



MULTI-SPECIALTY CARE

SHALBY LIMITED
CIN: U85110GJ2004PLC044667
REGISTERED AND CORPORATE OFFICE
Shalby Hospitals, Opposite Karnawati Club,
Sarkhej Gandhinagar Highway, Near Prahlad Nagar Garden,
Ahmedabad – 380 015, Gujarat, India.
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ANNUAL REPORT
2016 - 2017



Climbing the Stairs of Growth,
Step by Step & Spreading Smiles.



11 Multi-specialty Units

More than a Million Lives Touched

Best CSR initiative in Healthcare Award-2017

Recognised as the Best Medical Tourism Centre of Gujarat

10-Year Revenue CAGR of 33%

Over 60 OPD Centres across the globe



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Good Health,
The Moral Right
of every
individual for
Growing Life

We at Shalby strongly imbibe the belief that Good Health is the moral right of every individual. Our mission revolves around this belief and place patients at the core of our activities each day, through the year. Patient centricity is ingrained in every aspect of our expert healthcare, be it quality, compassion or approach towards preserving lives.



Growth from within and abound, may be an expression that will describe Shalby's growth story of over two decades. The journey that began with 4 hospitals in 2012 has transformed us to the stature of a multi-specialty hospital chain with 11 hospitals (8 fully operational hospitals and 3 recently set-up hospitals), spread across Central and Western India.



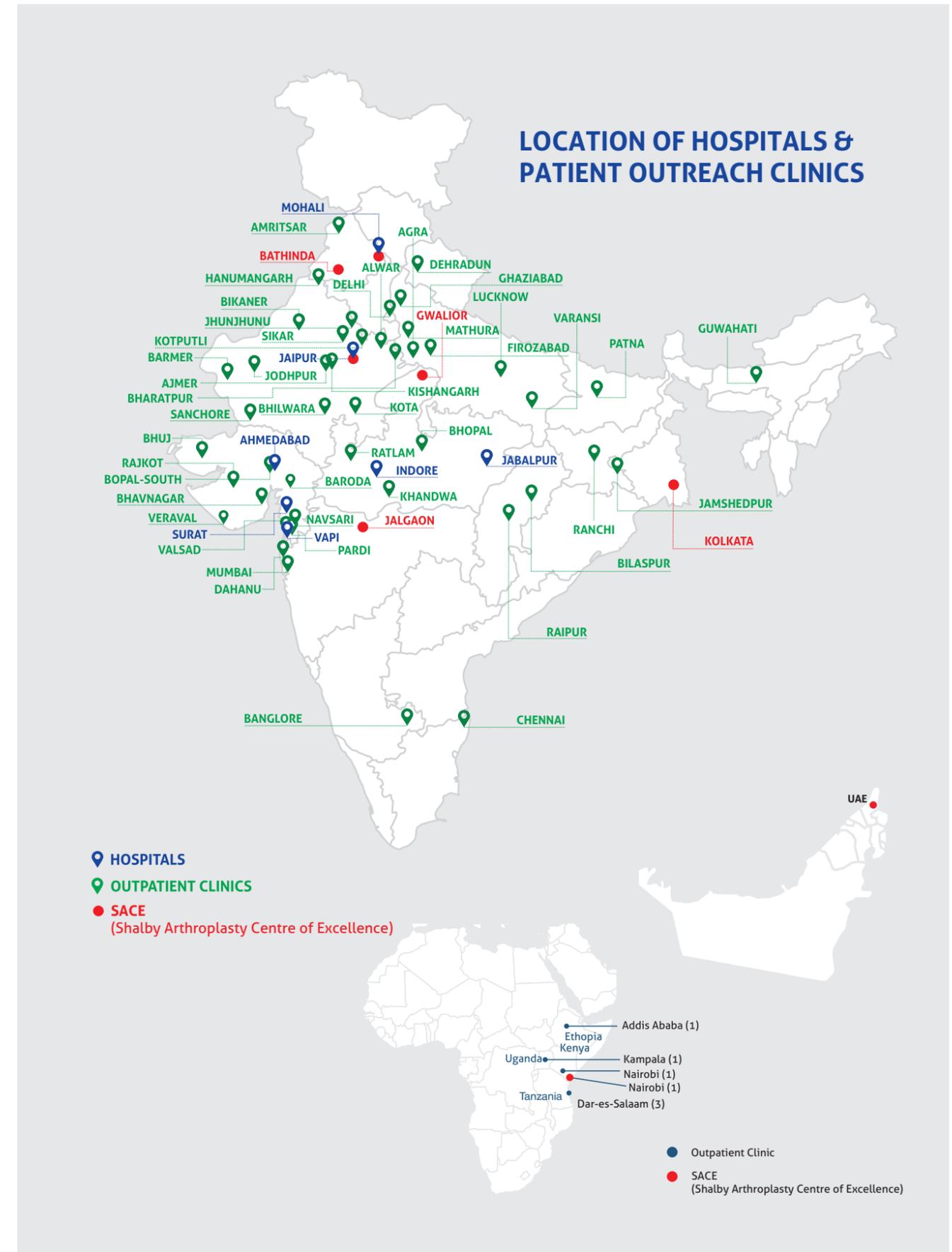
Enabling
Lives to
Walk Extra
Miles &
Grow

Daring to demonstrate the power of artificial Knee Joints at a time when it was one of the most dreaded surgeries in the world, shows Shalby's passion for enabling lives with expert healthcare. Each individual who has got a new lease of life through Shalby's Zero Technique Knee Replacement enabled us to emerge as a world renowned Centre for Joint Replacement. Today, with a record of over 50,000 successful joint replacement surgeries, Shalby spreads the smiles of Good Health, across the globe.





Making healthcare available at the doorsteps of people is the cherished mission of Shalby. Besides establishing most modern multi-specialty healthcare in tier-II and tier-III cities of the country, Shalby has been reaching out to patients at their doorsteps with its novel concept of OPDs and Patient outreach clinics. Today, we operate over 62 OPD Centres across India and 6 in rest of the world.





Shalby has been bestowed with numerous awards and accolades by the Indian Healthcare industry, almost every year. We, at Shalby consider each one of them as a stepping stone for achieving further excellence in our customer satisfaction index through quality healthcare deliveries. Out of the many awards Shalby has been conferred with, also includes the coveted recognition of "The Best Medical Tourism Centre – 2016" by Gujarat Tourism. We owe it all to the goodwill of millions who have experienced Shalby's compassionate care which helped us grow consistently from strength to strength.



Your smiles
are the reasons
behind our
compounded
annual growth

Shalby has been out growing the healthcare pace in terms of compounded annual growth year on year. We attribute this success story to the faith and trust millions have been investing in us over the years. We have clocked a 10-Year Revenue CAGR of 33% from the FY 2007 to FY 2017.



Shalby today is a global family, ever growing on the strong foundation of Trust of multi-specialty care under one roof. We at Shalby measure our growth with the addition of each smiling face to our family, relieved of pain and ill- health. We invest heavily to grow smiles and grow with them.

A Million
Lives Touched
and the
Trust
Grows





**Shalby's
Corporate Social Responsibility Programmes are
aimed at giving back to the society.**



Healthcare at doorsteps, our Joint Express and Heart Express initiative has won the "Best CSR Initiative in Healthcare" award, at the 7th Healthcare Leaders Forum, New Delhi.

The award has been received by Mr. Ravi Bhandari, CEO of our Company at the hands of Mr. Arun Singhal, Joint Secretary, Health & Family Welfare, Government of India at a function held in New Delhi on June 30, 2017

CHAIRMAN'S MESSAGE



Dear Stakeholders,

"Vision is the art of seeing things invisible to others."
- Jonathan Swift

Your Company is poised for taking a leap forward and witnessing next level growth, continuing its phenomenal journey towards excellence in healthcare delivery. In this direction your Company has recently completed construction of three new facilities, one each at Jaipur, Surat and Naroda (Ahmedabad). Your Company on May 19, 2017, has filed its Draft Red Herring Prospectus (DRHP) with SEBI and intends to offer its securities to the public during the year ahead.

Throughout our journey, we have been exceeding expectations of our patients through consistency and quality of healthcare services. As we continue to grow, it is our strategy to strengthen our hospital presence in western and central India, while we aim to continue expanding our presence in newer geographies. This apart, we also intend to enhance our outreach programmes, by establishing our outpatient clinics and Shalby Arthroplasty Centres of Excellence (SACE) in various tier I cities, tier II cities, and tier III cities across India. As a part of our growth strategies, we also intend on establishing hospitals

which focus on offering quality healthcare services across a spectrum of specialties such as neurology, nephrology, cardiac care, critical care, and oncology. Further, given that operating efficiencies and profitability is critical to our growth, we intend to implement initiatives to improve our operational efficiencies. Finally, apart from offering multi-specialty tertiary and quaternary healthcare services, it is our strategy to grow our home-based healthcare services under Shalby Homecare. It is in consonance with our above strategies that we have hence re-crafted our vision and mission statements to keep those aligned to our brand's values and aspirations.

I am pleased to present to you the 13th Annual Report of your Company. Fiscal 2017 has been an eventful year for your Company, in addition to establishment of three new facilities stated above, we are also in the process of establishing two new facilities at Mumbai and Nashik. Your Company has also firmed up plans to come up with a full-fledged multi-specialty hospital setup in the city of Vadodara. During the year we have also formed a strategic alliance with Saudi German Hospitals to perform orthopedic and spine surgeries at their facilities in

Dubai and Egypt. Your Company, through its tie-ups has been offering out-patient consultation services to the population of Kolkata for over half a decade and I am pleased to announce that, Shalby has recently taken over the operations and management of the Orthopedics Department at Ohio Hospitals in Kolkata, where it offers its entire range of orthopedic care services under the "Shalby Ohio Bone and Joint Care Centre".

Out of the total hospitals in India about 70% are private setups and less than 10% accounts for private corporate hospitals. This number is expected to rise with increasing corporatization in the healthcare delivery space. Osteoarthritis has a high prevalence of 28.7% for the total population, and is higher for females at 31.6% compared to males with 28.1%. Mostly affecting the joints and more often leading to disability of knees and hips in the elderly population, Osteoarthritis is expected to become a major disorder in India. Having serious impact on the elderly population and often resulting in the need of joint replacement surgeries; the 30-50 years-group that leads a sedentary lifestyle, lacks exercise, and has nutritional deficiencies is also being affected by osteoarthritis. India's population is undergoing a demographic shift and gradually adding more numbers to its elderly segment. The share of population in the age group of 54 years and above is expected to rise from 13% in 2016 to 14% in 2020. Your Company is rightly placed to serve such a huge population and capitalize on this potential for growth.

Shalby had a 15% market share of all joint replacement surgeries conducted by private corporate hospitals in India in 2016. During the fiscal under review, the Company earned revenue of ₹ 3328.25 million and EBITDA of ₹ 796.76 million which is 23.94% of the total revenue and 37.62% higher than the previous year. We served more than 190,000 patients during the year. This could be achieved through confidence reposed by our patients into us and the persistent efforts and dedication of our clinical and support teams. The first half of the Fiscal 2017 exhibited an increase of 39.80% in the in-patient count as compared to the corresponding half of the last financial year, the

performance in the second half of Fiscal 2017 though, saw a temporary impact of demonetization, which has impacted all industry sectors to varying degrees, and ours was no exception.

We continue to focus on initiatives to improve our operational efficiency. Healthcare industry being highly capital intensive, we have managed to ensure that our capital and operational costs are under control to drive business performance. As of December 31, 2016, our capital cost per bed was ₹ 4.2 million which is one of the lowest in the industry due to optimal use of built-up area. On the operations front, the centralization of procurement of drugs and other medical consumables across the group has helped in reduction of the expenses incurred towards them.

Apart from strengthening our expertise in other specialties and expanding into newer geographies we shall continue to enhance our capacities through ancillary businesses as well. These include providing Shalby homecare services, conducting clinical research trails and offering educational programmes through Shalby Academy which will contribute significantly to our financial performance in the foreseeable future.

We are committed to undertaking corporate social responsibility initiatives, and through the I. C. Shah Charitable Trust, we provide free or subsidized healthcare treatment to patients who cannot afford desirable treatment. In order to extend our Company's outreach to rural areas, we conduct various health camps through the 'Heart Express' and 'Joint Express' initiatives. Through these initiatives, we deploy buses to rural areas in Gujarat and offer free consultation services including ECG monitoring, diabetes check-up, blood pressure check-up, and cardiac consultations.

We are thankful to all our stakeholders, viz, customers, suppliers, consultants, employees, bankers, as well as our investment bankers for helping us on our journey to serve an even greater number of patients and touch many more lives.

Dr. Vikram I. Shah
Chairman and Managing Director

CEO'S INSIGHTS



Dear Shareholders,

This is a privileged moment for me to be writing to you all, about a few commendable successes your company has achieved during the year.

In March 2017, we set up three new multi-specialty hospitals, Shalby Jaipur, Shalby Naroda and Shalby Surat with an aggregate bed capacity of 747 beds which perhaps is a landmark achievement. For your company, this is the highest ever bed capacity addition in a single financial year. More, the year ended as on March 31, 2017 has been quite good year for us, in terms of business growth and clinical excellence as well.

This year we achieved two rare milestones in clinical excellence. In January 2017 our doctors successfully performed extremely complex surgeries - one which involved dual kidney transplantation, extracted from a brain-dead donor and another involving complex bypass colostomy to extract a rusted iron rod from a patient's body.

This year we crossed the ₹300 Crore mark in terms of revenue by clocking ₹332.82 Crore on a consolidated basis.

Shalby Indore, which is equipped with modern infrastructure and medical equipment, provides advanced radiation therapy for the treatment of cancer. In addition to Shalby Indore, we also intend to equip two of our recently set-up hospitals, Shalby Jaipur and Shalby Naroda with medical equipment to provide radiation therapy for the treatment of cancer where the machines have arrived and the work is in progress. Renovation of Mohali facility is expected to be completed by August, 2017.

In April, 2017, we executed a memorandum of understanding to set up a multi-specialty hospital, with a bed capacity of 150 beds, at Vadodara, Gujarat. We plan to commission its operations in Fiscal 2020. We have set our footprint in another metro, Kolkata recently by taking over the Orthopedics Department at Ohio Hospitals in Kolkata, where it offers its entire range of orthopedic care services under the "Shalby Ohio Bone and Joint Care Centre".

We commenced a Shalby Arthroplasty Centre of Excellence (SACE) in Dubai in October 2016, pursuant to an agreement with the owners of Saudi German Hospital.

Our strategy would be to further strengthen our position in western and central India where we have a strong presence. We plan to do this by reaching out to the remote areas of these regions. Having achieved a strong brand recall in western and central India, now we are continuously evaluating proposals for expanding our footprint to the northern and eastern India too.

I would like to end my note by thanking all our doctors, paramedics and employees for their efforts, contributing to our stellar performance.

Ravi Bhandari
Chief Executive Officer

GENERAL INFORMATION

SHALBY LIMITED

Shalby Hospitals,
Opposite Karnawati Club,
Sarkhej Gandhinagar Highway,
Near Prahlad Nagar Garden,
Ahmedabad – 380 015, Gujarat
CIN: U85110GJ2004PLC044667

BOARD OF DIRECTORS

Dr. Vikram Shah
Chairman & Managing Director

Dr. Darshini Shah
Non-executive Director
(w.e.f. 20th December, 2016)

Mr. Shyamal Joshi
Non-executive Director

Mr. Umesh Menon
Independent Director
(w.e.f. 20th December, 2016)

Dr. Dheeraj Sharma
Independent Director
(w.e.f. 20th December, 2016)

Mr. Tej Malhotra
Independent Director
(w.e.f. 23rd February, 2017)

KEY MANAGERIAL PERSONNEL

Mr. Ravi Bhandari
Chief Executive Officer

Mr. S L Kothari
Chief Financial Officer

Mr. Jayesh Patel
Company Secretary

BANKERS

- HDFC Bank
- Bank of Maharashtra
- Kotak Mahindra Bank
- EXIM Bank

STATUTORY AUDITOR

G. K. Choksi & Co.
Chartered Accountants

INTERNAL AUDITOR

T. R. Chadha & Company
Chartered Accountants

COMMITTEES

- Audit and Risk Management Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- IPO Committee
- Management Committee

SUBSIDIARY COMPANIES

- Shalby International Limited, Ahmedabad
- Shalby (Kenya) Limited, Kenya
- Yogeshwar Healthcare Limited, Ahmedabad
- Vrundavan Shalby Hospitals Limited, Goa

CLINICAL GOVERNANCE

QUALITY ASSURANCE COMMITTEE

Mr. R. Jeyakumar
 Dr. Samir Maheta
 Ms. Sharmistha Nayi
 Mr. Maheswar Reddy
 Ms. Anamika Dave
 Dr. Santosh Gadhvi
 Mr. Sanjay Kalal
 Ms. Rekha /Ms. Mintu
 Mr. Jigar Patel
 Ms. Eshna Srigyan
 Dr. Gaurav Kulshreshtha
 Ms. Priyal Mistry
 Mr. Manish Hattimare
 Ms. Riddhi Maheta

HOSPITAL INFECTION CONTROL COMMITTEE

Dr. Sanket Mankad
 Mr. R. Jeyakumar
 Dr. Minesh Mehta
 Dr. Samir Maheta
 Dr. Bhavin Kapadiya
 Dr. Falguni Iyer
 Dr. Niraj Vasavada
 Dr. Sukumar Sheth
 Ms. Sharmistha Nayi
 Ms. Rekha / Ms. Mintu
 Mr. Maheswar Reddy
 Mr. Sanjay Kalal
 Ms. Eshna Srigyan

PHARMACO & THERAPEUTIC COMMITTEE

Dr. Falguni Iyer
 Mr. R. Jeyakumar
 Dr. Hasmukh Nagwadia
 Ms. Sharmistha Nayi
 Mr. Himanshu Gaur
 Dr. Samir Maheta
 Mr. Jigar Patel
 Ms. Eshna Srigyan

EMERGENCY /DISASTER PREPAREDNESS COMMITTEE

Mr. Maheswar Reddy
 Dr. Samir Maheta
 Mr. R. Jeyakumar
 Dr. Rajni Gajjar
 Ms. Sharmistha Nayi
 Mr. Rahul Trivedi
 Dr. Jasmine Baldha
 Mr. Jigar Patel

SAFETY COMMITTEE

Mr. Maheswar Reddy
 Mr. R. Jeyakumar
 Dr. Samir Maheta
 Dr. Shwetang Solanki
 Dr. Manoj Shah
 Mr. Rahul Trivedi
 Ms. Sharmistha Nayi
 Ms. Rekha /Ms. Mintu
 Dr. Santosh Gadhvi
 Ms. Eshna Srigyan
 Mr. Dharmesh

MEDICAL & SURGICAL AUDIT COMMITTEE

Mr. R. Jeyakumar
 Dr. Javahir A Pachore
 Dr. Niraj Vasavada
 Dr. Hasmukh Nagwadia
 Dr. Gargey Sutaria
 Dr. Shalin Thakore
 Dr. Mahendra Rajgor
 Dr. Minesh Mehta
 Dr. Manoj Shah
 Dr. Falguni Iyer
 Dr. Sukumar Sheth
 Dr. Samir Maheta
 Dr. Santosh Gadhvi
 Dr. Gaurav Kulshreshtha

CODE BLUE EVALUATION COMMITTEE

Dr. Minesh Mehta
 Dr. Rajni Gajjar
 Dr. Falguni Iyer
 Dr. Mahendra Rajgor
 Dr. Samir Maheta
 Ms. Sharmistha Nayi
 Ms. Eshna Srigyan
 Mr. R. Jeyakumar
 Dr. Santosh Gadhvi
 Dr. Gaurav Kulshreshtha
 Dr. Shalin Thakore

GRIEVANCE REDRESSAL COMMITTEE

Mr. R. Jeyakumar
 Dr. Samir Maheta
 Ms. Sharmistha Nayi
 Mr. Maheswar Reddy
 Ms. Eshna Srigyan
 Ms. Anamika Dave
 Ms. Yasha Bakshi

ETHICS COMMITTEE

Mr. Ravi Bhandari
 Dr. Nishita Shukla
 Mr. R. Jeyakumar
 Ms. Sharmistha Nayi
 Mr. Chinubhai Shah
 Mr. Jayesh Patel

ANTI - SEXUAL HARASSMENT COMMITTEE

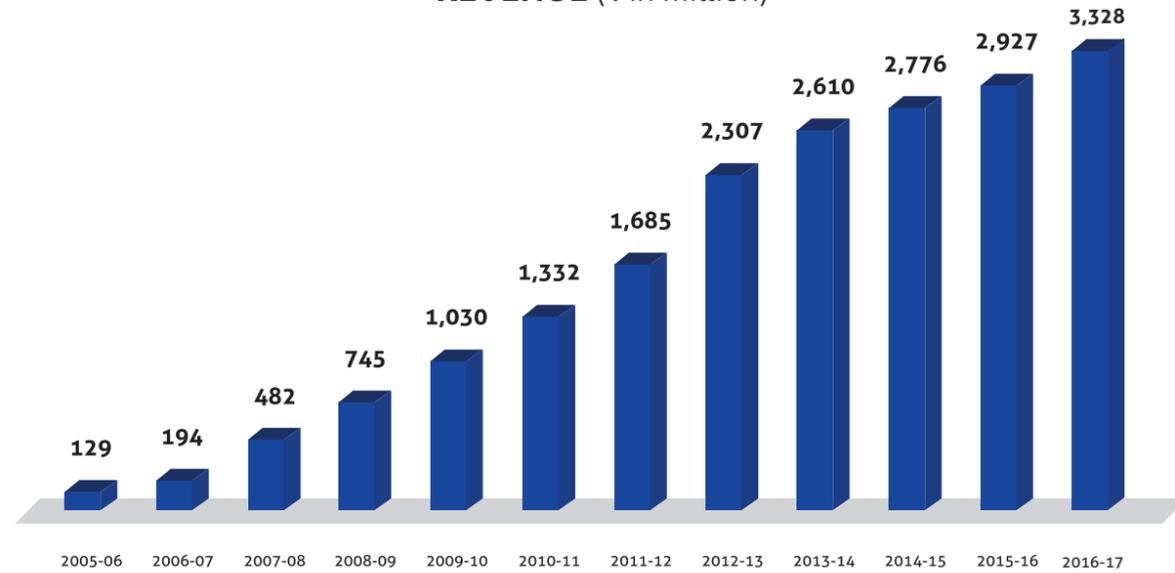
Dr. Darshini Shah
 Mr. R. Jeyakumar
 Dr. Samir Maheta
 Ms. Priyal Mistry
 Ms. Anamika Dave
 Ms. Sharmistha Nayi
 Ms. Eshna Srigyan
 Ms. Pooja Gadhvi
 Ms. Yasha Bakshi

CONDEMNATION COMMITTEE

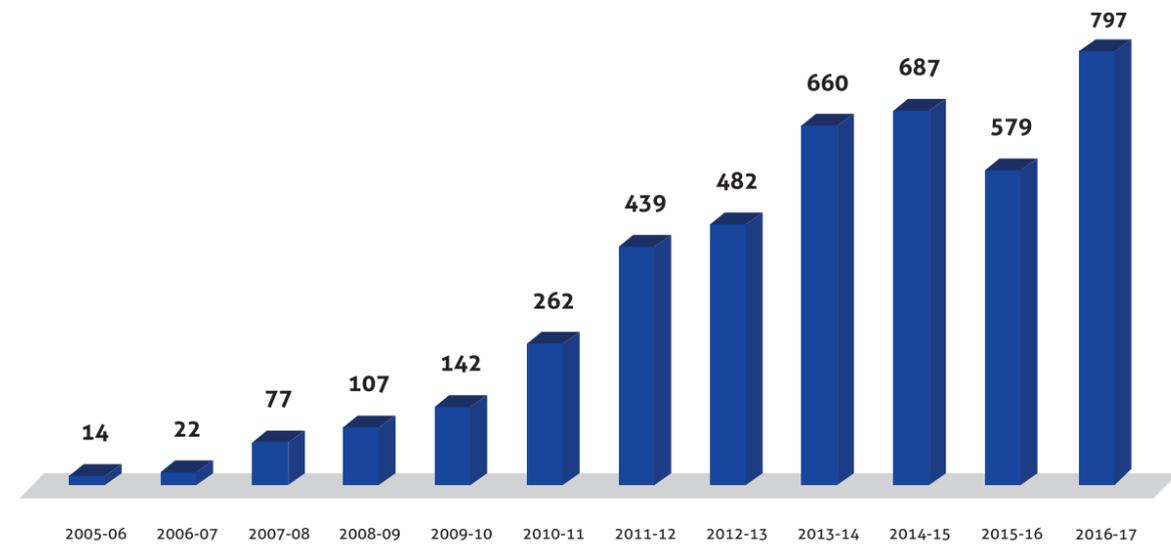
Mr. R. Jeyakumar
 Dr. Samir Maheta
 Mr. Maheswar Reddy
 Mr. Himanshu Gaur
 Dr. Santosh Gadhvi
 Mr. Jimit Shah

FINANCIAL HIGHLIGHTS (Consolidated)

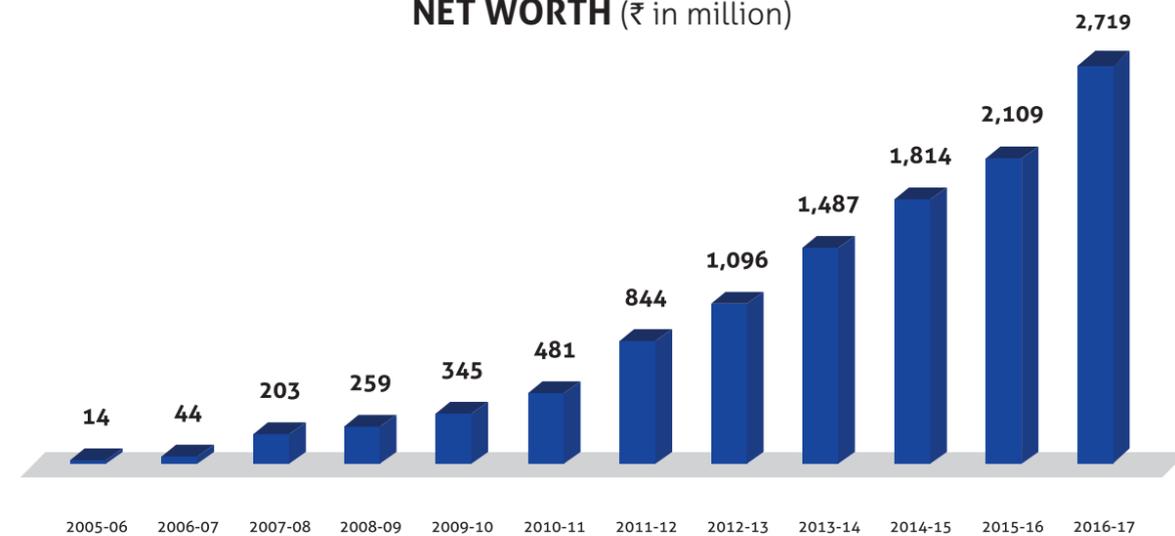
REVENUE (₹ in million)



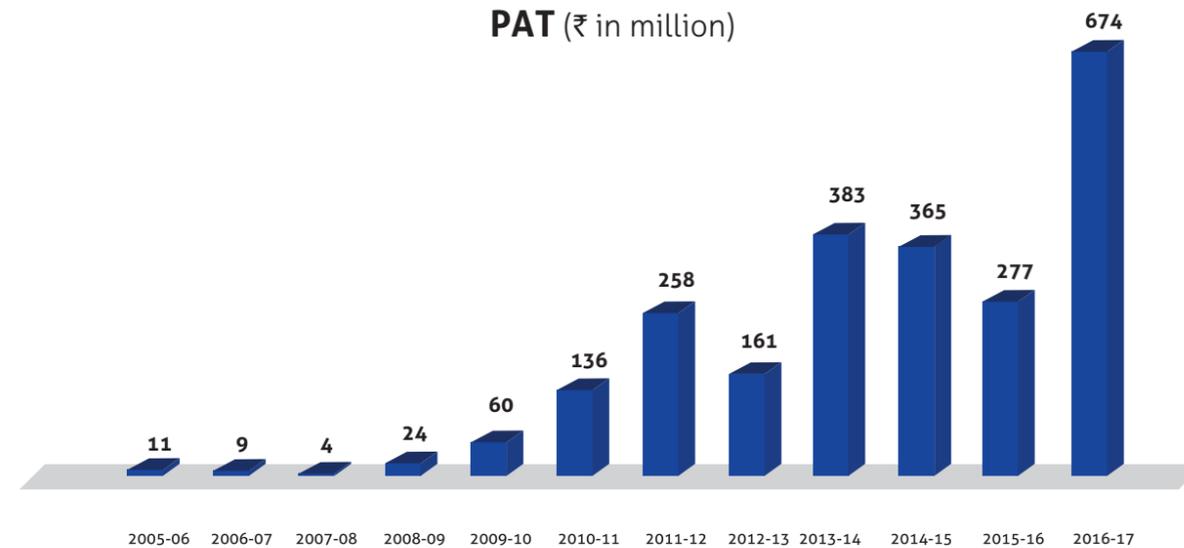
EBITDA (₹ in million)



NET WORTH (₹ in million)



PAT (₹ in million)



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirteenth Annual Report of the Company for the financial year ended on March 31, 2017.

