



# ANNUAL REPORT 2016 - 2017

**EC** 24/7  
Emergency  
Care  
0824 222 4444

**Indiana Hospital & Heart Institute Ltd.**  
Mahaveera Circle, Pumpwell, Mangaluru - 575002.

*Appointment: 0824 2880880/0824 2247777*

E-mail: [info@indianahospital.in](mailto:info@indianahospital.in) | [www.indianahospital.in](http://www.indianahospital.in)

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## Board of Directors

- Dr. Ali Kumble - Chairman
- Dr. Yusuf A Kumble - Managing Director
- Mr. Abdul Latheef
- Mr. K.N. Abdul Hameed
- Mr. Basir Kinningar
- Mr. Haneefa Aramana
- Mrs. Nifri Yusuf
- Mrs. Raziya Ali
- Dr. Zulkifli Misri
- Dr. Elvis Rodrigues
- Dr. Mohammed Ismail

## Management Team

- Mr. Keshavdas - Chief Executive Officer
- Mr. P.T. Sameer - Chief Operating Officer
- Mr. Jayaram Gunaje - Assistant General Manager Finance
- Mr. Ajith Shetty - Sr. Manager Marketing
- Mr. paul - Manager Radiology
- Mr. Anthony K.F. - Manager Maintenance
- Mrs. Poornima - Sr. Manager Operations
- Mrs. Bincy Benny - Dy. Nursing Supdt.

## Investor Relation Cell:

Email: [investorrelations@indianahospital.in](mailto:investorrelations@indianahospital.in)

Cell: 0091-7760469888

Tel: 0824-2880880

## LIST OF CONSULTANTS

| SN  | Clinical Departments                                | Consultants                    |
|-----|---|--------------------------------|
| 1.  | Dept. of Cardiology &<br>Cardio Thoracic Surgery    | Dr. Yusuf A. Kumble            |
|     |   | Dr. Anand KT                   |
|     |   | Dr. Abdul Mansoor K            |
| 2.  | Dept. of Paediatrics                                | Prof. Dr. Ali Kumble           |
|     |   | Dr. Sindhu MV                  |
|     |   | Dr. Abhishek K. Phadke         |
| 3.  | Dept. of Neurology & Neuro Surgery                  | Dr. ZK Misri                   |
|     |   | Dr. Elvis Rodrigues            |
| 4.  | Dept. of Orthopaedic &<br>Joint Replacement Surgery | Dr. Naveena Chandra Alva       |
|     |   | Dr. Vijay Mohan Budnar         |
| 5.  | Dept. of Nephrology                                 | Dr. Pradeep K J                |
| 6.  | Dept. of Obstetric & Gynaecology                    | Dr. Bhavana Sherigar           |
| 7.  | Dept. of General Surgery                            | Dr. Keshav Prasad              |
| 8.  | Dept. of Pulmonology                                | Dr. Avinash Murugan            |
| 9.  | Dept. of Urology                                    | Dr. Abijit Shetty              |
| 10. | Dept. of Emergency Medicine                         | Dr. K. Ashok Kumar             |
|     |   | Dr. Ajit Alfred Solomon        |
| 11. | Dept. of Ophthalmology                              | Dr. Mohammad Sameerudeen       |
| 12. | Dept. of ENT  | Dr. Pallavi Pavithran          |
|     |   | Dr. Thripathi Rai              |
| 13. | Dept. of Psychiatry                                 | Dr. Siva Sivakanta             |
| 14. | Dept. of Anaesthesiology                            | Dr. MM Chethna Anand (Cardiac) |
|     |   | Dr. Seema Alva                 |
| 15. | Dept. of Radiology                                  | Dr. Peter Jayaraj              |
|     |   | Dr. M. V. Karthik              |
| 16. | Dept. of Laboratory                                 | Dr. Bhaskar UA                 |
| 17. | Dept. of Dentistry                                  | Dr. Meghana S. Kumar           |
| 18. | Dept. of Interventional Radiology                   | Dr. Dilip Kumar M.P.           |

## Chairman Message

Dear Shareholders,

As we enter into the fifth year of operations of our Hospital, on behalf of the Board of Directors, I am extremely glad to inform you that our Company has broken even and made a net profit of Rs. 263.29 lakhs. This was made possible due to the hard work of Team Indiana and the unflinching support of all our investors. It is expected that in due course your Company will be able to wipe off its accumulated losses fully.

### Financial Performance of the Company

The financial performance of the Company has improved over the previous year as shown below:

| Particulars | 2016-17  | 2015-16  | 2014-15  | 2013-14  | 2012-13  |
|-------------|----------|----------|----------|----------|----------|
| Revenue     | 3,825.96 | 3,162.17 | 2,926.44 | 2,487.62 | 2,087.43 |
| EBIDTA      | 665.49   | 451.21   | 346.47   | 298.84   | 190.31   |
| Cash Profit | 558.01   | 256.07   | 114.14   | 89.45    | 9.67     |
| Net Profit  | 263.29   | 15.18    | (130.92) | (81.24)  | (161.94) |

During the year 2016-17, the 6th floor of the Hospital was made operational. The operations of all the Clinical Departments have fully stabilized and so are the diagnostic departments like radiology and laboratory. The revenue and EBIDTA increased by 21% and 47% respectively. The Auditorium of the Hospital was commissioned in 17th March 2017. Now all major CMEs and other functions are being held here.

### Our Special Thanks

We wish to thank all our investors who had reposed their full trust on us and supported us in our journey so far. Our sincere appreciation also to all our Consultants, Technicians, Paramedics, Nursing and all Staff members for their commitment and hard work. Finally, we wish to thank all our patients and their families.

### Conclusion

The next Annual General Meeting of the Company is scheduled on Thursday, the 14th September 2017 at the Hospital Auditorium. We look forward to meeting you personally.

With Best Regards.

**Place: Mangalore**  
**Date: 1<sup>st</sup> July, 2017**

**Dr. Ali Kumble**  
**Chairman**  
**DIN: 00353935**

## NOTICE TO THE MEMBER

**NOTICE is hereby given that the 7<sup>th</sup> Annual General Meeting of the members of the Company will be held on Thursday, the 14th day of September, 2017 at 11.00 A.M. at the Registered Office of the Company at Mahaveer Circle, Pumpwell, Kankanady Post, Mangalore-575002 to consider the following Business.**

### ORDINARY BUSINESS

1. To receive, consider, adopt and approve the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2017 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Zulkifli Misry, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Ms. Nifri Yusuf, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Ms. Bhukhari Haleema Raziya Ali, who retires by rotation and is eligible for re-appointment.
5. To consider ratification by members re-appointment of M/s. Varma and Varma Chartered Accountants, Arden Ivie Court, Building No.:55/333A,B,C&D, Off Subhash Chandra Bose Road, Vytilla, Kochi - 682019, as Statutory Auditors of the Company for the financial year 2017-18 at a remuneration to be fixed by the Board of Directors through mutual consultation with the auditors apart from re-imburement of expenses incurred by them in connection with the audit of the company in addition to the Statutory Audit Fees payable to them”.

### SPECIAL BUSINESS

6. To consider and pass with or without modification(s), the following resolution, as a Special Resolution:

**“RESOLVED THAT** in terms of Sections 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013, and Companies (Prospectus and Allotment of Securities) Rules, 2014, and Companies(Prospectus and Allotment of Securities) Rules, 2014 and other relevant rules made there-under (including any statutory modification(s) or re-enactments thereof for the time being in force) or any other rules made there under as amended from time to time and other applicable laws, if any, each as may be applicable, and the provisions of the Memorandum and Articles of Association of the Company and subject to subject to such conditions and modifications as maybe considered appropriate by the Board of Directors of the Company and subject to such, consents and approvals of any statutory/regulatory authority, or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals and which maybe agreed to by or any other authorities as may be

necessary for that purpose, the consent of the members of the company be and is hereby accorded to the Board of Directors for raising by issue of securities, with or without premium, in one or more tranches, as deemed and found necessary by the Board from time to time during the period of 12 months, as per the structure and within the limits permitted by the regulatory authorities, to eligible investors of an amount not exceeding Rs. 8,99,56,040/-.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as maybe stipulated by any relevant authorities while according approval or consent to do all such acts, deeds, matters and execute all documents as may be necessary in this regard and to delegate all or any of the power herein conferred, to any one or more Directors of the Company.”

7. To consider and pass with or without modification(s), the following resolution, as an Ordinary Resolution

“RESOLVED THAT Mr. Bellipady Prasad Kaushal, who was appointed as an additional director with effect from 30/06/2017 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and article of association of the Company and who holds office up to the date of this annual general meeting, and in respect of whom a notice has been received from a member in writing, under section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company.”

**By Order of the Board,  
For Indiana Hospital and Heart Institute Limited,**

**Place: Mangalore  
Date: 1<sup>st</sup> July, 2017**

**Sd/-  
Ali Kumble  
Whole-time Director  
Din:00353935**

**Sd/-  
Yusuf Aramanayil  
Managing Director  
Din: 00354740**

**Note:**

1. Any member entitled to attend and vote at the above meeting is entitled to appoint proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxy Form enclosed.

2. Proxies, to be effective, must reach the company not less than 48 hours before the meeting. Members are requested to notify their change of address, if any, to the company.

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. All documents referred to in accompanying Notice and Statement pursuant to section 102 shall be open for inspection at the registered office of the Company during the office hours on all working days between 10 a.m. to 5 p.m. upto the date of conclusion of AGM.

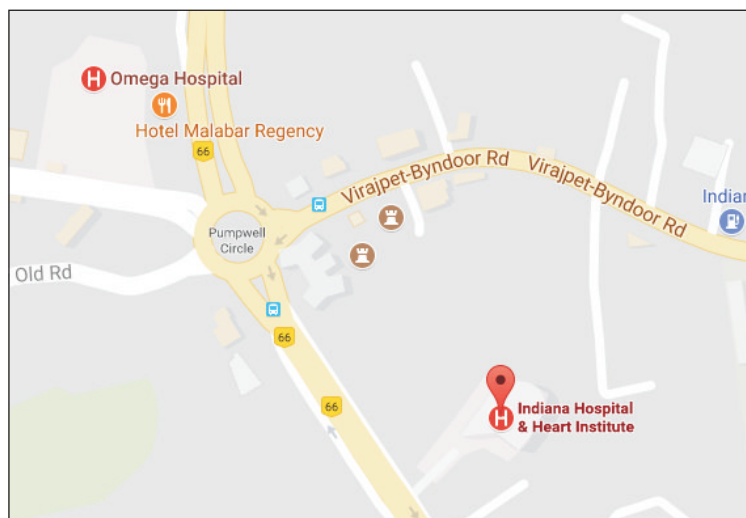
5. Members wishing to seek further information or clarification on the Financial Statements or operations of the Company at the Annual General Meeting are requested to send their queries at least a week in advance of the date of the Annual General Meeting addressed to the Managing Director at the Registered Office of the Company.

6. Only individual members/shareholders, holding shares in physical form who wish to nominate a person under Section 72 of the Act, may furnish us required details in the prescribed Form SH-13, which is available on demand.

7. Members / Proxies should bring their copies of Annual Reports and Attendance Slips duly filled in, for attending the meeting Corporate Members are requested to send in advance, duly certified copy of the Board Resolution/ Power of Attorney authorizing their representative to attend the AGM pursuant to section 113 of the Act.

8. Members may please note that no gifts/ gift coupons shall be distributed at the venue of the Annual General Meeting

### 9. Route map of venue of annual general meeting.





## EXPLANATORY STATEMENT U/S 102 OF THE COMPANIES ACT, 2013

### Item No. 6

The Company has been raising funds by issuing securities, from time to time.

In terms of Sections 42 and 62 of the Companies Act, 2013 and rules made there under (the “Act”), a company can undertake the issue and allotment of the shares only after obtaining prior approval of the shareholders by way of special resolution in terms of Sections 42 and 62 and other applicable provisions of the Companies Act, 2013, the companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014. Accordingly the Company proposes to issue equity shares for an amount not exceeding Rs. 8,99,56,040/-. Consent of the shareholders is sought for issuing the Equity Share holding of the company before the issue.

In terms of the rules mentioned above the following disclosures are needed to be made in the Explanatory Statement to the Notice of the General Meeting:

#### • **Objects of the issue**

To finance (wholly or in part) one or more, or any combination, of the following: (a) capital expenditure, for ongoing and new projects and (b) general corporate purposes.

#### • **The total number of shares or other securities to be issued;**

The Board intends to offer, issue and allot equity shares for an amount not exceeding Rs. 8,99,56,040/-.

#### • **Basis on which the price has been arrived at;**

As decided by the Board based on the valuation report.

#### • **The class or classes of persons to whom the allotment is proposed to be made;**

The Company intends to allot the shares to promoters, existing shareholders and other eligible investors.

#### • **Intention of promoters, directors or key managerial personnel to subscribe to the offer;**

Promoters and Directors intends to take part in the proposed issue of equity shares.

