Meeting and are eligible for re-appointment.

As required under the provisions of section 224(1B) of the Companies Act, 1956, the Company has obtained a written certificate from the Auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Your Directors request you to appoint Auditors for the current financial year and fix their remuneration.

SECUNDERABAD HEALTHCARE LIMITED

▶ AUDITORS REPORT:

The Auditors' Report to the shareholders on the Accounts of the Company for the financial year ended March 31, 2011 does not contain any qualification.

Further the observations furnished by the Auditors in their report are self-explanatory and do not call for any further comments.

↗ CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION , FOREIGN EX-CHANGE EARNINGS AND OUTGO:

In view of the nature of the activities which are being carried on by the company, Rules 2A & 2B of the companies (disclosure of particulars in the report of the Board Of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively , are not applicable to the company.

During the year under review, the company had no foreign exchange earnings. The company has not spent any foreign exchange on any account.

↗ PARTICULARS OF EMPLOYEES:

There are no employees who are in receipt of emoluments in excess of the limits prescribed under section 217(2A) of the companies act, 1956 during the year ended 31st March, 2011.

↗ LISTING:

The Bombay Stock Exchange Limited
P J towers, 25th Floor,
Dalal Street,
Mumbai- 400 001

↗ ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the continued support and co-operation by Financial Institutions, Banks, Government authorities and other stakeholders. Your Directors also acknowledge the support extended by the Company's Unions and all the employees for their dedicated service. Your Directors would also like to thank you for the support and faith you have shown in us, and look forward to a fruitful relationship in the years to come.

Your Directors also thank the Members of the Board for their insight and guidance and for their contribution in the success of the Company. Your Directors also place on record their deep sense of appreciation for the services rendered by the employees of the Company.

For and on Behalf of the Board of Directors
For Secunderabad Healthcare Limited

Place : Hyderabad
Date : 1st September, 2011 .

Sd/-
Solomen Deneil Bondugula
(Chairman)

► MANAGING DIRECTOR CERTIFICATION

I, Solomon Daniel Bondugula, Managing Director of the Company do hereby certify that:

- a. I have reviewed the financial statements and Cash flow statement for the year ended 31st March, 2011 and to the best of my knowledge and belief:
- ✱ These statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
- ✱ These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. To the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011 are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financing reporting and I have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies;
- d. i) There has not been any significant change in internal control over financial reporting during the year under reference;
- ii) There has not been any significant change in Accounting policies during the year; and
- iii) Instances of significant fraud, if any of which we have become aware, and involve ment therein, if any, of the management or an employee having a significant role in Companies internal control system over financial reporting shall be disclosed.

For and on Behalf of the Board of Directors
For Secunderabad Healthcare Limited

Place : Hyderabad
Date : 1st September, 2011 .

Sd/-
Solomon Daniel Bondugula
(Chairman)

► GREEN INITIATIVE

Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance allowing paperless compliances by companies through electronic mode. Your Company has taken initiative to update their records for the same. The members holding shares in physical form and who have not furnished the requisite information and who wish to avail of the facility to receive the correspondence from the Company in electronic mode may furnish the information to Aarthi Consultants Private Limited, the Registrars and Transfer Agents. The members holding shares in electronic form may furnish the information to their Depository Participants to avail of the said facility.