1. FINANCIAL & OPERATIONAL PERFORMANCE

(₹ in Million)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Income from Operations	3218.41	2858.38	3236.86	2893.95
Other Income	89.37	34.82	91.38	32.69
Total Expenditure	2761.51	2498.48	2797.42	2564.77
Profit before Interest Depreciation and Tax	801.38	602.92	796.76	578.96
Interest Cost	94.06	101.92	97.94	103.85
Depreciation/Amortization	161.05	106.28	168.00	113.27
Profit Before Tax	546.27	394.72	530.82	361.84
Provision for Taxation (Inclusive of provision for deferred tax and Fringe Benefit Tax)	(134.59)	97.87	(133.22)	97.57
Profit After Tax	680.86	296.85	664.04	264.27
Share of (Profit) / Loss of Minority Interest	-	-	9.89	12.84
Profit for the year	680.86	296.85	673.93	277.11
Surplus brought forward	1258.76	1475.44	1154.69	1378.39
Balance carried to Balance Sheet	1923.79	1258.76	1836.48	1154.69

During the year under review, the income from Healthcare services of the Company increased to ₹ 3218.41 million as compared to ₹ 2858.38 million in the previous year registering a growth of 12.6%. Your Company has earned Net Profit of ₹ 564.36 million against ₹ 296.85 million in the previous year. The Company has carried net surplus of ₹ 1807.28 million to the next year.

During the year under review, the consolidated income from healthcare services increased to ₹ 3236.86 Million as compared to ₹ 2893.95 million in the previous year.

Consolidated EBITDA and EBITDA Margin:

The consolidated EBITDA exhibited a phenomenal growth in of 37.62% Fiscal 2017 rising to ₹ 796.76 million as compared to ₹ 578.96 million in the previous financial year. The EBITDA margin also expanded substantially

from 18.84% in Fiscal 2016 to 23.94% in the year under review. The marginal efficiency achieved by the Company is evident from the simultaneous increase in both the EBITDA and the EBITDA margin, the revenue increase of ₹ 401.63 million came with at 54.23% margin. Strong financial performance of the established units and gradual ramp up in the performance of the younger units are expected to drive up the EBITDA and EBITDA margin in the current financial year with improvement through marginal efficiency on account of increasing revenues.

Consolidated Profit Margins:

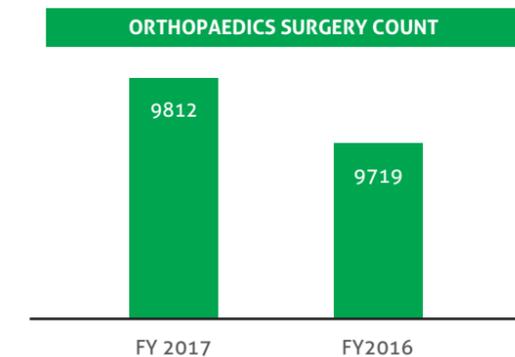
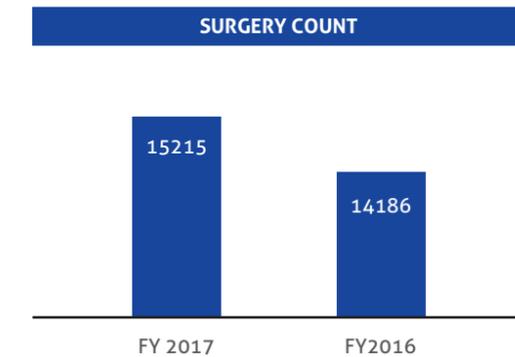
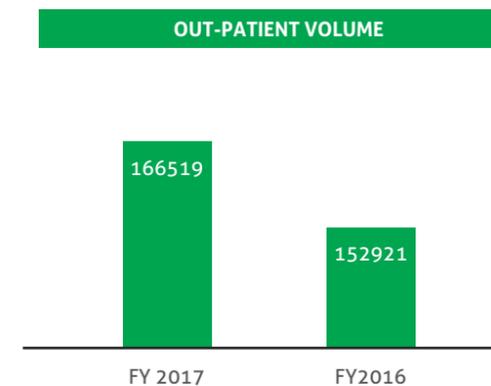
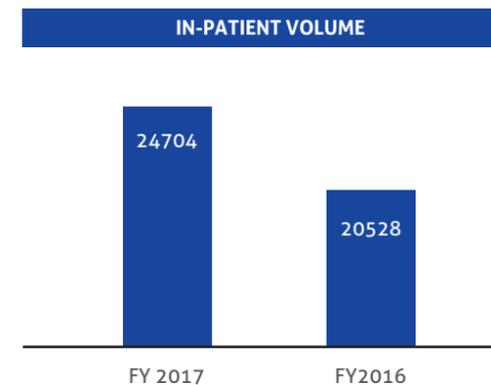
Profit before tax (PBT) for Fiscal 2017 increased in line with the EBITDA to ₹ 530.82 million as compared to ₹ 361.84 million in the previous year, which is an increase of 46.70%. PBT

margin improved from 12.36% in Fiscal 2016 to 15.95% in Fiscal 2017. Profit after tax (PAT) grew by 143.20% from ₹277.11 million in Fiscal 2016 to ₹ 673.93 million. PAT margin improved to 20.25% in Fiscal 2017 as compared to 9.47% in the previous year. PAT in Fiscal 2017 is greater than the PBT on account of the MAT Credit Entitlement, claimed by the Company during the fiscal.

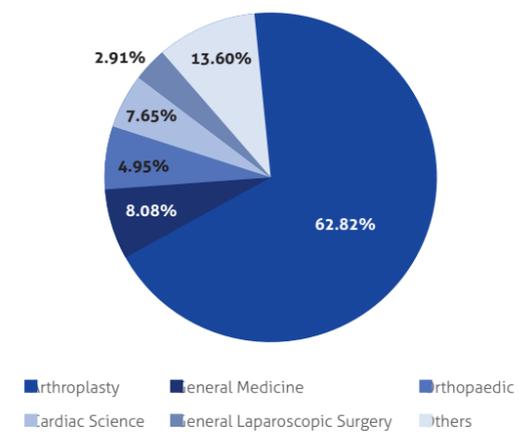
Consolidated Earnings per Share:

The EPS of the Company increased on account of a superior financial performance during the year under review. It increased from ₹ 3.17 in the previous year to ₹ 7.71 in Fiscal 2017.

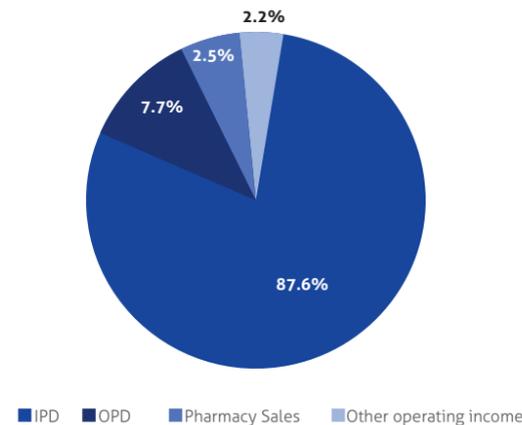
OPERATIONAL PERFORMANCE



REVENUE MIX - TOP 5 SPECIALTIES FY 17



BREAK UP OF OPERATING INCOME FY17



2. DIVIDEND

As the Company is in process of expansion which requires to plough back the profits earned by the Company, your Directors do not recommend any dividend on equity shares. In terms of issue of preference shares, your Directors have paid 5% proportionate dividend on preference shares issued by the Company at the time of their redemption.

3. SHARE CAPITAL & RECLASSIFICATION

The authorised share capital of the Company was increased from ₹1,012.50 million to ₹1,112.50 million divided into 109,250,000 Equity Shares of ₹10 each and 2,000,000 Preference Shares of ₹10 each by creation of 10,000,000 equity shares of ₹10 each which shall rank pari passu with the existing equity shares of the Company in respect of dividend, voting rights, etc. Then after the authorized share capital of the Company reclassified into ₹1112.50 million divided into 111,250,000 million equity shares of ₹10 each.

During the year under review, your Company has issued 54,000 equity shares of ₹10 each at

a price of ₹70 per share to the doctors and employees on preferential basis. Subsequent to the year under review, your Company has issued 46,000 equity shares of ₹10 each at a price of ₹70 per share to employees, doctors and associated person and issued 12,00,000 equity shares to Shalby Medicos Trust formed for the benefit and welfare of doctors of the Company.

4. REDEMPTION OF PREFERENCE SHARE

As per the terms and conditions governing the issue and allotment of the preference shares, you Company has redeemed 533,100 preference shares out of distributable profits of the Company.

5. PROPOSED INITIAL PUBLIC OFFER (IPO)

As you are aware the members have consented for the proposed public issue consisting a fresh issue of equity shares aggregating upto ₹ 5,800 million by the Company (the "Fresh Issue") and an offer for sale of upto 1 million equity shares by Dr. Vikram Shah (the "Selling Shareholder"), (such offer for sale being referred as the "Offer for Sale" and together with the Fresh Issue, the "Offer"). The Company intends to list its equity shares on one or more stock exchanges to enable the shareholders to have a formal market place for dealing with the Company's equity shares. The Company intends to undertake the Offer and list its equity shares at an opportune time in consultation with the book running lead managers and other advisors and subject to applicable regulatory approvals.

The Company proposes to allot such number of equity shares of the Company (the "Equity Shares") in the Offer aggregating up to ₹ 5,800 million on such terms and at such price or

prices and at such time as may be considered appropriate by the Board, jointly decided with the Selling Shareholder and in consultation with the book running lead managers, to the various categories of permitted investors who may or may not be the shareholder(s) of the Company in the initial public offer by way of book building method under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The equity shares, if any, allotted vide the Offer shall rank in all respects pari passu with the existing equity shares of the Company.

The proceeds from the Fresh Issue will be utilised for the purpose of repayment or prepayment in full or in part of certain loans availed by our Company, purchase of medical equipment and instruments for existing and upcoming units, purchase of interiors, furniture and allied infrastructure for upcoming hospitals and for meeting requirements of funds for general corporate purposes of the Company.

6. COMPOSITE SCHEME OF ARRANGEMENT

The Board of Directors of your Company, approved a composite scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 (Scheme), for spin off of the hospital division of Kamesh Bhargava Hospital and Research Centre Private Limited ("Transferor Company") and transfer to Shalby Limited ("Transferee Company") subject to requisite approvals from the High Court of Punjab and Haryana and the High Court of Gujarat respectively, under whose jurisdiction the registered offices of both companies are situated, and for orders thereof for carrying this Scheme into effect. The Hon'ble High Court of Gujarat approved the petition presented by

transferee Company by its order dated September 30, 2016 subject to the approval of scheme by Hon'ble High court of Punjab and Haryana. In light of the merger related provisions being notified under the provisions of the Companies Act, 2013, the Scheme was transferred from the High Court of Punjab and Haryana to the National Company Law Tribunal, Chandigarh Bench ("NCLT"). The matter is currently pending in the NCLT. In consideration of the demerger, our Company is required to make a payment of ₹371.37 million, against the transfer of the demerged undertaking to such equity shareholders of Transferor Company, whose names appeared in the register of members of the transferor company on the effective date identified in the scheme. Upon the Scheme becoming effective and with effect from the appointed date as indicated above, our Company will be required to record the assets and liabilities of the demerged undertaking at such book values as were appearing in the books of Transferor Company, without taking into account any revaluations.

7. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS (S-129(3))

The Company has four subsidiary companies viz. Vrundavan Shalby Hospitals Limited, Shalby (Kenya) Limited, Shalby International Limited (earlier known as Shalby Pune Limited) and Yogeshwar Healthcare Limited. In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiaries, which form part of this Annual Report. Further a statement containing salient features of the financial statements of each subsidiary in Form AOC-1 as Annexure A is attached herewith.

8. CREDIT RATING

ICRA has assigned the long term rating of [ICRA] A- (pronounced ICRA A minus) to the ₹322 Crores term loan and ₹50 Crores working capital facilities of the Company; the outlook on the long-term rating is Stable.

9. AWARDS & RECOGNITIONS

Your Company received the prestigious Gujarat Ratna Award for "Excellence in Healthcare Services" at the CNBC India Healthcare Awards 2015-16 for second time in a row. The Company recently received the "Best Medical Tourism Centre" award at the Gujarat Tourism Awards 2016. In June 2017, our CMD Dr. Vikram Shah has been conferred on with the Double Helical National Health Award 2017 for his outstanding record in Knee Replacement Surgery with his innovative "O Technique". In June 2017, Shalby was conferred on with the "Best CSR Initiative in Healthcare" award at the 7th Healthcare Leaders Forum, New Delhi.

10. CONTINUOUS MEDICAL EDUCATION (CME) PROGRAMMES

Your Company regularly holds CME programmes, workshops and health talk on specialities like Orthopaedics, Cardiology, Neurology etc. The Hospital has been offering diploma in orthopaedics and fellowships in a range of medical and para-medical disciplines.

11. EXTRACT OF ANNUAL RETURN

The extract of the annual return pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, is enclosed as Annexure B to this report.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186 OF THE COMPANIES ACT, 2013

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTY U/S 188 OF THE COMPANIES ACT, 2013

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure C in Form AOC-2 and the same forms part of this report.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

14.1 APPOINTMENT AND RESIGNATION

During the year under review, Dr. Dheeraj Sharma, Non-Executive Independent Director, Mr. Umesh Menon, Non-Executive Independent Director and Dr. Darshini Shah, Non-Executive, Non-Independent Director were appointed as additional director in the meeting of Board of Directors held on December 20, 2016 and affirmed by shareholders in their extra ordinary general meeting held on February 6, 2017. Mr. Tej Malhotra, Non-Executive Independent Director, was appointed as additional director by way of circular resolution dated February, 23, 2017 and affirmed by shareholders in their extra ordinary general meeting held on March 30, 2017. Mr. Shyamal Joshi has been re-designated as Non-Independent Director of the Company from December 20, 2016.

As on date, Dr. Vikram Shah, Chairman & Managing Director, Mr. Ravi Bhandari, Chief Executive Officer, Mr. S L Kothari, Chief

Financial Officer and Mr. Jayesh Patel, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

14.2 DIRECTORS RETIRING BY ROTATION

Mr. Shyamal Joshi, (DIN: 00005766), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board of Directors recommends his re-appointment.

14.3 DECLARATION BY INDEPENDENT DIRECTORS

A declaration of independence in compliance with Section 149 (6) of the Companies Act, 2013, has been taken on record from all Independent Directors of the Company.

14.4 NUMBER OF MEETINGS OF THE BOARD

Being the apex body constituted by the shareholders for overseeing the overall functioning of the Company, the Board evaluates the proposals involving strategic decision making on a collective consensus basis. The Board meetings are usually held at the Company's Registered and Corporate Office in Ahmedabad, Gujarat.

The Company has convened at least one Board meeting in a quarter and the maximum time gap between any two meetings is not more than one hundred and twenty days. During the Financial year 2016-17, your Board met 7 times to transact various businesses.

14.5 POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Company has a "Nomination and Remuneration Committee" in place. The

Committee reviews and recommend to the Board for remuneration of Directors and Key Managerial Personnel and other employee. The Company does not pay any remuneration except the sitting fees to Independent and Non-Executive Directors of the Company.

The Company has devised the Nomination and Remuneration policy for the appointment, re-appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. All the appointment, re-appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel are as per the Nomination and Remuneration policy of the Company. The policy covers, inter alia the following;

Criteria for appointment:

- I. Proposed Director ("Person") shall meet all statutory requirements and should:
 - possess the highest ethics, integrity, value;
 - be willing to devote sufficient time and energy;
 - have demonstrated high level of leadership and vision;
 - not have direct/indirect conflict with present or potential business/ operations of the Company;
 - have expertise and relevant experience (in exceptional circumstances, specialization / expertise in unrelated areas may also be considered); and
 - have the balance and maturity of judgment.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s for appointing him/her as Directors of the Company.

II. The appointment shall be in compliance with the Board Diversity Policy of the Company.

Process for Identification / Appointment of Directors:

- Board members may (formally or informally) suggest any potential person to the Chairman of the Company meeting the above criteria. If the Chairman deems fit, necessary recommendation shall be made by him to the Nomination and Remuneration Committee.
- Chairman of the Company can himself also refer any potential person meeting the above criteria to the Nomination and Remuneration Committee.
- Nomination and Remuneration Committee will process the matter and recommend such proposal to the Board.
- Board will consider such proposal on merit and decide suitably.

14.6 REMUNERATION CRITERIA

The Nomination and Remuneration Policy, inter alia, cover the following

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP's and other employees of the quality required to run the Company successfully.
- No Director/KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- It is to be ensured that relationship of remuneration to the performance is clear

and meets appropriate performance benchmarks which are unambiguously laid down and communicated.

- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- Following criteria are also to be considered:-
 - Responsibilities and duties;
 - Time & efforts devoted;
 - Value addition;
 - Profitability of the Company & growth of its business;
 - Analyzing each and every position and skills for fixing the remuneration yardstick;

14.7 CODE OF CONDUCT

The Company has adopted code of conduct for all its employees, senior management personnel and directors.

14.8 PERFORMANCE EVALUATION OF BOARD AND ITS COMMITTEE

CRITERIA FOR EVALUATION

The Board considered and approved the criteria for performance evaluation of itself, that of its Committees and individual Directors as follows:

Criteria for Board Evaluation

- Focus on strategic and policy issues;
- Effectiveness of Board process and information sharing;
- Nature of discussions; and
- Quality of decisions.

Criteria for Committee Evaluation

- Adequacy of terms of reference of the Committee;
- Fulfillment of key responsibilities;
- Frequency and effectiveness of meetings;
- Quality / relevance and timeliness of information made available; and
- Committee dynamics, especially openness of discussions.

Criteria for Evaluation of Independent Directors

- Participation in terms of adequacy (time and content);
- Contribution through expertise and perspective; and
- Guidance / support to management outside Board / Committee meetings.

Criteria for Evaluation of Non-Independent Directors

- Participation in terms of adequacy; and
- Transparency.

14.9 MANNER OF EVALUATION OF BOARD, ITS COMMITTEE AND INDIVIDUAL DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Companies Act 2013. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after

seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc. The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role. In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board meeting which was followed by the meeting of the Independent Directors, in which the performance of the Board, its committees and individual Directors was also discussed.

15. COMMITTEES OF THE BOARD OF DIRECTORS

As required under the Companies Act, 2013 and SEBI (Listing obligation and Disclosure requirement), 2015, the Board has formed the following four committees. Keeping in view the requirements of the Companies Act, 2013, the Board decides the terms of reference of these Committees and assignment of members to various committees. The recommendation, if any, of these committees are submitted to the Board for approval.

The composition of the Committees are as under;

Sr. No.	Audit and Risk Management Committee	Nomination and Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee
1	Mr. Umesh Menon (Chairman)	Mr. Umesh Menon (Chairman)	Mr. Shyamal Joshi (Chairman)	Mr. Umesh Menon (Chairman)
2	Dr. Dheeraj Sharma	Dr. Dheeraj Sharma	Mr. Umesh Menon	Dr Darshini Shah
3	Mr. Shyamal Joshi	Mr. Shyamal Joshi	Dr. Vikram Shah	Mr. Shyamal Joshi
4	Mr. Tej Malhotra	----	----	----

15.1 AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee assists the Board in its responsibility for overseeing the Company's financial reporting process, reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process, and its compliance with listing and other legal requirements relating to financial statements. It ensures the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, evaluation of internal financial controls and risk management systems, establishing a vigil mechanism for directors and employees, compliance and legal requirements and associated matters.

15.2 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee recommends and reviews compensation plans of the Managing Director, Whole-Time Directors and the senior management based on their performance, defined assessment criteria

and job responsibilities along with the responsibilities of nomination of Directors and analysing, monitoring and reviewing various human resource and compensation matters of the Company. It oversees the implementation of the Nomination and Remuneration Policies of the Company, reviews the effectiveness of such policies from time to time and recommends revisions as and when deemed necessary or expedient.

15.3 CORPORATE SOCIAL RESPONSIBILITY

The Committee is entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility policy of the Company. The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 135 of the Companies Act, 2013 and relevant rules made there under. The details of CSR activities are enclosed herewith as **Annexure D**. The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The Company has indentified the following activities as CSR activities

- Promoting preventive healthcare by free multi-specialty medical camp;
- Promoting employment enhancing vocational skill programme;
- Providing treatment on concessional rate to lower section of the society;
- Donation to charitable trust engaged in charitable activities; and
- Starting and maintaining old age home.

15.4 STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is entrusted with the responsibility of, redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to transfer of shares. The Stakeholders Relationship Committee is also responsible to issue duplicate certificates and new certificates on split / consolidation / renewal.

16. DEPOSITS

During the year, the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 and Rules made there under.

17. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134 (5) of the Companies Act, 2013, your Directors hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b) 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 profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. INSURANCE

All the fixed assets are adequately insured.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to Conservation of Energy, Technology, Absorption and Foreign Exchange earnings and outgo is as under

(A) Conservation of Energy:

The operations of the Company are not energy-intensive. However, significant measures are being taken to reduce the energy consumption by using energy efficient equipment.

I	The steps taken or impact on conservation of energy;	<ul style="list-style-type: none"> • Phasing out of CFL lamps to LED lights • Introduction of timer based operation of air handling units to reduce power consumption • Energy optimization practices implemented in transformer operation • VFD installation for AHU motor in a phased manner • All lifts and OT AHUs are operated with VFD panels • For recently commissioned units, building orientation has been so designed that helps to maximize use of Day Light and to reduce heat gain in order to reduce energy consumption. • For recently commissioned units, the building is being constructed by using structural steel to reduce embedded energy and also to reduce the impact of construction activities to the neighborhood and environment.
II	The steps taken by the company for utilizing alternate sources of energy;	<p>The glass used for facade in a number of facilities is double glazed and is energy efficient low emissivity type which helps in reducing solar heat gain coefficient while improving the visibility.</p>
III	The capital investment on energy conservation equipment;	Generally Company invests in capex to conserve energy.

(B) Technology absorption:

(I) Efforts made towards technology absorption

Over the year, your Company has brought into the country the best technology available in healthcare to serve the patients better and to bring healthcare of international standard within the reach of every individual.

1. In order to promote indigenous technology absorption, the following equipment have been installed at our various units;

- a) Blood bank equipment including Deep freezer, Blood bank refrigerator, Platelet agitator/incubator, Blood collection monitor and tube sealer, Donor couch compofuge
- b) X-ray system;
- c) Dialysis machine;

d) Ventilator;

e) CT scanning machines;

f) MRI scanning machines;

g) Ultrasound systems; and

h) Linac systems.

(II) The benefit accrued due to this is primarily cost reduction from import substitution considering the impact of exchange rate fluctuation and revision of customs duty tariffs. The performance and quality of these equipments have been found to be quite satisfactory.

Technology Absorption, Adaption and Innovation	Benefits	Imported Technology
CT Scan 32 Slice	CT has become an important tool in medical imaging used for preventive medicine or screening for disease to detect infarction, tumors, calcifications, hemorrhage and bone trauma	From Germany
MRI 1.5 Tesla	Ultra Short Magnet - less Claustrophobia i.e. less patient anxiety during examination. Unique TIM Technology for speed and accuracy. DOT Technology for automated planning delivering consistent results and image quality. Light Weight Coils for all Body Parts with: Spectro - Metabolite Evaluation, especially for differential diagnosis of brain & prostate cancers from other diseases Perfusion for Stroke Patients	From Germany
Cathlab	A Cathlab is an examination room with diagnostic imaging equipment used in cardiac department to visualize the arteries of the heart and the chambers of the heart and treat any stenosis or abnormality found.	From Germany
Ultrasound	Ultrasound scan is the most effective imaging modality used to examine the uterus and ovaries. It is may also be used during pregnancy to monitor the health and development of the embryo or fetus. In males, a pelvic ultrasound usually focuses on the bladder and prostate gland.	From Germany
Echo	Cardiac Ultrasound, also known as echocardiography, concerns the ultrasound imaging of a very fast moving complex organ positioned deep within the body - the heart. The analysis of images is also heavily technology driven for the analysis of valves and blood flow, the various ultrasound Doppler approaches are the most common tools.	From Germany
Operating Microscope	An operating microscope is an optical microscope specifically designed to be used in a surgical setting, typically to perform microsurgery. It is also used for Neurosurgery, Spine Surgery, ENT and P&R Surgery.	From Germany
Linac System	Linear accelerator is a device that uses high frequency electromagnetic waves to accelerate charged particles such as electrons to high energies through a linear tube for Cancer diagnosis & Cancer Treatment.	From Switzerland
PTW Dosimetry	The equipments are used for Radio-Oncology procedure for diagnostic and therapeutic treatment for Cancer patients.	From Germany

(III) The expenditure incurred on Research and Development

NIL

(A) Foreign exchange earnings and expenditure:

(₹ in Million)

Particulars	2016-2017	2015-2016
Earnings in Foreign Currency	139.00	128.39
CIF Value of Imports	309.35	152.79
Expenses in Foreign Currency	43.54	34.22

20. PARTICULARS OF EMPLOYEES

The information required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, given in the table below:

Employee Name	Designation of the employee	Remuneration received (₹ in million)	Nature of employment, whether contractual or otherwise	Qualifications	Date of commencement of employee	The age of such employee	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company	Whether any such employee is a relative of any director or manager of the Company	Total Experience including Shaby (in years)
Ravi Bhandari	CEO	7.22	Employment	B.E. (Civil)	08-08-12	47	Indus Towers Ltd.	0.03	No	25
S L Kothari	CFO	4.90	Employment	CA, CS	04-10-16	46	Kewal Kiran Clothing Ltd.	Negligible	No	23
Shanay Shah	Director	3.79	Employment	B.Sc. M.Sc., CFA	05-10-13	26	--	0.16	Son of CMD	4
Vedant Shukla*	AVP - HR	3.36	Employment	MSW	14-11-15	46	Alstom India	-	No	25
Dr. Nishita Shukla	COO - Ahmedabad Cluster	3.03	Employment	PGDHCM, IDM, BHMS	06-04-07	45	Mayabhai Thakkery Trust	0.03	No	19
Amit Chauhan	COO - M.P. Cluster	2.38	Employment	B. Tech, MBA	09-01-14	35	Indus Towers Ltd.	Negligible	No	14
Shalinder Madhok	CIO	2.72	Employment	B. Com., Diploma IT	14-03-16	49	GE Power Industry	Negligible	No	26
Rakesh Shukla	Group GM – F&A	2.70	Employment	B.Com, M.Com, LLB, CA	08-10-15	34	Anand District Milk Producers Union Ltd.(Amul Dairy)	Negligible	No	14
Yogesh Khabrani	DGM – F&A	2.54	Employment	B. Sc., PGDBM, ICWA	09-10-15	50	DuCorp Group, Tanzania	-	No	24
Tejas Shah	General Manager	2.13	Employment	B.Com, MBA	04-11-11	43	HDFC Bank	Negligible	No	20

*left w.e.f. April 1, 2017

21. OTHER DISCLOSURES

21.1 ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has adopted and implemented the Internal Financial Control policy and procedures for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

21.2 RISK MANAGEMENT

The Company has implemented the process of understanding, evaluating and addressing the risks associated with the business, to mitigate the risk and maximize the chances of objectives being achieved and ensuring organizations, individuals and communities are sustainable. To achieve this, we have adopted a risk management policy which inter alia, sets out our approach towards risk assessment, risk management, and risk monitoring, which is periodically reviewed by the Board. Risk management also exploits the opportunities uncertainty brings, allowing organizations to be aware of new possibilities. Essentially, effective risk management requires an informed understanding of relevant risks, an assessment of their relative priority and a rigorous approach to monitoring and controlling them.

21.3 VIGIL MECHANISM

The Company has established a vigil mechanism and accordingly framed a Whistleblower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistleblower to report genuine concerns or grievances and provide for adequate safe guards against victimization of Whistleblower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistleblowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company.

21.4 ANTI-SEXUAL HARASSMENT POLICY

The Company has in place an anti sexual harassment policy in line with the requirement of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act 2013. Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered. There were no incidences of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

21.5 MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no other material changes affecting the financial position of the Company between the end of the financial year to which this financial statements relate and the date of the report.

21.6 SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

There are no significant and material orders passed by the regulators or courts of tribunals impacting the going concern status and Company's operation in future.

22. AUDITORS

22.1 STATUTORY AUDITORS

M/s. G. K. Choksi & Co., Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their reappointment up to the conclusion of fourteenth Annual General meeting subject to the ratification by members in every Annual General meeting. The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

22.2 COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, M/s. Board Sanjay B & Associates has been appointed as Cost Auditors by the Board of Directors for audit of Cost Accounts for the year ended on March 31, 2017 and their remuneration was ratified by members at the 12th Annual General meeting of the Company. The Board of Directors of the Company re-appointed M/s. Board Sanjay B & Associates for audit of Cost Accounts for the year ended on March 31, 2018 at a remuneration of ₹ 100,000/- only exclusive of reimbursement of service tax and all out of pocket expenses incurred, if any, in connection with the cost audit and recommended the members for their ratification.

22.3 SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. Shambhu J. Bhikadia, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2016-17. The Report of the Secretarial Audit Report for the FY 2016-17 is annexed to this Annual Report as Annexure-E. As Secretarial Audit Report do not call for further explanation or comments it may be treated as the adequate compliance of Section 134 of the Companies Act, 2013.

22.4 INTERNAL AUDITOR

M/s. T. R. Chadha & Co, Chartered Accountants, Ahmedabad has been Internal Auditors of the Company for Financial Year 2016-17 and for further period until otherwise resolved by the Board of Directors on the recommendation of the Audit and Risk Management Committee.