#### • **Equity Share holding pattern of the Company before the issue**

| Sl No.   | Category of shareholders                 | No. of shares      | Percentage  |
|----------|--|--------------------|-------------|
| <b>A</b> | <b>Promoter Holding - Individual</b>     |                    |             |
| 1.       | Indian                                   | 2,68,11,276        | 55%         |
| 2.       | Non Resident Indian                      | 97,66,800          | 20%         |
|          | <b>Sub Total - A</b>                     | <b>3,65,78,076</b> | <b>75%</b>  |
| <b>B</b> | <b>Non Promoter Holding - Individual</b> |                    |             |
| 1.       | Indian                                   | 23,37,320          | 5%          |
| 2.       | Non Resident Indian                      | 95,24,000          | 20%         |
|          | <b>Sub Total - B</b>                     | <b>1,18,61,320</b> | <b>25%</b>  |
|          | <b>TOTAL -</b>                           | <b>4,84,39,396</b> | <b>100%</b> |

• **Approvals**

The Company will take necessary steps to obtain the required approvals from the any of the regulatory agency as may be applicable, for the proposed issue of equity shares.

• **Terms of issue**

The new equity shares issued shall rank pari-passu with the existing equity shares of the Company in all respects.

• **Validity of the resolution**

The proposed resolution, if passed, shall stand valid for a period of 1 year from the date of passing of the resolution.

• **Change in control**

To the extent of the allotments made, shareholding would undergo changes.

Hence the Directors recommend the resolution for members' approval as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this Resolution.

**Item No. 7**

Mr. Bellipady Prasad Kaushal was appointed as Additional Director on 30th June, 2017 by the Board of Directors in accordance with the provisions of the Companies Act and Articles of Association of the Company. Pursuant to the provisions of the Companies Act, the said directors, holds office up to the date of the ensuing Annual General Meeting. In this regard, the Company has received request in writing from a member of the company proposing her candidature for appointment as Director of the Company. The Board feels that presence of Mr. Bellipady Prasad Kaushal on the Board is desirable and would be beneficial to the company and hence recommend item No. 7 for adoption.

None of the Directors, Relatives, Managers or Key Managerial Personnel of your Company except Mr. Bellipady Prasad Kaushal is concerned or interested in the resolution, except to the extent of their shareholding in the Company. The Board recommends resolution under Item No. 7 to be passed as ordinary resolution.

**By Order of the Board,  
For Indiana Hospital and Heart Institute Limited,**

**Sd/-  
Ali Kumble  
Whole-time Director  
Din: 00353935**

**Place: Mangalore  
Date: 1<sup>st</sup> July, 2017**

## BOARD'S REPORT

To the Members of Indiana Hospital and Heart Institute Limited,

The Directors have pleasure in placing before you the Audited Financial Statements of the Company for the financial year ended 31st March, 2017. As per the provisions of Section 134 of the Companies Act, 2013 (hereinafter called "The Act") read with Companies (Accounts) Rules, 2014 we are presenting the Board's Report as below:

### 1. FINANCIAL SUMMARY:

| PARTICULARS  | 31 <sup>st</sup> March, 2017 | 31st March, 2016    |
|--|------------------------------|---------------------|
| Revenue from Operations  | 37,33,74,449                 | 31,18,56,282        |
| Other Income   | 9,92,21,999                  | 42,98,215           |
| <b>Total Income</b>  | <b>38,25,96,448</b>          | <b>31,61,54,497</b> |
| Employee benefit expenses  | 6,85,88,622                  | 6,14,86,220         |
| Depreciation and Amortization Expense                            | 2,94,71,499                  | 2,38,27,760         |
| Finance Costs  | 1,07,48,176                  | 1,95,13,238         |
| Profit / Loss- Before Tax & Exceptional / Extra Ordinary Items   | <b>2,63,29,104</b>           | <b>15,18,060</b>    |
| Exceptional items  | -                            | -                   |
| Current Tax  | 26,23,000                    | -                   |
| Relating to earlier year (Net)                                   | -                            | -                   |
| Deferred Tax (Net)   | -                            | -                   |
| <b>Profit - After Tax &amp; Exceptional/Extra Ordinary Items</b> | <b>2,37,06,104</b>           | <b>15,18,060</b>    |

### 2. STATE OF AFFAIRS OF THE COMPANY – Section 134(i) read with Rule 8(5) (i):

During the year under review, the Company has achieved a total revenue of Rs. 38.25 Crores compared to Rs. 31.61 Crores in the previous year. After providing for all expenses, the after tax profit for the year was Rs. 2.37 Crores as against Rs. 15.18 Lakhs in the previous year. The Directors are hopeful of achieving better results in the coming years.

### 3. FUTURE OUT-LOOK:

The company is exploring all the possibilities of expanding its business and your Directors anticipate better performance during the current year in view of decreased loan funds & growing Business.

### 4. DIVIDEND AND TRANSFER TO RESERVES IN TERMS OF SECTION 134(3) (j) & (k) OF THE ACT:

In view of, insufficient profit & brought forward accumulated loses, the Directors do not recommend any dividend for the year under report. The Directors, also do not propose to transfer any amount to the General Reserve Account.

**5. CHANGE IN THE NATURE OF BUSINESS, IF ANY - RULE 8 (5) (ii): NIL**

**6. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATE COMPANIES/ JV COMPANIES – RULE 8 (5) (iv):**

The company does not have any such Subsidiary/ Associate Companies/ joint Venture Companies.

**7. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND: SECTION 125(2) OF THE ACT.**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply for the year under Report as there was no unpaid dividend amount required to be transferred to the Investor Education and Protection Fund Account during the year under report.

**8. MATERIAL CHANGES AND COMMITMENTS - SECTION 134(3)(I):**

There are no material changes and commitments subsequent to the period of financial statements i.e. from 1st April 2017 to the date signing of the Financial Statements and the report.

**9. EXTRACT OF ANNUAL RETURN - SECTION 134 (3) (a) READ WITH SECTION 92(3) OF THE ACT:**

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in **MGT 9** as a part of this Annual Report is given as **ANNEXURE I**

**10. DIRECTORS – SECTION 152 (6) OF THE ACT:**

During the year, Mr. Naveenchandra Alva resigned from the Board as Additional Director with effect from 22.09.2016. Mr. Mohammed Ismail Hejamady and Mr. Elvis Rodrigues have been appointed as Directors at the Annual General Meeting held on 22.09.2016.

As per the Articles of Association of the Company, the Directors, Mr. Zulkifli Misry, Ms. Nifri Yusuf and Ms. Bhukhari Haleema Raziya Ali, shall retire at this Annual General Meeting and being eligible offers themselves for re-appointment.

**11. INDEPENDENT DIRECTORS and DECLARATION– SECTION 134 (3) (e) OF THE ACT:**

As per the Companies Act, 2013 the Company is required to appoint Independent Directors and the management is taking necessary actions to comply with the provisions of the Companies Act, 2013 in its true letter and spirit.

**12. NOMINATION AND REMUNERATION COMMITTEE**

The Company's Nomination and Remuneration Committee comprises of three Non-executive Directors. The details are given below.

| <b>Name of the Director</b> | <b>Category of the Director</b> |
|-----------------------------|---------------------------------|
| K N Abdul Hameed            | Non-Executive Director          |
| Abdul Latheef               | Non-Executive Director          |
| Haneefa Aramana             | Non-Executive Director          |

## Terms of Reference

The Terms of Reference of the Nomination and Remuneration Committee are as under:

1. The Nomination and Remuneration Committee shall, while formulating the policy ensure that:

a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

### **13. MEETING OF THE BOARD OF DIRECTORS – SECTION 134 (3) (b) OF THE ACT:**

During the Financial Year 2016-2017 the Company held four meetings of the Board of Directors as per Section 173 of the Companies Act, 2013 as is given below

| Sl. No. | Date of Meeting | Board Strength | No. of Directors Present |
|---------|-----------------|----------------|--------------------------|
| 1       | 26.06.2016      | 10             | 7                        |
| 2       | 22.09.2016      | 10             | 10                       |
| 3       | 05.12.2016      | 11             | 9                        |
| 4       | 17.03.2017      | 11             | 11                       |

### **14. DIRECTORS' RESPONSIBILITY STATEMENT – 134 (3) (c) OF THE ACT:**

In terms of Section 134 (3) (c) of the Companies Act 2013, the Directors confirm the following:

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.

#### **15. AUDITORS – SECTION 139 (1) OF THE ACT:**

At the Annual General Meeting held on 22.09.2016, the reappointment of M/s. Varma and Varma, Chartered Accountants, (FRN:004532S) were ratified as Statutory Auditors of the Company till the conclusion of the Annual General Meeting to be held for the financial year 2019-20 subject to ratification by shareholders in subsequent Annual General Meetings. Accordingly, in terms of Section 139 (1) of the Companies Act, 2013, Shareholders are requested to ratify their re-appointment for the financial year 2017-2018.

#### **16. AUDITOR'S REPORT – SECTION 134 (3) (f) OF THE ACT:**

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

#### **17. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS – Rule 8 (5) (viii):**

There is adequate internal control procedure commensurate with the size of the company and the nature of its business. Further, the board has neither come across nor has been informed of any continuing failure to correct the major weakness in the existing internal control system.

#### **18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS - SECTION 134 (3) (g) READ WITH SECTION 186 OF THE ACT:**

There were no loans; guarantee given and Investments made under Section 186 of the Companies Act, 2013 for the financial year ended 31st March, 2017.

#### **19. RELATED PARTY TRANSACTIONS – SECTION 188 (1) OF THE ACT:**

There are transactions, Contracts or Arrangements with related parties made pursuant to Section 188(1) of the Companies Act, 2013. The transactions between the Company and its related parties are at arms length basis in terms of the provisions of Sec.188 of the Companies Act, 2013 and had taken place in ordinary course of business. Details of transactions are given in ANNEXURE II

#### **20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO – SECTION 134 (3) (m) OF THE ACT:**

a) Conservation of energy: Nil

b) Technology absorption: Nil

c) Foreign Exchange Inflow and Outgo:

Foreign Exchange Inflow – Rs. 58,28,661/-

Foreign Exchange Outflow – Rs. 15,93,626/-

## **21. RISK MANAGEMENT POLICY – SECTION 134 (3) (n) OF THE ACT:**

As the company in the process of exploring more business activities. As a management policy it is in the process of evolving its own Risk Management Methods as part of the business and credit policy.

## **22. PARTICULARS OF EMPLOYEES:**

In terms with Rule 5(2) of Companies (Appointment & Remuneration) Rules, 2014, there was no employee who was in receipt of remuneration of Rs. 8.5Lakhs or more per month or Rs. 1.02 Crores or more per Annum or in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the Equity Shares of the Company during the period under report.

## **23. DETAILS RELATING TO DEPOSITS – RULE 8 (5) (v) AND (vi):**

The Company has not accepted any Deposit falling within the purview of Section 73 of the Companies Act, 2013 read with the Rules made there under. Hence, details as required under Rule 8(5) (v) of the Companies (Accounts) Rules, 2014 are not provided.

## **24. SHARES**

During the year under review the company has converted 114,000 Redeemable Preference Shares and 46,200 Convertible Preference shares into Equity Shares

### **A to C: Buy Back, Sweat Equity/ Bonus**

The Company has not issued any Sweat Equity/Bought back any of its securities during the year under report.

**D: Employees Stock Option Plan:** The Company has not provided any Stock Option Scheme to the employees.

## **25. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS – Rule 8 (5) (vii):**

Directors hereby confirm that there are no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

## **26. CORPORATE SOCIAL RESPONSIBILITY POLICY – SECTION 134 (3) (o) OF THE ACT AND RULE 9:**

Section 135 of the Companies Act, 2013 read with Companies (CSR Policy) Rules 2014, is not applicable to the company for the year under Report. However, as and when found necessary the company will undertake various activities under CSR Policy.



**27. DISCLOSURE ABOUT COST AUDIT – SECTION 148 OF THE ACT:**

The Company was not required to maintain cost records as prescribed by the Central Government as also in terms of Section 148(1) of the Companies Act, 2013.

**28. SECRETARIAL STANDARDS – SS 1 AND SS 2 OF THE ICSI:**

The Company is generally complying with the Secretarial Standards SS1 and SS2 issued by the Institute of Company Secretaries of India (ICSI) which have become mandatory for compliance.

**29. SECRETARIAL AUDIT REPORT – SECTION 204 OF THE ACT:**

The Company is required to obtain Secretarial Audit Report as required under Section 204 of the Companies Act, 2013. The report obtained from M/s. JKM & Associates, Company Secretaries is given as annexure III.

**30. COMPOSITION OF AUDIT COMMITTEE – SECTION 177 OF THE ACT:**

The Company has constituted an Audit committee consisting of three Non-Executive Directors. As on 31st March, 2017 the Composition of Audit Committee was mentioned below.

| Sl. No. | Name of Member  | Category               |
|---------|-----------------|------------------------|
| 1       | Abdul Latheef   | Non-Executive Director |
| 2       | Basir Kinningar | Non-Executive Director |
| 3       | Haneefa Aramana | Non-Executive Director |

The Chief Financial Officer of the Company is a permanent invitee of the Committee. The audit committee may for the comments of the auditors about internal control systems, scope of audit including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and management of the company.