June 28, 2017
Ahmedabad

23. ACKNOWLEDGEMENTS

Your Directors would like to place on record its sincere appreciation for the wholehearted support and contribution made by all Doctors and their team, bankers, Government Authorities, auditors and shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the devoted services of employees of the Company at all level for its success and look forward their continued support.

FOR AND ON BEHALF OF THE BOARD

DR. VIKRAM I. SHAH
Chairman & Managing Director
(DIN: 00011653)

ANNEXURE - A

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the Financial Statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ In Million)

Sr. No.	Particulars	Vrundavan Shalby Hospitals Limited	Shalby (Kenya) Limited	Shalby International Limited	Yogeshwar Healthcare Limited
1	Date from which it became Subsidiary	August 12, 2011	June 9, 2011	September 5, 2012	October 11, 2012
2	Financial Year of the Subsidiary Company ended on	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
3	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	2016-17	2016-17	2016-17	2016-17
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Rupees	Rupees	Rupees	Rupees
5	Share Capital	18.00	(100 Ordinary Shares of Kshs. 1000/- each = 1,00,000) 0.07	0.50	7.35
6	Reserves & Surplus	(33.05)	(36.36)	(0.30)	3.52
7	Total Assets	81.04	276.14	0.21	27.67
8	Total Liabilities	96.09	276.14	0.01	16.80
9	Investment	0.00	0.00	0.00	0.00
10	Turnover	20.98	501.26	0.00	5.38
11	Profit/(Loss) before Taxation	(22.07)	184.38	(0.02)	2.93
12	Provision for Taxation	0.38	7.25	0.00	(1.09)
13	Profit/(Loss) after Taxation and write back	(22.45)	(191.62)	(0.02)	4.02
14	Proposed Dividend (including Dividend Distribution Tax thereon)	0.00	0.00	0.00	0.00
15	% of shareholding	55.00	100.00	100.00	94.68
	PAN	AACCV1628A	--	AASCS2101F	AAACY0730G
	Address	Vrundavan Shalby Hospitals, Karasvada Potivim, Industrial Estate, Bartz, Goa-403507	DDM Medical center, Near Pattni Brother hood, Opp. High ridge Primary School, 4th Ave, Park lands, Nairobi, Kenya	Shalby Hospital, Opp. Karnavati Club, SG Road, Ahmedabad -380015	319, Green City, Ghuma, Ahmedabad -380058

Part "B": Associates and Joint Ventures : NA

FOR AND ON BEHALF OF THE BOARD

DR. VIKRAM I. SHAH
Chairman & Managing Director
(DIN: 00011653)

June 28, 2017
Ahmedabad

ANNEXURE - B

Form No. MGT-9

Extract of Annual Return as on the Financial Year ended on March 31, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U85110GJ2004PLC044667
2	Registration Date	August 30 2004
3	Name of the Company	Shalby Limited
4	Category/ Sub-Category of the Company	Unlisted Public Limited Company
5	Address of the Registered office and Contact Details	Shalby Hospitals, Opp. Karnavati Club, S.G. Highway, Near Prahladnagar Garden, Ahmedabad - 380 015. Tel No: +91 79 40203000
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited 46, Avenue, 4th Street, No.1, Banjara Hills, Hyderabad, Andhra Pradesh - 500034 Tel No: +91 40 67161500

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% of total turnover of the company
1	Healthcare Services	86	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Yogeshwar Healthcare Ltd. 319, Green City, Ghuma, Ahmedabad.	U85110GJ1997PLC032486	Subsidiary	94.68	2(87)(ii)
2	Vrundavan Shalby Hospitals Ltd. Karasvada, Mapusa, Goa.	U85110GA1995PLC001851	Subsidiary	55.00	2(87)(ii)
3	Shalby International Ltd. Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad - 380015.	U65923GJ2012PLC071824	Subsidiary	100.00	2(87)(ii)
4	Shalby (Kenya) Ltd. Plot No. 1870/1/210, Parklands Road, 4th Floor, Corner Plaza, P.O Box 69952-00400, Nairobi.	CPR/2011/4958900	Subsidiary	100.00	2(87)(ii)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Equity Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Equity	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	
A. Promoters									
1. Indian									
a) Individual/HUF	55074875	137775	55212650	63.20	55212650	00	55212650	63.17	- 0.039
b) Bodies Corp.	31939348	0	31939348	36.56	31939348	0	31939348	36.11	- 0.455
Sub-Total (A)(1)	87014223	137775	87151998	99.77	86773698	0	86773698	99.27	- 0.494
2. Foreign	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	87014223	137775	87151998	99.77	86773698	0	86773698	99.27	- 0.494
B. Public Shareholding									
1. Institution	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
2. Non-Institution									
a) Body Corporate	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	30750	843	31593	0.13	121800	843	122643	0.14	0.007
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	130000	0	130000	0.05	471250	0.00	471250	0.54	0.488
Foreign Nationals - Non-Resident Indians	0	41341	41341	0.05	0	41341	41341	0.05	0.000
Sub-Total (B)(2)	160750	42184	202934	0.23	593050	42184	635234	0.73	0.494
Total Public Shareholding (B)=(B)(1)+ (B)(2)	160750	42184	202934	0.23	593050	42184	635234	0.73	0.494
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	87174973	179959	87354932	100.00	87366748	42184	87408932	100.00	0.00

Preference Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Equity	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	
A. Promoters									
1. Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Bodies Corp.	0	52500	52500	9.85	0	0	0	0.00	- 9.85
Sub-Total (A)(1)	0	52500	52500	9.85	0	0	0	0.00	- 9.85
2. Foreign	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	0	52500	52500	9.85	0	0	0	0.00	- 9.85
B. Public Shareholding									
1. Institution	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
2. Non-Institution									
a) Body Corporate	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	215600	215600	33.31	0	0	0	0.00	- 33.31
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	265000	265000	56.84	0	0	0	0.00	-56.84
Sub-Total (B)(2)	0	480600	480600	90.15	0	0	0	0.00	- 90.15
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	480600	480600	90.15	0	0	0	0.00	- 90.15
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	0	533100	533100	100.00	0	0	0	0.00	- 100.00

ii. Shareholding of Promoters

Sr. No.	Promoter's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Vikram Shah	52062625	59.60	--	52062625	59.60	--	0.04
2	Dr. Darshini Shah	3012500	3.45	--	3012500	3.45	--	--
3	Mr. Shanay Shah	137525	0.16	--	137525	0.16	--	--
4	M/s Zodiac Mediquip Ltd	31939348	36.56	--	31561048	36.11	--	0.46
	Total	87151998	99.77	--	86773698	99.27	--	0.49

iii. Change in Promoters' Shareholding

Sr. No.	Particular	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	At the beginning of the year	87151998	99.77	--	--
19.01.17	Sale of Shares by Zodiac Mediquip Ltd	264200	--	86887798	99.40
03.02.17	Sale of Shares by Zodiac Mediquip Ltd	41700	--	86946098	99.36
10.02.17	Sale of Shares by Zodiac Mediquip Ltd	46700	--	86799398	99.30
20.02.17	Sale of Shares by Zodiac Mediquip Ltd	23700	--	86775698	99.28
06.03.17	Sale of Shares by Zodiac Mediquip Ltd	2000	--	86773698	99.27
2	At the end of the year	--	--	86773698	99.27

V. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

(other than Directors, Promoters and Holders of GDRs and ADRs):

a) Equity

Sr. No.	Top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	Dr. Bharat Gajjar				
	At the beginning of the year	45000	0.05		
Add	Purchase 19.01.17	30000		75000	0.09
	At the end of the year			75000	0.09
2	Dr. Ashish Sheth				
	At the beginning of the year	17500	0.02		
Add	Purchase 19.01.17	40000		57500	0.07
	At the end of the year			57500	0.07
3	Dr. Shrirang Deodhar				
	At the beginning of the year	15000	0.02		
Add	Purchase 19.01.17	40000		55000	0.06
	At the end of the year			55000	0.06
4	Dr. Amish Kshatriya				
	At the beginning of the year	12500	0.01		
Add	Purchase 19.01.17	40000		52500	0.06
	At the end of the year			52500	0.06
5	Dr. Kalpesh Shah				
	At the beginning of the year	12500	0.01		
Add	Purchase 19.01.17	40000		52500	0.06
	At the end of the year			52500	0.06
6	Dr. Dhiraj Marothi				
	At the beginning of the year	7500	0.01		
Add	Purchase 19.01.17	40000		47500	0.05
	At the end of the year			47500	0.05
7	Dr. Govind Agrawal				
	At the beginning of the year	15000	0.02		
Add	Purchase 10.02.17	20000		35000	0.04
	At the end of the year			35000	0.04

Sr. No.	Top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
8	Mr. Ravi Bhandari				
	At the end of the year	0			
Add	Purchase 10.02.17	15000			
Add	Preferential Allotment 06.03.17	10000		25000	0.03
	At the end of the year			25000	0.03
9	Nishita Shukla				
	At the beginning of the year	0			
Add	Purchase 10.02.17	7000			
Add	Preferential Allotment 06.03.17	18000		25000	0.03
	At the end of the year			25000	0.03
10	Dr. Muthuswamy Krishnamurthy J/ w Dr. Lalitha Krishnamurthy				
	At the beginning of the year	19698	0.02		
	During the year	0		19698	0.02
	At the end of the year			19698	0.02
11	Mr. Balaji Gopalakrishnan J/ w Ms. Sarada Krishnamurthy				
	At the beginning of the year	19698	0.02		
	During the year	0		19698	0.02
	At the end of the year			19698	0.02

b) Preference

Sr. No.	Top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	Dr. Amish Kshatriya.				
	At the beginning of the year	40000	7.50		
Less	Redemption 20.12.2016	40000	0.00	0	0.00
	At the end of the year			0	0.00
2	Dr. Shrirang Deodhar				
	At the beginning of the year	40000	7.50		
Less	Redemption 20.12.2016	40000	0.00	0	0.00
	At the end of the year			0	0.00
3	Dr. Ashish Sheth J/ W Nareshchandra Sheth				
	At the beginning of the year	40000	7.50		
Less	Redemption 20.12.2016	40000	0.00	0	0.00
	At the end of the year			0	0.00
4	Dr. Dhiraj. K. Marothi				
	At the beginning of the year	40000	7.50		
Less	Redemption 20.12.2016	40000	0.00	0	0.00
	At the end of the year			0	0.00
5	Dr. Kalpesh Shah				
	At the beginning of the year	40000	7.50		
Less	Redemption 20.12.2016	40000	0.00	0	0.00
	At the end of the year			0	0.00
6	Dr. Bharat Gajjar				
	At the beginning of the year	30000	5.63		
Less	Redemption 20.12.2016	30000	0.00	0	0.00
	At the end of the year			0	0.00
7	Dr. Govind Agrawal				
	At the beginning of the year	20000	3.75		
Less	Redemption 20.12.2016	20000	0.00	0	0.00
	At the end of the year			0	0.00

Sr. No.	Top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
8	Mr. Ravi Bhandari				
	At the end of the year	15000	2.81		
Less	Redemption 20.12.2016	15000	0.00	0	0.00
	At the end of the year			0	0.00
9	Dr. Hasmukh Nagwadia				
	At the beginning of the year	10000	1.81		
Less	Redemption 20.12.2016	10000	0.00		
	At the end of the year			0	0.00
10	Dr. Kinner Shah				
	At the beginning of the year	10000	1.81		
Less	Redemption 20.12.2016	10000	0.00	0	0.00
	At the end of the year			0	0.00

VI. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.	For each of Directors and KMP	Shareholding at the beginning of the year				Shareholding at the end of the year			
		No. of shares		% of shareholding		No. of shares		% of shareholding	
		Equity	Preference	Equity	Preference	Equity	Preference	Equity	Preference
1	Dr. Vikram Shah								
	At the beginning of the year	52062625	0	59.60	0.00				
	Change during the year	0	0	0.00	0.00	0	0	0.00	0.00
	At the end of the year					52062625	0	59.56	0.00
2	Dr. Darshini Shah								
	At the beginning of the year	3012500	0	3.45	0.00				
	Change during the year	0	0	0.00	0.00	0	0	0.00	0.00
	At the end of the year					3012500	0	3.45	0.00
3	Shyamal Joshi								
	At the beginning of the year	250	0	0.00	0.00				
	Change during the year	0	0	0.00	0.00	250	0	0.00	0.00
	At the end of the year					250	0	0.00	0.00
4	Ravi Bhandari								
	At the beginning of the year	0	15000	0.00	2.81				
Less	Redemption 20.12.2016	0	15000						
Add	Purchase 10.02.2017	15000		0.02		0	0	0.00	0.00
Add	Preferential Allotment 06.03.2017	10000				0	0	0.00	0.00
	At the end of the year					25000	0	0.03	0.00
5	S L Kothari								
	At the beginning of the year	0	0	0.00	0.00				
Add	Preferential Allotment 06.03.2017	6000	0	0.007	0.00	0	0	0.00	0.00
	At the end of the year					6000	0	0.007	0.00
6	Jayesh Patel								
	At the beginning of the year	0	2000	0.00	0.38				0.00
Less	Redemption 20.12.2016	0	2000	0.00	0.00				
Add	Purchase 10.02.2017	2000		0.002		0	0	0.00	0.00
Add	Preferential Allotment 06.03.2017	4000	0	0.005		0	0	0.00	0.00
	At the end of the year					6000	0	0.007	0.00

VII. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Million)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
1. Principal Amount	1,663.74	560.01	0.00	2,223.75
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	16.27	4.95	0.00	21.22
Total (1+2+3)	1,680.01	564.96	0.00	2,244.97
Change in Indebtedness during the financial year				
Addition	1,102.72	649.50	0.00	1,752.22
Reduction	153.62	564.96	0.00	718.58
Net Change	949.10	84.54	0.00	1,033.64
Indebtedness at the end of the financial year				
1. Principal Amount	2,614.25	649.50	0.00	3,263.75
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	14.85	0.00	0.00	14.85
Total (1+2+3)	2,629.10	649.50	0.00	3,278.60

VIII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NA

B. Remuneration to other Directors: NIL

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ in Million)

Sr. No.	Particulars of remuneration	Key Managerial Personnel			
		CEO	CS	CFO	TOTAL
1	Gross salary a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b. Value of perquisites u/s 17(2) Income-tax Act, 1961 c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	7.22	1.33	4.90	13.45
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit / others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	7.22	1.33	4.90	13.45

IX. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies act	Brief description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. DIRECTORS					
Penalty					
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD

DR. VIKRAM I. SHAH

Chairman & Managing Director
(DIN: 00011653)

June 28, 2017
Ahmedabad

ANNEXURE - C

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)
Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section, 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of Contracts or Arrangements or Transactions not at arm's length basis for FY 2016-17								
Sr. no.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the resolution was passed in general meeting as required under first proviso to section 188
1	Shalby Orthopedic Hospital & Research Centre, Dr Vikram Shah is a partner of Shalby Orthopaedic Hospital and Research Centre, and is a director and key managerial person of the Company.	Trademark License Agreement	15 Years	One time royalty fee of ₹1	Dr. Vikram Shah, along with Dr. Darshini Shah, and Shanay Shah are major partners of Shalby Orthopaedic Hospital and Research Centre. They are also Promoters of Shalby Limited. As the Company is the flagship company of the group and largely responsible for the goodwill of the Company, trademark, it was decided by the Promoters that the trademark license agreement executed between the Company and Shalby Orthopaedic Hospital and Research Centre shall be for a nominal consideration of ₹1 payable by the issuer to the holder of the trademark, Shalby Orthopaedic Hospital and Research Centre.	20-12-2016	NA	06-02-2017
2	Dr. Vikram I Shah, Chariman & Managing Director of the Company	Lease Agreement	10 Years	Dr. Vikram Shah has leased the land on which SG Shalby is located to the Company for a period of ten years, ending on February 28, 2027 at a monthly lease rental of ₹500,000	As Shalby Limited is the flagship company of the group and largely responsible for the value attributed to the group, the individual Promoter, Dr Vikram Shah, decided to extend the leasehold rights to the Company for a consideration that may be lower than the arm's length price for comparable leased properties.	20-12-2016	NA	06-02-2017
3	Shalby Orthopedic Hospital & Research Centre, Dr Vikram Shah is a partner of Shalby Orthopaedic Hospital and Research Centre, and is a Director and Key Managerial Person of the Company.	Lease Agreement	10 Years	Shalby Orthopaedic Hospital and Research Centre has leased the land on which Vijay Shalby is located to the Company for a period of ten years, ending on February 28, 2027 at a monthly lease rental of ₹50,000	As Shalby Limited is the flagship company of the group and largely responsible for the value attributed to the group, the individual Promoters, being partners of Shalby Orthopaedic Hospital and Research Centre, decided to extend the leasehold rights to the Company for a consideration that may be lower than the arm's length price for comparable leased properties.	20-12-2016	NA	06-02-2017
4	Dr. Vikram I Shah, Chariman & Managing Director of the Company	Lease Agreement	30 Years	Higher of: (a) A guaranteed minimum of monthly rental of ₹1,00,000; and (b) A revenue sharing of 2.5% of the gross revenue generated and / or Naroda, and booked on the credit side of profit and loss accounts, in the books of accounts of the Company.	Dr Vikram Shah and Mr. Uday Bhatt have leased the land on which Shalby Naroda is located to the Company for a period of thirty years. As Shalby Limited is the flagship company of the group and largely responsible for the value attributed to the group, the individual Promoter, Dr. Vikram Shah, decided to give the leasehold rights to the Company for a consideration that may be lower than the arm's length price for comparable leased properties.	20-12-2016	NA	06-02-2017

2. Details of material Contracts or Arrangement or Transactions at arm's length basis for FY 2016-17							
Sr. no.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any	Date on which Ordinary resolution was passed in general meeting u/s 188 (1)
PROFESSIONAL FEES							
1	Dr. Vikram I Shah, KMP	Professional Fees	10 Years	Professional fee revised w.e.f 01/01/2016 and payable 1) Arthroplasty; 20% of IPD collection (Surgery fees + Ward fees); 80% OPD fees Collected 2) Other than Arthroplasty: 20% of the PF posting amount, etc amounting to ₹4,47,54,279	05/01/2016	NA	NA
2	Dr. Darshini V. Shah, Relative of KMP	Professional Fees	10 Years	1) Professiona fee payable 1) For SG & Vijay unit; 70% of dental income 2) For Krishna unit: 50% of dental income amounting of ₹2,67,75,133	28/03/2014	NA	NA
COMMISSION							
1	Zodiac Mediquip Limited, Promoter Company	Commission	5 Years	Commission amounting to ₹1,34,950	19/11/2012	NA	NA
RENT EXPENSES/INCOME							
1	Yogeshwar Healthcare Limited, Subsidiary Company	Rent / Deposit	5 Years	Rent ₹255,000 Per year and ₹1200,000 given as Deposit	19/02/2014	NA	NA
2	Griffin Mediquip LLP	Rent Income	11 Years	Rendering Services amounting to ₹60,000	05/01/2016	NA	NA
3	Slaney Healthcare Private Limited	Rent Income	Ongoing	Rendering Services amounting to ₹63,200	05/01/2016	NA	NA
PURCHASE OR SALE OF MEDICAL, MATERIAL AND CONSUMABLES							
1	Slaney Healthcare Private Limited, wholly owned subsidiary of Zodiac Mediquip Limited one of promoter of the Company	Purchase of medical material and consumables	Ongoing	Purchase of medical material and consumables value is ₹6,31,124	05/01/2016	NA	NA
		Sale of medicines and consumable	Ongoing	Sale of medicines and consumable value is ₹2759	05/01/2016	NA	NA
2	Uranus Medical Devices Limited, Group Company	Purchase of medical material and consumables	Ongoing	Purchase of medical material and consumables value is ₹3,26,853	05/01/2016	NA	NA
3	Griffin Mediquip LLP, Group Company	Purchase of medical material and consumables	Ongoing	Purchase of medical material and consumables value is ₹32,50,38,308	05/01/2016	NA	NA
AVAILING AND RENDERING SERVICES							
1	Shalby International Limited, Subsidiary Company	Unsecured Loan Given		Unsecured loan given amounting to ₹5,18,234	05/01/2016	NA	NA

FOR AND ON BEHALF OF THE BOARD

DR. VIKRAM I. SHAH
Chairman & Managing Director
(DIN: 00011653)

June 28, 2017
Ahmedabad

ANNEXURE -D

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The CSR activities we pursue will be in line with our stated Vision and Mission, focused not just around units, but also in other geographies based on the needs of the communities \ societies

The **major focus areas** where special Community Development programmes would be run are:

- Promoting Healthcare including Preventive Healthcare through awareness programmes, health check-ups, free or concessional Medical Camps, provision of medicine & treatment facilities, providing pre natal & post natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building immunity.
- Healthcare we aspire to deliver facilities to communities and other sections of the society in the form of primary healthcare

support through diagnosis and treatments, promoting preventive healthcare, building awareness about sanitation and medical camps, creating awareness through various programs, etc.

- The Company may undertake projects or programs or activities aimed at improving the health and hygiene of the socially or economically weaker sections, families in the below poverty line (BPL) by providing free or subsidized medicine, clinical laboratory facilities, free or concessional treatments at hospitals, setting up of medical and diagnostic camps, projects or programmes aimed at eradicating poverty or malnutrition of women and children, pain and palliative care etc.
- Employment enhancing vocational skill development programmes and promoting education.
- Company may undertake projects or programs or activities for the protection of elderly citizens by establishing, funding or otherwise supporting old age homes and day care facilities including medical aid.

(₹ in Million)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1	Activities mentioned above	0.00	0.00	9.53	0.00	0.00	0.00
	Total	0.00	0.00	9.53	0.00	0.00	0.00

2. The composition of the CSR committee:

The composition of the members of the Corporate Social Responsibility Committee is as follows:

1. Mr. Umesh Menon
2. Dr. Darshini Shah
3. Mr. Shyamal Joshi

3. Average net profit of the company for last three financial years for the purpose of computation of CSR:

₹476.47 million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

₹9.53 million

5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year: ₹9.53 million
- b) Amount unspent: ₹9.53 million
- c) Manner in which the amount spent during the financial year:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

The Company's CSR initiatives include conducting various programs viz day care facilities, preventive healthcare, health check-ups, free Medical Camps, provision of medicine & treatment facilities and getting feedback from community. Though all such initiatives undertaken by the Company qualifies as CSR activities under schedule VII under the Companies Act, 2013 but since your Company is engaged in providing healthcare services, the same is not eligible. The Company intends to set up Old Age Homes for under privileged class which requires enormous resources being capital intensive. The Company proposes to accumulate the CSR corpus to a sizable level and then undertake such capital intensive project.

7. We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

FOR AND ON BEHALF OF SHALBY LIMITED

June 28, 2017
Ahmedabad

Shyamal Joshi
Chairman - CSR Committee
(DIN: 00005766)

Dr. Vikram Shah
Chairman and Managing Director
(DIN: 00011653)

ANNEXURE -E

FORM NO. MR-3

Secretarial Audit Report (For the Financial Year ended March 31, 2016)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
SHALBY LIMITED
Opp: Karnawati Club,
Sarkhej Gandhinagar Highway,
Nr. Prahladnagar Gardern
Ahmedabad-380015
Gujarat

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SHALBY LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SHALBY LIMITED ("The Company") for the Financial Year ended on March 31, 2017 according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and By-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
 - A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011-[**Not Applicable to the Company during the Audit Period**];
 - B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; -[**Not Applicable to the Company during the Audit Period**];
 - C. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009-[**Not Applicable to the Company during Audit Period**];

- D. The Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014-[**Not Applicable to the Company during Audit Period**];
 - E. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008-[**Not Applicable to the Company during Audit Period**];
 - F. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-[**Not Applicable to the Company during Audit Period**]; and
 - H. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-[**Not Applicable to the Company during Audit Period**];
- VI. Other Laws those are applicable specifically to the Company:
1. **INDUSTRY SPECIFIC REGULATIONS**
 - (i) Indian Medical Council Act, 1956 ("IMC Act").
 - (ii) Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 ("IMC Regulations")
 - (iii) Drugs and Cosmetic Act, 1940.
 - (iv) Narcotic Drugs and Psychotropic Substances Act, 1985
 - (v) Pharmacy Act, 1948

- (vi) Clinical Establishments (Registration & Regulation) Act, 2010
- (vii) Ethical Guidelines for Biomedical Research on Human participants, 2006
- (viii) Transplantation of Human Organs Act, 1994
- (ix) Atomic Energy Act, 1962
- (x) Atomic Energy (Radiation Protection) Rules, 2004
- (xi) Safety Code for Medical Diagnostic X-Ray Equipment and Installation, 2001
- (xii) Radiation Surveillance Procedures for Medical Application of Radiation 1989
- (xiii) Pre-Conception and Pre-Natal Diagnostic Techniques Act, 1994
- (xiv) Medical Termination of Pregnancy Act, 1971
- (xv) Consumer Protection Act, 1986
- (xvi) Madhya Pradesh Upcharyagriha Tatha Rujopchar Sambandhi Sthapnaye (Registrikaran tatha Anugyapan) Adhiniyam, 1973 ("MP Nursing Home Act")
- (xvii) The Gujarat Emergency Medical Services Act. 2007

2. **FOOD SAFETY REGULATIONS**

- (i) Food Safety and Standards Act, 2006

3. **ENVIRONMENT REGULATIONS**

- (i) Environment (Protection) Act, 1986
- (ii) Water (Prevention and Control of Pollution) Act, 1974
- (iii) Water (Prevention and Control of Pollution) Cess Act, 1977
- (iv) Air (Prevention and Control of Pollution) Act, 1981

- (v) Biomedical Waste Management Rules, 2016
- (vi) Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016

I have also examined compliance with the applicable clauses of the following:

1. Secretarial Standard issued by The Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with the Stock exchanges and The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 [Clauses of Listing Agreement were not applicable as Securities of the Company is not listed on any recognized stock exchange]

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that: The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the Decisions at the Board Meeting and committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, guidelines.

I further report that during the Audit period there were following Specific events/actions having a major bearing on company's affairs in pursuance of the above referred Laws, Rules, regulations, guidelines, Standards, etc. which are:

1. The Company has on March 6, 2017 issued and allotted 54000 equity shares of ₹10/- each at the Premium of ₹ 60/- per Share aggregating to ₹ 37,80,000/- on Private Placement basis.
2. The Company has increased its Authorised share Capital from ₹ 101.25 Crores to ₹ 111.25 Crores and made re-Classification of Share Capital and adopted new set of Articles of Association and also made Alteration in the "Main Object" Clause of Memorandum of Association in the extra ordinary general meeting held on February 6, 2017.
3. Shalby Surat Hospital Private Limited and Kusha Healthcare Limited were amalgamated with the Company pursuant to the Amalgamation order of honourable high court of Gujarat dated August 5, 2016.
4. Scheme of arrangement in the nature of De-merger and transfer of Hospital Division of Kamesh Bhargva Hospital & Research Centre Private Limited to Shalby Limited has been approved by Honourable High Court of Gujarat, subject to clarification that the implementation of the said order shall be subject to the proceedings filed by the Transferor company before the High Court of Punjab and Haryana at Chandigarh.
5. The company has redeemed 533100, 5% cumulative optionally convertible

redeemable preference shares of ₹ 10/- each at the total redemption amount of ₹ 15,599,500/- vide Board resolution dated December 20, 2016.

6. The Company has passed Special resolutions in the Extra Ordinary general Meeting of members held on March 30,

June 28, 2017
Ahmedabad

This Report is to be read with my letter of even date which is annexed as Appendix A and Forms an integral part of this report.

APPENDIX A

To,
The Members
SHALBY LIMITED
Opp: Karnawati Club, S G Highway,
Nr. Prahladnagar Gardern,
Ahmedabad-380015

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the

2017 for the proposed initial public offering of equity shares of ₹10/- each (equity Shares) consisting of a fresh issue of up to ₹5800 million and offer for sale by existing shareholders.

Shambhu J. Bhikadia
Practicing Company Secretary
ACS No.:8024 CP No.:3894

Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Shambhu J. Bhikadia
Practicing Company Secretary
ACS No.:8024 CP No.:3894

June 28, 2017
Ahmedabad

INDEPENDENT AUDITORS' REPORT

To,
The Members,
SHALBY LIMITED
Ahmedabad.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SHALBY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by

the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure - A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial

reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to our best of our information and according to the explanations given to us:
 - (i) The Company has disclosed pending litigations which would impact its financial position. (Refer Note-44 to the standalone financial statements)
 - (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. (Refer Note - 47 to the standalone financial statements)

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

June 28, 2017
Ahmedabad

Shaunak V. Muzumdar
Partner
Mem. No. 37571

Annexure - A to the Independent Auditors' Report of even date on Standalone Financial Statements of SHALBY LIMITED

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company provided to us, the title deeds of immovable properties are held in the name of the Company except freehold land and leasehold land aggregate amounting to ₹473.33 million acquired pursuant to schemes of amalgamation in the nature of merger which is pending for registration in the name of the Company. Further as per information and explanations given to us all the existing buildings of the Company are either constructed on freehold / leasehold land or acquired pursuant to scheme of amalgamation in the nature of merger.
- (ii) According to information and explanation given to us, the Management of the Company has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on such physical verification during the year.
- (iii) The Company has not granted any secured / unsecured loan to any parties covered in the register maintained under Section 189

of the Companies Act, 2013. Accordingly, the provisions of Clause 3(iii) of the Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.
- (v) According to information and explanations given to us, the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to rules made by the Central Government. We are of the opinion that prima facie the prescribed accounts and records have been maintained and being made. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and Company had no arrears of such outstanding statutory dues as at March 31, 2017 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues of Sales Tax / VAT and Income Tax which have not been deposited by company as at March 31, 2017 on account disputes are as stated below :

Name of the Statute	Nature of the Dues	Disputed Amount (₹) In Million	Period to which the amount relates	Forum where dispute is pending	Remarks
Sales Tax	Demand Notice issued by Sales Tax Department	52.60	F. Y. 2009-10	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹ 5.42 million.
Sales Tax	Demand Notice issued by Sales Tax Department	63.12	F. Y. 2010-11	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹2.02 million.
Sales Tax	Demand Notice issued by Sales Tax Department	74.91	F. Y. 2011-12	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹1.82 million.
Sales Tax	Demand Notice issued by Sales Tax Department	91.90	F. Y. 2012-13	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹1.96 million.
Sales Tax	Demand Notice issued by Sales Tax Department	101.26	F. Y. 2013-14	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹ 2.94 million.
Tax Deducted at Sources	Demand Notice issued by Sales Tax Department	105.21	A. Y. 2014-15	CIT (A)	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹29.97 million including interest ₹21.04 million.
Income Tax Act, 1961	Income Tax	13.31	A.Y. 2014-15	Dy. Commissioner of Income Tax	-

- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans and borrowings to financial institutions, banks, government or dues to debenture holders during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has raised moneys by way of term loans during the year and such term loans have been applied by the Company for the purposes for which they were raised.

- (x) According to the information and explanations given to us, no fraud by company or any fraud on the company by its officers and employees have been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has not paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on examination of records of the Company provided to us, during the current financial year the Company has made preferential allotment / private placement of fully paid equity shares and the fund so raised have been used for the purposes for which they were raised.

(xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

June 28, 2017
Ahmedabad

Shaunak V. Muzumdar
Partner
Mem. No. 37571

Annexure-B to the Independent Auditors' Report of even date on the Standalone Financial Statements of SHALBY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SHALBY LIMITED ("the Company") as of March 31 2017 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial

Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to

permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

June 28, 2017
Ahmedabad

Shaunak V. Muzumdar
Partner
Mem. No. 37571

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Million)

Particulars	Notes	March 31, 2017	March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	2	874.09	878.88
Reserves and Surplus	3	1932.36	1258.76
		2806.45	2137.64
Share Application Money pending for allotment	4	2.73	0.00
Deferred Government Subsidy	5	94.39	0.00
Non-Current liabilities			
Long term borrowings	6	2854.04	2010.72
Deferred tax liabilities (Net)	7	56.76	7.86
Other non-current liabilities	8	20.67	27.69
Long term provisions	9	15.18	7.79
		2946.65	2054.06
Current liabilities			
Short term borrowings	10	229.72	64.78
Trade payables			
Micro, Small & Medium Enterprises	46	0.00	0.00
Others	11	388.72	447.73
Other current liabilities	12	639.05	345.32
Short term provisions	13	7.47	1.57
		1264.96	859.40
Total		7115.18	5051.10
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	14	3112.02	3086.73
Intangible assets	15	1.61	3.51
Capital work-in-progress	16	2214.40	817.77
Intangible assets under development	17	2.27	0.06
		5330.30	3908.07
Non-current investments	18	94.10	93.97
Long term - loans and Advances	19	757.65	373.78
Other non-current assets	20	2.74	1.61
Current Assets			
Current Investments	21	4.30	0.00
Inventories	22	75.58	73.37
Trade receivables	23	376.71	306.69
Cash and Bank Balances	24	157.04	153.60
Short term - Loans & advances	25	159.50	96.18
Other current assets	26	157.26	43.83
		930.39	673.67
Total		7115.18	5051.10
Significant Accounting Policies	1	--	--

The accompanying notes are an integral part of the financial statements.
As per our report of even date

FOR G. K. CHOKSI & CO. [Firm Registration No. 101895W] Chartered Accountants SHAUNAK V. MUZUMDAR Partner Mem. No. 37571 June 28, 2017 Ahmedabad	FOR AND ON BEHALF OF THE BOARD		
	DR. VIKRAM I. SHAH Chairman & Managing Director DIN: 00011653	SHYAMAL S. JOSHI Director DIN: 00005766	RAVI S. BHANDARI Chief Executive Officer
	S L KOTHARI Chief Financial Officer	JAYESH R. PATEL Company Secretary	June 28, 2017 Ahmedabad

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Million)

Particulars	Notes	March 31, 2017	March 31, 2016
INCOME			
Revenue from operations	27	3218.41	2858.38
Other Income	28	89.37	34.82
Total Revenue		3307.78	2893.20
EXPENSES			
Purchase of traded goods	29	57.55	42.31
Operative and other expenses	30	1822.49	1754.31
Changes in inventories	31	(4.75)	0.33
Employee benefits expenses	32	380.48	271.34
Finance costs	33	94.06	101.92
Depreciation and amortization expenses		176.79	119.56
Less : Capitalised		15.74	13.28
		161.05	106.28
Administrative and other expenses	34	250.63	221.99
Total Expenses		2761.51	2498.48
Profit before tax		546.27	394.72
Tax Expenses			
Current Tax		116.50	84.00
MAT Credit Entitlement		(300.00)	0.00
Deferred Tax		48.91	13.87
		(134.59)	97.87
Profit for the period / year		680.86	296.85
Earnings per equity share	35		
Basic and diluted		7.79	3.39

The accompanying notes are an integral part of the financial statements.
As per our report of even date

FOR G. K. CHOKSI & CO. [Firm Registration No. 101895W] Chartered Accountants SHAUNAK V. MUZUMDAR Partner Mem. No. 37571 June 28, 2017 Ahmedabad	FOR AND ON BEHALF OF THE BOARD		
	DR. VIKRAM I. SHAH Chairman & Managing Director DIN: 00011653	SHYAMAL S. JOSHI Director DIN: 00005766	RAVI S. BHANDARI Chief Executive Officer
	S L KOTHARI Chief Financial Officer	JAYESH R. PATEL Company Secretary	June 28, 2017 Ahmedabad

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Million)

Particulars	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Profit/(Loss) for the year before taxation	546.27	394.72
Adjustments for:		
Depreciation and amortization (net)	161.05	106.28
Prior period adjustment	0.06	0.00
Provision for Bad & Doubtful Debts	3.80	0.00
Bad debts	0.00	0.30
Gain on Investment	0.00	(0.75)
Deferred Capital subsidy	(5.61)	0.00
Interest subsidy	(10.89)	0.00
Profit from LLP	(4.55)	0.00
(Profit) / Loss on sale of Fixed Assets	(2.34)	0.43
Dividend Income	(0.19)	(1.90)
Interest Income	(25.38)	(13.93)
Interest Expenses	95.69	63.23
Operating profit before working capital changes	757.91	548.38
Changes in Working Capital :		
Adjustments for (Increase) / Decrease in Operating Assets		
Long Term Loans & Advances	(93.87)	(134.87)
Other Non-current Assets	(1.25)	1.57
Inventories	(2.21)	(22.05)
Trade and other receivables	(73.82)	(106.48)
Short Term Loans & Advances	(63.32)	(61.12)
Other Current Assets	33.12	(35.33)
Adjustments for Increase / (Decrease) in Operating Liabilities		
Other non-current liabilities	(7.02)	(28.86)
Trade payables	(59.01)	(133.14)
Other Current liabilities	300.06	137.93
Provisions	13.55	5.45
	46.23	(376.90)
Cash generated from operations	804.14	171.48
Direct taxes Refund/(paid)	(106.50)	(100.85)
Net cash from operating activities [A]	697.64	70.63
B. Cash flow from investing activities		
(Purchase) / Sale of Investments (Including adjustment on accounts of Merger)	(1581.01)	(1499.49)
(Purchase) / Sale of Investments	(4.43)	0.75
Profit from LLP	4.55	0.00
Dividend received	0.19	1.90
Interest received	19.58	18.94
Net cash used in investing activities [B]	(1561.12)	(1477.90)

(₹ in Million)

Particulars	March 31, 2017	March 31, 2016
C. Cash flow from financing activities		
Proceed from issue of shares including premium	3.78	5.46
Proceed from share application money pending for allotment	2.73	0.00
Redemption of shares including Premium	(15.60)	0.00
Procurement / (Repayment) of long/ short term borrowings	1008.26	1268.16
Interest paid	(102.06)	(44.83)
Dividend Paid	(0.45)	(0.21)
Net cash flow from financial activities [C]	896.66	1228.58
Net Increase/(Decrease) in cash and cash equivalents [A+B+C]	33.18	(178.69)
Cash and cash equivalents opening	82.64	261.33
Cash and cash equivalents closing	115.82	82.64
Components of Cash and cash Equivalents		
Balances with Banks	99.94	73.41
(Including Fixed Deposits with Maturity less than three months)		
Cash in hand	15.88	9.23
	115.82	82.64

Explanatory Notes to Cash Flow Statement

- The Cash Flow Statement is prepared by using indirect method in accordance with the format prescribed by Accounting Standard 3 as prescribed by the Institute of Chartered Accountants of India.
- In Part A of the Cash Flow Statements, figures in brackets indicates deductions made from the net profit for deriving the cash flow from operating activities. In part B & part C, figures in brackets indicates cash out flows.
- Figures of the previous year have been regrouped wherever necessary, to confirm to current Period presentation.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

SHAUNAK V. MUZUMDAR
Partner
Mem. No. 37571
June 28, 2017
Ahmedabad

FOR AND ON BEHALF OF THE BOARD

DR. VIKRAM I. SHAH
Chairman & Managing Director
DIN: 00011653

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

June 28, 2017
Ahmedabad

NOTES FORMING PART OF ACCOUNTS

1. Significant Accounting Policies

(a) Basis of Preparation of Financial Statements

- (i) The financial statements of the company have been prepared and presented in accordance with the generally accepted accounting principle under the historical cost convention on an accrual basis. These financial statements have been prepared as going concern and comply, in all material respects, with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- (ii) The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

b) Use of estimates

The Preparation of the financial statements in conformity with Indian GAAP requires the Management to make certain estimates and assumptions. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

(c) Fixed Assets

- (i) Tangible and Intangible Assets
Tangible Fixed Assets are stated at the cost of acquisition or construction less accumulated depreciation and impairment losses, if any. The cost comprises of purchase price and any other

attributable cost of bringing the assets to its working condition for its intended use.

Intangible assets are recognized at the consideration paid for acquisition of such assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

(ii) Capital Work In Progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(iii) Impairment of Assets

An assessment is done to determine whether there is any indication of impairment. An asset is treated as impaired when its carrying cost exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

The company has adopted the policy of carrying out impairment test once in the span of every three financial years.

(d) Borrowing Costs

Borrowing cost including interest, guarantee fees commitment charges etc., that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of that asset up to period the project is commissioned or asset is put to use. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining a qualifying asset, is apportioned on rational basis, the remaining borrowing cost is charged to the revenue.

(e) Depreciation and Amortization

Depreciation on Tangible Fixed Assets is provided on the straight line method based on the useful lives as specified in Part C of Schedule II to the Companies Act, 2013 read with the relevant notification issued by the Department of Company affairs, except depreciation in respect of below mentioned asset is provided on straight line method over the useful lives estimated by the management. The management estimates useful life for such assets as under.

Hospital Building (*): 30 Years

(*) For this class of assets based on internal assessments and technical evaluation carried out by the management, it believes that useful life as given above best represents the period over which management expects to use this assets. Hence the useful life for this asset is different from useful life as prescribed under Part C of schedule II to the Companies Act 2013.

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the assets is available to the company for its use. The management estimates useful life for intangible asset comprising of computer software as follows:

Computer Software: Over a period of three years

Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

Goodwill on merger / amalgamation is charged to statement of profit and loss in the year in which the same is generated.

(f) Investment

Investments are classified into current and long term investments. Current

investments are stated at the lower of cost and fair value. Long term investments are stated at cost price. Provision for diminution in the value of Long Term Investment is made only if, such decline is not temporary in nature in the opinion of the Management.

(g) Inventories

(i) The inventories of all medicines, Medicare items traded and dealt with by the Company are valued at cost or net realizable value whichever is lower. Cost is after adjusting Value Added Tax wherever applicable applying the FIFO Method.

(ii) Materials and consumables and general stores are charged to the Statement of Profit and Loss as and when they are procured and stock of such items at year-end is valued at cost.

(h) Revenue Recognition

(i) Income from Healthcare Services is recognised based on completed service method. Income from Healthcare Services in respect of Indoor/ Outdoor patients as at Balance Sheet date is recognised on proportionate basis to the extent of services rendered.

(ii) Pharmacy Sales are recognised net of returns and discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to the customers. Sales are adjusted for Value Added Tax wherever applicable.

(i) Transactions in Foreign Currency

(i) Initial Recognition

Transactions denominated in foreign currencies entered into by the Company are normally recorded at the exchange rates prevailing on the date of transaction or at monthly

average exchange rate prevailing at the time of the transaction.

(ii) Measurement at the Balance Sheet date

Monetary items denominated in foreign currency at year end date are restated at exchange rate prevailing on that date.

(iii) Treatment of exchange differences

Any income or expense on account of exchange difference either on settlement or restatement of monetary items is recognised as income / expenses in the statement of profit and loss

(j) Retirement Benefits.

(i) Defined Contribution Plan

The Company has Defined Contribution Plan for its employees' retirement benefit comprising of provident fund and Employees Death Linked Insurance. The company and eligible employees make monthly contributions to such schemes equal to specified percentage of the covered employees' salary.

The company has no further obligations to the above referred plans beyond its monthly contributions.

(ii) Defined Benefit Plan

For Defined Benefit Plan the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial Gains or Losses are recognised in full in the Profit and Loss Account for the period in which they occur.

• Gratuity

The Company makes annual contribution to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life

Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service, or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

• Leave Encashment Benefit

Leave encashment are accounted for based on actuarial valuation by the actuaries.

(k) Taxation

(i) Current year tax is provided based on taxable income computed in accordance with the provisions of the Income-tax Act, 1961.

(ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

(iii) The Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period using the tax rates and laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax on timing differences other than those referred above is recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such assets can be realized.

(l) Earnings Per Share

In determining the earnings per share, the Company considers the net profit (after tax and extraordinary items) attributable to equity shareholders and includes post-tax effect of any extraordinary items. The number of shares used in computing the earnings per share is the weighted average number of shares outstanding during the period. For computing diluted earnings per share, potential equity is added to the above weighted average number of shares.

(m) Prior Period Items and Extra - Ordinary Items

Adjustments arising due to errors or omission in the financial statements of earlier years are accounted under "Prior Period". Items of Income & Expenditure, which are not of recurring nature viz., damages due to floods, earth quakes etc. are disclosed as extra ordinary items.

(n) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent

liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

(o) Cash and Cash Equivalents (for the purpose of Cash Flow Statements)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balance (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(p) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non – cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information

(q) Government Subsidy

(i) Subsidy available to the company on capital account is credited to "Deferred Government Subsidy" and an amount equal to the depreciation on assets created / acquired out of such subsidy is transferred from "Deferred Government Subsidy" to Statement of Profit and Loss based on principles of deferred income stated in Accounting Standard 12 "Accounting for Government Grants" i.e allocated to Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

(ii) Subsidy on Revenue account i.e Interest subsidy is carried to Statement of Profit and Loss and adjusted against the relevant Finance cost.

2. SHARE CAPITAL

Particulars	(₹ in Million)	
	As at March 31, 2017	As at March 31, 2016
A) AUTHORISED		
11,12,50,000 (P.Y.9,92,50,000) Equity Shares of ₹ 10/- each	1112.50	992.50
NIL (P.Y. 20,00,000) Convertible / Redeemable Preference Shares of ₹ 10/- each	0.00	20.00
	1112.50	1012.50
B) ISSUED		
8,74,47,932 (P.Y. 8,73,54,932) Equity Shares of ₹ 10/- each	874.48	873.55
NIL (P.Y. 5,33,100) Convertible/Redeemable Preference Shares of ₹ 10/- each	0.00	5.33
	874.48	878.88
C) SUBSCRIBED AND FULLY PAIDUP		
Equity Shares		
8,74,08,932 (P.Y. 8,73,54,932) Equity Shares of ₹10/- each fully paid up	874.09	873.55
Preference Shares		
Nil (P.Y.10,000) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 10/- each	0.00	0.10
Nil (P.Y.1,96,000) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 10/- each	0.00	1.96
Nil (P.Y.1,40,500) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 15/- each	0.00	1.40
Nil (P.Y.83,600) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 20/- each	0.00	0.84
Nil (P.Y.1,03,000) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 43/- each	0.00	1.03
	0.00	5.33
	874.09	878.88

Note:

- (i) The company has vide resolution passed by Board of Directors in the meeting held on March 26, 2016 allotted 5,24,12,960 equity shares as bonus shares in the ratio of 3:2 on March 26, 2016. During the period of five financial years immediately preceeding the Balance Sheet date, the company has not:
 - (i) allotted any equity shares pursuant to any contract without payment being received in cash; except those issued upon business combination; and
 - (ii) bought back any equity shares.

D) RECONCILIATION OF NUMBER OF SHARES

Equity Shares

Particulars	(In Numbers)	
	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	8 73 54 932	3 49 41 972
Add:		
Shares issued for Cash	54 000	0
Bonus Shares	0	5 24 12 960
Exercise of Share Option under ESOS / ESOP	0	0
Shares issued in Business Combination	0	0
	8 74 08 932	8 73 54 932
Less:		
Shares bought back / Redemption	0	0
At the end of the year	8 74 08 932	8 73 54 932

Preference Shares

Particulars	(In Numbers)	
	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	5 33 100	4 30 100
Add: Issued during the year	0	1 03 000
Less: Redeemed / converted during the year	5 33 100	0
At the end of the year	0	5 33 100

Pursuant to resolution passed by board of directors in the meeting held on December 20, 2016, the company has redeemed all the above redeemable preference shares having aggregate face value of ₹5.33 Million at a premium of ₹10.27 Million out of accumulated profits.

E) RIGHTS, PREFERENCES AND RESTRICTIONS

The Authorised Share Capital of the Company consists of Equity Shares having nominal value of ₹10/- each. The rights and privileges to equity shareholders are general in nature and allowed under Companies Act, 2013.

The equity shareholders shall have:

- (i) a right to vote in shareholders' meeting. On a show of hands, every member present in person shall have one vote and on a poll, the voting rights shall be in proportion to his share of the paid up capital of the Company;
- (ii) a right to receive dividend in proportion to the amount of capital paid up on the shares held.

The shareholders are not entitled to exercise any voting right either in person or through proxy at any meeting of the Company if calls or other sums payable have not been paid on due date.

In the event of winding up of the Company, the distribution of available assets/losses to the equity shareholders shall be in proportion to the paid up capital.

F) DETAILS OF SHAREHOLDINGS

Shareholders holding more than 5% shares

Particulars	Number of equity shares		% of holding	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Dr. Vikram I. Shah	5 20 62 625	5 20 62 625	59.56	59.60
Zodiac Mediquip Ltd.	3 15 61 048	3 19 39 348	36.11	36.56

Particulars	Number of preference shares		% of holding	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Dr. Amish Kshatriya	0	40000	0.00	7.50
Dr. Shrirang Deodhar	0	40000	0.00	7.50
Dr. Ashish Sheth	0	40000	0.00	7.50
Dr. Dhiraj Marothi	0	40000	0.00	7.50
Dr. Kalpesh Shah	0	40000	0.00	7.50
Dr. Bharat Gajjar	0	30000	0.00	5.63
Zodiac Mediquip Limited	0	52 500	0.00	9.85

G) In accordance with section 61(1) of the Companies Act, 2013 and in pursuance of special resolution passed at the meeting of members of the company held on February 6, 2017 authorised share capital of the company has been increased from ₹1012.50 Million to ₹1112.50 Million and further in accordance with section 13 of the Companies Act, 2013, and special resolution passed by the members of the company in meeting held on February 6, 2017, the authorised capital of the company of ₹1112.50 Million divided into 10,92,50,000 equity shares of ₹10/- each and 20,00,000 preference shares of ₹10/- each has been reclassified to ₹1112.50 Million divided into 11,12,50,000 equity shares of ₹10/- each. The new shares shall rank pari passu with the existing Equity Shares of the company in respect of dividend, voting rights etc.

3. RESERVES AND SURPLUS

(₹ in Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Securities Premium Account		
Balance as per previous financial statements	0.00	6.48
Add : Additions during the year	3.24	4.43
Less: Utilised on issue of Bonus Shares (Refer Note below)	0.00	10.91
Balance at the end of the year	3.24	0.00
Capital Redemption Reserve		
Balance as per previous financial statements	0.00	0.00
Add : Additions during the year	5.33	0.00
Balance at the end of the year	5.33	0.00
Surplus / (Deficit) in Statement of Profit & Loss		
Balance as per previous financial statements	1258.76	1475.44
Add : Profit for the year	680.86	296.85
Less: Capitalised by way of issue of bonus shares	0.00	0.00
Less: Redemption of Preference shares	0.00	0.00
Less: Adjustment pursuant to Schedule-II to Companies Act, 2013	0.00	0.00
Balance available for appropriation	1939.62	1772.29
Less : Appropriations		
- Dividend to preference shareholders	0.19	0.26
- Dividend distribution tax	0.04	0.05
Issue of bonus shares (Refer Note (I) below)	0.00	513.22
Transfer to Capital Redemption Reserve (Refer note (ii) below)	5.33	0.00
Premium on Redemption of Preference shares	10.27	0.00
	15.83	513.53
Net Surplus / (Deficit)	1923.79	1258.76
	1932.36	1258.76

Note:

- The Company has vide resolution passed by Board of Directors in the meeting held on March 26, 2016, allotted 5,24,12,960 shares as bonus shares in the ratio of 3:2 on March 26, 2016.
- In terms of provisions contained in Section 55 of the Companies Act 2013, the Company has, upon redemption of Preference Shares pursuant to resolution passed at the meeting held on December 20, 2016, transferred the amount equivalent to the face value of Preference Shares from the accumulated profits to Capital Redemption Reserve.

4. SHARE APPLICATION MONEY PENDING ALLOTMENT

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Share Application money received	2.73	0.00
Less : Amount in excess of authorised share capital disclosed under the head "Other Current Liabilities"	0.00	0.00
	2.73	0.00

In pursuance of the resolution passed by the Board of Directors, the Company has issued further 39000 Equity Shares of ₹10 each and are offered for subscription to Equity and in response to the same, the existing and potential share holders have subscribed to Equity. The fresh equity shares shall carry the same rights as the existing ones.

Further, the other disclosures are as under:

1	Number of Shares Proposed to be Issued:	39000
2	Amount of Premium:	60
3	Period before which shares shall be allotted	60 days from the date of payment
4	The company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money	

5. DEFERRED GOVERNMENT SUBSIDY

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Government Subsidy [refer note below]	100.00	0.00
Less: Deferred income recognized in Statement of Profit & Loss	(5.61)	0.00
Closing Balance	94.39	0.00

The Company, having established Super Speciatiy Hospital at Indore and Jabalpur both in the State of Madhya Pradesh, becomes eligible for one time incentive towards development of Healthcare sector in terms of "The Healthcare Investment Policy 2012", Department of Public Health & Family Welfare, Government of Madhya Pradesh. The incentive is based on capital investment and therefore is recognised in the form of capital subsidy, limited to ₹50 Million for each of the above referred two Hospitals, aggregating to ₹100 Million during the current financials year. The same, being available against the entire capital investment, has been recognised and classified in accordance with Significant Accounting Policy referred at note 1(q) to the financial statements.

6. LONG TERM BORROWINGS

(₹ in Million)

Particulars	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Secured (Refer notes below)				
Term Loans from Banks				
HDFC Bank Limited				
In Foreign Currency	131.19	417.51	23.31	101.87
(Refer Note below)				
In Indian Currency	630.62	497.43	105.49	0.00
Bank of Maharashtra	633.22	170.57	0.00	0.00
Exim Bank	483.23	170.57	0.00	0.00
Buyer's Credit				
In Foreign Currency				
HDFC Bank Limited	305.65	253.58	32.67	0.00
Exim Bank	166.31	0.00	0.00	0.00
Vehicle Loans				
HDFC Bank Limited	0.35	1.08	0.72	1.72
ICICI Bank Limited	0.95	0.48	0.77	0.23
Daimler Financial Services				
India Private Limited.	3.02	0.00	1.45	0.00
	2 354.54	1 511.22	164.41	103.82
Unsecured (Refer note 39)				
Barclays bank	0.00	499.50	0.00	0.00
From NBFC	0.00	0.00	0.00	0.00
Barclays Investment & Loans (India) Ltd.	499.50	0.00	0.00	0.00
	499.50	499.50	0.00	0.00
	2 854.04	2 010.72	164.41	103.82
Less:				
Amount disclosed under the head "Other Current Liabilities"	0.00	0.00	164.41	103.82
Total :	2 854.04	2 010.72	0.00	0.00

Note :

Currency Swap

Pursuant to agreements dated August 21, 2014 and March 12, 2015 executed between the company and HDFC Bank Limited, the term loan availed by the company in Indian Currency, in respect of capex at S.G Highway, Bopal & Jabalpur units, have been converted into Foreign Currency Loans. During the current financial year, in pursuance of agreement dated March 23, 2017 executed between the company & HDFC bank limited the swap agreements executed on August 21, 2014 and March 12, 2015 in respect of S.G Highway & Bopal Units have been unwinded and accordingly, the term loans in respect of S.G Highway & Bopal units, have been reconverted into indian currency.

Purpose of Secured Loans

The above term loans have been availed by the company for the purpose of reimbursement of Capex incurred by hospitals at S. G. Highway and Bopal and for the purpose of Capex at its hospital at Jabalpur, Jaipur, Naroda, Indore and Mohali.

Principal Terms and Conditions of Long Term Borrowings as at March 31, 2017
Secured

(i) Term loans

Sr. No.	Name of Lender	Unit	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	S.G. Highway	115.42	1 Year MCLR (8.15%) + 2.00% = 10.15% [w.e.f Feb-15-2017]	Loans are repayable in 57 equal monthly installments commencing from January, 2015.	<p>Prepayment charges: Nil- in case of prepayment out of intrnal accruals / loan from group company / sale of shares / infusion of new capital. In case of prepayment from Bank/ borrowings from Bank/ Financial institutions: 2% for first 2 years, 1% for period of 2 years after initial 2 years, Nil thereafter.</p> <p>Penalty: At 2% p.a. in addition to interest rates, for all overdues / delays of any monies payable (principal as well as interest).</p>	(i) Equitable Mortgage of existing hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005 with total land area admeasuring 6880 sqmtr and total constructed building area of 12053.56 sqmtrs. (ii) Exclusive First charge on entire movable and immovable assets. Security for letter of credit (i) 100% by way of fixed deposit under lien with HDFC Bank or lien on approved debt mutual fund scheme	SBICAP Trustee on behalf of HDFC Bank Limited
2	HDFC Bank Limited	Bopal	108.52	1 Year MCLR (8.15%) + 2.00% = 10.15% [w.e.f Feb-15-2017]	Loans are repayable in 50 equal monthly installments commencing from August, 2014.	<p>Prepayment charges: Nil- in case of prepayment out of intrnal accruals / loan from group company / sale of shares / infusion of new capital. In case of prepayment from Bank/ borrowings from Bank/ Financial institutions: 2% for first 2 years, 1% for period of 2 years after initial 2 years, Nil thereafter.</p> <p>Penalty: At 2% p.a. in addition to interest rates, for all overdues / delays of any monies payable (principal as well as interest).</p>	(i) Equitable Mortgage of existing Shalby hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005.	SBICAP Trustee on behalf of HDFC Bank Limited

Sr. No.	Name of Lender	Unit	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
3	HDFC Bank Limited	Jabalpur, S.G. Highway	245.55	1 Year MCLR (8.15%) + 1.80% = 9.95% [w.e.f Feb-15-2017]	Loans are repayable in 20 equal quarterly installments commencing from February, 2017.	<p>Within 30 days of interest reset date, the Company has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. However, if prepayment is made by the borrower from fresh equity or internal accruals, no prepayment penalty shall be payable. Should the Company choose to exercise the prepayment option, the lender(s) must be intimated in writing at least 15 working days before the date of exercising of the prepayment option. In case of part prepayments, such prepayment shall be applied proportionately on the balance repayments pertaining to the facility.</p> <p>Penalty: Default interest of 2% p.a. over and above the applicable Interest Rate till such time such default / non compliance is cured to the Lender's satisfaction.</p>	(i) Exclusive charge by way of Equitable Mortgage of existing hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005 with total land area admeasuring 6880 sqmtr and total constructed building area of 12053.56 sqmtrs. (ii) Exclusive charge by way of hypothecation of all movable assets including plant and machinery, machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and other movable assets, present and future of hospitals at S.G. Highway, Jabalpur. (iii) Personal guarantee of Director Dr. Vikram I. Shah to the extent of value of land owned by him and mortgaged under Security. (iv) Second pari passu charge on the entire current assets, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, uncalled capital (if any), present and future of the Borrower. First pari passu charge on the current assets shall be with the working capital lenders. (v) Exclusive charge by way of equitable mortgage of the land and building pertaining to the proposed hospital of Jabalpur.	SBICAP Trustee on behalf of HDFC Bank Limited

Sr. No.	Name of Lender	Unit	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
4	HDFC Bank Limited	Jaipur, Indore, Naroda	421.12	1 Year MCLR (8.15%) + 1.80% = 9.95% [w.e.f Feb-15-2017]	Loans are repayable in 24 equal quarterly installments commencing from June, 2019.	Within 45 days of interest reset date, the Company has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. However, if prepayment is made by the Company from fresh equity or internal accruals, no prepayment penalty shall be payable. Should the Company choose to exercise the prepayment option, the lender(s) must be intimated in writing at least 15 working days before the date of exercising of the prepayment option. In case of part prepayments, such prepayment shall be applied proportionately on the balance repayments pertaining to the facility. Penalty: Default interest of 2% p.a. over and above the applicable interest rate till such time such default / non-compliance is cured to the Lender's satisfaction.	(i) First pari passu charge by way of equitable mortgage over land & building pertaining to hospital at Jaipur and Indore. (ii) First pari passu charge by way of equitable mortgage over land and building pertaining to hospital at Naroda. (iii) First ranking Security by way of hypothecation of all the present and future tangible movable assets including plant and machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future of hospitals at Jaipur, Indore and Naroda. (iv) Personal guarantee of Director Dr. Vikram I. Shah to the extent of 50% of Naroda Land offered under security. (v) Second ranking security by way of hypothecation on the entire current asset, operating cash flows, receivables, commissions, revenues of what so ever nature and wherever arising, present and future uncalled capital (if any) present and future, of the company.	SBICAP Trustee on behalf of HDFC Bank Limited, Exim Bank and Bank of Maharashtra
5	Bank of Maharashtra		633.22	HDFC's Base Rate (9.25%) + 1.10% = 10.35% [w.e.f Feb-23-2017]				
6	EXIM Bank		483.23	HDFC's Base Rate (9.25%) + 1.25% = 10.50%				

(ii) Buyer's Credit

Sr. No.	Name of Lender	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	338.32 ¹	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	The buyer's credit is for the tenor of 180 days and the Company is eligible for rollover thereafter subject to a maximum tenor of upto 3 years from the date of first drawdown.	Not Applicable	Security as specified for Sr. No. 1,3, and 4	HDFC Bank Limited
2	EXIM Bank	166.31 ²	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	The buyer's credit is for the tenor of 180 days and the Company is eligible for rollover thereafter subject to a maximum tenor of upto 3 years from the date of first drawdown.	Not Applicable	Security as specified for Sr. No. 1,3, and 4	EXIM Bank

¹ HDFC :- The value in INR has been arrived at based on the exchange rate on 31st March, 2017. Accordingly, on 31st March, 2017, Outstanding USD were 42,00,321.57 and exchange rate was 1 USD equal to 64.8386 INR and Outstanding EURO were 9,52,832.78 and exchange rate was 1 EURO equal to 69.2476 INR.