**31. ANNUAL EVALUATION – SECTION 134 (3) (p) OF THE ACT.**

The Company is not required to get the evaluation done with regard to the performance of the Board and its Directors/Committees.

**32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.



### **33. ACKNOWLEDGEMENT:**

Your Directors wish to record their deep sense of appreciation for the co-operation and support extended by Promoters, Banks, Customers, well-wishers and employees of the Company.

**By Order of the Board,  
For Indiana Hospital and Heart Institute Limited**

**Sd/-  
Yusuf Aramanayil  
Managing Director  
Din: 00354740**

**Sd/-  
Ali Kumble  
Whole-time Director  
Din: 00353935**

**Place: Mangalore  
Date: 1<sup>st</sup> July, 2017**

**Annexure I**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2017**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

|    |  |  |
|----|--|--|
| 1. | CIN  | U85110KA2010PLC052336  |
| 2. | Registration Date  | 01/02/2010   |
| 3. | Name of the Company  | INDIANA HOSPITAL AND HEART INSTITUTE LIMITED                                   |
| 4. | Category/Sub-category of the Company                                       | Company Limited By Shares/Indian Non-Government Company                        |
| 5. | Address of the Registered office & contact details                         | MAHAVEER CIRCLE, PUMPWELL, KANKANADY POST, MANGALORE, KARNATAKA - 575002 INDIA |
| 6. | Whether listed company   | NO   |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | NA   |

**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)**

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1      | HOSPITAL INDUSTRY                                | 85110                           | 100%                               |
|        |  |                                 |                                    |

**III. PARTICULARS OF HOLDINGS, SUBSIDIARY AND ASSOCIATE COMPANIES:**

No such companies exist as of in this reporting period.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## Category wise Share Holding

| Category of Shareholders                         | No. of Shares held at the beginning of the year[As on 31 March - 2016] |                    |                    |                   | No. of Shares held at the end of the year[As on 31 March - 2017] |                    |                    |                   | % Change during the year |
|--|--|--------------------|--------------------|-------------------|--|--------------------|--------------------|-------------------|--------------------------|
|  | Demat  | Physical           | Total              | % of Total Shares | Demat  | Physical           | Total              | % of Total Shares |                          |
| <b>A. Promoters</b>                              |  |                    |                    |                   |  |                    |                    |                   |                          |
| <b>(1) Indian</b>                                |  |                    |                    |                   |  |                    |                    |                   |                          |
| a) Individual/ HUF                               | -  | 2,98,52,076        | 2,98,52,076        | 63.87%            | NIL  | 2,68,11,276        | 2,68,11,276        | 55.35%            | (9)%                     |
| b) Central Govt                                  | -  | -                  | -                  | -                 | -  | -                  | -                  | -                 | -                        |
| c) State Govt(s)                                 | -  | -                  | -                  | -                 | -  | -                  | -                  | -                 | -                        |
| d) Bodies Corp.                                  | -  | -                  | -                  | -                 | -  | -                  | -                  | -                 | -                        |
| e) Banks / FI                                    | -  | -                  | -                  | -                 | -  | -                  | -                  | -                 | -                        |
| f) Any other                                     | -  | -                  | -                  | -                 | -  | -                  | -                  | -                 | -                        |
| <b>Sub Total shareholding of Promoter (A)(1)</b> | -  | <b>2,98,52,076</b> | <b>2,98,52,076</b> | <b>63.87%</b>     | <b>NIL</b>   | <b>2,68,11,276</b> | <b>2,68,11,276</b> | <b>55.35%</b>     | <b>(9)%</b>              |
|  |  |                    |                    |                   |  |                    |                    |                   |                          |
| <b>(A)(2) Foreign</b>                            |  |                    |                    |                   |  |                    |                    |                   |                          |
| a) NRIs-Individuals                              | -  | 57,99,000          | 57,99,000          | 12.40%            | -  | 97,66,800          | 97,66,800          | 20.16%            | 8%                       |
| b) Other Individuals                             | -  | -                  | -                  | -                 | -  | -                  | -                  | -                 | -                        |

|   |   |             |             |        |     |             |             |        |      |
|---|---|-------------|-------------|--------|-----|-------------|-------------|--------|------|
| c)Body Corp.  | - | -           | -           | -      | -   | -           | -           | -      | -    |
| d)Banks/FI  | - | -           | -           | -      | -   | -           | -           | -      | -    |
| e)Any Other   | - | -           | -           | -      | -   | -           | -           | -      | -    |
| <b>Sub Total<br/>shareholding of<br/>Promoter (A)(2)</b>      | - | 57,99,000   | 57,99,000   | 12.40% | -   | 97,66,800   | 97,66,800   | 20.16% | 8%   |
| <b>Total Promoter<br/>Shareholding<br/>(A)=(A)(1)+ (A)(2)</b> | - | 3,56,51,076 | 3,56,51,076 | 76.27% | NIL | 3,65,78,076 | 3,65,78,076 | 75.51% | (1)% |
| <b>B. Public<br/>Shareholding</b>                             |   |             |             |        |     |             |             |        |      |
| <b>1. Institutions</b>  |   |             |             |        |     |             |             |        |      |
| a) Mutual Funds   | - | -           | -           | -      | --  | -           | -           | -      | -    |
| b) Banks / FI   | - | -           | -           | -      | -   | -           | -           | -      | -    |
| c) Central Govt   | - | -           | -           | -      | -   | -           | -           | -      | -    |
| d) State Govt(s)  | - | -           | -           | -      | -   | -           | -           | -      | -    |
| e) Venture Capital<br>Funds                                   | - | -           | -           | -      | -   | -           | -           | -      | -    |
| f) Insurance<br>Companies                                     | - | -           | -           | -      | -   | -           | -           | -      | -    |
| g) FIIs   | - | -           | -           | -      | -   | -           | -           | -      | -    |
| h) Foreign Venture<br>Capital Funds                           | - | -           | -           | -      | -   | -           | -           | -      | -    |
| i) Others (specify)   | - | -           | -           | -      | -   | -           | -           | -      | -    |
| <b>-total (B)(1):-</b>  | - | -           | -           | -      | -   | -           | -           | -      | -    |
|   |   |             |             |        |     |             |             |        |      |

|  |   |                    |                    |               |    |                    |                    |               |           |
|--|---|--------------------|--------------------|---------------|----|--------------------|--------------------|---------------|-----------|
|  |   |                    |                    |               |    |                    |                    |               |           |
| <b>2. Non-Institutions</b>   |   |                    |                    |               |    |                    |                    |               |           |
| a) Bodies Corp.  | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| i) Indian  | - | -                  | -                  | -             | -- | -                  | -                  | -             | -         |
| ii) Overseas   | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| b) Individuals   | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| i) Individual shareholders holding nominal share capital up to Rs. 1 Lakh        | - | 1,000              | 1,000              | 0.01%         |    | 1,000              | 1,000              | 0.01%         | 0.00%     |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh | - | 15,61,320          | 15,61,320          | 3.34%         |    | 23,36,320          | 23,36,320          | 4.82%         | 1.48%     |
| c) Others (Directors and relatives)  | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| Non Resident Indians   |   | 95,24,000          | 95,24,000          | 20.38%        |    | 95,24,000          | 95,24,000          | 19.66%        | (1)%      |
| Overseas Corporate Bodies  | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| Foreign Nationals  | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| Clearing Members   | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| Trusts   | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| Foreign Bodies - D R   | - | -                  | -                  | -             | -  | -                  | -                  | -             | -         |
| <b>Sub-total (B)(2):</b>   |   | <b>1,10,86,320</b> | <b>1,10,86,320</b> | <b>23.73%</b> |    | <b>1,18,61,320</b> | <b>1,18,61,320</b> | <b>24.48%</b> | <b>1%</b> |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                              | - | <b>1,10,86,320</b> | <b>1,10,86,320</b> | <b>23.73%</b> |    | <b>1,18,61,320</b> | <b>1,18,61,320</b> | <b>24.48%</b> | <b>1%</b> |

|   |   |                    |                    |             |            |                    |                    |                |              |
|---|---|--------------------|--------------------|-------------|------------|--------------------|--------------------|----------------|--------------|
| C. Shares held by Custodian for GDRs & ADRs | - | -                  | -                  | -           | -          | -                  | -                  | -              | -            |
| <b>Grand Total (A+B+C)</b>                  |   | <b>4,67,37,396</b> | <b>4,67,37,396</b> | <b>100%</b> | <b>NIL</b> | <b>4,84,39,396</b> | <b>4,84,39,396</b> | <b>100.00%</b> | <b>0.00%</b> |

**(ii) Shareholding of Promoter**

| SN | Shareholder's Name                          | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding 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 |  |
|    | Dr. Ali Kumble                              | 95,08,488                                 | 20.34%                           | 0  | 95,23,488                           | 19.66%                           | 0  | -0.68%                                   |
|    | Dr. Yusuf Aramanayil                        | 1,41,83,788                               | 30.34%                           | 0  | 1,44,03,788                         | 29.74%                           | 0  | -0.60%                                   |
|    | Mr. Kottapurath Nalapurappatil Abdul Hameed | 32,75,800                                 | 7.01%                            | 0  | 32,75,800                           | 6.76%                            | 0  | -0.25%                                   |
|    | Mr. Haneefa Aramana                         | 21,31,000                                 | 4.56%                            | 0  | 21,31,000                           | 4.40%                            | 0  | -0.16%                                   |
|    | Dr. Zulkifli Misri                          | 5,01,000                                  | 1.07%                            | 0  | 5,01,000                            | 1.03%                            | 0  | -0.04%                                   |
|    | Mrs. Nifri Yusuf                            | 1,01,000                                  | 0.22%                            | 0  | 1,01,000                            | 0.21%                            | 0  | -0.01%                                   |
|    | Mrs. Bukhari Haleema Raziya Ali             | 1,51,000                                  | 0.32%                            | 0  | 1,51,000                            | 0.31%                            | 0  | -0.01%                                   |
|    | Mr. Abdul Latheef                           | 33,71,000                                 | 7.21%                            | 0  | 34,51,000                           | 7.12%                            | 0  | -0.09%                                   |
|    | Mr. Basir Kinningar                         | 24,28,000                                 | 5.19%                            | 0  | 30,40,000                           | 6.28%                            | 0  | 1.09%                                    |
|    | <b>Total</b>                                | <b>3,56,51,076</b>                        | <b>76.26%</b>                    | <b>0</b>                                       | <b>3,65,78,076</b>                  | <b>75.51%</b>                    | <b>0</b>                                       | <b>-0.75%</b>                            |

**(iii) Change in Promoters' Shareholding**

| SN | Particulars          | Reason   | Shareholding at the beginning of the year |                   | Shareholding at the end of the year |                   |
|----|----------------------|--|---|-------------------|-------------------------------------|-------------------|
|    |                      |  | No. of shares                             | % of total shares | No. of shares                       | % of total shares |
| 1  | Dr. YUSUF ARAMANAYIL | Conversion of Preference Shares to Equity Shares | 1,41,83,788                               | 30.34%            | 1,44,03,788                         | 29.74%            |
| 2  | Dr. Ali Kumble       | Conversion of Preference Shares to Equity Shares | 95,08,488                                 | 20.34%            | 95,23,488                           | 19.66%            |
| 3  | Mr. Basir Kinningar  | Conversion of Preference Shares to Equity Shares | 24,28,000                                 | 5.19%             | 30,40,000                           | 6.28%             |
| 4  | Mr. Abdul Latheef    | Conversion of Preference Shares to Equity Shares | 33,71,000                                 | 7.21%             | 34,51,000                           | 7.12%             |

**(iv) Shareholding Pattern of top ten Shareholders:**  
(Other than Directors, Promoters & Sold us of GDRs & ADRs):

| SN  | Name of the shareholder        | Date       | Reason   | Shareholding at the beginning of the year |                   | Shareholding at the end of the year |                   |
|-----|--------------------------------|------------|--|---|-------------------|-------------------------------------|-------------------|
|     |                                |            |  | No. of shares                             | % of total shares | No. of shares                       | % of total shares |
| 1.  | Mr. Ismail Mohammed            |            |  | 10,00,000                                 | 2.29%             | 10,00,000                           | 2.06%             |
| 2.  | Mr. U.Hyder Ali                | 05.12.2016 | Conversion of Preference Shares to Equity Shares | 3,50,000                                  | 0.80%             | 5,00,000                            | 1.03%             |
| 3.  | Mr. K K Abdulla Haji           |            |  | 3,50,000                                  | 0.80%             | 3,50,000                            | 0.72%             |
| 4.  | Mr. Gangulli Akbar Hussain     |            |  | 3,50,000                                  | 0.80%             | 3,50,000                            | 0.72%             |
| 5.  | Mr. Thekkil Veetil Babu        |            |  | 3,50,000                                  | 0.80%             | 3,50,000                            | 0.72%             |
| 6.  | Mr. Abdul Aziz Ahmed Shibli    |            |  | 3,15,000                                  | 0.72%             | 3,15,000                            | 0.65%             |
| 7.  | Mr. Mohammad Haneefa           |            |  | 2,80,000                                  | 0.64%             | 2,80,000                            | 0.58%             |
| 8.  | Dr. Rasheed                    |            |  | 2,80,000                                  | 0.64%             | 2,80,000                            | 0.58%             |
| 9.  | Dr. Sivakantha Sivagnanalingam |            |  | 2,55,320                                  | 0.59%             | 2,55,320                            | 0.53%             |
| 10. | Mr. Mottemal Rajan             |            |  | 2,45,000                                  | 0.56%             | 2,45,000                            | 0.51%             |
| 11. | Mr. Thomas Pulimoottil         |            |  | 2,45,000                                  | 0.56%             | 2,45,000                            | 0.51%             |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| SN | Name of the shareholder                     | Date       | Reason   | Shareholding at the beginning of the year |                   | Shareholding at the end of the year |                   |
|----|---|------------|--|---|-------------------|-------------------------------------|-------------------|
|    |   |            |  | No. of shares                             | % of total shares | No. of shares                       | % of total shares |
|    | Dr. Ali Kumble                              | 05.12.2016 | Conversion of Preference Shares to Equity Shares | 95,08,488                                 | 20.79%            | 95,23,488                           | 19.66%            |
|    | Dr. Yusuf Aramanayil                        | 05.12.2016 | Conversion of Preference Shares to Equity Shares | 1,41,83,788                               | 29.19%            | 1,44,03,788                         | 29.74%            |
|    | Mr. Kottapurath Nalapurappatil Abdul Hameed |            |  | 32,75,800                                 | 7.51%             | 32,75,800                           | 6.76%             |
|    | Mr. Haneefa Aramana                         |            |  | 21,31,000                                 | 4.89%             | 21,31,000                           | 4.40%             |
|    | Mr. Zulkifli Misri                          |            |  | 5,01,000                                  | 1.15%             | 5,01,000                            | 1.03%             |
|    | Mrs. Nifri Yusuf                            |            |  | 1,01,000                                  | 0.23%             | 1,01,000                            | 0.21%             |
|    | Mrs. Bukhari Haleema Raziya Ali             |            |  | 1,51,000                                  | 0.35%             | 1,51,000                            | 0.31%             |
|    | Mr. Abdul Latheef                           | 05.12.2016 | Conversion of Preference Shares to Equity Shares | 33,71,000                                 | 6.88%             | 3,451,000                           | 7.12%             |
|    | Dr. Elviz Rodrigues                         | 17.03.2017 | Issue of new Equity Shares                       | NA  | NA                | 20,000                              | 0.04%             |
|    | Mr. Basir Kinningar                         | 05.12.2016 | Conversion of Preference Shares to Equity Shares | 24,28,000                                 | 3.27%             | 3,040,000                           | 6.28%             |

**VI. INDEBTEDNESS:** Indebtedness of the Company including interest outstanding/accrued but not due for payment.

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness     |
|--|----------------------------------|-----------------|----------|------------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                        |
| i) Principal Amount  | 12,78,59,748.00                  | 8,441.00        | -        | 12,78,68,189.00        |
| ii) Interest due but not paid                              | -                                | -               | -        | -                      |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                      |
| <b>Total (i+ii+iii)</b>                                    | <b>12,78,59,748.00</b>           | <b>8,441.00</b> | -        | <b>12,78,68,189.00</b> |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                        |
| * Addition   |                                  |                 | -        | -                      |
| * Reduction  | 4,16,10,602.00                   | -               | -        | 4,16,10,602.00         |
| Net Change   | -                                | -               | -        | (4,16,10,602.00)       |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                        |
| i) Principal Amount  | 8,62,49,146.00                   | 8,441.00        | -        | 8,62,57,587.00         |
| ii) Interest due but not paid                              | -                                | -               | -        | -                      |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                      |
| <b>Total (i+ii+iii)</b>                                    | <b>8,62,49,146.00</b>            | <b>8,441.00</b> | -        | <b>8,62,57,587.00</b>  |



## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

|    | Particulars of Remuneration   |  |  | Total Amount |
|----|---|--|--|--------------|
| 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             |  |  | -            |
| 2. | Stock Option  |  |  | -            |
| 3. | Sweat Equity  |  |  | -            |
| 4. | Commission  |  |  | -            |
|    | - as % of profit  |  |  | -            |
|    | - others, specify   |  |  | -            |
| 5. | Others, please specify  |  |  | -            |
|    | Total (A)   |  |  | -            |
|    | Ceiling as per the Act  |  |  |              |

### B. Remuneration to other Directors

| SN.       | Particulars of Remuneration                | Name of Directors |                  |  | Total Amount(Rs) |
|-----------|--|-------------------|------------------|--|------------------|
|           |  | Mrs. Raziya Ali   | Mrs. Nifri Yusuf |  |                  |
| <b>1.</b> | <b>Independent Directors</b>               |                   |                  |  | -                |
|           | Fee for attending board committee meetings | -                 | -                |  | -                |
|           | Commission                                 | -                 | -                |  | -                |
|           | Others, please specify                     | -                 | -                |  | -                |
|           | <b>Total (1)</b>                           | -                 | -                |  | -                |
| <b>2.</b> | <b>Other Non-Executive Directors</b>       |                   |                  |  |                  |
|           | GROSS SALARY                               | 6,00,000          | 6,00,000         |  | 12,00,000        |
|           | Fee for attending board committee meetings | -                 | -                |  | -                |
|           | Commission                                 | -                 | -                |  | -                |
|           | Others, please specify salary              | -                 | -                |  | -                |
|           | <b>Total (2)</b>                           | <b>6,00,000</b>   | <b>6,00,000</b>  |  | <b>12,00,000</b> |
|           | <b>Total (B)=(1+2)</b>                     | <b>6,00,000</b>   | <b>6,00,000</b>  |  | <b>12,00,000</b> |
|           | Total Managerial Remuneration              | -                 | -                |  | -                |
|           | Overall Ceiling as per the Act             | -                 | -                |  | -                |

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

| SN | Particulars of Remuneration   | Name of Key Managerial Personnel |                  |    | Total Amount     |
|----|---|----------------------------------|------------------|----|------------------|
|    |   | Name                             | Mr. Keshavdas    |    |                  |
|    | Designation   | CEO                              | CFO              | CS |                  |
| 1. | Gross salary  |                                  |                  |    |                  |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |                                  | 45,00,592        |    | 45,00,592        |
|    | (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                 |                                  |                  |    | -                |
| 2. | Stock Option  |                                  |                  |    | -                |
| 3. | Sweat Equity  |                                  |                  |    | -                |
| 4. | Commission  |                                  |                  |    | -                |
|    | - as % of profit  |                                  |                  |    | -                |
|    | - others, specify   |                                  |                  |    | -                |
|    | Others, please specify  |                                  |                  |    | -                |
| 5. | <b>Total</b>  |                                  | <b>45,00,592</b> |    | <b>45,00,592</b> |

### VIII. 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) |
|---------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| <b>A. COMPANY</b>   |                              |                   |   |                              |                                    |
| Penalty             |                              |                   |   |                              |                                    |
| Punishment          |                              |                   |   |                              |                                    |
| Compounding         |                              |                   |   |                              |                                    |
| <b>B. DIRECTORS</b> |                              |                   |   |                              |                                    |
| Penalty             |                              |                   |   |                              |                                    |
| Punishment          |                              |                   |   |                              |                                    |
| Compounding         |                              |                   | NIL   |                              |                                    |

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Contd.):**

| 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) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                    |
| Penalty                             |                              |                   |   |                              |                                    |
| Punishment                          |                              |                   |   |                              |                                    |
| Compounding                         |                              |                   |   |                              |                                    |



**By Order of the Board,  
For Indiana Hospital and Heart Institute Limited**

**Place: Mangalore  
Date: 1<sup>st</sup> July, 2017**

**ALI KUMBLE,  
WHOLE-TIME DIRECTOR,  
DIN:00353935**

**YUSUF ARAMANAYIL,  
MANAGING DIRECTOR,  
DIN: 00354740**

**Form No: MR3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31STMARCH, 2017**  
[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members  
**INDIANA HOSPITAL AND HEART INSTITUTE LIMITED**  
**CIN: U85110KA2010PLC052336**  
**Mahaveer Circle, Pumpwell**  
**Kankanady Post, Mangalore - 575002**  
**Karnataka**

We, JKM ASSOCIATES, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INDIANA HOSPITAL AND HEART INSTITUTE LIMITED, CIN: U85110KA2010PLC052336** (hereinafter called the company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records produced to us and according to the information and explanations given to us by **INDIANA HOSPITAL AND HEART INSTITUTE LIMITED**, the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2017 complied with the provisions of the Companies Act, 2013 (Act) and the Rules made there under, the Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid laws, standards, guidelines, agreements, etc.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **INDIANA HOSPITAL AND HEART INSTITUTE LIMITED** ("the Company") for the financial year ended on 31.03.2017 according to the provisions of:

1. The Companies Act, 2013 and the Rules made there under.

**We report that, during the year under review:**

1. The Board of Directors is constituted with Eleven directors in total comprising of Managing Director, Whole time director, Executive and Non-Executive Directors.

The company has appointed Mr. Keshavdas as CFO in compliance with the provisions of the Companies Act, 2013. However the company is required to appoint a Whole Time Company Secretary.

2. The changes in the composition of the Board of Directors that took place during the period under review were carried out according to the provisions of the Companies Act, 2013 except for the appointment of one Director made directly in the Annual General Meeting held on 22.09.2016 without complying with Section 160 of the Companies Act, 2013.
3. Adequate notice is given to all directors to schedule the Board Meetings, agenda along with notes to agenda which are sent at least seven days in advance. 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.
4. The Directors have made the disclosure requirements in respect of their eligibility of appointment, their being independent and in compliance with the code of Business Conduct & Ethics for Directors and Management Personnel. In respect of the independency of the Directors in the Board as per the Forms filed with ROC, there exists pecuniary relationship and shareholding by such directors in the company.
5. The Directors have submitted the disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities.
6. The Company has also not given guarantees to other business entities and has complied with the provisions of the Companies Act, 2013 and any other statutes as may be applicable.
7. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s)/financial institution(s) and non-banking financial companies. The Company has not issued Debentures and collected Public Deposits.
8. The Company has created, modified or satisfied charges on the assets of the company and complied with the applicable laws.
9. All registrations under the various state and local laws as applicable to the company are valid as on the date of report.
10. The Company has allotted 100,000 Equity Shares of Face Value Rs.10/- each for a premium of Rs. 2/- per shares totaling to Rs. 12,00,000/- during the period under review. 1,14,000/- Redeemable Preference shares and 46,200 Convertible Preference shares were converted into Equity shares of the company during the year under review.
11. The Company has complied with the relevant provision relating transfer and transmission of shares.
12. The Company has not declared any dividends to its shareholders during the period under scrutiny.

13. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.

14. The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.

**We further report that:**

i. The Company has reasonably followed the Secretarial Standards issued by the Institute of Company Secretaries of India, to the extent applicable.

**We further report that:**

A. As per the information and documents provided to us and the explanation given to us, the company has complied with the following :

- THE CLINICAL ESTABLISHMENTS (REGISTRATION AND REGULATION) ACT, 2010
- THE INDIAN MEDICAL COUNCIL ACT, 1956
- INDIAN NURSING COUNCIL ACT 1947
- DRUGS AND COSMETICS ACT 1940
- THE DRUGS (CONTROL) ACT, 1950
- THE PHARMACY ACT, 1948
- NARCOTICS AND PSYCHOTROPIC SUBSTANCES ACT 1985
- THE DRUGS AND MAGIC REMEDIES (OBJECTIONABLE ADVERTISEMENTS) ACT, 1954
- THE BIRTHS, DEATHS AND MARRIAGES REGISTRATION ACT, 1886
- THE MENTAL HEALTH ACT, 1987
- THE EPIDEMIC DISEASES ACT, 1897
- THE MEDICAL TERMINATION OF PREGNANCY ACT 1979 AND RULES
- THE PRE-NATAL DIAGNOSTIC TECHNIQUES (PNDT) ACT & RULES
- BIO-MEDICAL WASTE (MANAGEMENT AND HANDLING) RULES, 1998. (2016)
- FOOD SAFETY AND STANDARDS REGULATIONS 2010
- ATOMIC ENERGY ACT, 1962
- THE BUILDING AND OTHER CONSTRUCTION WORKS (RE & CE) ACT, 1996
- THE MINIMUM WAGES ACT, 1948
- THE PAYMENT OF GRATUITY ACT, 1972
- THE CHILD LABOUR (PROHIBITION & REGULATION) ACT AND RULES, 1986
- THE PAYMENT OF BONUS ACT, AND RULES, 1976
- THE PAYMENT OF WAGES ACT, 1936
- THE MATERNITY BENEFIT ACT, 1961
- THE LABOUR LAW ( EXEMPTION FROM FURNISHING RETURNS & MAINTAINING REGISTERS BY CERTAIN ESTABLISHMENTS ) ACT, 1988
- INDUSTRIAL EMPLOYMENT (STANDING ORDERS), ACT 1946.
- INFORMATION TECHNOLOGY ACT, 2000
- THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013
- THE WATER (PREVENTION AND CONTROL OF POLLUTION) ACT, 1974

- THE WATER (PREVENTION AND CONTROL OF POLLUTION) CESS ACT, 1977
- THE AIR (PREVENTION AND CONTROL OF POLLUTION) ACT, 1981

A. The company has partly complied with the provisions of:

1. EMPLOYEES' STATE INSURANCE ACT, 1948
2. EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952

**We 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 and guidelines.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**For JKM Associates**

**CS PK Krishnamurthy  
(Partner)  
ACS/FCS No. 3721  
C P No.: 3671**

**Place: Kochi  
Date: 30<sup>th</sup> June, 2017**

**'Annexure A'**  
**To,**  
**The Members**  
**INDIANA HOSPITAL AND HEART INSTITUTE LIMITED, MANGALURU**

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. 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.