² EXIM :- The value in INR has been arrived at based on the exchange rate on 31st March, 2017. Accordingly, on 31st March, 2017, Outstanding USD were 25,65,000 and exchange rate was 1 USD equal to 64.8386 INR.

(iii) Vehicle loans

Sr. No.	Name of Lender	Vehicle	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	Mercedes Benz	0.37	10.25%	Loans are repayable in 60 equal monthly installments commencing from July, 2012.	The Company may, prepay the whole or any part of the outstanding of respective Loans (including interest, other dues, fees and charges herein) by giving a notice in writing to that effect. The Company would have to give minimum written notice of 30 days expressing his intention to prepay the loan amount, unless the same is waived in writing by the bank. The prepayment shall take effect only when the actual payment is received by the bank and interest and other charges would be leviable till the end of the month in which prepayment is actually effected. In such an event the Bank will levy prepayment charges as mentioned in the schedule or any rate which is applicable at that time as per Bank's policy on the dues outstanding. Prepayment charges: No foreclosure allowed within 6 months from the date of availing car loan. 6% of principal outstanding for prelosures within 1 year from 7th EMI. 5% of principal Outstanding for prelosures within 13-24 months from 1st EMI. 3% of principal Outstanding for prelosures post 24 months from 1st EMI.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/payment by the company of the loan granted or to be granted to the company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the company to the Bank.	HDFC Bank Limited
2	HDFC Bank Limited	Mahindra Bolero	0.47	9.75%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.			
3	HDFC Bank Limited	Maruti Ecco	0.23	9.45%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.			

Sr. No.	Name of Lender	Vehicle	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/Prepayment Terms, and related penalty, if any	Security	In favor of
4	ICICI Bank Limited	Force Ambulance	1.24	9.69%	Loans are repayable in 36 equal monthly installments commencing from February, 2016.	Prepayment charges: The lessor of the following two options plus applicable taxes: (a) 4% of the outstanding amount of the facility, or any other rate as stipulated by ICICI Bank from time to time. OR (b) The total interest amount outstanding as on the date of prepayment.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/payment by the company of the loan granted or to be granted to the company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the company to the Bank.	ICICI Bank Limited
5	ICICI Bank Limited	Force Ambulance	0.48	10.00%		Prepayment Charges: NA	First and exclusive charge of the Vehicle	Daimler Financial Services India Private Limited
6	Daimler Financial Services India Private Limited	Mercedes Benz	4.47	8.76%	Loans are repayable in 36 equal monthly installments commencing from February, 2017.	Penalty: 5% per annum plus applicable taxes or statutory levies, if any		

Unsecured Loan

Sr. No.	Name of Lender	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/Prepayment Terms, and related penalty, if any	Security	In favor of
1	Barclays Investment & Loans (India) Ltd.	499.50	8.95%	Loan is repayable within a maximum period of 2 years (reviewed annually) subject to lender's right to terminate the facility and demand repayment at any time, unless otherwise agreed by them.	A prepayment of 1% will be charged on any amount prepaid. Additionally, company agreed that loan breakage costs and expenses, if applicable and as determined by lender, will be payable at the time and in respect of the amount prepaid.	Not Applicable	-

7 DEFERRED TAX LIABILITIES (NET)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Tax Liabilities		
Difference of book depreciation and tax depreciation	552.85	13.81
Deferred Tax Assets		
Disallowance u/s. 43(b) allowable on payment	7.84	5.95
Unabsorbed Business Losses and Depreciation	488.25	0.00
Net Deferred Tax Liability / (Asset)	56.76	7.86

8 OTHER NON-CURRENT LIABILITIES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Leasehold Land Premium	15.57	44.43
Less:		
Amount disclosed under the head "Other Current Liabilities"	15.57	28.86
	0.00	15.57
Security Deposit	0.07	0.00
Retention Money Contractors & Vendors	20.60	12.12
	20.67	27.69

9 LONG TERM PROVISIONS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Employee Benefits Obligations		
Gratuity (Net of Plan Asset)	5.79	1.05
Privileged / Earned Leave (Unfunded)	16.86	8.05
	22.65	9.10
Less :		
Amount disclosed under the head "Short Term Provisions"		
Gratuity	4.99	0.00
Privileged / Earned Leave	2.48	1.31
	15.18	7.79

Note: In order to ensure that short term obligations on account of Gratuity payable to employees is fully funded, the company has intention to contribute the sum of ₹4.99 Million to plan asset accordingly, the said obligation has been considered and classified as 'Current Liabilities'.

10 SHORT TERM BORROWINGS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Secured		
Bank Overdraft		
Kotak Mahindra Bank	43.55	4.27
YES Bank Limited	36.17	0.00
Unsecured		
Working Capital Demand Loan		
HDFC Bank Limited	150.00	0.00
Repayable on demand		
Intercorporate Deposits	0.00	60.51
	229.72	64.78

Principal Terms & Conditions of Short Term Borrowing as on March 31, 2017

(a) Secured

Name of Lender	Outstanding as at March 31, 2017 (₹ in Million)	Rate of Interest	Repayment Term	Security
Kotak Mahindra Bank	43.55	10.00%	12 months	(i) Secured by first pari-passu hypothecation charge to be shared with HDFC Bank Limited on all existing and future current assets of Bopal Unit. (ii) First and exclusive mortgage charge on immovable properties being land and building of Krishna Shalby Hospital situated at 319, Green city, Ghuma, Bopal, Ahmedabad belonging to the company.

(i) Re-schedulement / Prepayment Terms - Not Applicable

(ii) Penalty - Amount unpaid on due date shall attract interest at 2% per month compounded monthly.

YES Bank Limited	36.17	11.00%	N.A	Exclusive charge on all current assets and fixed assets of Mohali unit (both present and future). Unconditional and irrevocable personal guarantee of Mr. Akhil Bhargava and Ms. Manjari Bhargava to remain valid during the tenor of the credit facilities.
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(i) Re-schedulement / Prepayment Terms and Related Penalty - Not Applicable

(b) Unsecured

Name of Lender	Outstanding as at March 31, 2017 (₹ in Million)	Rate of Interest	Repayment Term	Security
HDFC Bank Limited	150.00	8.50%	6 months (Bullet repayment at the end of tenor)	Not Applicable

(i) Re-schedulement - Not Applicable

(ii) Prepayment Terms - Nil prepayment charges after 3 months from the date of disbursement, if paid from IPO proceeds/ Equity/ Internal accruals.

(iii) Penalty - 3% p.a. in addition to interest rates, for all overdues/delays of any monies payable (principal as well as interest).

11 TRADE PAYABLES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
For Goods and Services		
Related Party (Refer note 43)	124.18	11.12
Others	264.54	436.61
	388.72	447.73

12 OTHER CURRENT LIABILITIES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Current Maturities		
Long Term Debt	164.41	103.82
Lease hold Land Premium	15.57	28.86
Payable for Fixed assets	346.33	81.66
Interest Accrued but not due	14.85	21.22
Deposits	2.10	1.77
Book Overdraft	3.10	0.03
Retention money	20.18	11.66
Advances from Patients / corporates	28.87	5.53
Consideration payable	0.00	38.83
Other Payables		
Statutory dues	30.58	25.21
Employees	13.06	25.97
Others	0.00	0.76
	639.05	345.32

13 SHORT TERM PROVISIONS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Employee Benefits		
Privileged / Earned Leave	2.48	1.31
Gratuity	4.99	0.00
Others		
Dividend	0.00	0.26
	7.47	1.57

14 TANGIBLE ASSETS

Description of Assets	Gross Block at Cost			Depreciation / Amortisation			Net Book Value			
	As at 01/04/2016	Adjustment on account of merger	Additions during the year	Adjustments / (Deletions) during the year (Refer Note (iii) below)	As at 31/03/2017	Up to 31/03/2016 on account of merger	For the year (Refer Note (i) below)	Adjustments / (Deletions) during the year (Refer Note (i), (ii) & (iii) below)	Up to 31/03/2017	As at 31/03/2016
Land										
Freehold	310.18	0.00	0.00	(153.31)	156.87	0.00	0.00	0.00	0.00	310.18
Leasehold	626.35	0.00	0.34	153.31	780.00	46.05	20.20	4.10	70.35	580.30
Buildings	1 213.53	0.00	11.06	(7.54)	1 217.05	108.53	0.00	(0.02)	149.07	1 067.98
Medical Equipments & Surgical Instruments	1 242.95	0.00	151.49	(21.42)	1 373.02	486.91	0.00	66.53	535.03	837.99
Plant and Machinery	242.52	0.00	2.20	7.54	252.26	96.25	0.00	10.90	105.43	146.27
Electric Installation	83.16	0.00	1.94	0.00	85.10	47.77	0.00	5.02	52.79	35.39
Air Conditioners	20.00	0.00	0.00	0.00	20.00	18.72	0.00	0.14	18.86	1.14
Office Equipments	66.24	0.00	3.65	0.00	69.89	43.24	0.00	8.09	51.33	18.56
Computers and Printers	56.36	0.00	8.33	(0.06)	64.61	36.65	0.00	9.39	46.05	18.56
Furnitures and Fixtures	142.59	0.00	7.47	0.08	150.14	64.47	0.00	8.24	72.71	77.43
Vehicles	54.98	0.00	18.38	(1.93)	71.43	23.54	0.00	4.91	26.73	44.70
Total :	4 058.86	0.00	204.86	(23.35)	4 240.37	972.13	0.00	173.98	(17.76)	1 128.35
Previous Year :	2 270.52	531.89	1 257.30	(0.85)	4 058.86	830.13	23.72	(0.07)	972.13	3 086.73

(i) The amortisation of Leasehold Land of Jaipur, Surat & Indore units aggregate amounting to ₹15.74 Million for the current financial year has been capitalised during the year end accordingly carried the same to "Capital Work in Progress". Further the amortisation of such Leasehold Land aggregate amounting to ₹4.10 Million related to earlier financial year disclosed at Adjustment column under the head "Depreciation / Amortisation" has also been capitalised during the year.

(ii) The depreciation on certain assets net aggregates amounting to ₹0.01 Million disclosed at Adjustment column under the head "Depreciation / Amortisation", since related to earlier financial years, has been carried to Statement of Profit & Loss under the head "Prior Period Adjustment".

(iii) The gross block & corresponding depreciation if any charged in earlier years in respect of following assets have been regrouped during current financial year.

Initial Grouped as	Regrouped to	Gross Block	Depreciation
Freehold Land	Leasehold Land	153.31	0.00
Building	Plant & Machinery	7.54	0.02
Computers and Printers	Furnitures and Fixtures	0.08	0.00

15 INTANGIBLE ASSETS

Description of Assets	Gross Block at Cost			Depreciation / Amortisation			Net Book Value			
	As at 01/04/2016	Adjustment on account of merger	Additions during the year	Adjustments / (Deletions) during the year	As at 31/03/2017	Up to 31/03/2016 on account of merger	For the year (Refer Note (i) below)	Adjustments / (Deletions) during the year (Refer Note (i) below)	Up to 31/03/2017	As at 31/03/2016
Softwares	20.58	0.00	0.96	0.00	21.54	17.07	0.00	2.81	19.93	3.51
Total :	20.58	0.00	0.96	0.00	21.54	17.07	0.00	2.81	19.93	3.51
Previous Year :	311.68	0.47	0.00	293.12	20.58	308.58	0.39	1.21	293.12	3.51

(i) The depreciation on Software aggregates amounting to ₹ 0.05 Million disclosed at Adjustment column under the head "Depreciation / Amortisation", since related to earlier financial years, has been carried to Statement of Profit & Loss under the head "Prior Period Adjustment".

16 CAPITAL WORK IN PROGRESS

Particulars	As at 01/04/2016	Adjustment on account of merger	Additions	(Deletions) / Adjustment	As at 31/03/2017
Project Under Development	817.77	0.00	1 406.86	(9.18)	2 214.40
Previous Year :	904.66	167.78	756.09	0.15	1 010.61

Note : The sum of ₹ 1.21 Million being the value of 'software under development' included under the head 'project under development' has been now transferred to "Intangible Asset Under Development" through deduction / adjustment column above.

17 INTANGIBLE ASSET UNDER DEVELOPMENT

Particulars	As at 01/04/2016	Additions	(Deletions) / Adjustment	As at 31/03/2017
Trademark (Refer Note below)	0.06	0.00	0.00	0.06
Computer Software (ERP)	0.00	1.00	1.21	2.21
Total :	0.06	1.00	1.21	2.27
Previous Year	0.06	0.00	0.00	0.06

(*) Refer note 16 above.

Note : The company had applied for registration of nine trademarks to Controller General of Patents Design and Trademarks, Department of Industrial Policy & Promotion during the period from March 2011 to July 2014, against which either the Department has objected or third parties have opposed for registration. The Company, through its legal counsel, has submitted the requisite replies. Pending final registration, the amounts paid towards the same are shown as intangible assets under Development.

18 NON CURRENT INVESTMENTS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
In Equity Instruments (Unquoted, Trade)		
Wholly owned Subsidiaries		
Shalby (Kenya) Ltd. [100 (P.Y. 100) equity shares of KES 1000 each fully paid up held by the company along with its nominee]	0.06	0.06
Shalby International Limited (Earlier known as Shalby Pune Limited) [50,000 (P.Y. 50,000) equity shares of ₹10 each fully paid up]	0.50	0.50
Other Subsidiaries		
Vrundavan Shalby Hospitals Ltd. [99,000 (P.Y. 99,000) equity shares of ₹100 each fully paid up]	85.00	85.00
Yogeshwar Healthcare Ltd. [6,96,251 (P.Y. 6,96,251) equity shares of ₹10 each fully paid up]	6.96	6.96
In Limited Liability Partnership Firm		
Griffin Mediquip LLP	0.48	0.35
Other Investments		
Corporate Membership with Karnavati Club Ltd.	1.10	1.10
	94.10	93.97

19 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Advance Tax (Net of Provisions)	77.59	87.59
MAT Credit Entitlement	300.00	0.00
Advance against acquisition of Shares/Projects	320.49	266.41
Projects and Capital Goods	43.20	8.89
Security Deposits	16.37	10.89
	757.65	373.78
The amount dues by :		
Directors	NIL	NIL
Officers either severally or jointly with other persons	NIL	NIL
Firms or private companies in which any director is partner or director or a member.	NIL	NIL

20 OTHER NON CURRENT ASSETS

(Unsecured, Considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Other Bank balances		
Fixed deposits (with maturity for more than 12 months)	2.70	1.45
Accrued Interest on Fixed deposits	0.04	0.16
	2.74	1.61

The above fixed deposits with banks are held as margin money against bank guarantee.

21 CURRENT INVESTMENTS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Additional capital with:		
Griffin Mediquip LLP	4.30	0.00
	4.30	0.00

22 INVENTORIES

(As taken, valued and certified by the Management)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Medicines and Medicare Items	32.89	22.76
Materials and Consumables	35.31	42.64
General Stores	7.38	7.97
	75.58	73.37

Inventory items have been valued considering the significant accounting policy 1(g) to these financial statement.

23 TRADE RECEIVABLE

(Unsecured, considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Debt outstanding for the period exceeding six months		
Considered Good	176.31	87.87
Considered Doubtful	3.80	0.00
	180.11	87.87
Less : Provision for Bad Doubtful Debts	3.80	0.00
	176.31	87.87
Others debts	200.40	218.82
	376.71	306.69
The amount dues by :		
Directors	NIL	NIL
Officers either severally or jointly with other persons	NIL	NIL
Firms or private companies in which any director is partner or director or a member.	NIL	NIL

24 CASH AND BANK BALANCES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Cash and Cash Equivalents		
Balances with scheduled banks		
Current Accounts	51.20	34.26
Fixed Deposits (with maturity for less than 3 months)	48.74	39.15
Cash in hand	15.88	9.23
Other Bank balances		
Fixed deposits	43.92	72.41
Less : Disclosed under Non Current Assets	2.70	1.45
Fixed Deposits (with maturity for 3 to 12 months)	41.22	70.96
	157.04	153.60

The above fixed deposits with banks are held as margin money against letter of credit and bank guarantees.

25 SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered good unless otherwise stated)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Loans to Subsidiary and Other Companies	86.07	66.66
Loans / Advances to Employees	1.73	2.24
Contractors & Suppliers	5.44	3.29
Prepaid Expenses	6.08	3.12
Deposits	1.66	1.59
Balance with Revenue Authorities	26.45	11.58
IPO Expenses Pending Adjustment (Refer Note 36)	3.45	0.00
Other Recoverable		
Doctors	24.91	3.67
Others	3.71	4.03
	28.62	7.70
	159.50	96.18
The amount dues by :		
Directors	NIL	NIL
Officers either severally or jointly with other persons	NIL	NIL
Firms or private companies in which any director is partner or director or a member.	NIL	NIL

26 OTHER CURRENT ASSETS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Interest accrued :		
On Loans to Subsidiary and Other Companies	19.23	14.45
On Fixed Deposits	5.63	4.49
Capital and Interest Subsidy Receivable (Refer Note 1(q))	110.89	0.00
Unbilled Revenue	21.51	24.89
	157.26	43.83

27 REVENUE FROM OPERATIONS

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of Products	78.21	65.47
Sales of Services	3 132.92	2 785.78
Other Operating Revenue	7.28	7.13
	3 218.41	2 858.38

Breakup of sales of products

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Medicines & Medicare Items	78.21	65.47

Breakup of Sales of Services

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Income from Healthcare Services		
In Patient Discharge		
Domestic	2 693.75	2 427.43
Overseas	138.92	128.10
Out Patient Discharge	205.06	139.18
Dental Care Services	37.05	37.47
Diagnostic Services	50.96	50.48
Clinical Trials	7.18	3.12
	3 132.92	2 785.78

Breakup of Other Operating Revenue

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Allied Services (Amulance, Visitor Passes, Dormitory etc.)	7.28	7.13

28 OTHER INCOME

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income		
On loans to subsidiary and Other Companies	10.73	6.27
From Banks	7.67	7.45
On IT Refund	6.67	0.00
Others	0.31	0.21
	25.38	13.93
Rent	2.63	2.13
Dividend	0.19	1.90
Gain on sale of investments	0.00	0.75
Profit on sale of assets	2.34	0.00
Sponsorship and Event Orthotrend (Net)	15.90	10.10
Profit from LLP	4.55	0.00
Training	0.28	0.55
Foreign Exchange Fluctuation Gain	28.15	0.00
Gain / (Loss) on Unwinding of Swap Contract (net)	2.97	0.00
Deferred Capital Subsidy [Refer note 1(q)]	5.61	0.00
Other Non-Operating Income		
Sundry balances written back (Net)	0.12	1.38
Excess provisions of expenses written back	0.00	2.14
Miscellaneous	1.25	1.94
	1.37	5.46
	89.37	34.82

29 PURCHASE OF STOCK-IN-TRADE

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Medicines and Medicare Items	57.55	42.31

30 OPERATIVE EXPENSES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Materials and Consumables	733.68	739.10
Diagnostic Expenses	51.42	51.77
Fees to Doctors and Consultants	774.76	738.76
Power, Fuel and Water Charges	74.02	65.52
Housekeeping and Catering	84.90	72.59
Attendants and Securities (Includes service tax)	85.49	69.47
Linen & Uniform	4.87	7.19
Other Operative Expenses	13.35	9.91
	1822.49	1754.31

31 CHANGES IN INVENTORIES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Closing Stock		
Medicine and Medical Items	14.32	9.56
Opening Stock		
Medicine and Medical Items	9.57	9.89
Decrease / (Increase) in Inventories	(4.75)	0.33

32 EMPLOYEES BENEFITS EXPENSES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salary, Allowances & Bonus	363.38	259.69
Contribution to Provident & other funds	16.85	10.71
Staff Welfare expenses	0.25	0.94
	380.48	271.34

33 FINANCE COST

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest		
To Bank	70.84	54.28
To NBFC	24.85	0.00
Others	0.00	8.94
Less: Interest subsidy	10.89	0.00
	84.80	63.22
Other Borrowing Cost		
Other ancillary Cost	1.72	3.67
Adjustment to Interest cost on foreign currency translation	7.54	35.03
	94.06	101.92

34 ADMINISTRATIVE AND OTHER EXPENSES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent, Rates and Taxes	23.21	19.00
Stationery and Printing	11.63	8.79
Insurance	3.15	2.29
Fees and Legal	21.27	26.38
Auditors' Remuneration	1.44	1.05
Travelling and Conveyance	54.92	38.98
Communication	8.97	6.25
Repairs and Maintenance		
Building	5.54	4.65
Others	52.42	53.81
Advertising and Publicity	45.47	40.46
Bank charges	4.34	0.67
Loss on sale of assets	0.00	0.43
Foreign Exchange Fluctuation Loss	0.00	9.58
Other Expenses	14.47	9.35
Provision for Bad & Doubtful Debts	3.80	0.00
Bad Debt Written Off	0.00	0.30
	0.00	0.30
	250.63	221.99

Auditors' Remuneration is made up of

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory Audit fees	1.44	1.05

35 EARNINGS PER SHARE

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit after tax attributable to equity shareholders ₹	680.63	296.54
Weighted Average Number of equity shares	87.36	87.35
Face value per share ₹	10.00	10.00
Earnings per Share (Basic and diluted)	7.79	3.39

Note : The company has issued new shares 54,000 as on March 6, 2017.

36. PROPOSED INITIAL PUBLIC OFFER

The Company in its board meeting held on March 6, 2017 has taken approval for the Initial Public Offer and Offer for sale by the existing shareholder Dr. Vikram I. Shah in the Initial Public Offer of the company. Pursuant to the same, the company filed Draft Red Herring Prospectus (DRHP) on May 19, 2017 with Securities Exchange Board of India (SEBI) for Initial Public Offer. The Company is taking necessary steps to come out with the proposed public issue of upto ₹ 5,800 Million and an offer for sale of up to 1 million equity shares by the existing share holder of the company in consultation with lead managers and advisers to the issue. The expenses incurred during current financial year of ₹ 3.45 Million in respect of proposed public issue is currently disclosed as IPO expenses pending Adjustment under "Short Term Loans and Advances".

37. COMPOSITE SCHEME OF ARRANGEMENT

The Board of Directors of the Company, approved a Composite Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, for spin off / demerger of the Hospital Division of Kamesh Bhargava Hospital and Research Centre Private Limited ("Demerger Company") and transfer to Shalby Limited ("Transferee Company") subject to requisite approvals from the High Court of Punjab and Haryana and the High Court of Gujarat respectively, under whose

jurisdiction the registered offices of both companies are situated, and for an order or orders thereof for carrying this Scheme into effect. The Hon'ble High Court of Gujarat approved the petition presented by transferee Company by its order dated September 30, 2016 subject to the approval of scheme by Hon'ble High court of Punjab and Haryana. In the High Court of Punjab and Haryana, the application cum petition along with scheme was filed on July 5, 2016 and in light of the merger related provisions being notified under the provisions of the Companies Act, 2013, the Scheme was transferred from the High Court of Punjab and Haryana to the NCLT, Chandigarh Bench. The matter is currently pending in the NCLT, Chandigarh Bench. In consideration of the demerger, the Company is required to make a payment of ₹ 371.37 million, against the transfer of the Demerged Undertaking to such equity shareholders of Transferor Company, whose names appeared in the register of members of the transferor company on the effective date identified in the Demerger Scheme. Upon the Demerger Scheme becoming effective and with effect from the appointed date as indicated above, the Company will be required to record the assets and liabilities of the demerged Undertaking at such book values as were appearing in the books of Transferor Company, without taking into account any revaluations.

38. CHANGE OF ESTIMATE

Hitherto the depreciation on Hospital Building been charged based on useful life as prescribed in Part C of Schedule II to the Companies Act 2013. The company has re-assessed and re-estimated the life of Hospital Buildings, and based on such re-estimation of useful life the company has charged the depreciation of Hospital Building over its balance re-estimated useful life with effect from April 1, 2016. Had the depreciation been charged based on useful life prescribed in the Part C of Schedule II in the Companies Act 2013, the depreciation would have been ₹16.87 Million as against ₹40.56 Million being the depreciation charged based on re-estimated life.

39. UNSECURED BORROWINGS

The borrowings from Barclays Bank amounting to ₹499.50 Million had been availed against pledge of acceptable tax free Bonds held by director Dr. Vikram I. Shah, however the same was considered and classified as unsecured since the company had not provided its own security. Pursuant to Resolution passed by Board of Directors in its meeting, the company has settled the borrowings from Barclays Bank amounting to ₹499.50 Million and got it re-financed by Barclays Investment and Loans (India) Limited.

40. EMPLOYEE BENEFITS

(a) Defined contribution to provident fund and Employees Death Linked Insurance

The company makes contribution towards Employees' Provident Fund and Employees Death Linked Insurance. In accordance with the provisions of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company has, during the year, recognized the sum of ₹14.40 Million (P.Y. ₹10.51 Million) as expense towards contributions to these plans.

(b) Defined Benefit Plan

The following table sets out the status of the defined benefit plans as at March 31, 2017.

(₹ in Million)

Particulars	For the year ended March 31 2017		For the year ended March 31 2016	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Changes in the present value of obligation				
1. Present value of obligation (Opening)	8.21	8.05	5.67	4.00
2. Interest cost	0.61	0.58	0.42	0.29
3. Past service cost adjustments to opening fund	--	--	--	0.36
4. Current service cost	3.01	7.75	2.66	3.26
5. Curtailment Cost / (Gain)	--	--	--	--
6. Settlement Cost / (Gain)	--	--	--	--
7. Benefits paid	(0.99)	(1.52)	--	(0.83)
8. Actuarial (Gain) / Loss	1.11	2.00	(0.54)	0.97
9. Present value of obligation (Closing)	11.95	16.86	8.21	8.05
Changes in the fair value of plan assets				
1. Present value of plan assets (Opening)	7.16	--	7.01	--
2. Past contribution / Adjustment to Opening Fund	(0.48)	--	--	-
3. Expected return on plan assets	0.63	--	0.68	--
4. Actuarial Gain / (Loss)	(0.16)	--	(0.68)	--
5. Employers Contributions	0.31	--	0.15	--
6. Employees Contributions	--	--	--	--
7. Benefits paid	(0.99)	--	--	--
8. Expense deducted from the fund	(0.31)	--	--	--
9. Fair Value of Plan Assets (Closing)	6.16	--	7.16	--
Percentage of each category of plan assets to total fair value of plan assets at the year end				
1. Bank Deposits	--	--	--	--
2. Debt Instruments	--	--	--	--
3. Administered by Life Insurance Corporation of India	6.16	--	7.16	--
4. Others	--	--	--	--
1. Present value of funded obligation as at the year end	11.95	--	8.21	--
2. Fair value of plan assets as at year end	6.16	--	7.16	--
3. Funded (Asset)/ Liability recognised in the balance sheet	5.79	--	1.05	--

(₹ in Million)

Particulars	For the year ended March 31 2017		For the year ended March 31 2016	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Percentage of each category of plan assets to total fair value of plan assets at the year end				
4. Present value of unfunded obligation as at the year end	--	16.86	--	8.05
5. Unrecognised past service cost	--	--	--	--
6. Unrecognised Actuarial (Gains) / Losses	--	--	--	--
7. Unfunded net liability recognised in the balance sheet	--	16.86	--	8.05
Amount recognised in the balance sheet				
1. Present value of obligation as at the year end	11.95	16.86	8.21	8.05
2. Fair value of plan assets as at the year end	6.16	--	7.16	--
3. (Asset) / Liability recognized in the balance sheet	5.79	16.86	1.05	8.05
Expenses recognised in statement profit & loss				
1. Current service cost	3.01	7.75	2.66	3.26
2. Past service cost	--	--	--	0.36
3. Interest cost	0.61	0.58	0.42	0.29
4. Expected return on plan assets	(0.63)	--	(0.68)	--
5. Prior Year Change	0.33	--	--	--
6. Expense deducted from the fund	0.31	--	--	--
7. Curtailment Cost / (Credit)	---	--	--	--
8. Settlement Cost / (Credit)	--	--	--	--
9. Net Actuarial (Gain) / Loss	1.27	2.00	0.14	0.97
10. Employee's Contribution	--	--	--	--
11. Total expenses recognised in statement profit and loss	4.90	10.33	2.54	4.88
Principal actuarial assumption				
1. Rate of discounting	7.10	7.10	7.80	7.80
2. Expected return on plan assets	7.10	--	7.80	--
3. Rate of increase in salaries	6.00	6.00	6.00	6.00

41. BORROWING COST

Borrowing cost including interest, guarantee fees commitment charges etc., that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalized ₹ 110.91 Million as part of the cost of that asset up to period the project is commissioned or asset is put to use. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining a qualifying asset, is apportioned on rational basis, the remaining borrowing cost is charged to revenue.

42. SEGMENT REPORTING

The company's primary business segment is Health Care Services. Based on the guiding principles given in Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, this activity falls within a single primary business segment and accordingly the disclosure requirements of Accounting Standard 17 in this regard are not applicable.

43. RELATED PARTY DISCLOSURES

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(a) List of related parties with whom transactions have taken place during the year and relationship:

Sr.No.	Name of related party	Relationship
1	Dr. Vikram I. Shah	Key Management Personnel
2	Mr. Ravi Bhandari	
3	Dr. Darshini V. Shah	Relative of Key Management Personnel
4	Mr. Shanay V. Shah	
5	Shalby (Kenya) Limited	Subsidiary Companies/ Entities
6	Vrundavan Shalby Hospitals Limited	
7	Yogeshwar Healthcare Limited	
8	Shalby International Limited	
9	Griffin Mediquip LLP	
10	Zodiac Mediquip Limited	Associate Company
11	Uranus Medical Devices Limited	Enterprise over which Key Management Personnel and / or relatives exercise significant influence through controlling interest (Other Related Party)
12	Shalby Orthopedic Hospital and Research Center	
13	Friends of Shalby Foundation	
14	Slaney Healthcare Private Limited	

(b) Transactions with related parties

(₹ in Million)

Sr. No.	Nature of transaction	Relationship	For the year 2016-2017	For the year 2015-2016
(i)	Professional Fees	Key Management personnel Relative of Key Management Personnel		
	- Dr. Vikram I. Shah		44.73	130.52
	- Dr. Darshini V. Shah		26.78	27.84
(ii)	Unsecured Loan taken	Key Management personnel		
	- Dr. Vikram I. Shah		--	360.00
(iii)	Unsecured Loan repaid	Key Management personnel Associate Company		
	- Dr. Vikram I. Shah		--	430.00
	- Zodiac Mediquip Limited		--	0.27
(iv)	Unsecured Loan Given	-		
	- Shalby International Limited	Subsidiary company	0.52	--
(v)	Unsecured Loan Received Back			
	- Shalby International Limited	Subsidiary company	0.54	--
(vi)	Advance for Material Received			
	- Shalby International Limited	Subsidiary company	--	0.25
(vii)	Advance for Material Repaid			
	- Shalby International Limited	Subsidiary company	0.25	--
(viii)	Advance towards Reimbursement of Expenditure			
	- Vrundavan Shalby Hospitals Limited	Subsidiary company	0.14	0.12
	- Zodiac Mediquip Limited	Associate Company	--	0.12
	- Slaney Healthcare Private Limited	Other Related Party	0.09	--
(ix)	Advances received back towards Reimbursement of Expenditure			
	- Vrundavan Shalby Hospitals Limited	Subsidiary company	0.59	--
(x)	Advances given			
	- Shalby Kenya Limited	Subsidiary Company	0.27	2.51
(xi)	Advances received back			
	- Uranus Medical Devices Limited	Other Related Party	--	0.02
(xii)	Capital Introduced	Subsidiary Entity		
	- Griffin Mediquip LLP		0.13	--
	Fixed			
	Current		5.28	0.05
(xiii)	Capital Withdrawal			
	- Griffin Mediquip LLP	Subsidiary Entity	5.08	0.50
	Current			

(₹ in Million)

Sr. No.	Nature of transaction	Relationship	For the year 2016-2017	For the year 2015-2016
(xiv)	Share of Profit/(Loss)			
	- Griffin Mediquip LLP	Subsidiary Entity	4.56	--
(xv)	Purchase of medicines, materials and consumables			
	- Slaney Healthcare Private Limited	Other Related Party	0.63	0.50
	- Griffin Mediquip LLP	Subsidiary Entity	325.04	--
	- Uranus Medical Devices Limited	Other Related Party	0.33	--
(xvi)	Sale of medicines, materials and consumable			
	- Slaney Healthcare Private Limited	Other Related Party	--	--
(xvii)	Rent Expenses			
	- Dr. Vikram I. Shah	Key Management personnel	6.90	6.00
	- Shalby Orthopedic Hospital and Research Center	Other Related Party	0.76	0.66
	- Yogeshwar Healthcare Limited	Subsidiary company	0.26	0.26
(xviii)	Rent Income			
	- Griffin Mediquip LLP	Subsidiary Entity	0.06	--
	- Slaney Healthcare Private Limited	Other Related Party	0.06	--
(xix)	Interest Expense			
	- Dr. Vikram I. Shah	Key Management personnel	--	4.71
(xx)	Interest Income			
	- Vrundavan Shalby Hospitals Limited	Subsidiary company	5.31	4.79
(xxi)	Salary			
	- Ravi Bhandari	Key Management personnel	7.92	7.74
	- Mr. Shanay V. Shah	Relative of Key Management Personnel	3.90	3.42
(xxii)	Commission Expense			
	- Zodiac Mediquip Limited	Associate Company	0.13	0.15
(xxiii)	Guest House Expenses			
	- Zodiac Mediquip Limited	Associate Company	1.75	0.65
(xxiv)	Catering Charges Income			
	- Slaney Healthcare Private Limited	Other Related Party	0.03	--

(c) Outstanding Balances as at March 31, 2017

(₹ in Million)				
Sr. No.	Nature of transaction	Relationship	For the year 2016-2017	For the year 2015-2016
(i)	Dr. Vikram I. Shah - Trade Payable	Key Management personnel	3.53	3.60
(ii)	Dr. Darshini V. Shah - Trade Payable	Relative of Key Management personnel	3.45	5.83
(iii)	Yogeshwar Healthcare Limited - Rent Deposit - Investment - Rent Payable	Subsidiary company	1.20 6.96 0.49	1.20 6.96 0.21
(iv)	Shalby Kenya Limited - Investment - Loans and Advances	Subsidiary company	0.06 3.13	0.06 2.86
(v)	Vrundavan Shalby Hospitals Limited - Loans and Advances - Other Recoverable - Interest Receivable - Investment	Subsidiary company	29.92 -- 19.09 85.00	29.92 0.45 14.31 85.00
(vi)	Shalby International Limited - Other Payable - Investment	Subsidiary company	-- 0.50	0.24 0.50
(vii)	Uranus Medical Devices Limited - Short Term Advance for Expense - Trade Payable	Other Related Party	-- 0.40	0.04 0.12
(viii)	Shalby Orthopedic Hospital and Research Center - Rent Payable	Other Related Party	0.68	0.15
(ix)	Zodiac Mediequip Limited - Trade Payable - Commission Payable	Associate Company	0.76 0.04	0.86 --
(x)	Friends of Shalby Foundation - Trade Payable	Other Related Party	0.01	0.01
(xi)	Griffin Mediequip LLP - Trade Payable - Fixed Capital Contribution - Current Capital Contribution	Subsidiary Entity	114.82 0.48 4.30	-- 0.35 0.45
(xii)	Slaney Healthcare Private Limited - Trade Payable - Other Receivables	Other Related Party	-- 0.12	0.35 --

44 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in Million)		
Nature of transaction	As at March 31, 2017	As at March 31, 2016
A Contingent Liabilities not provided for in respect of		
(i) Claim against the company not acknowledged as debt	55.80	19.06
(ii) Income tax Demand for Assessment Years		
2010-2011	24.61	24.61
2011-2012	13.43	13.43
2012-2013	2.06	2.06
2014-2015	13.31	-
	53.41	40.10
(iii) Letter of Credit	58.93	51.06
(iv) Bank Guarantee	7.72	3.52
(v) Sales Tax Demand including Interest & Penalty for Financial Years (Based on expert advice received by client)		
2009-2010	5.42	5.42
2010-2011	2.02	2.02
2011-2012	1.82	1.82
2012-2013	1.96	1.96
2013-2014	2.94	2.94
(vi) Tax Deducted at Sources Demand for Assessment Year 2014-2015 (*Including Interest of ₹ 21.04 Million)	29.97*	41.30
(vii) Export Obligation under EPCG Scheme	46.19	57.18
B Capital Commitments		
Estimated amount of contract remaining to the executed on capital accounts (Net of Advances)	951.42	280.00

45. CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to spend by the company:

Particulars	₹ in Million	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening unspent Amount	14.55	6.17
Amount required to be spent	9.53	8.38
Amount spent during the period / year (*)	--	--
Unspent amount carried forward	24.08	14.55

(*) The amount spent during the period / year on:

Sr. No.	Particulars	In cash / cheque	Yet to be paid in cash / cheque	Total (₹)
(i)	Construction / acquisition of any assets	--	--	--
(ii)	On purposes other than (i) above.	--	--	--

46. (a) DUE TO MICRO, SMALL AND MEDIUM ENTERPRISE

Sr. No.	Particulars	₹ in Million	
		As at March 31, 2017	As at March 31, 2016
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	NIL	NIL

The company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). The above mentioned information has been compiled to the extent of responses received by the company from its suppliers with regard to their registration under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

(b) The company has circulated letters of Balance Confirmation to Sundry Debtors, Sundry Creditors and the parties to whom loans and advances have been granted. Confirmations were received in some cases and the differences, if any, although non significant, are under reconciliation

47. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had specified bank notes or other denomination notes as defined in the MAC notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNS and other notes as per the notification is given below:

Particulars	₹ in Million		
	SBNS*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	39.60	0.41	40.01
(+) Permitted receipts	4.97	68.31	73.28
(-) Permitted payments	--	20.88	20.88
(-) Amount deposited in Banks	44.57	33.01	77.58
Closing cash in hand as on December 30, 2016	--	14.83	14.83

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India in the Ministry of Finance Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016

48. EXPENDITURES / EARNINGS IN FOREIGN CURRENCY

Sr. No.	Particulars	₹ in Million	
		2016-2017	2015-2016
A	Import on CIF		
	- Capital Goods and Components	309.35	152.79
B	Expenses in Foreign Currency		
	- Currency Swap Loss	10.28	6.07
	- Interest	25.76	25.26
	- Travelling	5.11	1.41
	- Advertisement	0.79	0.56
	- Salary	0.19	0.34
	- Others	1.41	0.58
C	Remittances in Foreign Currency	--	--
	- Dividend		
D	Earnings in Foreign Currency		
	- Export of Services	139.00	128.39

49. UN-HEDGED FOREIGN CURRENCY EXPOSURE

The company does not enter into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The company does not enter into any derivative instruments for trading or speculative purposes.

The foreign currency exposure not hedged as at March 31, 2017 are as under :

(in Million)

Currency	Payable (In Foreign Currency)		Receivable (In Foreign Currency)		Payable (In Indian Rupee)		Receivable (In Indian Rupee)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
USD	9.23	11.05	0.04	0.19	598.56	732.71	2.70	12.33
EUR	0.96	0.61	--	--	66.52	45.53	--	--

50. STATEMENT OF MANAGEMENT

- The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.
- Balance Sheet, Statement of Profit & Loss and Cash Flow statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at end of the year and results of the Company for the year under review.

51. Previous year's figures have been reworked, regrouped and reclassified wherever necessary to correspond with the current year's classification / disclosure.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

SHAUNAK V. MUZUMDAR
Partner
Mem. No. 37571
June 28, 2017
Ahmedabad

FOR AND ON BEHALF OF THE BOARD

DR. VIKRAM I. SHAH
Chairman & Managing Director
DIN: 00011653

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

June 28, 2017
Ahmedabad

INDEPENDENT AUDITORS' REPORT

To,
The Member,
SHALBY LIMITED
Ahmedabad.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SHALBY LIMITED ("the Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group"), which comprise of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and

completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent Company's preparation of the consolidated financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Parent

Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017 and its consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

1. We refer to note 39 to the consolidated financial statements for the year ended on March 31, 2017 with regard to Board of Directors of one of the subsidiary companies i.e. Vrundavan Shalby Hospitals Limited vide circular resolution deemed to be passed on December 9, 2016, consented to suspend the business operations, to surrender licences, to close the pharmacy with immediate effect and to apply for cancellation of power supply. In spite of above referred resolution and net worth of such subsidiary company having been eroded on account of net accumulated loss of ₹33.05 million as at March 31, 2017, such subsidiary company has prepared its financial statements on "Going Concern" assumption in view of matter set forth in note 39.
2. We refer to note 40 to the consolidated financial statements for the year ended on March 31, 2017 regard to Company Petition

No. 18 /2015 which is pending at the National Company Law Tribunal, Mumbai and issues covered therein are subjudice.

3. We refer to note 41 to consolidated financial statement for the year ended on March 31, 2017 with regard to dissent for approval of financial statements and discrepancy of outstanding balances due to one of the directors, non reconciliation thereof and write back of provision for non compete professional fees.

We have not qualified our opinion in the above referred to matters.

Other Matters

We did not audit financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹30.38 million as at March 31, 2017, total revenue of ₹10.39 million and net cash inflow amounting to ₹0.26 million for the year ended on that date, as considered in consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of clause (i) of sub sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to

preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the report of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors of the Parent Company as on March 31, 2017 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies which are incorporated in India, none of the directors of these entities are disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Parent Company and its subsidiary company which are companies incorporated India, and the operating effectiveness of such controls, refer to our separate report in "Annexure"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:

- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Notes 40 & 46 to the consolidated financial statements;
- (ii) The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies which are incorporated in India.
- (iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 49 to the consolidated financial statements.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

June 28, 2017
Ahmedabad

Shaunak V. Muzumdar
Partner
Mem. No. 37571

Annexure to the Independent Auditors' Report of even date on the Consolidated Financial Statements of SHALBY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SHALBY LIMITED ("the Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group") which are companies incorporated in India, as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Parent Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls system over financial reporting

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud

may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Parent Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to standalone financial statements of one of subsidiary companies which is company incorporated in India, is based on the corresponding reports of the other auditor of such company.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

June 28, 2017
Ahmedabad

Shaunak V. Muzumdar
Partner
Mem. No. 37571

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Million)

Particulars	Notes	March 31, 2017	March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	2	874.09	878.88
Reserves and Surplus	3	1845.05	1229.79
		2719.14	2108.67
Minority Interest			
Share Application Money pending for allotment	4	2.73	0.00
Deferred Government Subsidy	5	94.39	0.00
Non-Current liabilities			
Long term borrowings	6	2854.04	2010.72
Deferred tax liabilities (Net)	7	56.69	9.13
Other non-current liabilities	8	20.67	27.69
Long term provisions	9	15.18	8.97
		2946.58	2056.51
Current liabilities			
Short term borrowings	10	260.67	93.18
Trade payables			
Micro, Small & Medium Enterprises	48	0.00	0.00
Others	11	389.04	465.91
Other current liabilities	12	650.91	354.29
Short term provisions	13	7.47	1.69
		1308.09	915.07
Total		7071.51	5080.61
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets			
Tangible assets	14	3200.51	3181.93
Intangible assets	15	1.66	3.68
Capital work-in-progress	16	2214.40	817.77
Intangible assets under development	17	2.27	0.06
		5418.84	4003.44
Goodwill on Consolidation (Net)		10.41	51.71
Non current investments	18	1.10	1.10
Long term - loans and Advances	19	760.91	379.90
Other non-current assets	20	2.99	1.83
Current Assets			
Inventories	21	76.47	74.88
Trade receivables	22	378.49	314.27
Cash and Bank Balances	23	158.70	160.71
Short term - Loans & advances	24	125.42	63.17
Other current assets	25	138.18	29.60
		877.26	642.63
Total		7071.51	5080.61
Significant Accounting Policies	1	--	--

The accompanying notes are an integral part of the financial statements.
As per our report of even date

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

SHAUNAK V. MUZUMDAR
Partner
Mem. No. 37571
June 28, 2017
Ahmedabad

FOR AND ON BEHALF OF THE BOARD

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Chairman & Managing Director
DIN: 00011653

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

June 28, 2017
Ahmedabad

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Million)

Particulars	Notes	March 31, 2017	March 31, 2016
INCOME			
Revenue from operations	26	3236.86	2893.95
Other Income	27	91.38	32.66
Total Revenue		3328.24	2926.61
EXPENSES			
Purchase of traded goods	28	58.31	43.95
Operative and other expenses	29	1823.48	1782.76
Changes in inventories	30	(4.75)	0.62
Employee benefits expenses	31	392.56	289.21
Finance costs	32	97.94	103.85
Depreciation and amortization expenses		183.74	126.56
Less : Capitalised		15.74	13.29
		168.00	113.27
Administrative and other expenses	33	259.91	230.67
Prior period adjustment (Net)		1.97	0.44
Total Expenses		2797.42	2564.77
Profit before tax		530.82	361.84
Tax Expenses			
Current Tax		119.22	84.00
MAT Credit Entitlement		(300.00)	0.00
Deferred Tax		47.56	13.57
		(133.22)	97.57
Profit for the period / year after Tax (before Share of (Profit)/ Loss of Minority Interest)		664.04	264.27
Add : Share of (Profit)/Loss of Minority Interest		9.89	12.84
Profit for the year		673.93	277.11
Earnings per equity share			
Basic and diluted	34	7.71	3.17

The accompanying notes are an integral part of the financial statements.
As per our report of even date

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

SHAUNAK V. MUZUMDAR
Partner
Mem. No. 37571
June 28, 2017
Ahmedabad

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Company Secretary

June 28, 2017
Ahmedabad

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Million)

Particulars	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Profit/(Loss) for the year before taxation	530.82	361.84
Adjustments for:		
Depreciation and amortization	168.00	113.27
Prior period adjustment	0.06	0.00
Bad Debt written off	0.00	0.30
Provision for Impairment Loss	0.00	0.53
Provision for Bad and Doubtful Debts	8.29	0.00
Gain on Sale of Investment	0.00	(0.75)
Foreign Exchange Fluctuation Gain	0.00	0.00
Deferred Capital Subsidy	(5.61)	0.00
Interest subsidy	(10.88)	0.00
(Profit)/Loss on Sale/Discard of Fixed Assets (Net)	(2.16)	0.46
Dividend Income	(0.19)	(1.90)
Interest Income	(20.61)	(9.59)
Interest Expenses	99.56	65.15
Operating profit before working capital changes	767.28	529.31
Adjustments for (Increase) / Decrease in Operating Assets		
Long Term Loans & Advances	(93.99)	(140.51)
Other Non-current Assets	(1.26)	1.37
Inventories	(1.59)	(16.64)
Trade and other receivables	(72.51)	(99.10)
Short term loans & advances	(62.25)	(50.27)
Other current assets	33.61	(34.99)
Adjustments for increase / (decrease) in operating liabilities :		
Other non-current liabilities	(7.02)	(19.77)
Trade payables	(76.87)	(147.84)
Other Current liabilities	299.50	120.91
Provisions	12.25	4.49
Cash generated from operations	797.15	149.96
Direct taxes Refund/(paid)	(106.24)	(101.30)
Net cash from operating activities [A]	690.91	45.66
B. Cash flow from investing activities		
(Purchase) / Sale of fixed assets	(1581.30)	(991.36)
(Purchase) / Sale of Investments	0.00	0.75
Dividend received	0.19	1.90
Interest received	19.64	8.50
Net cash used in investing activities [B]	(1561.47)	(980.21)

(₹ in Million)

Particulars	March 31, 2017	March 31, 2016
C. Cash flow from financing activities		
Issue / (Redemption) of Share Capital (Net)	(4.79)	1.03
Share Premium on Issue / (Redemption) of Share Capital (Net)	(7.03)	4.43
Share Application Money received	2.73	0.00
Merger and consolidation Adjustment	0.00	(501.68)
Changes in minority Interest	0.00	(0.16)
Procurement / (Repayment) of long/ short term borrowings	1010.81	1291.36
Dividend Paid	(0.50)	(0.27)
Interest paid	(102.44)	(45.92)
Net cash flow from financial activities [C]	898.78	749.09
Net Increase/(Decrease) in cash and cash equivalents [A+B+C]	28.22	(185.46)
Cash and cash equivalents opening	89.15	274.61
Cash and cash equivalents closing	117.37	89.15
Components of Cash and cash Equivalents		
Balances with Banks (Including Fixed Deposits with Maturity less than 3 months)	101.42	79.74
Cash in hand	15.95	9.41
	117.37	89.15

Explanatory Notes to Cash Flow Statement

- The Cash Flow Statement is prepared by using indirect method in accordance with the format prescribed by Accounting Standard 3 as prescribed by the Institute of Chartered Accountants of India.
- In Part A of the Cash Flow Statements, figures in brackets indicates deductions
- Figures of the previous year have been regrouped wherever necessary, to confirm to current year presentation.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

SHAUNAK V. MUZUMDAR
Partner
Mem. No. 37571
June 28, 2017
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Chief Executive Officer

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Chief Financial Officer

JAYESH R. PATEL
Company Secretary

June 28, 2017
Ahmedabad

NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Consolidated Financial Statements

- (i) The financial statements of the Company have been prepared and presented in accordance with the generally accepted accounting principle under the historical cost convention on an accrual basis. These Financial Statements comply, in all material respects, with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- (ii) The accounting policies adopted in the preparation of the Financial Statements are consistent with those of previous year.

b) Principles of consolidation

The Consolidated Financial Statements relate to Shalby Limited and its subsidiaries. The Consolidated Financial Statements have been prepared on the following basis:

- (i) The Financial Statements of subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the parent Company. Necessary adjustments have been made for the effects of significant transactions and other events between the reporting dates of such Financial Statements and these Consolidated Financial Statements, in the event, the reporting date of Financial Statement of subsidiary company is not identical. These have been consolidated based on latest available Financial Statements.
- (ii) The Financial Statements of the Company and its subsidiary companies have been Combined on a Line-by-Line basis by adding together the value of like items of assets, liabilities, income and

expenses after fully eliminating intra-group balances, intra-group transactions and resulting in unrealised profit or losses unless cost cannot be recovered.

- (iii) The Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and have been presented to the extent possible in the same manner as the company's separate financial statements.

- (iv) The difference between the cost of investment in the subsidiaries, and the Company's share of net assets at the time of acquisition of share in the subsidiaries is recognized in the Consolidated Financial Statement as Goodwill or Capital Reserve as the case may be and disclosed on net basis. Goodwill so arising is not amortised. However the same is tested for impairment at each Balance Sheet date.

- (v) Financial Statements of foreign subsidiary company which is considered as integral operation are translated as if the transactions of foreign subsidiaries have been those of company itself.

- (vi) Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders.

Minority interest in the net assets of consolidated subsidiaries of:

- (i) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
- (ii) The minority share of movements in equity since the

date parent-subsidiary relationship came into existence.

- (iii) Minority interest's share of Net Profit/(Loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

- (vii) Following subsidiary entities have been considered in the preparations of the Consolidated Financial Statements.

Name of the Enterprise	Country of Incorporation	Proportion of Ownership Interest
Shalby (Kenya) Ltd.	Kenya	100.00%
Shalby International Ltd.	India	100.00%
Vrundaban Shalby Hospitals Ltd.	India	55.00%
Yogeshwar Healthcare Ltd.	India	94.68%
Griffin Mediquip LLP	India	95.00%

- (viii) The figures pertaining to subsidiary companies / LLP have been reclassified and regrouped wherever necessary to bring them in line with parent company's Financial Statements.

(c) Use of Estimates

The preparation of Consolidated Financial Statements in conformity with Indian GAAP requires the Management to make certain estimates and assumptions. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the

period in which the results are known / materialized.

(d) Fixed Assets

- (i) Tangible and Intangible Assets

Tangible Fixed Assets are stated at the cost of acquisition or construction less accumulated depreciation and impairment losses, if any. The cost comprises of purchase price and any other cost attributable of bringing the asset to its working condition for its intended use.

Intangible assets are recognized at the consideration paid for acquisition of such assets are carried at cost less accumulated amortization and accumulated impairment loss, if any

- (ii) Capital Work In Progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and interest attributable.

- (iii) Impairment of Assets

An assessment is done to determine whether there is any indication of impairment. An asset is treated as impaired when its carrying cost exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

The Company has adopted the policy of carrying out impairment test once every three financial years.

(e) Borrowing Cost

Borrowing cost including interest, guarantee fees commitment charges etc., that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of that asset up to the period the project is commissioned or asset is put to use. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining a qualifying asset, is apportioned on rational basis, the remaining borrowing cost is charged to the revenue.

(f) Depreciation and Amortization

Depreciation on Tangible Fixed Assets is provided 'Straight Line Method' based on the useful lives as specified in Part C of schedule II to Companies Act, 2013 read with relevant notification issued by the Department of Company affairs except depreciation in respect of below mentioned asset is provided on straight line method over the useful lives estimated by management. The management estimates useful life for such assets as under.

Hospital Building (*): 30 years

(*) For this class of assets based on internal assessments and technical evaluation carried out by the management, it believes that useful life as given above best represents the period over which management expects to use this assets. Hence the useful life for this asset is different from useful life as prescribed under Part C of schedule II to the Companies Act, 2013.

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use. The management estimates useful life for intangible asset comprising of computer software as follows:

Computer Software : Over a period of three years

Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

Goodwill on merger / amalgamation is charged to statement of profit and loss in the year in which the same is generated.

Overseas subsidiary company i.e. Shalby Kenya Limited is calculated Depreciation using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following rates.

Office Equipment : 12.50%
Furniture and Fittings : 12.50%
Computer : 30.00%

(g) Investment

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are stated at cost price. Provision for diminution in the value of Long Term Investment is made only if; such decline is not temporary in nature in the opinion of the Management.

(h) Inventories

(i) The inventories of all medicines, Medicare items traded and dealt with by the Company are valued at cost or net realizable value whichever is lower. Cost is after adjusting Value Added Tax wherever applicable applying the FIFO Method.

(ii) Materials and consumables and general stores are charged to the Statement of Profit and Loss as and when they are procured and stock of such items at year end is valued at cost.

(i) Revenue Recognition

(i) Income from Healthcare Services is recognised based on completed service method. Income from Healthcare Services in respect of Indoor/ Outdoor patients as at Balance Sheet date is recognised on proportionate basis to the extent of services rendered.

(ii) Pharmacy Sales are recognised net of returns and discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to the customers. Sales are adjusted for Value Added Tax wherever applicable.

(j) Transactions in Foreign Currency

(i) Initial Recognition
Transactions denominated in foreign currencies entered into by the Company are normally recorded at the exchange rates prevailing on the date of transaction or at monthly

average exchange rate prevailing at the time of the transaction.

(ii) Measurement at the Balance Sheet date

Monetary items denominated in foreign currency at year end date are restated at exchange rate prevailing on that date.

(iii) Treatment of exchange differences

Any income or expense on account of exchange difference either on settlement or restatement of monetary items is recognised as income / expenses in the statement of profit and loss.

(k) Retirement Benefits

(i) Defined Contribution Plan

The Group has Defined Contribution Plan for its employees' retirement benefit comprising of provident fund and Employees Death Linked Insurance. The Group and eligible employees make monthly contributions to such schemes equal to specified percentage of the covered employees' salary.

The Group has no further obligations to the above referred plans beyond its monthly contributions.

(ii) Defined Benefit Plan

For Defined Benefit Plan the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial Gains or

Losses are recognised in full in statement of Profit and Loss for the period in which they occur.

▪ **Gratuity**

The Parent Company makes annual contribution to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service, or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

▪ **Leave Encashment Benefit**
Leave encashment are accounted for based on actuarial valuation by the actuaries.

(l) Taxation

- (i) Current year tax is provided based on taxable income computed in accordance with the provisions of the Income-tax Act, 1961.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the

Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

- (iii) The Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period using the tax rates and laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax on timing differences other than those referred above is recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such assets can be realized.

(m) Earnings per Share

In determining the earnings per share, the Company considers the net profit (after tax and extraordinary items) attributable to equity shareholders and includes post-tax effect of any

extraordinary items. The number of shares used in computing the earnings per share is the weighted average number of shares outstanding during the period. For computing diluted earnings per share, potential equity is added to the above weighted average number of shares.

(n) Prior Period Items and Extra - Ordinary Items

Adjustments arising due to errors or omission in the consolidated financial statements of earlier years are accounted under "Prior Period". Items of Income and Expenditure, which are not of recurring nature viz., damages due to floods, earth quakes etc. are disclosed as extraordinary items.