**For JKM Associates**  
**CS PK Krishnamurthy**  
**(Partner)**  
**ACS/FCS No. 3721**  
**C P No.: 3671**

**Place: Kochi**  
**Date: 30<sup>th</sup> June, 2017**



## INDEPENDENT AUDITOR'S REPORT

To,

The Members of Indiana Hospital and Heart Institute Limited, Mangalore,

### Report on the Financial Statements

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

### Management's Responsibility for the 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 of these 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 provisions of the Act for safeguarding of 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 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 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 the 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 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, to the extent applicable.

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 it 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 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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".

(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 the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.26 (c) and (d), to the financial statements.
- ii. The Company did not have any long-term contracts including derivative 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 the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 2.15.3, to the financial statements.

**Place: Kochi**  
**Date: 1<sup>st</sup> July, 2017**

**For Varma And Varma**  
**(FRN: 004532S)**  
**CA Vivek Krishna Govind**  
**Chartered Accountant**  
**M.No. 208259**

**ANNEXURE A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDIANA HOSPITAL AND HEART INSTITUTE LIMITED FOR THE YEAR ENDED 31ST MARCH 2017**

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets which however requires to be updated.  
(b) We are informed that fixed assets of the company are physically verified by the management at reasonable intervals and that no material discrepancies have been noticed on such verification.  
(c) According to the information and explanations given to us, the records of the company examined by us and based on the details of land and buildings furnished to us by the company, the title deeds of immovable properties are held in the name of the Company except for freehold immovable property comprising of land admeasuring 149.8 cents (Gross and Net value Rs.12,74,08,617) as stated in notes 2.9.1 to the financial statements.
2. We are informed that the physical verification of inventory has been conducted by the management at the year end and that no material discrepancies were noticed on such verification.

3. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the reporting requirements under clauses (iii) (a) to (c) of paragraph 3 of the Order are not applicable.
4. According to the information and explanations given to us and the records of the company examined by us, the company has not granted any loans or given any security or guarantee for which the provisions of sections 185 and 186 of the Act are applicable. Company has not made any investment for which section 186 of the Act are applicable.
5. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the company at this stage.
7. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, except for certain instances of delays in depositing Income Tax and Service Tax, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Sales Tax, Value Added Tax, Cess and other statutory dues, as applicable to the Company to the appropriate authorities during the year.

There are no arrears of undisputed statutory dues outstanding as on the last day of the financial year for a period of more than six months from the date on which they become payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited on account of any dispute as at March 31, 2017, are as follows:

| <b>Nature of dues</b>     | <b>Statute</b>                     | <b>Amount (Rs in lakhs)</b> | <b>Period to which the amount relates</b> | <b>Forum where the dispute is pending</b>                         |
|---------------------------|------------------------------------|-----------------------------|---|---|
| Karnataka Value Added Tax | Karnataka Value Added Tax Act 2003 | 4.68                        | 2012-13                                   | Joint Commissioner of Commercial Taxes (Appeals), DVO, Mangaluru. |

8. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to financial institution or bank. The Company has not taken any loans or borrowings from financial institutions and government, or raised any money by way of issue of debenture.

9. According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans availed by the company have been applied for the purpose for which the loans were obtained.
10. During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the management.
11. According to the information and explanations given to us and the records of the Company examined by us, no managerial remuneration has been paid or provided in the books and hence reporting requirements under clause (xi) of paragraph 3 of the order are not applicable.
12. The company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order are not applicable.
13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in Note 2.29 to the financial statements as required by the applicable accounting standard.
14. According to the information and explanations given to us and the records of the Company examined by us, the company has made preferential allotment of equity shares to five shareholders during the year and the requirements of section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised.
15. The company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order are not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of paragraph 3 of the Order is not applicable.

**For Varma And Varma  
(FRN: 004532S)**

**CA Vivek Krishna Govind  
Chartered Accountant  
M.No. 208259**

**Place: Kochi  
Date: 1<sup>st</sup> July, 2017**

**ANNEXURE B REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDIANA HOSPITAL AND HEART INSTITUTE LIMITED FOR THE YEAR ENDED 31ST MARCH 2017**

**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 Indiana Hospital and Heart Institute Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the 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. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

**Place: Kochi**  
**Date: 1<sup>st</sup> July, 2017**

**For Varma And Varma**  
**(FRN: 004532S)**

**CA Vivek Krishna Govind**  
**Chartered Accountant**  
**M.No. 208259**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2017**

*Amount in Rs.*

|           | Particulars  | Note No. | As at 31 <sup>st</sup> March,2017 | As at 31 <sup>st</sup> March,2016 |
|-----------|--|----------|-----------------------------------|-----------------------------------|
| <b>A</b>  | <b>EQUITY AND LIABILITIES</b>  |          |                                   |                                   |
| <b>1.</b> | <b>Share holders' funds</b>  |          |                                   |                                   |
|           | a) Share capital   | 2.1      | 51,00,43,960                      | 50,90,43,960                      |
|           | b) Reserves & Surplus  | 2.2      | (5,36,75,997)                     | (7,75,82,101)                     |
|           |  |          | 45,63,67,963                      | 43,14,61,859                      |
| <b>2.</b> | <b>Non - Current Liabilities</b>   |          |                                   |                                   |
|           | a) Long Term Borrowing   | 2.3      | 8,27,96,515                       | 12,68,77,449                      |
|           | b) Long term provision   | 2.4      | 31,67,277                         | 25,62,448                         |
|           |  |          | 8,59,63,792                       | 12,94,39,897                      |
| <b>3.</b> | <b>Current liabilities</b>   |          |                                   |                                   |
|           | a) Short - term borrowing  | 2.5      | 34,61,072                         | 9,82,299                          |
|           | b) Trade payables  | 2.6      |                                   |                                   |
|           | I. Total outstanding dues to micro enterprises and small enterprises                       |          | -                                 | -                                 |
|           | ii. Total outstanding dues to creditors other than micro enterprises and small enterprises |          | 4,51,36,470                       | 5,44,18,204                       |
|           | c) Other current liabilities   | 2.7      | 4,73,88,992                       | 4,11,50,621                       |
|           | d) Short-term provisions   | 2.8      | 4,92,700                          | 11,848                            |
|           |  |          | 96,479,234                        | 9,65,62,972                       |
|           | <b>Total</b>   |          | <b>6,38,810,989</b>               | <b>65,74,64,728</b>               |
| <b>B.</b> | <b>ASSETS</b>  |          |                                   |                                   |
| <b>1.</b> | <b>Non-Current Assets</b>  |          |                                   |                                   |
|           | a) Fixed assets  | 2.9      |                                   |                                   |
|           | i. Tangible assets   |          | 56,85,03,333                      | 58,84,48,839                      |
|           | ii. Intangible assets  |          | 2,59,155                          | 52,846                            |
|           | iii. Capital work-in-progress  |          | 7,75,000                          | -                                 |
|           |  |          | 56,95,37,488                      | 58,85,01,685                      |
|           | b) Non Current Investments   | 2.10     | 10,000                            | 10,000                            |
|           | c) Long Term Loans and Advances  | 2.11     | 88,83,585                         | 1,11,61,263                       |
|           | d) Other non current assets  | 2.12     | 5,236                             | 4,533                             |
|           |  |          | 88,98,821                         | 1,11,75,796                       |
| <b>2.</b> | <b>Current Assets</b>  |          |                                   |                                   |
|           | a) Inventories   | 2.13     | 1,67,51,566                       | 155,94,922                        |
|           | b) Trade receivables   | 2.14     | 2,26,95,834                       | 1,62,96,213                       |
|           | c) Cash and cash equivalents   | 2.15     | 1,69,16,720                       | 2,39,86,571                       |
|           | d) Short-term loans and advances   | 2.16     | 39,11,206                         | 18,92,048                         |
|           | e) Other current assets  | 2.17     | 99,354                            | 17,493                            |
|           |  |          | 6,03,74,680                       | 5,77,87,247                       |
|           | <b>Total</b>   |          | <b>63,88,10,989</b>               | <b>65,74,64,728</b>               |
|           | Significant Accounting policies and Notes to accounts                                      | 1 & 2    |                                   |                                   |
|           | The accompanying notes form an integral part of the financial statements.                  |          |                                   |                                   |

As per our report of even date attached

For Varma And Varma  
(FRN: 004532S)

CA Vivek Krishna Govind  
Chartered Accountant  
M.No. 208259

Place : Kochi Date: 1<sup>st</sup> July, 2017

Dr. Yusuf A Kumble  
Managing Director  
DIN: 00354740

CA. Keshavdas  
CEO and Chief Financial Officer

**For and on behalf of the Board of Directors**

Dr. Ali Kumble  
Whole Time Director  
DIN: 0035935

Place : Mangalore Date: 30<sup>th</sup> June, 2017



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

*Amount in Rs.*

|   | <b>Particulars</b>  | <b>Note No.</b> | <b>As at 31<sup>st</sup> March, 2017</b> | <b>As at 31<sup>st</sup> March, 2016</b> |
|---|---|-----------------|--|--|
| 1 | Revenue from operations   | 2.18            | 3,73,374,449                             | 31,18,56,282                             |
| 2 | Other income  | 2.19            | 92,21,999                                | 42,98,215                                |
| 3 | <b>Total revenue (1+2)</b>  |                 | <b>38,25,96,448</b>                      | <b>31,61,54,497</b>                      |
| 4 | <b>Expenses</b>   |                 |  |  |
|   | (a) Purchase of Medicines & Consumables                               | 2.20            | 9,94,25,200                              | 9,02,38,748                              |
|   | (b) Changes in inventories of Medicines & Consumables                 | 2.21            | (11,56,644)                              | (30,97,227)                              |
|   | (c) Employee benefits expense   | 2.22            | 6,85,88,622                              | 6,14,86,220                              |
|   | (d) Finance costs   | 2.23            | 1,07,48,176                              | 1,95,13,238                              |
|   | (e) Depreciation, impairment and amortization expense                 | 2.9             | 2,94,71,499                              | 2,38,27,760                              |
|   | (f) Other expenses  | 2.24            | 14,91,90,491                             | 12,26,67,698                             |
|   | <b>Total Expenses</b>   |                 | <b>35,62,67,344</b>                      | <b>31,46,36,437</b>                      |
| 5 | <b>Profit/(Loss) before tax (3 - 4)</b>                               |                 | <b>2,63,29,104</b>                       | <b>15,18,060</b>                         |
| 6 | <b>Tax expense:</b>   |                 |  |  |
|   | (1) Current Tax   |                 | 26,23,000                                | -  |
|   | (2) Deferred Tax  |                 | -  | -  |
|   |   |                 | <b>2,37,06,104</b>                       | <b>15,18,060</b>                         |
| 7 | <b>Profit/(Loss) for the year (5 - 6)</b>                             |                 |  |  |
|   | <b>Earnings per equity share:</b>                                     | 2.25            |  |  |
|   | Nominal value of share Rs. 10/- (Rs. 10/-)                            |                 |  |  |
|   | (a) Basic   |                 | 0.469                                    | (0.015)                                  |
|   | (b) Diluted   |                 | 0.469                                    | (0.015)                                  |
|   | <b>Significant Accounting policies and Notes to accounts</b>          | 1&2             |  |  |
|   | The accompanying notes form integral part of the financial statements |                 |  |  |

**As per our report of even date attached**

**For and on behalf of the Board of Directors**

For Varma And Varma  
(FRN: 004532S)

Dr. Yusuf A Kumble  
Managing Director  
DIN: 00354740

CA Vivek Krishna Govind  
Chartered Accountant  
M.No. 208259

CA. Keshavdas  
CEO and Chief Financial Officer

Dr. Ali Kumble  
Whole Time Director  
DIN: 0035935

Place : Kochi  
Date: 1<sup>st</sup> July, 2017

Place : Mangalore  
Date: 30<sup>th</sup> June, 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Amount in Rs.