(o) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

(p) Cash and Cash Equivalents (for the purpose of Cash Flow Statements)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balance (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known

amounts of cash and which are subject to insignificant risk of changes in value.

(q) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non – cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on available information.

(r) Government Subsidy

(i) Subsidy available to the Group on capital account is credited to "Deferred Government Subsidy" and an amount equal to the depreciation on assets created / acquired out of such subsidy is transferred from "Deferred Government Subsidy" to Statement of Profit and Loss based on principles of deferred income stated in Accounting Standard 12 "Accounting for Government Grants" i.e. allocated to Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

(ii) Subsidy on Revenue account i.e. Interest subsidy is carried to Statement of Profit and Loss and adjusted against the relevant Finance cost.

2. SHARE CAPITAL

Particulars	(₹ in Million)	
	As at March 31, 2017	As at March 31, 2016
A) AUTHORISED		
Equity Shares	1112.50	992.50
11,12,50,000 (P.Y.9,92,50,000) Equity Shares of ₹ 10/- each		
5% Convertible / Redeemable Preference Shares	0.00	20.00
NIL (P.Y. 20,00,000) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each		
	1112.50	1012.50
B) ISSUED		
Equity Shares	874.48	873.55
8,74,47,932 (P.Y. 8,73,54,932) Equity Shares of ₹ 10/- each		
NIL (P.Y. 5,33,100) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each	0	5.33
	874.48	878.88
C) SUBSCRIBED AND FULLY PAIDUP		
Equity Shares	874.09	873.55
8,74,08,932 (P.Y. 8,73,54,932) Equity Shares of ₹ 10/- each fully paid up		
5% Convertible / Redeemable Preference Shares	0.00	0.10
NIL (P.Y.10,000) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 10/- each		
NIL (P.Y.1,96,000) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 10/- each	0.00	1.96
NIL (P.Y.1,40,500) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 10/- each	0.00	1.40
NIL (P.Y.83,600) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 10/- each	0.00	0.84
NIL (P.Y.1,03,000) 5% Convertible / Redeemable Preference Shares of ₹ 10/- each fully paid up issued at the premium of ₹ 10/- each	0.00	1.03
	0.00	5.33
	874.09	878.88

Note:

- (i) The Company has vide resolution passed by Board of Directors in the meeting held on March 26, 2016, allotted 5,24,12,960 equity shares as bonus shares in the ratio of 3:2 on March 26, 2016.
- (ii) During the period of five financial years immediately preceding the Balance Sheet date, the company has not:
 - (a) allotted any equity shares pursuant to any contract without payment being received in cash; except those issued upon business combination.
 - (b) bought back any equity shares

D) RECONCILIATION OF NUMBER OF SHARES

Equity Shares

Particulars	(In Numbers)	
	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	8 73 54 932	3 49 41 972
Add:		
Shares issued for Cash	54 000	0
Bonus Shares issued	0	5 24 12 960
Exercise of Share Option under ESOS / ESOP	0	0
Shares issued in Business Combination	0	0
	8 74 08 932	8 73 54 932
Less:		
Shares bought back / Redemption	0	0
At the end of the year	8 74 08 932	8 73 54 932

Preference Shares

Particulars	(In Numbers)	
	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	5 33 100	4 30 100
Add: Issued during the year	0	1 03 000
Less: Redeemed / converted during the year	5 33 100	0
At the end of the year	0	5 33 100

Pursuant to resolution passed by board of directors in the meeting held on December 20, 2016, the company has redeemed all the above redeemable preference shares having aggregate face value of ₹5.33 million at a premium of ₹10.27 million out of accumulated profits.

E) RIGHTS, PREFERENCES AND RESTRICTIONS

The Authorised Share Capital of the Company consists of Equity Shares having nominal value of ₹ 10/- each. The rights and privileges to equity shareholders are general in nature and allowed under Companies Act, 2013. The equity shareholders shall have:

- (i) a right to vote in shareholders' meeting. On a show of hands, every member present in person shall have one vote and on a poll, the voting rights shall be in proportion to his share of the paid up capital of the Company;
- (ii) a right to receive dividend in proportion to the amount of capital paid up on the shares held.

The shareholders are not entitled to exercise any voting right either in person or through proxy at any meeting of the Company if calls or other sums payable have not been paid on due date.

In the event of winding up of the Company, the distribution of available assets/losses to the equity shareholders shall be in proportion to the paid up capital.

F) DETAILS OF SHAREHOLDINGS

Shareholders holding more than 5% shares

Particulars	Number of equity shares		% of holding	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Dr. Vikram I. Shah	5 20 62 625	5 20 62 625	59.56	59.60
Zodiac Mediquip Ltd.	3 15 61 048	3 19 39 348	36.11	36.56

Particulars	Number of preference shares		% of holding	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Dr. Amish Kshatriya	0	40000	0.00	7.50
Dr. Shrirang Deodhar	0	40000	0.00	7.50
Dr. Ashish Sheth	0	40000	0.00	7.50
Dr. Dhiraj Marothi	0	40000	0.00	7.50
Dr. Kalpesh Shah	0	40000	0.00	7.50
Dr. Bharat Gajjar	0	30000	0.00	5.63
Zodiac Mediquip Limited	0	52500	0.00	9.85

G) In accordance with section 61(1) of the Companies Act, 2013 and in pursuance of special resolution passed at the meeting of members of the Company held on February 6, 2017 authorised share capital of the Company has been increased from ₹1012.50 Million to ₹1112.50 Million and further in accordance with section 13 of the companies Act, 2013, and special resolution passed by the members of the Company in meeting held on February 6, 2017, the authorised capital of the Company of ₹1112.50 Million divided into 10,92,50,000 equity shares of ₹10/- each and 20,00,000 preference shares of ₹10/- each has been reclassified to ₹1112.50 Million divided into 11,12,50,000 equity shares of ₹10/- each. The new shares shall rank pari passu with the existing Equity Shares of the Company in respect of dividend, voting rights etc.

3. RESERVES AND SURPLUS

(₹ in Million)

Particulars	As at March 31, 2017	As at March 31, 2016
Securities Premium Account		
Balance as per previous financial statements	75.10	81.58
Add : Received during the year	3.24	4.43
Less: Utilised on issue of Bonus Shares (Refer Note (i) below)	0.00	10.91
Less: Adjustment on Consolidation	75.10	0.00
Balance at the end of the year	3.24	75.10
Capital Redemption Reserve		
Balance as per previous financial statements	0.00	0.00
Add : Additions during the year	5.33	0.00
Balance at the end of the year	5.33	0.00
Surplus / (Deficit) in Statement of Profit & Loss		
Balance as per previous financial statements	1154.69	1378.39
Add / (Less) : Profit for the year	673.93	277.11
Add / (Less) : Foreign Currency Translation Reserve	0.00	0.00
Add / (Less) : Adjustment on amalgamation	0.00	25.47
Add / (Less) : Adjustment on Consolidation	23.69	(12.75)
Balance available for appropriation	1852.31	1668.22
Less : Appropriations		
- Dividend to preference shareholders	0.19	0.26
- Dividend distribution tax	0.04	0.05
Issue of bonus shares (Refer Note (i) below)	0.00	513.22
Premium on Redemption of Preference shares	10.27	0.00
Transfer to Capital Redemption Reserve (Refer note (ii) below)	5.33	0.00
	15.83	513.53
Net Surplus / (Deficit)	1836.48	1154.69
	1845.05	1229.79

Note:

- The Company has vide resolution passed by Board of Directors in the meeting held on March 26, 2016, allotted 5,24,12,960 shares as bonus shares in the ratio of 3:2 on March 26, 2016.
- In terms of provisions contained in Section 55 of the Companies Act 2013, the Company has, upon redemption of Preference Shares pursuant to resolution passed at the meeting held on December 20, 2016, transferred the amount equivalent to the face value of Preference Shares from the accumulated profits to Capital Redemption Reserve.

4. SHARE APPLICATION MONEY PENDING FOR ALLOTMENT

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Share Application money received	2.73	0.00
Less : Amount in excess of authorised share capital disclosed under the head "Other Current Liabilities"	0.00	0.00
	2.73	0.00

In pursuance of the resolution passed by the Board of Directors, the Company has issued further 39,000 Equity Shares of ₹10/- each and offered the same for subscription to Equity. In response to the same, the existing and potential share holders have subscribed to Equity. The fresh equity shares shall carry the same rights as the existing ones.

Further, the other disclosures are as under:

1	Number of Shares Proposed to be Issued:	39000
2	Amount of Premium:	₹ 60
3	Period before which shares shall be allotted	60 days from the date of payment
4	The company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money	

5. DEFERRED GOVERNMENT SUBSIDY

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Government Subsidy [Refer Note 1 (r)]	100.00	0.00
Less: Deferred income recognized in Statement of Profit & Loss	5.61	0.00
	94.39	0.00

The Parent Company, having established Super Speciality Hospital at Indore and Jabalpur both in the State of Madhya Pradesh, becomes eligible for one time incentive towards development of Healthcare sector in terms of "The Healthcare Investment Policy 2012", Department of Public Health & Family Welfare, Government of Madhya Pradesh. The incentive is based on capital investment and therefore is recognised in the form of capital subsidy, limited to ₹50 Million for each of the above referred two Hospitals, aggregating to ₹100 Million during the current financial year. The same, being available against the entire capital investment, has been recognised and classified in accordance with Significant Accounting Policy referred at note 1(r) to the Consolidated Financial Statements.

6. LONG TERM BORROWINGS

(₹ in Million)

Particulars	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Secured (Refer notes below)				
Term Loans from Banks (Refer notes below)				
HDFC Bank Limited				
In Foreign Currency	131.19	417.51	23.31	101.87
In Indian Currency	630.62	497.43	105.49	0.00
Bank of Maharashtra	633.22	170.57	0.00	0.00
Exim Bank	483.23	170.57	0.00	0.00
Buyer's Credit				
In Foreign Currency				
HDFC Bank Limited	305.65	253.58	32.67	0.00
Exim Bank	166.31	0.00	0.00	0.00
Vehicle Loans				
HDFC Bank Limited	0.35	1.08	0.72	1.72
ICICI Bank Limited	0.95	0.48	0.77	0.23
Daimler Financial Services India Private Limited.	3.02	0.00	1.45	0.00
	2 354.54	1 511.22	164.41	103.82
Unsecured (Refer note 38)				
Barclays Bank	0.00	499.50	0.00	0.00
From NBFC				
Barclays Investment & Loans (India) Ltd.	499.50	0.00	0.00	0.00
	499.50	499.50	0.00	0.00
Less:				
Amount disclosed under the head "Other Current Liabilities"	0.00	0.00	164.41	103.82
Total :	2 854.04	2 010.72	0.00	0.00

Note :

Currency Swap

Pursuant to agreements dated August 21, 2014 and March 12, 2015 executed between the Parent Company and HDFC Bank Limited, the term loan availed by the Company in Indian Currency, in respect of capex at S.G Highway, Bopal & Jabalpur units, have been converted into Foreign Currency Loans. During the current financial year, in pursuance of agreement dated March 23, 2017 executed between the Parent Company & HDFC bank limited the swap agreements executed on August 21, 2014 and March 12, 2015 in respect of S.G Highway & Bopal Units have been unwinded and accordingly, the term loans in respect of S.G Highway & Bopal units, have been reconverted into Indian currency.

Purpose of Secured Loans

The above term loans have been availed by the Parent Company for the purpose of reimbursement of Capex incurred by hospitals at S. G. Highway and Bopal and for the purpose of Capex at its hospital at Jabalpur, Jaipur, Naroda, Indore and Mohali.

Principal Terms and Conditions of Long Term Borrowings as at March 31, 2017
Secured
(i) Term loans

Sr. No.	Name of Lender	Unit	Amount ₹ Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulment/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	S.G. Highway	115.42	1 Year MCLR (8.15%) + 2.00% = 10.15% [w.e.f Feb-15-2017]	Loans are repayable in 57 equal monthly instalments commencing from January, 2015.	<p>Prepayment charges: Nil- in case of prepayment out of internal accruals / loan from group company / sale of shares / infusion of new capital. In case of prepayment from borrowings from Bank/Financial institutions: 2% for first 2 years, 1% for period of 2 years after initial 2 years, Nil thereafter.</p> <p>Penalty: At 2% p.a. in addition to interest rates, for all overdues / delays of any monies payable (principal as well as interest).</p>	(i) Equitable Mortgage of existing hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005 with total land area admeasuring 6880 sqmtr and total constructed building area of 12053.56 sqmtrs. (ii) Exclusive First charge on entire movable and immovable assets. Security for letter of credit (i) 100% by way of fixed deposit under lien with HDFC Bank or lien on approved debt mutual fund scheme	SBICAP Trustee on behalf of HDFC Bank Limited
2	HDFC Bank Limited	Bopal	108.52	1 Year MCLR (8.15%) + 2.00% = 10.15% [w.e.f Feb-15-2017]	Loans are repayable in 50 equal monthly instalments commencing from August, 2014.	<p>Prepayment charges: Nil- in case of prepayment out of internal accruals / loan from group company / sale of shares / infusion of new capital. In case of prepayment from borrowings from Bank/Financial institutions: 2% for first 2 years, 1% for period of 2 years after initial 2 years, Nil thereafter.</p> <p>Penalty: At 2% p.a. in addition to interest rates, for all overdues / delays of any monies payable (principal as well as interest).</p>	(i) Equitable Mortgage of existing Shalby hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005.	SBICAP Trustee on behalf of HDFC Bank Limited

Sr. No.	Name of Lender	Unit	Amount ₹ Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulment/ Prepayment Terms, and related penalty, if any	Security	In favor of
3	HDFC Bank Limited	Jabalpur, S.G. Highway	245.55	1 Year MCLR (8.15%) + 1.80% = 9.95% [w.e.f Feb-15-2017]	Loans are repayable in 20 equal quarterly instalments commencing from February, 2017.	<p>Within 30 days of interest reset date, the Company has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. However, if prepayment is made by the borrower from fresh equity or internal accruals, no prepayment penalty shall be payable. Should the Company choose to exercise the prepayment option, the lender(s) must be intimated in writing at least 15 working days before the date of exercising of the prepayment option. In case of part prepayments such prepayment shall be applied proportionately on the balance repayments pertaining to the facility.</p> <p>Penalty: Default interest of 2% p.a. over and above the applicable Interest Rate till such time such default / non compliance is cured to the Lender's satisfaction.</p>	(i) Exclusive charge by way of Equitable Mortgage of existing hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005 with total land area admeasuring 6880 sqmtr and total constructed building area of 12053.56 sqmtrs. (ii) Exclusive charge by way of hypothecation of all movable assets including plant and machinery, machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future of hospitals at S.G. Highway, Jabalpur. (iii) Personal guarantee of Director Dr. Vikram I. Shah to the extent of value of land owned by him and mortgaged under Security. (iv) Second pari passu charge on the entire current assets, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, uncalled capital (if any), present and future of the Borrower. First pari passu charge on the current assets shall be with the working capital lenders. (v) Exclusive charge by way of equitable mortgage of the land and building pertaining to the proposed hospital of Jabalpur.	SBICAP Trustee on behalf of HDFC Bank Limited

Sr. No.	Name of Lender	Unit	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
4	HDFC Bank Limited	Jaipur, Indore, Naroda	421.12	1 Year MCLR (8.15%) + 1.80% = 9.95% [w.e.f 15-Feb-2017]	Loans are repayable in 24 equal quarterly installments commencing from June, 2019.	Within 45 days of interest reset date, the Company has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. However, if prepayment is made by the Company from fresh equity or internal accruals, no prepayment penalty shall be payable. Should the Company choose to exercise the prepayment option, the lender(s) must be intimated in writing at least 15 working days before the date of exercising of the prepayment option. In case of part prepayments, such prepayment shall be applied proportionately on the balance repayments pertaining to the facility.	(i) First pari passu charge by way of equitable mortgage over land & building pertaining to hospital at Jaipur and Indore. (ii) First pari passu charge by way of equitable mortgage over land and building pertaining to hospital at Naroda. (iii) First ranking Security by way of hypothecation of all the present and future tangible movable assets including plant and machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future of hospitals at Jaipur, Indore and Naroda. (iv) Personal guarantee of Director Dr. Vikram I. Shah to the extent of 50% of Naroda Land offered under security. (v) Second ranking security by way of hypothecation on the entire current asset, operating cash flows, receivables, commissions, revenues of what so ever nature and wherever arising, present and future uncalled capital (if any) of the Company.	SBICAP Trustee on behalf of HDFC Bank Limited, Exim Bank and Bank of Maharashtra
5	Bank of Maharashtra		633.22	HDFC's Base Rate (9.25%) + 1.10% = 10.35% [w.e.f 23-Feb-2017]				
6	EXIM Bank		483.23	HDFC's Base Rate (9.25%) + 1.25% = 10.50%				

(ii) Buyer's Credit

Sr. No.	Name of Lender	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	338.32 ¹	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	The buyer's credit is for the tenor of 180 days and the Company is eligible for rollover thereafter subject to a maximum tenor of upto 3 years from the date of first drawdown.	Not Applicable	Security as specified for Sr. No. 1,3, and 4	HDFC Bank Limited
2	EXIM Bank	166.31 ²	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	The buyer's credit is for the tenor of 180 days and the Company is eligible for rollover thereafter subject to a maximum tenor of upto 3 years from the date of first drawdown.	Not Applicable	Security as specified for Sr. No. 1,3, and 4	EXIM Bank

¹ HDFC :- The value in INR has been arrived at based on the exchange rate on March 31, 2017. Accordingly, on March 31, 2017, Outstanding USD were 42,00,321.57 and exchange rate was 1 USD equal to 64.8386 INR and Outstanding EURO were 9,52,832.78 and exchange rate was 1 EURO equal to 69.2476 INR.

² EXIM :- The value in INR has been arrived at based on the exchange rate on March 31, 2017. Accordingly, on March 31, 2017, Outstanding USD were 25,65,000 and exchange rate was 1 USD equal to 64.8386 INR.

(iii) Vehicle loans

Sr. No.	Name of Lender	Vehicle	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	Mercedes Benz	0.37	10.25%	Loans are repayable in 60 equal monthly installments commencing from July, 2012.	The Company may, prepay the whole or any part of the outstanding of respective Loans (including interest, other dues, fees and charges herein) by giving a notice in writing to that effect. The Company would have to give minimum written notice of 30 days expressing his intention to prepay the loan amount, unless the same is waived in writing by the bank. The prepayment shall take effect only when the actual payment is received by the bank and interest and other charges would be leviable till the end of the month in which prepayment is actually effected. In such an event the Bank will levy prepayment charges as mentioned in the schedule or any rate which is applicable at that time as per Bank's policy on the dues outstanding. Prepayment charges: No foreclosure allowed within 6 months from the date of availing car loan. 6% of principal outstanding for prelosures within 1 year from 7th EMI. 5% of prelosures within 13-24 months from 1st EMI. 3% of principal Outstanding for prelosures post 24 months from 1st EMI.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/payment by the Company of the loan granted or to be granted to the Company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the Company to the Bank.	HDFC Bank Limited
2	HDFC Bank Limited	Mahindra Bolero	0.47	9.75%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.			
3	HDFC Bank Limited	Maruti Ecco	0.24	9.45%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.			

Sr. No.	Name of Lender	Vehicle	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
4	ICICI Bank Limited	Force Ambulance	1.24	9.69%	Loans are repayable in 36 equal monthly installments commencing from February, 2016.	Prepayment charges: The lessor of the following two options plus applicable taxes: (a) 4% of the outstanding amount of the facility, or any other rate as stipulated by ICICI Bank from time to time. OR (b) The total interest amount outstanding as on the date of prepayment.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/payment by the Company of the loan granted or to be granted to the Company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the Company to the Bank.	ICICI Bank Limited
5	ICICI Bank Limited	Force Ambulance	0.48	10.00%	Loans are repayable in 36 equal monthly installments commencing from February, 2016.			ICICI Bank Limited
6	Daimler Financial Services India Private Limited	Mercedes Benz	4.47	8.76%	Loans are repayable in 36 equal monthly installments commencing from February, 2017.	Prepayment Charges: NA Penalty: 5% per annum plus applicable taxes or statutory levies, if any	First and exclusive charge of the Vehicle	Daimler Financial Services India Private Limited

Unsecured Loan

Sr. No.	Name of Lender	Amount ₹ In Million Outstanding as at March 31, 2017	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	Barclays Investment & Loans (India) Ltd.	499.50	8.95%	Loan is repayable within a maximum period of 2 years (reviewed annually) subject to lender's right to terminate the facility and demand repayment at any time, unless otherwise agreed by them.	A prepayment of 1% will be charged on any amount prepaid. Additionally, company agreed that loan breakage costs and expenses, if applicable and as determined by lender, will be payable at the time and in respect of the amount prepaid. Penalty: 2% as per lending terms and finance.	Not Applicable	--

7 DEFERRED TAX LIABILITIES (NET)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Tax Liabilities		
Difference of book depreciation and tax depreciation	558.16	19.93
Deferred Tax Assets		
Disallowance u/s. 43(b) under Income Tax Act, 1961	7.85	6.35
Unabsorbed Business Losses and Depreciation	493.62	4.45
Net Deferred Tax Liability	56.69	9.13

8 OTHER NON-CURRENT LIABILITIES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Deferred Leasehold Land Premium	15.57	44.43
Less:		
Amount disclosed under the head "Other Current Liabilities"	15.57	28.86
	0.00	15.57
Security Deposit	0.07	0.00
Retention Money		
Contractors & Vendors	20.60	12.12
	20.67	27.69

9 LONG TERM PROVISIONS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Employee Benefits Obligations		
Gratuity (Net of Plan Asset)	5.79	1.05
Gratuity (Unfunded)	0.00	0.99
Privileged / Earned Leave (Unfunded)	16.86	8.36
	22.65	10.40
Less :		
Amount disclosed under the head "Short Term Provisions"		
Gratuity	4.99	0.00
Gratuity (Unfunded)	0.00	0.70
Privileged / Earned Leave	2.48	1.36
	7.47	1.43
	15.18	8.97

Note: In order to ensure that short term obligations on account of Gratuity payable to employees is fully funded, the company has intention to contribute the sum of ₹4.99 Million to plan asset accordingly, the said obligation has been considered and classified as 'Current Liabilities'.

10 SHORT TERM BORROWINGS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Secured		
Bank Overdraft		
Kotak Mahindra Bank	43.55	4.27
YES Bank Limited	36.17	0.00
Unsecured		
Working Capital Demand Loan		
HDFC Bank Limited	150.00	0.00
Repayable on demand		
Intercorporate Deposits	30.95	88.91
	260.67	93.18

Principal Terms & Conditions of Short Term Borrowing as on March 31, 2017

(a) Secured

Name of Lender	Outstanding as at March 31, 2017 (₹ in Million)	Rate of Interest	Repayment Term	Security
Kotak Mahindra Bank	43.55	10.00%	12 months	(i) Secured by first pari-passu hypothecation charge to be shared with HDFC Bank Limited on all existing and future current assets of Bopal Unit.
				(ii) First and exclusive mortgage charge on immovable properties being land and building of Krishna Shalby Hospital situated at 319, Green city, Ghuma, Bopal, Ahmedabad belonging to the company.

(i) Re-schedulement / Prepayment Terms - Not Applicable

(ii) Penalty - Amount unpaid on due date shall attract interest at 2% per month compounded monthly.

Name of Lender	Outstanding as at March 31, 2017 (₹ in Million)	Rate of Interest	Repayment Term	Security
YES Bank Limited	36.17	11.00%	N.A	Exclusive charge on all current assets and fixed assets of Mohali unit (both present and future). Unconditional and irrevocable personal guarantee of Mr. Akhil Bhargava and Ms. Manjari Bhargava to remain valid during the tenor of the credit facilities.

(i) Re-schedulement / Prepayment Terms and Related Penalty - Not Applicable

(b) Unsecured

Name of Lender	Outstanding as at March 31, 2017 (₹ in Million)	Rate of Interest	Repayment Term	Security
HDFC Bank Limited	150.00	8.50%	6 months (Bullet repayment at the end of tenor)	Not Applicable

(i) Re-schedulement - Not Applicable

(ii) Prepayment Terms - Nil prepayment charges after 3 months from the date of disbursement, if paid from IPO proceeds/ Equity/ Internal accruals.

(iii) Penalty - 3% p.a. in addition to interest rates, for all overdues/delays of any monies payable (principal as well as interest).

11 TRADE PAYABLES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
For Goods and Services		
Related Party (Refer note 45)	8.87	10.92
Others	380.17	454.99
	389.04	465.91

12 OTHER CURRENT LIABILITIES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Current Maturities		
Long Term Debt	164.42	103.82
Lease hold Land Premium	15.57	28.86
Payable for Fixed assets / Projects	346.32	81.66
Interest Accrued but not due	20.50	23.38
Deposits	2.10	1.77
Book Overdraft	3.52	0.03
Retention money	20.18	12.72
Advances from Patients / corporates	28.88	5.65
Consideration payable	0.00	38.83
Other Payables		
Statutory dues	31.06	25.22
Employees	13.47	27.20
Others	4.89	5.15
	650.91	354.29

13 SHORT TERM PROVISIONS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Employee Benefits		
Gratuity (Funded)	4.99	0.00
Gratuity (Unfunded)	0.00	0.07
Privileged / Earned Leave (Unfunded)	2.48	1.36
Others		
Dividend	0.00	0.26
	7.47	1.69

14 TANGIBLE ASSETS

Description of Assets	Gross Block at Cost			Depreciation / Amortisation		Net Book Value	
	As at 01/04/2016	Adjustment on account of merger	Additions during the year	Adjustment on account of merger	For the year (Refer Note (i) below)	Up to 31/03/2016	As at 31/03/2017
Land							
Freehold	310.53	0.00	0.00	0.00	0.00	0.00	157.22
Leasehold	626.35	0.00	0.34	0.00	20.20	4.10	709.64
Buildings	1287.19	0.00	11.06	0.00	43.09	(0.02)	1129.13
Medical Equipments & Surgical Instruments	1295.23	0.00	151.49	0.00	69.80	(21.57)	826.28
Plant and Machinery	281.75	0.00	2.38	0.00	11.18	(1.74)	181.21
Electric Installation	86.00	0.00	1.94	0.00	5.24	0.00	34.01
Air Conditioners	20.00	0.00	0.00	0.00	0.14	0.00	1.14
Office Equipments	67.79	0.00	3.69	0.00	8.13	(0.29)	52.47
Computers and Printers	56.20	0.00	8.35	0.00	9.42	(0.54)	18.67
Furnitures and Fixtures	153.02	0.00	7.47	0.00	8.60	0.00	79.12
Vehicles	58.28	0.00	18.38	0.00	5.13	(1.72)	29.37
Total :	4245.34	0.00	205.10	0.00	180.93	(21.78)	3200.51
Previous Year :	2526.11	462.52	1258.12	0.14	125.30	(0.07)	3181.93

(i) The amortisation of Leasehold Land of Jaipur, Surat & Indore units aggregate amounting to ₹15.74 Million for the current financial year has been capitalised during the year end accordingly carried the same to "Capital Work in Progress". Further the amortisation of such Leasehold Land aggregate amounting to ₹4.10 Million related to earlier financial year disclosed at Adjustment column under the head "Depreciation / Amortisation" has also been capitalised during the year.

(ii) The depreciation on certain assets net aggregates amounting to ₹0.01 Million disclosed at Adjustment column under the head "Depreciation / Amortisation", since related to earlier financial years, has been carried to Statement of Profit & Loss under the head "Prior Period Adjustment".

(iii) The gross block & corresponding depreciation if any charged in earlier years in respect of following assets have been regrouped during current financial year.

Initial Grouped as	Regrouped to	Gross Block	Depreciation
Freehold Land	Leasehold Land	153.31	0.00
Building	Plant & Machinery	7.54	0.02
Computers and Printers	Furnitures and Fixtures	0.08	0.00

15 INTANGIBLE ASSETS

Description of Assets	Gross Block at Cost			Depreciation / Amortisation		Net Book Value	
	As at 01/04/2016	Additions during the year	Deletions/Adjustment during the year	Up to 31/03/2016	For the year (Deletions)/Adjustment during the year (Refer Note (i) below)	Up to 31/03/2017	As at 31/03/2017
Softwares	22.05	1.01	(1.48)	18.37	2.81	19.92	1.66
Total :	22.05	1.01	(1.48)	18.37	2.81	19.92	3.68
Previous Year :	313.63	1.54	(293.12)	310.23	1.26	293.12	3.68

(i) The depreciation on Software aggregates amounting to ₹0.05 Million disclosed at Adjustment column under the head "Depreciation / Amortisation", since related to earlier financial years, has been carried to Statement of Profit & Loss under the head "Prior Period Adjustment".

16 CAPITAL WORK IN PROGRESS

Particulars	Gross Block at Cost			Depreciation / Amortisation		Net Book Value	
	As at 01/04/2016	Adjustment on account of merger	Additions during the year	Up to 31/03/2016	For the year (Deletions)/Adjustment during the year (Refer Note (i) below)	Up to 31/03/2017	As at 31/03/2017
Project Under Development	817.77	0.00	1,406.86	18.37	(1.26)	19.92	1.66
Previous Year :	904.66	167.78	756.09	310.23	1.26	293.12	3.68

Note : The sum of ₹ 1.21 Million being the value of 'software under development' included under the head 'project under development' has been now transferred to "Intangible Asset Under Development" through deduction/adjustment column above.