|          | Particulars   | For the year ended<br>31st March, 2017 |                      | For the year ended<br>31st March, 2016 |                      |
|----------|---|--|----------------------|--|----------------------|
| <b>A</b> | <b>Cash Flows from Operating Activities</b>                         |  |                      |  |                      |
|          | Net Profit/(Loss) before Tax & Extraordinary Items                  |  | 2,37,06,104          |  | 15,18,060            |
|          | Adjustments for:  |  |                      |  |                      |
|          | Depreciation  | 2,94,71,499                            |                      | 2,38,27,760                            |                      |
|          | Foreign Exchange loss   | (39,23,501)                            |                      | 84,34,714                              |                      |
|          | Provision for Bad & Doubtful debts                                  | 18,81,976                              |                      | 5,69,443                               |                      |
|          | Bad debts and advances written off                                  | 11,64,074                              |                      | 20,45,187                              |                      |
|          | Interest expenditure  | 97,15,899                              |                      | 1,03,92,241                            |                      |
|          | Liability no longer required written back                           | (4,07,302)                             |                      | (21,225)                               |                      |
|          | Interest income   | (14,86,260)                            |                      | (21,21,772)                            |                      |
|          | <b>Operating Profit / (Loss) before Working Capital Changes</b>     |  | <b>3,64,16,385</b>   |  | <b>4,31,26,348</b>   |
|          | Adjustments for working capital changes:                            |  |                      |  |                      |
|          | (Increase)/Decrease in Trade & Other Receivables                    | (1,10,86,526)                          |                      | (92,34,021)                            |                      |
|          | (Increase)/Decrease in Inventories                                  | (11,56,644)                            |                      | (30,97,227)                            |                      |
|          | Increase/(Decrease) in Trade Payables and other Current liabilities | (9,374,071)                            | (2,16,17,241)        | 1,58,54,617                            | 35,23,369            |
|          | <b>Cash generated from Operations</b>                               |  | <b>3,85,05,248</b>   |  | <b>481,67,777</b>    |
|          | Direct Taxes paid   |  | 18,78,271            |  | (18,75,527)          |
|          | <b>Net Cash from/(used) in Operating Activities</b>                 |  | <b>4,03,83,519</b>   |  | <b>4,62,92,250</b>   |
| <b>B</b> | <b>Cash Flows from Investing Activities</b>                         |  |                      |  |                      |
|          | Purchase of Fixed asset   | (85,67,406)                            |                      | (7,21,72,691)                          |                      |
|          | Interest Income   | 14,03,696                              |                      | 24,80,829                              |                      |
|          | <b>Net Cash from/(used) in Investing Activities</b>                 |  | <b>(71,63,710)</b>   |  | <b>(6,96,91,862)</b> |
| <b>C</b> | <b>Cash Flows from Financing Activities</b>                         |  |                      |  |                      |
|          | Proceeds from issuance of share capital/ Share- Application         | 12,00,000                              |                      | 3,12,30,000                            |                      |
|          | Proceeds/Repayment of Long Term Borrowings                          | (3,18,03,737)                          |                      | (70,21,146)                            |                      |
|          | Interest paid   | (96,85,923)                            |                      | (1,05,65,819)                          |                      |
|          | <b>Net Cash from/(used) in Financing Activities</b>                 |  | <b>(4,02,89,660)</b> |  | <b>1,36,43,035</b>   |
|          | <b>Summary</b>  |  |                      |  |                      |
|          | Net Cash from/(used) Operating Activities                           | 4,03,83,519                            |                      | 4,62,92,250                            |                      |
|          | Net Cash from/(used) in Investing Activities                        | (71,63,710)                            |                      | (6,96,91,862)                          |                      |
|          | Net Cash from/(used) in Financing Activities                        | (4,02,89,660)                          |                      | 1,36,43,035                            |                      |
|          | <b>Net Increase (Decrease) in Cash Equivalents</b>                  | <b>(70,69,851)</b>                     |                      | <b>(97,56,577)</b>                     |                      |
|          | <i>Cash and Cash Equivalents at beginning of the year</i>           | 2,39,86,571                            |                      | 3,37,43,148                            |                      |
|          | <i>Cash and Cash Equivalents at the end of the year</i>             | 1,69,16,720                            |                      | 2,39,86,571                            |                      |
|          |   | <b>(70,69,851)</b>                     |                      | <b>(97,56,577)</b>                     |                      |

**Note:** 1) Balance with banks in deposit accounts includes Rs. 1,50,26,439/- (Rs.1,17,32,349/-) held as margin money deposits towards bank loans/guarantees. 2) Balance with bank in deposit account includes Rs 29,94,931/- (Rs.52,23,024/-) with maturity period more than 12 months.

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma And Varma  
(FRN: 004532S)

Dr. Yusuf A Kumble  
Managing Director  
DIN: 00354740

Dr. Ali Kumble  
Whole Time Director  
DIN: 0035935

CA Vivek Krishna Govind  
Chartered Accountant  
M.No. 208259

CA. Keshavdas  
CEO and Chief Financial Officer

Place : Kochi Date : 1<sup>st</sup> July, 2017

Place : Mangalore Date : 30<sup>th</sup> June, 2017

## Significant Accounting policies and Notes to accounts for the financial year ended 31st March 2017

### 1. Significant Accounting policies

#### 1.1 Basis of accounting

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 1.2 Use of estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that 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 they are known/materialised.

#### 1.3 Revenue Recognition

a) Income from Healthcare services is recognized on completed service contract method. The hospital collections of the company are net of discounts. Revenue also includes the value of services rendered pending final billing in respect of in -patients undergoing treatments as on 31st March 2017.

b) Pharmacy sales are recognized when the risk and reward of ownership is passed to the customer and are stated net of returns, discounts and exclusive of VAT wherever applicable.

#### 1.4 Tangible Assets ( Property, Plant and Equipment)

Property, Plant and equipments are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost includes purchase price, (inclusive of import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-in-progress.

#### 1.5 Intangible Assets

Hospital Management System Software of the company is treated as an Intangible Asset in accordance with the Accounting Standard 26 - " Intangible Assets".

#### 1.6 Depreciation / Amortisation

Depreciation on Tangible Assets (Property, Plant and Equipment) is provided on straight line method based on the useful life prescribed in Schedule II to the Companies Act, 2013, based on a review by the management at the year end.

Intangible assets are written off over a period of 3 years.

### **1.7 Impairment of Assets**

The company assesses at each Balance Sheet date whether there is any indication that the asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Statement of Profit and Loss of the period in which the asset is identified as impaired. The impairment loss recognized in the prior accounting year is reversed if there is a change in the estimate of recoverable amount.

### **1.8 Investments**

Non Current investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

### **1.9 Inventories**

Inventories are valued at lower of cost, determined on first in first out basis or net realisable value.

### **1.10 Foreign Currency transactions**

Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities other than forward contracts are translated at the applicable exchange rate prevailing at the year-end, and the gain or loss, if any, are recognized in the Statement of Profit and Loss.

Exchange differences arising on actual payments/ realizations are recognized in the statement of Profit and Loss.

### **1.11 Employee Benefits**

#### **i) Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

#### **ii) Defined Contribution Plans**

The company makes contributions to Provident Fund, which is a defined contribution plan for employees. The contributions paid/payable under the scheme during the year are charged to the Statement of Profit and Loss for the year.

#### **iii) Defined Benefit Plans**

The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost, if any, is recognised in the books of account. Actuarial gains and losses are recognised in full in the Profit & Loss account for the period in which they occur.

### **1.12 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

### **1.13 Taxes on Income**

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Provision for current tax is made based on the tax payable under the Income Tax Act, 1961.

Deferred tax on account of timing difference between taxable and accounting income is accounted using the tax rates and the tax laws enacted or substantively enacted by the balance sheet date. Deferred tax assets in respect of unabsorbed depreciation or carried forward losses are recognized if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized to the extent there is reasonable certainty of their realization. Deferred tax in respect of timing differences, which originate and reverse during a tax holiday period, are not recognized to the extent the gross total income is subject to the deduction during the tax holiday period.

### **1.14 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.

### **1.15 Segment Reporting**

Based on the guiding principles given in Accounting Standard AS-17 “Segment Reporting”, the company has only one reportable segment i.e. “Hospital Activities”.

### **1.16 Earnings per Share**

The earnings considered in ascertaining the company’s Earnings per Share comprise of the net profit after tax. The number of shares used in computing the basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of shares used in computing Diluted Earnings per share comprises the weighted average shares considered for deriving the basic earning per share and also the weighted average number of shares, of any shares, which would have been issued on the conversion of all dilutive potential equity shares.

## **2.0 Notes to Accounts**

## 2.1 Share Capital

| Particulars   | As at 31 <sup>st</sup> March, 2017 | As at 31 <sup>st</sup> March, 2016 |
|---|------------------------------------|------------------------------------|
| <b>Authorised:</b>  |                                    |                                    |
| 5,58,00,000 (5,58,00,000) Equity Shares of Rs 10/- each                         | 55,80,00,000                       | 55,80,00,000                       |
| 4,20,000 (4,20,000 ) Preference Shares of Rs 100/- each                         | 4,20,00,000                        | 4,20,00,000                        |
| <b>Issued, Subscribed &amp; Fully Paid -up :</b>                                | <b>60,00,00,000</b>                | <b>60,00,00,000</b>                |
| 4,84,39,396 (4,67,37,396) Equity Shares of Rs 10/- each fully paid up           | 48,43,93,960                       | 46,73,73,960                       |
| 2,53,500 (3,67,500) 5% Redeemable Cumulative Preference Shares of Rs 100/- each | 2,53,50,000                        | 3,67,50,000                        |
| 3,000 (49,200) Convertible Preference Shares of Rs 100/- each                   | 3,00,000                           | 49,20,000                          |
|   | <b>51,00,43,960</b>                | <b>50,90,43,960</b>                |

### 2.1.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Equity shares of Rs 10/- each fully paid up | As at 31 <sup>st</sup> March, 2017 |                     | As at 31 <sup>st</sup> March, 2016 |                     |
|---|------------------------------------|---------------------|------------------------------------|---------------------|
|   | Number of Shares                   | Amount              | Number of Shares                   | Amount              |
| At the beginning of the period              | 4,67,37,396                        | 46,73,73,960        | 4,36,14,396                        | 43,61,43,960        |
| Add: Issued during the period               | 17,02,000                          | 1,70,20,000         | 31,23,000                          | 3,12,30,000         |
| <b>Outstanding at the end of the period</b> | <b>4,84,39,396</b>                 | <b>48,43,93,960</b> | <b>4,67,37,396</b>                 | <b>46,73,73,960</b> |

| 5% Redeemable Cumulative Preference shares of Rs 100/- each Fully Paid up | As at 31 <sup>st</sup> March, 2017 |                    | As at 31 <sup>st</sup> March, 2016 |                    |
|---|------------------------------------|--------------------|------------------------------------|--------------------|
|   | Number of Shares                   | Amount             | Number of Shares                   | Amount             |
| At the beginning of the period  | 3,67,500                           | 3,67,50,000        | 3,67,500                           | 3,67,50,000        |
| Add: Issued during the period   | -                                  | -                  | -                                  | -                  |
| Less: Redeemed during the period  | 1,14,000                           | 1,14,00,000        | -                                  | -                  |
| <b>Outstanding at the end of the period</b>                               | <b>2,53,500</b>                    | <b>2,53,50,000</b> | <b>3,67,500</b>                    | <b>3,67,50,000</b> |

| Convertible Preference Shares of Rs.100/- each Fully Paid Up | As at 31 <sup>st</sup> March 2017 |                 | As at 31 <sup>st</sup> March 2016 |                  |
|--|-----------------------------------|-----------------|-----------------------------------|------------------|
|  | Number of Shares                  | Amount          | Number of Shares                  | Amount           |
| At the beginning of the period                               | 49,20,000                         | 49,20,000       | 49,200                            | 4,920,000        |
| Add: Issued during the period                                | 1,14,000                          | 1,14,00,000     | -                                 | -                |
| Less: Redeemed during the period                             | 1,60,200                          | 1,60,20,000     | -                                 | -                |
| <b>Outstanding at the end of the period</b>                  | <b>3,00,000</b>                   | <b>3,00,000</b> | <b>49,200</b>                     | <b>4,920,000</b> |

## 2.1.2 Rights, preferences and restrictions attaching to each class of shares

### Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

### Terms/rights attached to preference shares

Convertible Preference shares are convertible with in 10 years from the date of issue (49,200 shares issued in February 2011) at such time as may be decided by the Board. Out of the above, 46,200 shares were redeemed during the year into equity shares.