17 INTANGIBLE ASSET UNDER DEVELOPMENT

Particulars	Gross Block at Cost			Depreciation / Amortisation		Net Book Value	
	As at 01/04/2016	Adjustment on account of merger	Additions during the year	Up to 31/03/2016	For the year (Deletions)/Adjustment during the year (Refer Note (i) below)	Up to 31/03/2017	As at 31/03/2017
Trademark (Refer Note below)	0.06	0.00	0.00	0.00	0.00	0.00	0.06
Computer Software (ERP)	0.00	1.00	1.21	0.00	0.00	0.00	2.21
Total :	0.06	1.00	1.21	0.00	0.00	0.00	2.27
Previous Year	0.06	0.00	0.00	0.00	0.00	0.00	0.06

(*) Refer note 16 above.

Note : The Parent Company had applied for registration of nine trademarks to Controller General of Patents Design and Trademarks, Department of Industrial Policy & Promotion during the period from March 2011 to July 2014, against which either the Department has objected or third parties have opposed for Registration. The Company, through its legal counsel, has submitted the requisite replies. Pending final registration, the amounts paid towards the same are shown as intangible assets under Development.

18 NON CURRENT INVESTMENTS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Corporate Membership with Karnavati Club Limited	1.10	1.10
	1.10	1.10

19 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Advance Tax (Net of Provisions)	80.80	93.78
MAT Credit Entitlement	300.00	0.00
Advance against acquisition of Shares/Projects	320.49	266.41
Projects and Capital Goods	43.20	8.89
Security Deposits	16.42	10.79
Other	0.00	0.03
	760.91	379.90
The amount dues by :		
Directors	NIL	NIL
Officers either severally or jointly with other persons	NIL	NIL
Firms or private companies in which any director is partner or director or a member.	NIL	NIL

20 OTHER NON CURRENT ASSETS

(Unsecured, Considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Other Bank balances		
Fixed deposits		
with maturity for more than 12 months	2.91	1.65
Accrued Interest on Fixed deposits	0.08	0.18
	2.99	1.83

The above fixed deposits with banks are held as margin money against bank guarantee.

21 INVENTORIES

(As taken, valued and certified by the Management)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Medicines and Medicare Items	33.78	24.14
Materials and Consumables	35.31	42.64
General Stores	7.38	8.10
	76.47	74.88

Inventory items have been valued considering the significant accounting policy 1(h) to these financial statement.

22. TRADE RECEIVABLES

(Unsecured, considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Debt outstanding for the period exceeding six months		
Considered Good	176.31	94.12
Considered Doubtful	21.53	13.24
	197.84	107.36
Less : Provision for Bad and Doubtful Debts	21.53	13.24
	176.31	94.12
Others debts	202.18	220.15
	378.49	314.27
The amount dues by :		
Directors	NIL	NIL
Officers either severally or jointly with other persons	NIL	NIL
Firms or private companies in which any director is partner or director or a member.	NIL	NIL

23 CASH AND BANK BALANCES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Cash and Cash Equivalents		
Balances with scheduled banks		
Current Accounts	52.68	40.59
Fixed Deposits (with maturity for less than 3 months)	48.74	39.15
Cash in hand	15.95	9.41
Other Bank balances		
Fixed deposits	44.03	73.01
Less : Disclosed under Non Current Assets	2.70	1.45
FD with maturity for 3 to 12 months	41.33	71.56
	158.70	160.71

The above fixed deposits with banks are held as margin money against letter of credit and bank guarantees.

24 SHORT TERM LOANS AND ADVANCES

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Loans to Companies / others	53.01	37.32
Loans / Advances to Employees	1.73	2.24
Contractors and Suppliers	5.44	3.29
Prepaid Expenses	6.11	3.99
Balance with Revenue Authorities	26.46	11.64
Deposits	0.56	0.70
IPO Expenses Pending Adjustment (Refer Note 35)	3.45	0.00
Other Recoverable		
Doctors	24.91	3.67
Others	3.75	0.92
	28.66	4.59
	125.42	63.17
The amount dues by :		
Directors	NIL	NIL
Officers either severally or jointly with other persons	NIL	NIL
Firms or private companies in which any director is partner or director or a member.	NIL	NIL

25 OTHER CURRENT ASSETS

(₹ in Million)

Particulars	As at	
	March 31, 2017	March 31, 2016
Interest accrued		
On Loans to Companies / others	0.14	0.14
On Fixed Deposits	5.64	4.57
Capital and interest Subsidy Receivable [Refer Note 1 (r)]	110.89	0.00
Unbilled Revenue	21.51	24.89
	138.18	29.60

26 REVENUE FROM OPERATIONS

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of Products	79.38	69.62
Sales of Services	3150.16	2817.05
Other Operating Revenue	7.32	7.28
	3236.86	2893.95

Breakup of sales of products

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Medicines & Medicare Items	79.38	69.62

Breakup of Sales of Services

(₹ in Million)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Income from Healthcare Services		
In Patient Discharge		
Domestic	2 697.73	2443.10
Overseas	138.92	128.09
Out Patient Discharge	212.01	151.55
Dental Care Services	37.05	37.47
Diagnostic Services	52.25	53.71
Clinical Trials	12.20	3.13
	3150.16	2817.05

Breakup of Other Operating Revenue

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Allied Services (Amulance, Visitor Passes, Dormitory etc.)	7.32	7.28

27 OTHER INCOME

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income		
On Loans	5.43	1.48
From Banks	7.72	7.52
On IT Refund	7.16	0.37
Others	0.30	0.22
	20.61	9.59
Rent	2.59	2.20
Dividend	0.19	1.90
Gain on sale of investments	0.00	0.75
Profit on Sale of Assets(Net of loss on assets sold / written off)	2.16	0.00
Sponsorship and Event Orthotrend(Net)	15.90	10.11
Training	0.28	0.55
Foreign Exchange Fluctuation Gain(Net)	27.87	0.00
Gain / (Loss) on Unwinding of Swap Contract(Net)	2.97	0.00
Deferred Capital Subsidy [Refer Note 1 (r)]	5.61	0.00
Other Non-Operating Income		
Sundry Balances Written Back(Net)	6.76	3.01
Excess Provisions no longer required	5.14	2.48
Miscellaneous	1.30	2.07
	13.20	7.56
	91.38	32.66

28 PURCHASE OF TRADED GOODS

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Medicines & Medicare Items	58.31	43.95

29 OPERATIVE EXPENSES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Materials and Consumables	726.57	742.85
Diagnostic Expenses	51.97	54.08
Fees to Doctors and Consultants	780.33	757.87
Power, Fuel and Water Charges	75.87	67.94
Housekeeping and Catering	84.93	72.67
Attendants and Securities (Includes service tax)	85.48	69.47
Linen and Uniform	4.83	7.20
Other Operative Expenses	13.50	10.68
	1823.48	1782.76

30 CHANGES IN INVENTORIES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Closing Stock		
Medicine and Medical Items	15.21	10.94
Opening Stock		
Medicine and Medical Items	10.46	11.56
Decrease / (Increase) in Inventories	(4.75)	0.62

31 EMPLOYEES BENEFITS EXPENSES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salary, Allowances and Bonus	374.48	273.19
Contribution to Provident and other funds	17.80	14.37
Staff Welfare expenses	0.28	1.65
	392.56	289.21

32 FINANCE COST

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest		
To Bank	70.84	54.28
To NBFC	24.85	0.00
Others	3.87	10.87
Less: Interest subsidy	10.88	0.00
	88.68	65.15
Other Borrowing Cost		
Other ancillary Cost	1.72	3.67
Adjustment to Interest cost on foreign currency translation	7.54	35.03
	97.94	103.95

33 ADMINISTRATIVE AND OTHER EXPENSES

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent, Rates and Taxes	23.70	19.79
Stationery and Printing	12.04	9.17
Insurance	3.27	2.41
Fees and Legal	22.31	27.36
Auditors' Remuneration	1.94	1.42
Travelling and Conveyance	55.44	39.41
Communication	9.22	6.84
Repairs and Maintenance		
Building	5.60	4.73
Others	53.39	55.82
Advertising and Publicity	45.64	41.20
Bank charges	4.35	0.69
Loss on Sale / Discard of Assets(Net)	0.00	0.46
Foreign Exchange Fluctuation Loss(Net)	0.00	9.55
Provision for impairment loss	0.00	0.53
Provision for bad and doubtful debts	8.29	0.00
Bad Debt Written Off	0.00	0.30
Other expenses	14.72	10.99
	259.91	230.67

Auditors' Remuneration is made up of

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory Audit fees	1.94	1.42

34 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit after tax attributable to Equity Shareholders (₹ in Million)	673.70	276.80
Weighted Average Number of equity shares (in Million)	87.36	87.35
Face value per share ₹	10.00	10.00
Earnings per Share (Basic and diluted) ₹	7.71	3.17

Note : The Company has issued new shares 54,000 as on March 6, 2017.

35. PROPOSED INITIAL PUBLIC OFFER

The Company in its board meeting held on March 6, 2017 has taken approval for the Initial Public Offer and Offer for sale by the existing shareholder Dr. Vikram I. Shah in the Initial Public Offer of the company. Pursuant to the same, the company filed Draft Red Herring Prospectus (DRHP) on May 19, 2017 with Securities Exchange Board of India (SEBI) for Initial Public Offer. The Company is taking necessary steps to come out with the proposed public issue of up to ₹5,800.00 million and an offer for sale of up to 1.00 million equity shares by the existing share holder of the Company in consultation with lead managers and advisers to the issue. The expenses incurred during current financial year of ₹3.45 million in respect of proposed public issue is currently disclosed as IPO expenses pending Adjustment under "Short Term Loans and Advances".

36. COMPOSITION SCHEME OF ARRANGEMENT

The Board of Directors of the Parent Company, approved a Composite Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, for spin off/demerger of the Hospital Division of Kamesh Bhargava Hospital and Research Centre Private Limited ("Demerger Company") and transfer to Shalby Limited

("Transferee Company") subject to requisite approvals from the High Court of Punjab and Haryana and the High Court of Gujarat respectively, under whose jurisdiction the registered offices of both companies are situated, and for an order or orders thereof for carrying this Scheme into effect. Transferee Company by its order dated September 30, 2016 subject to the approval of scheme by Honourable High court of Punjab and Haryana. In the High Court of Punjab and Haryana, the application cum petition along with scheme was filed on July 5, 2016 and in light of the merger related provisions being notified under the provisions of the Companies Act, 2013, the Scheme was transferred from the High Court of Punjab and Haryana to the NCLT, Chandigarh Bench. The matter is currently pending in the NCLT, Chandigarh Bench. In consideration of the demerger, the Company is required to make a payment of ₹ 371.37 million, against the transfer of the Demerged Undertaking to such equity shareholders of Transferor Company, whose names appeared in the register of members of the transferor company on the effective date identified in the Demerger Scheme. Upon the Demerger Scheme becoming effective and with effect from the appointed date as indicated above, the Company will be required to record the

assets and liabilities of the demerged Undertaking at such book values as were appearing in the books of Transferor Company, without taking into account any revaluations.

37. CHANGES IN ESTIMATES

Hitherto the depreciation on Hospital Building been charged based on useful life as prescribed in Part C of Schedule II to the Companies Act 2013. The Parent company has re-assessed and re-estimated the life of Hospital Buildings, and based on such re-estimation of useful life the Parent company has charged the depreciation of Hospital Building over its balance re-estimated useful life with effect from April 01, 2016. Had the depreciation been charged based on useful life prescribed in the Part C of Schedule II in the Companies Act 2013, the depreciation would have been ₹16.87 million as against ₹40.56 million being the depreciation charged based on re-estimated life.

38. UNSECURED BORROWINGS

The borrowings from Barclays Bank amounting to ₹499.50 million had been availed against pledge of acceptable tax free Bonds held by director Dr. Vikram I. Shah, however the same was considered and classified as unsecured since the Parent company had not provided its own security. Pursuant to Resolution passed by Board of Directors in its meeting, the Parent company has settled the borrowings from Barclays Bank amounting to ₹ 499.50 million and got it re-financed by Barclays Investment and Loans (India) Limited.

39. SUSPENSION OF BUSINESS OPERATIONS

The Board of Directors of the one of subsidiary companies i.e. Vrundavan Shalby Hospitals Limited (such subsidiary

company) has vide circular resolution deemed to be passed on December 9, 2016 consented to suspend the operations of both hospitals located at Mapusa and Panjim to surrender available licences, bio medical authorisation and other licences and approval of both hospitals, to close pharmacy with immediate effect and also to apply for cancellation of power connection. The personnel authorized to act upon are in the process of honouring the board resolution.

Reference is also invited to note 40 below with the respect to legal proceedings pending final disposal. The Management of such subsidiary company intends to resume operations if the event of verdict / award of such proceedings is favourable for infusing further funds so as to overcome the critical & financial constraints.

40. PENDING LITIGATION

Two of the shareholders of one of the subsidiary Companies i.e. Vrundavan Shalby Hospitals Limited ("such subsidiary Company") had instituted proceedings u/s. 397-398 of the Companies Act, 1956 before the Company Law Board, Mumbai vide Company Petition No. 18/2015. Said Company Petition 18/2015 along with Company Application No. 122 and 133/2015 have been finally disposed of by order dated April 25/27, 2016 by Company Law Board – New Delhi Bench (CLB) inter-alia directing the other shareholder of the such subsidiary company i.e. Shalby Limited to purchase / acquire 81,000 equity shares of the such subsidiary company held by two shareholders, i.e. Dr. Digambar Surya Naik and Mrs. Mangala Digambar Naik with prescribed method of valuation of shares. Shalby Limited has challenged said order dated April 25/27, 2016 of CLB before the Honorable High

Court of Mumbai at Goa vide Company Appeal No. 1/2016. The Honorable High Court of Bombay at Goa vide order dated July 29, 2016 has stayed the order dated April 25/27, 2016 of CLB and further said Honorable court has vide its order dated December 22, 2016 quashed and set aside the impugned order of Company Law Board dated April 25, 2015 and remanded back to Company Law Board, Mumbai Bench (now NCLT) the said matter and directed to decide the said petition/ applications afresh after hearing parties in accordance with the law. Accordingly, the matter is subjudice at present.

41. DISSENT FOR APPROVAL OF FINANCIAL STATEMENTS

While attending the Board Meeting of one of the subsidiary companies i.e. Vrundavan Shalby Hospitals Limited ("such subsidiary company") held on May 15, 2017 and also vide e-mail / hand delivery dated May 15, 2017, Dr. Digambar Surya Naik, one of the directors of such subsidiary company has raised his objections towards adoption of Draft Balance Sheet for the Financial Year 2016-17 and expressed his concerns stating that Draft Balance Sheet is incomplete, incorrect and prepared on wrongly adopted figures. Further vide e-mail referred above and also vide e-mail dated August 22, 2016, Dr. Digambar Surya Naik has expressed his concern towards discrepancies in respect of outstanding balances due to him between books of account of such subsidiary Company and as per his own records without providing any reconciliation and / or explanations and also stated that such subsidiary Company has failed to pay dues on account of professional fees / salary and assets purchased by such subsidiary Company

from him.

The Board of Directors of such subsidiary Company in the Board Meeting referred above, adopted and approved the financial statements for financial year ended on March 31, 2017 by majority decision and with dissent of Dr. Digambar Surya Naik.

Besides, above stated facts, the outstanding amount stated in email correspondence mentioned, also included fixed monthly professional fees payable to Dr. Digambar Surya Naik and his wife Dr. Mangla Digambar Naik on account of Non-Compete Clause entered by such subsidiary Company with them. On appeal by Dr. Digambar Surya Naik to the Company Law Board to absolve him and his wife to work exclusively for the such subsidiary company, the adjudicating Authority passed order in favour of the appellant vide its order dated April 27, 2016.

In pursuance to such order, provision for non-compete professional fees for the period commencing from January 01, 2015 to March 31, 2016 is not warranted and accordingly the same has been written back.

42. EMPLOYEE BENEFITS

(a) Defined contribution to provident fund and Employees Death Linked Insurance

The Group makes contribution towards Employees' Provident Fund and Employees Death Linked Insurance. In accordance with the provisions of these schemes, the Group is required to contribute a specified percentage of payroll costs. The Group has, during the Period, recognized the sum of ₹ 14.93 million (P.Y ₹ 11.60 million) as expense towards contributions to these plans.

(b) Defined Benefit Plan

The following table sets out the status of the defined benefit plans as at March 31, 2017

(₹ in Million)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Changes in the present value of obligation				
1. Present value of obligation (Opening)	9.20	8.36	6.89	4.42
2. Interest cost	0.61	0.58	0.52	0.33
3. Past service cost adjustments to opening fund	--	--	--	0.36
4. Current service cost	3.01	7.74	2.98	3.42
5. Curtailment Cost / (Gain)	--	--	--	--
6. Settlement Cost / (Gain)	--	--	--	--
7. Benefits paid / Payable	(1.98)	(1.56)	(0.31)	(0.88)
8. Actuarial (Gain) / Loss (Including Balance written back)	1.11	1.74	(0.88)	0.71
9. Present value of obligation (Closing)	11.95	16.86	9.20	8.36
Changes in the fair value of plan assets				
1. Present value of plan assets (Opening)	7.16	--	7.01	--
2. Past service cost adjustments to opening fund	(0.48)	--	--	--
3. Expected return on plan assets	0.63	--	0.68	--
4. Actuarial Gain / (Loss)	(0.16)	--	(0.68)	--
5. Employers Contributions	0.31	--	0.15	--
6. Employees Contributions	--	--	--	--
7. Benefits paid	(0.99)	--	--	--
8. Expense deducted from the fund	(0.31)	--	--	--
9. Fair Value of Plan Assets (Closing)	6.16	--	7.16	--
Percentage of each category of plan assets to total fair value of plan assets at the year end				
1. Bank Deposits	--	--	--	--
2. Debt Instruments	--	--	--	--
3. Administered by Life Insurance Corporation of India	6.16	--	7.16	--
4. Others	--	--	--	--
Reconciliation of the present value of defined benefit obligation and the fair value of assets				
1. Present value of funded obligation as at the year end	11.95	--	8.21	--
2. Fair value of plan assets as at year end	6.16	--	7.16	--
3. Funded (Asset)/ Liability recognised in the balance sheet	5.79	--	1.05	--

(₹ in Million)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Reconciliation of the present value of defined benefit obligation and the fair value of assets				
4. Present value of unfunded obligation as at the year end	--	16.86	0.99	8.36
5. Unrecognised past service cost	--	--	--	--
6. Unrecognised Actuarial (Gains) / Losses	--	--	--	--
7. Unfunded net liability recognised in the balance sheet	--	16.86	0.99	8.36
Amount recognised in the balance sheet				
1. Present value of funded obligation as at the year end	11.95	--	8.21	--
2. Fair value of plan assets as at the year end	6.16	--	7.16	--
3. (Asset) / Liability recognized in the balance sheet	5.79	--	1.05	--
4. Present value Unfunded obligation as at the year end	--	16.86	0.99	8.36
5. Liability recognized in the balance sheet	--	16.86	0.99	8.36
Expenses recognised in statement of profit and loss				
1. Current service cost	3.01	7.74	2.98	3.42
2. Past service cost	--	--	--	0.36
3. Interest cost	0.61	0.58	0.52	0.33
4. Expected return on plan assets	(0.63)	--	(0.68)	--
5. Prior Year Change	0.33	--	--	--
6. Expense deducted from the fund	(0.31)	--	--	--
7. Curtailment Cost / (Credit)	--	--	--	--
8. Settlement Cost / (Credit)	--	--	--	--
9. Net Actuarial (Gain) / Loss	1.27	2.00	(0.20)	0.71
10. Employee's Contribution	--	--	--	--
11. Total expenses recognised in statement of profit and loss	4.90	10.33	2.62	4.82
Principal actuarial assumption				
1. Rate of discounting	7.10	7.10	7.80	7.80
2. Expected return on plan assets	7.10	--	7.80	--
3. Rate of increase in salaries	6.00	6.00	6.00	6.00

43. BORROWING COST

Borrowing cost including interest, guarantee fees commitment charges etc., that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalized ₹110.91 million as part of the cost of that asset up to period the project is commissioned or asset is put to use. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining a qualifying asset, is apportioned on rational basis, the remaining borrowing cost is charged to revenue.

44. SEGMENT REPORTING

The group's primary business segment is Health Care Services. Based on the guiding principles given in Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, this activity falls within a single primary business segment and accordingly the disclosure requirements of Accounting Standard 17 in this regard are not applicable.

45. RELATED PARTY DISCLOSURES

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(a) List of related parties with whom transactions have taken place during the year and relationship:

Sr.No.	Name of related party	Relationship
1	Dr. Vikram I. Shah	Key Management Personnel
2	Mr. Ravi Bhandari	
3	Dr. Darshini V. Shah	Relative of Key Management Personnel
4	Mr. Shanay V. Shah	
5	Zodiac Mediquip Limited	Associate Company
6	Uranus Medical Devices Limited	Enterprise over which Key Management Personnel and / or relatives exercise significant influence through controlling interest (Other Related Party)
12	Shalby Orthopedic Hospital and Research Center	
13	Friends of Shalby Foundation	
14	Slaney Healthcare Private Limited	

(b) Transactions with related parties

(₹ in Million)

Sr. No.	Nature of transaction	Relationship	For the year 2016-2017	For the year 2015-2016
(i)	Professional Fees	Key Management personnel Relative of Key Management Personnel	44.73	130.52
	- Dr. Vikram I. Shah - Dr. Darshini V. Shah		26.78	27.84
(ii)	Unsecured Loan taken	Key Management personnel Associate Company	--	360.00
	- Dr. Vikram I. Shah - Zodiac Mediquip Limited		2.55	23.20
(iii)	Unsecured Loan repaid	Key Management personnel Associate Company	--	430.00
	- Dr. Vikram I. Shah - Zodiac Mediquip Limited		--	0.27
(iv)	Advance towards Reimbursement of Expenditure	Associate Company Other Related Party	--	0.12
	- Zodiac Mediquip Limited - Slaney Healthcare Private Limited		0.09	--
(v)	Advances received back	Other Related Party	--	0.02
(vi)	Purchase of medicines, materials and consumables	Other Related Party Other Related Party	0.63	0.50
	- Slaney Healthcare Private Limited - Uranus Medical Devices Limited		0.33	--
(vii)	Rent Expenses	Key Management personnel Other Related Party	6.90	6.00
	- Dr. Vikram I. Shah - Shalby Orthopaedic Hospital and Research Centre		0.76	0.66
(viii)	Rent Income	Other Related Party	0.06	--
(ix)	Interest Expense	Key Management personnel Associate Company	--	4.71
	- Dr. Vikram I. Shah - Zodiac Mediquip Limited		1.09	1.79
(x)	Salary	Key Management personnel Relative of Key Management Personnel	7.92	7.74
	- Ravi Bhandari - Mr. Shanay V. Shah		3.90	3.42
(xi)	Commission Expense	Associate Company	0.13	0.15
(xii)	Guest House Expenses	Associate Company	1.75	0.65
(xiii)	Catering Charges Income	Other Related Party	0.03	--

(c) Outstanding Balances as at March 31, 2017

(₹ in Million)

Sr. No.	Nature of transaction	Relationship	For the year 2016-2017	For the year 2015-2016
(i)	Dr. Vikram I. Shah	Key Management personnel	3.53	3.60
	- Trade Payable			
(ii)	Dr. Darshini V. Shah	Relative of Key Management personnel	3.45	5.83
	- Trade Payable			
(iii)	Uranus Medical Devices Limited	Other Related Party	--	0.04
	- Loans and Advance - Trade Payable			
(viii)	Shalby Orthopaedic Hospital and Research Center	Other Related Party	0.68	0.15
(ix)	Zodiac Mediquip Limited	Associate Company	0.76	0.86
	- Trade Payable		0.04	--
	- Commission Payable		30.95	28.40
	- Short term Borrowing - Interest Payable		5.13	1.64
(vi)	Friends of Shalby Foundation	Other Related Party	0.01	0.01
(vii)	Slaney Healthcare Private Limited	Other Related Party	--	0.35
	- Trade Payable - Other Receivables		0.12	--

46 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in Million)

Nature of transaction	As at March 31, 2017	As at March 31, 2016
A Contingent Liabilities not provided for in respect of		
(i) Claim against the company not acknowledged as debt	55.80	19.06
(ii) Income tax Demand for Assessment Years		
2010-2011	24.61	24.61
2011-2012	13.43	13.43
2012-2013	2.06	2.06
2014-2015	13.31	-
	53.41	40.10
(iii) Letter of Credit	58.93	51.06
(iv) Bank Guarantee	7.72	3.52
(v) Sales Tax Demand including Interest & Penalty for Financial Years (Based on expert advice received by client)		
2009-2010	5.42	5.42
2010-2011	2.02	2.02
2011-2012	2.91	1.82
2012-2013	1.96	2.07
2013-2014	5.20	2.94
(vi) Tax Deducted at Sources Demand for Assessment Year 2008-2009 to 2016-2017	1.04	2.60
2014-2015 (*Including Interest of ₹ 21.04 Million)	29.97*	41.30
(vii) Export Obligation under EPCG Scheme	46.19	57.18
B Capital Commitments		
Estimated amount of contract remaining to the executed on capital accounts (Net of Advances)	951.42	280.00

47. CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to spend by the company:

(₹ in Million)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening unspent Amount	14.55	6.17
Amount required to be spent	9.53	8.38
Amount spent during the period / year (*)	--	--
Unspent amount carried forward	24.08	14.55

(*) The amount spent during the period / year on:

Sr. No.	Particulars	In cash / cheque	Yet to be paid in cash / cheque	Total (₹)
(i)	Construction / acquisition of any assets	--	--	--
(ii)	On purposes other than (i) above.	--	--	--

48. (a) DUE TO MICRO, SMALL AND MEDIUM ENTERPRISE

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	NIL	NIL

The Group companies have initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). The above mentioned information has been compiled to the extent of responses received by the company from its suppliers with regard to their registration under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

(b) The Parent company has circulated letters of Balance Confirmation to Sundry Debtors, Sundry Creditors and the parties to whom loans and advances have been granted. Confirmations were received in some cases and the differences, if any, although non significant, are under reconciliation.

49. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had specified bank notes or other denomination notes as defined in the MAC notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNS and other notes as per the notification is given below:

(₹ in Million)

Particulars	SBNS*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	39.62	0.45	40.07
(+) Permitted receipts	4.98	68.76	73.74
(-) Permitted payments	--	20.97	20.97
(-) Amount deposited in Banks	44.60	33.38	77.98
Closing cash in hand as on December 30, 2016	--	14.86	14.86

(*) For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India in the Ministry of Finance Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016

50. ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY.

(₹ in Million)

Name of the Enterprise	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit/(Loss)	
	As % of Consolidated Net Assets	Amount in ₹ Million	As % of Consolidated profit or (loss)	Amount in ₹ Million
Parent				
Shalby Limited	103.18	2806.45	101.02	680.86
Subsidiaries				
Indian				
Vrundavan Shalby Hospitals Limited	(0.55)	(15.05)	(3.33)	(22.45)
Shalby International Limited	0.01	0.20	0.00	(0.02)
Yogeshwar Healthcare Limited	0.40	10.87	0.60	4.02
Griffin Mediquip LLP	0.19	5.04	0.71	4.80
Foreign				
Shalby Kenya Limited	(0.02)	(0.62)	0.24	1.64
Adjustments on Consolidation	(3.23)	(87.75)	(0.71)	(4.81)
	99.98	2719.14	98.53	664.04
Minority Interest				
Indian	0.02	0.58	1.47	9.89
Total :	100.00	2719.72	100.00	673.93

51. STATEMENT PURSUANT TO FIRST PROVISION TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 IN THE PRESCRIBED FORM AOC-1 RELATING TO SUBSIDIARY COMPANIES/ENTITY

Name of Subsidiary	₹ in Million													
	Country	Reporting Currency	Exchange Rate	Share capital /Partner capital	Reserves and Surplus	Total Assets	Total Liabilities	Turnover/Total Income	Profit / (Loss) Before Tax	Tax Expense / (Credit)	Profit / (Loss) after tax	Proposed dividend and tax thereon	Investments (except in case of investment in the subsidiaries)	% of shareholding
Griffin Mediquip LLP	India	INR	1.00	0.24	4.80	116.66	111.62	325.53	6.95	2.15	4.80	--	--	95.00
Vrundavan Shalby Hospitals Limited	India	INR	1.00	18.00	(33.05)	81.04	96.09	20.98	(22.07)	0.38	(22.45)	--	--	55.00
Shalby International Limited	India	INR	1.00	0.50	(0.30)	0.21	0.01	--	(0.02)	--	(0.02)	--	--	100.00
Shalby Kenya Limited	Kenya	KSH	0.66	0.06	(0.68)	2.71	3.34	5.01	1.57	(0.07)	1.64	--	--	100.00
Yogeshwar Healthcare Limited	India	INR	1.00	7.35	3.52	27.67	16.80	5.38	2.93	(1.09)	4.02	--	--	94.68

52. STATEMENT OF MANAGEMENT

- (a) The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.
- (b) Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.
53. Previous year figures have been regrouped, reclassified and reworked wherever necessary to correspond with the current year's classification / disclosure.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

SHAUNAK V. MUZUMDAR
Partner
Mem. No. 37571
June 28, 2017
Ahmedabad

FOR AND ON BEHALF OF THE BOARD

DR. VIKRAM I. SHAH
Chairman & Managing Director
DIN: 00011653

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

June 28, 2017
Ahmedabad