5% Redeemable Cumulative Preference shares are redeemable with in a period of 10 years from the date of issue at the discretion of the Board.

| Particulars                    | Issue Date |          |          |          | Total    |
|--------------------------------|------------|----------|----------|----------|----------|
|                                | Nov-2010   | Dec-2010 | Jan-2011 | Feb-2013 |          |
| Opening Balance                | 4,500      | 3,14,400 | 27,000   | 21,600   | 3,67,500 |
| Less: Redeemed during the year | -          | 83,700   | 18,000   | 12,300   | 1,14,000 |
| <b>Closing Balance</b>         | 4,500      | 2,30,700 | 9,000    | 9,300    | 2,53,500 |

## 2.1.3. Details of shareholders holding more than 5% shares in the company as at the end of the year

| Equity shares of Rs 10/- each fully paid up | As at 31 <sup>st</sup> March 2017 |                        | As at 31 <sup>st</sup> March 2016 |                        |
|---|-----------------------------------|------------------------|-----------------------------------|------------------------|
|   | Number of shares                  | % holding in the class | Number of shares                  | % holding in the class |
| Yusuf A.Kumble                              | 1,44,03,788                       | 29.74%                 | 1,41,83,788                       | 30.34%                 |
| Ali Kumble                                  | 95,23,488                         | 19.66%                 | 95,08,488                         | 20.34%                 |
| Abdul Latheef                               | 34,51,000                         | 7.12%                  | 33,01,000                         | 7.06%                  |
| K.N. Hameed                                 | 32,75,800                         | 6.76%                  | 32,75,800                         | 7.01%                  |
| Basir Kinnigar Ibrahim                      | 30,40,000                         | 6.28%                  | 24,28,000                         | 5.19%                  |

| 5% Redeemable Cumulative Preference shares of Rs 100/- each Fully Paid Up | As at 31 <sup>st</sup> March 2017 |                        | As at 31 <sup>st</sup> March 2016 |                        |
|---|-----------------------------------|------------------------|-----------------------------------|------------------------|
|   | Number of shares                  | % holding in the Class | Number of shares                  | % holding in the Class |
| Gangulli Akbar Hussain  | 15,000                            | 5.92%                  | -                                 | -                      |
| K K Abdulla Haji  | 15,000                            | 5.92%                  | -                                 | -                      |
| Thekkil Veetil Babu   | 15,000                            | 5.92%                  | -                                 | -                      |
| Muneera Manzil Baby Abdul Azeez   | 13,500                            | 5.33%                  | -                                 | -                      |



| Convertible Preference shares of Rs 100/- each Fully Paid Up | As at 31 <sup>st</sup> March 2017 |                        | As at 31 <sup>st</sup> March 2016 |                        |
|--|-----------------------------------|------------------------|-----------------------------------|------------------------|
|  | Number of shares                  | % holding in the Class | Number of shares                  | % holding in the Class |
| K K Moidu  | 1,500                             | 50.00%                 | -                                 | -                      |
| Bekal Abdulla  | 1,500                             | 50.00%                 | -                                 | -                      |
| Bashir Kinnigar Ibrahim                                      | -                                 | -                      | 43,200                            | 87.80%                 |

## 2.2 Reserves and Surplus

| Particulars  | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Securities Premium Reserve   | 2,00,000              | -                     |
| <b>Surplus</b>   |                       |                       |
| Opening Balance  | (7,75,82,101)         | (7,91,00,161)         |
| Add: Profit for the period as per Statement of Profit and Loss after Tax | 2,37,06,104           | 15,18,060             |
| Closing Balance  | (5,38,75,997)         | (7,75,82,101)         |
|  | <b>(5,36,75,997)</b>  | <b>(7,75,82,101)</b>  |

## 2.3 Long term Borrowings

| Particulars                                 | As at 31st March 2017 | As at 31st March 2016 |
|---|-----------------------|-----------------------|
| <b>a) Term Loans (Secured)</b>              |                       |                       |
| -From Banks ( See Note 2.3.1 and 2.3.2 )    | 4,21,13,349           | 7,96,71,511           |
| <b>b) Buyers Credit (Secured)</b>           |                       |                       |
| -From Banks ( See Note 2.3.2 & Note 2.3.3 ) | 4,06,83,166           | 4,72,05,938.00        |
|   | <b>12,68,77,449</b>   | <b>11,40,01,204</b>   |

### 2.3.1 Details of Security:

#### Federal Bank:

##### a) Term Loan-I & II:

Secured by the assets procured out of loan amount and also by the equitable mortgage of buildings of the company and are guaranteed by the directors for the full amount.

##### b) Vehicle Loan:

The vehicle loan is secured by hypothecation of asset procured out of loan and are guaranteed by the directors for the full amount.

#### Corporation Bank:

##### c) Term Loan-I & II:

Secured by the assets procured out of loan and also by the equitable mortgage of Land & Buildings of the company and are guaranteed by the directors for full amount.



#### d) Vehicle Loan:

The vehicle loan is secured by hypothecation of asset procured out of loan and are guaranteed by the directors for the full amount.

#### 2.3.2 Repayment and other terms:

| Particulars                          | Terms   | Long Term                    | Current Maturity             |
|--------------------------------------|---|------------------------------|------------------------------|
| Federal Bank Term Loan-I             | Repayable in 50 monthly instalments (exclusive of interest) of 12,083.66/- USD each starting from March 2015, and last instalment of 23,799/- USD | 94,07,922<br>(96,07,960)     | 1,18,14,916<br>(2,17,06,444) |
| Federal Bank Term Loan-II            | Repayable in 41 equated monthly instalments of Rs 16,05,114/- each (inclusive of interest) starting from January, 2016.                           | 1,66,41,999<br>(1,41,61,677) | 1,93,60,807<br>(3,66,65,391) |
| Federal Bank Vehicle Loan            | Repayable in 60 Equated monthly instalments of Rs.16,983/- each ( inclusive of interest) starting from August 2014.                               | 1,67,150<br>(1,49,209)       | 2,22,019<br>(3,89,074)       |
| Corporation Bank Term Loan-I         | Repayable in 72 Equated monthly instalments of Rs. 10,03,706/- each (inclusive of interest) starting from May 2013.                               | 97,68,694<br>(89,65,880)     | 1,04,84,680<br>(2,05,13,581) |
| Corporation Bank Term Loan-II        | Repayable in 48 Equated monthly instalments of Rs.9,69,000/- each ( inclusive of interest) starting from June 2015                                | 6<br>(1,57,250)              | -<br>-                       |
| Corporation Bank Vehicle Loan        | Repayable in 60 Equated monthly instalments of Rs.16,401/- each ( inclusive of interest) starting from September 2014                             | 1,58,135<br>(1,38,102)       | 2,30,927<br>(3,97,021)       |
| <b>Current Year</b>                  |   | <b>3,61,43,906</b>           | <b>4,21,13,349</b>           |
| <b>Previous Year</b>                 |   | <b>(3,31,80,078)</b>         | <b>(7,96,71,511)</b>         |
| Buyer's Credit - Corporation Bank I  | Buyer's Credit having a tenure of 36 months from the date of its availment. Availed in November, 2014.  | 2,911,096<br>-               | -<br>(31,60,307)             |
| Buyer's Credit - Corporation Bank II | Buyer's Credit having a tenure of 36 months from the date of its availment. Availed in January, 2016.   |                              | 18,68,558<br>(19,08,167)     |
| Buyer's Credit - Federal Bank        | Buyer's Credit having a tenure of 36 months from the date of its availment. Availed in January, 2016.   | -<br>-                       | 3,88,14,608<br>(4,21,37,464) |
| <b>Current Year</b>                  |   | <b>29,11,096</b>             | <b>4,06,83,166</b>           |
| <b>Previous Year</b>                 |   | -                            | <b>(4,72,05,938)</b>         |

#### 2.3.3

The buyer's credit facility from Corporation bank is a sub-limit of the term loan, which is intended to be converted into the term loan on maturity and is secured by Fixed Deposits maintained at the bank and by lien on assets procured using the facility and also by equitable mortgage of land and buildings of the company and are guaranteed by the directors for full amount.

Buyers Credit Facility from federal bank has been availed under the existing limits of Letter of Credit sanctioned by the bank and are secured by machinery procured under the said facility.

The above loans are also secured by pari passu charge on the land and building of the company and fixed deposit of Rs 100 Lakhs and additional security by way of Fixed Deposit of Rs 38 Lakhs, charge on the Recurring Deposit of Rs One Lakh per month for the period of 36 months.

## 2.4 Long-term Provisions

| Particulars   | As at 31st March 2017 | As at 31st March 2016 |
|---|-----------------------|-----------------------|
| Provision for Employee benefits (See also Note 2.4.1) | 31,67,277             | 2,562,448             |
|   | 31,67,277             | 2,562,448             |

### 2.4.1 Disclosures required under Accounting Standard 15 - "Employee Benefits"

#### 1. Defined Contribution Plan

During the year the following amounts have been recognized in the Statement of Profit and Loss on account of defined contribution plans:

| Particulars                              | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Employers contribution to ESI            | 5,99,270              | 8,68,500              |
| Employers contribution to Provident Fund | 12,89,008             | 13,78,434             |

#### 2. Defined Benefit Plan

##### Gratuity – Unfunded Obligation

| i Actuarial Assumptions   | As at 31st March 2017 | As at 31st March 2016 |
|---------------------------|-----------------------|-----------------------|
| Discount Rate (per annum) | 8.00%                 | 8.00%                 |
| Salary escalation rate*   | 5.00%                 | 5.00%                 |
| Attrition rate            | 5.00%                 | 5.00%                 |

\* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

| ii Reconciliation of present value of obligations    | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Present value of obligation at beginning of the year | 25,74,296             | 9,69,561              |
| Current Service Cost                                 | 12,96,330             | 12,30,272             |
| Past Service Cost                                    | -                     | -                     |
| Interest Cost  | 2,59,397              | 1,26,776              |
| Actuarial (gain)/loss                                | (9,37,859)            | 2,47,687              |
| Benefits Paid  | -                     | -                     |
| Present value of obligation at the end of the year   | 31,92,164             | 25,74,296             |

| iii Net (Asset)/ Liability recognized in the Balance Sheet as at year end                      | 2016-17<br>(Rs.) | 2015-16<br>(Rs.) | 2014-15<br>(Rs.) | 2013-14<br>(Rs.) | 2012-13<br>(Rs.) |
|--|------------------|------------------|------------------|------------------|------------------|
| Present value of obligations at the end of the year  | 31,92,164        | 25,74,296        | 9,69,561         | 10,79,982        | 3,53,357         |
| Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet | 31,92,164        | 25,74,296        | 9,69,561         | 10,79,982        | 3,53,357         |

| iv Expenses recognised in the Statement of Profit and Loss                 | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Current Service Cost   | 12,96,330             | 12,30,272             |
| Interest Cost  | 2,59,397              | 1,26,776              |
| Actuarial (gain) / loss recognised in the year                             | (9,37,859)            | 2,47,687              |
| Past Service Cost  | -                     | -                     |
| Total expenses recognised in the Statement of Profit and Loss for the year | 6,17,868              | 16,04,735             |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

## 2.5 Short term borrowings

| Particulars   | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|---|-----------------------------------|-----------------------------------|
| <b>a) Loans repayable on demand</b>                 |                                   |                                   |
| From Related Parties:                               |                                   |                                   |
| Directors (Unsecured) ( See note 2.5.1)             | 8,441                             | 8,441                             |
| From Banks:   |                                   |                                   |
| Corporation Bank -Working Capital ( See note 2.5.2) | 34,52,631                         | 9,73,858                          |
|   | <b>34,61,072</b>                  | <b>9,82,299</b>                   |

### 2.5.1 Loan from the Directors are repayable on demand.

**2.5.2** The loan is secured by continuing equitable mortgage of the hospital building and hypothecation of fixed assets already mortgaged/hypothecated to bank and are guaranteed by the directors for full amount. Repayable on demand subject to annual review/renewal.

## 2.6 Trade payables

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|--|-----------------------------------|-----------------------------------|
| i) Total outstanding dues of micro enterprises and small enterprises<br>(Refer Note 2.6.1) | -                                 | -                                 |
| ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 4,51,36,470                       | 5,44,18,204                       |
|  | <b>4,51,36,470</b>                | <b>5,44,18,204</b>                |

**2.6.1** The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006 and the same is in progress. Based on available information, there are no balance outstanding as payable to such suppliers as at the year end. In the opinion of the management there are no amounts paid/payable towards interest under the said statute.

## 2.7 Other Current liabilities

| Particulars  | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| a) Current maturities on long term borrowings (See Note 2.3.2) | 3,61,43,906           | 3,31,80,078           |
| b) Interest accrued and due on borrowings                      | 29,11,096             | -                     |
| c) Interest accrued and not due on borrowings                  | -                     | 28,338                |
| c) Statutory dues payable                                      | 6,76,264              | 6,17,950              |
| d) Security deposits   | 19,05,531             | 13,84,654             |
| e) Advance from Patients                                       | 5,43,600              | 6,93,600              |
| f) Advance Fees  | 2,18,595              | 2,56,001              |
| h) Other Liabilities   | 49,90,000             | 49,90,000             |
|  | <b>4,73,88,992</b>    | <b>4,11,50,621</b>    |

## 2.8 Short term provisions

| Particulars                                      | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|--|-----------------------------------|-----------------------------------|
| Provision for employee benefits [See Note 2.4.1] | 24,887                            | 11,848                            |
| Provision for Value Added Tax                    | 4,67,813                          | -                                 |
|  | <b>4,92,700</b>                   | <b>11,848</b>                     |

## 2.10 Non Current Investments

| Particulars                                | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|--|-----------------------------------|-----------------------------------|
| Investment in National Savings Certificate | 10,000                            | 10,000                            |
|  | <b>10,000</b>                     | <b>10,000</b>                     |

**2.10.1** The above investment is held under lien with the sales tax authorities

## 2.11 Long Term Loans and Advances

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|--|-----------------------------------|-----------------------------------|
| <b>Unsecured , considered good</b>                 |                                   |                                   |
| a) Capital advances                                | -                                 | 4,28,407                          |
| b) Security Deposits                               | 34,77,772                         | 34,48,772                         |
| c) Advance income tax/Tax Deducted at Source (net) | 54,05,813                         | 72,84,084                         |
|  | <b>88,83,585</b>                  | <b>1,11,61,263</b>                |

## 2.12 Other Non current Assets

| Particulars                         | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| (ii) Accrued interest on investment | 5,236                             | 4,533                             |
|                                     | <b>5,236</b>                      | <b>4,533</b>                      |

## 2.13 Inventories

| Particulars     | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|-----------------|-----------------------------------|-----------------------------------|
| (a) Medicines   | 72,17,553                         | 58,66,291                         |
| (b) Consumables | 95,34,013                         | 97,28,631                         |
|                 | <b>1,67,51,566</b>                | <b>1,55,94,922</b>                |

Method of Valuation of Inventories - See Note 1.9 of Significant Accounting Policies.

## 2.14 Trade receivables

| Particulars   | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|---|-----------------------------------|-----------------------------------|
| <b>Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment</b> |                                   |                                   |
| Unsecured, Considered Good  | 30,58,931                         | 19,13,530                         |
| Considered Doubtful   | 25,78,098                         | 12,04,084                         |
| Less: Provision for doubtful debts  | (25,78,098)                       | (12,04,084)                       |
|   | -                                 | -                                 |
| <b>Other Debts</b>  |                                   |                                   |
| Unsecured, Considered Good  | 1,96,36,903                       | 1,43,82,683                       |
|   | <b>2,26,95,834</b>                | <b>1,62,96,213</b>                |

## 2.15 Cash and cash equivalents

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|--|-----------------------------------|-----------------------------------|
| (a) Balances with banks                              |                                   |                                   |
| (i) In current accounts                              | 10,14,065                         | 14,44,319                         |
| (ii) In deposit accounts ( See Note 2.15.1 & 2.15.2) | 1,50,26,439                       | 2,12,87,731                       |
| (b) Cash on hand                                     | 8,76,216                          | 12,54,521                         |
|  | <b>1,69,16,720</b>                | <b>2,39,86,571</b>                |

**2.15.1** Balance with banks in deposit accounts includes Rs. 1,50,26,439/ (Rs.1,17,32,349/- ) held as margin money deposits towards bank loans/guarantees.

**2.15.2** Balance with bank in deposit account includes Rs 29,94,931/- (Rs.52,23,024/-) with maturity period more than 12 months.

**2.15.3** The details of Specified Bank notes held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as provided in the Table below:

| Particulars                           | SBN       | Other Denomination Notes | Total       |
|---------------------------------------|-----------|--------------------------|-------------|
| Closing Cash in hand as on 08.11.2016 | 13,60,500 | 2,15,654                 | 15,76,154   |
| (+) Permitted Receipts                | -         | 2,13,34,641              | 2,13,34,641 |
| (+) Other Receipts #                  | 20,18,000 | -                        | 20,18,000   |
| (-) Permitted Payments                | -         | 9,37,350                 | 9,37,350    |
| (-) Amount deposited in Banks         | 33,78,500 | 2,00,19,301              | 2,33,97,801 |
| Closing Cash in hand as on 30.12.2016 | -         | 5,93,644                 | 5,93,644    |

Note: The above 1) disclosers donot include direct remittences made by cutomers in to the Bank Account of the company Rs. 14,94,736/- (SBN -14,85,000/- & other denomination Notes Rs. 9,736/-) # 2) Represents SBN received by the company due to unavoidable exigencies.

## 2.16 Short Term Loans and Advances

| Particulars                                    | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|--|-----------------------------------|-----------------------------------|
| <b>( Unsecured and considered good)</b>        |                                   |                                   |
| - Prepaid Expenses                             | 36,28,181                         | 16,36,181                         |
| -Other advances recoverable in cash or in kind | 2,83,025                          | 2,55,867                          |
|  | <b>39,11,206</b>                  | <b>18,92,048</b>                  |

## 2.17 Other Current Assets

| Particulars                      | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 |
|----------------------------------|-----------------------------------|-----------------------------------|
| (i) Interest accrued on Deposits | 99,354                            | 17,493                            |
|                                  | <b>99,354</b>                     | <b>17,493</b>                     |

## 2.18 Revenue from operations

| Particulars                         | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|-------------------------------------|--|--|
| a) Revenue from Healthcare Services | 29,71,85,552                                       | 24,76,81,914                                       |
| b) Pharmacy collections             | 7,61,88,897  | 6,41,74,368  |
|                                     | <b>37,33,74,449</b>                                | <b>31,18,56,282</b>                                |

## 2.19 Other Income

| Particulars                              | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
| a) Interest income                       | 14,86,260  | 21,21,772  |
| b) Foreign Exchange Rate Variation (Net) | 39,23,501  | -  |
| c) Other non- operating income           | 38,12,238  | 21,76,443  |
|  | <b>92,21,999</b>                                   | <b>42,98,215</b>                                   |

## 2.20 Purchase of medicines and consumables

| Particulars     | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|-----------------|--|--|
| (a) Medicines   | 5,05,14,087  | 4,25,32,331  |
| (b) Consumables | 4,89,11,113  | 4,77,06,417  |
|                 | <b>9,94,25,200</b>                                 | <b>9,02,38,748</b>                                 |

## 2.21 Changes in inventories of medicines and consumables

| Particulars                               | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
| Inventories at the end of the year        |  |  |
| (a) Medicines                             | 72,17,553  | 58,66,291  |
| (b) Consumables                           | 95,34,013  | 97,28,631  |
|   | <b>1,67,51,566</b>                                 | <b>1,55,94,922</b>                                 |
| Inventories at the beginning of the year: |  |  |
| (a) Medicines                             | 58,66,291  | 44,30,008  |
| (b) Consumables                           | 97,28,631  | 80,67,687  |
|   | 1,55,94,922  | 1,24,97,695  |
| <b>Net (increase) / decrease</b>          | <b>(11,56,644)</b>                                 | <b>(30,97,227)</b>                                 |

## 2.22 Employee benefits expense

| Particulars                                    | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
| (a) Salaries and allowances                    | 6,35,90,695  | 5,51,78,248  |
| (b) Contributions to provident and other funds | 18,90,228  | 22,48,128  |
| (c) Staff welfare expenses                     | 24,89,831  | 24,55,109  |
| (d) Gratuity                                   | 6,17,868   | 16,04,735  |
|  | <b>6,85,88,622</b>                                 | <b>6,14,86,220</b>                                 |

## 2.23 Finance costs

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 March, 2016 |
|---|--|--------------------------------------|
| (a) Interest expense  | 97,15,899  | 1,03,92,241                          |
| (b) Other Borrowing Costs   | 10,32,277  | 9,47,745                             |
| (c) Net Loss on Foreign Currency Transactions on foreign currency transaction and translation | -  | 81,73,252                            |
|   | <b>1,07,48,176</b>                                 | <b>1,95,13,238</b>                   |

## 2.24 Other expenses

| Particulars  | For the year ended<br>31st March, 2017 | For the year ended<br>31 March, 2016 |
|--|--|--------------------------------------|
| (a) Power,fuel & water charges                       | 1,22,03,995                            | 1,07,09,174                          |
| (b) Consultancy charges - Doctors                    | 9,45,63,922                            | 7,49,29,216                          |
| (c ) Professional Charges                            | 12,25,887                              | 15,21,574                            |
| (d) House Keeping expenses                           | 81,79,675                              | 70,13,891                            |
| (e) Lab Testing Charges                              | 13,21,315                              | 9,71,256                             |
| (f) Rent   | 1,40,000                               | 1,63,800                             |
| (g) Rates and taxes                                  | 25,21,591                              | 16,95,628                            |
| (h) Repairs to : Machinery                           | 37,31,383                              | 42,90,063                            |
| Building   | 18,90,280                              | 9,23,648                             |
| (i) Other Administrative expenses                    | 24,07,306                              | 21,95,508                            |
| (j) Payments to auditors <b>[See Note No.2.24.1]</b> | 5,83,636                               | 5,39,721                             |
| (k) Traveling charges                                | 11,28,010                              | 13,69,719                            |
| (l) Bad debts and advances written off               | 11,64,074                              | 20,45,187                            |
| Less: Provision made                                 | (5,07,962)                             | (16,38,770)                          |
|  | <b>6,56,112</b>                        | <b>4,06,417</b>                      |
| (m) Provision for bad & doubtful debts               | 18,81,976                              | 5,69,443                             |
| (n) Communication Charges                            | 8,37,406                               | 7,14,254                             |
| (o) Advertisement/Sales Promotion Expenses           | 54,08,989                              | 47,94,546                            |
| (p) Food and Refreshment Expenses                    | 14,66,961                              | 9,63,986                             |
| (q) Miscellaneous expenses                           | 26,43,563                              | 24,58,059                            |
| r) Foreign exchange relate variation (Net)           | -                                      | 2,61,462                             |
| (s) Printing and Stationery                          | 30,70,710                              | 38,43,977                            |
| (t) Hiring Charges                                   | 26,66,405                              | 17,96,086                            |
| (u) Insurance  | 6,61,369                               | 5,36,270                             |
|  | <b>14,91,90,491</b>                    | <b>12,26,67,698</b>                  |

### 2.24.1 Payments to auditors:

| Particulars                               | For the year ended<br>31st March, 2017 | For the year ended<br>31 March, 2016 |
|---|--|--------------------------------------|
| a) Statutory audit fee                    | 4,50,000                               | 4,50,000                             |
| b) Other services                         |  |                                      |
| i) Taxation matters (including tax audit) | 40,000                                 | -                                    |
| c) Reimbursement of Expenses              | 17,510                                 | 19,407                               |
| d) Service Tax on above                   | 76,126                                 | 70,314                               |
|   | <b>5,83,636</b>                        | <b>5,39,721</b>                      |



## 2.25 Earnings per Equity Share

| Particulars  | For the year ended<br>31st March, 2017 | For the year ended<br>31 March, 2016 |
|--|--|--------------------------------------|
| <b>Basic;</b>  |  |                                      |
| Net Profit/(Loss) for the year as per Statement of Profit and Loss   | 2,37,06,104                            | 15,18,060                            |
| Less: Preference dividend on 5% Cumulative redeemable preference shares (Including applicable dividend distribution tax) | (15,25,533)                            | (22,11,572)                          |
| Net Profit/(Loss) for Basic earnings per share   | 2,21,80,571                            | (6,93,512)                           |
| Weighted average number of equity shares @ Rs 10 each, fully paid up   | 4,72,55,023                            | 4,57,98,789                          |
| <b>Earnings Per Share (Basic)</b>  | <b>0.469</b>                           | <b>(0.015)</b>                       |
| <b>Diluted;</b>  |  |                                      |
| Net Profit/(Loss) for the year for Diluted earnings per share  | 2,21,80,571                            | (6,93,512)                           |
| Weighted average number of equity shares @ Rs 10 each, fully paid up   | 4,72,55,023                            | 4,57,98,789                          |
| Potential Equity shares  | 30,000                                 | -                                    |
| Weighted average number of equity shares for diluted earnings per share  | 4,72,85,023                            | 4,57,98,789                          |
| <b>Earnings Per Share (Diluted)</b>  | <b>0.469</b>                           | <b>(0.015)</b>                       |

## Note 2.9 Fixed assets

## I) Tangible assets (Property, Plant &amp; Equipment)

[Figures in Rupees]

| Particulars                | Gross Block                    |                            |   |                                | Accumulated Depreciation and Amortization |                              |   |                              | Net Block                      |                                |
|----------------------------|--------------------------------|----------------------------|---|--------------------------------|---|------------------------------|---|------------------------------|--------------------------------|--------------------------------|
|                            | As at 1st April, 2016 Amount   | Additions                  | Adjustments/ Deductions during the year | As at 31st March 2017 Amount   | As at 1st April, 2016 Amount              | For the year                 | Adjustments/ Deductions during the year | As at 31st March 2017 Amount | As at 31st March 2017 Amount   | As at 31st March 2016 Amount   |
| (a) Land                   | 12,74,08,617<br>(12,74,08,617) | -<br>-                     | -<br>-                                  | 12,74,08,617<br>(12,74,08,617) | -<br>-                                    | -<br>-                       | -<br>-                                  | -<br>-                       | 12,74,08,617<br>(12,74,08,617) | 12,74,08,617<br>(12,74,08,617) |
| (b) Buildings              | 27,08,47,698<br>(25,34,32,194) | 12,56,089<br>(1,74,15,504) | 14,69,254<br>-                          | 27,06,34,533<br>(27,08,47,698) | 1,67,70,455<br>(1,21,83,320)              | 45,84,081<br>(45,87,135)     | -<br>-                                  | 2,13,54,536<br>(1,67,70,455) | 24,92,79,997<br>(25,40,77,243) | 25,40,77,243<br>(24,12,48,874) |
| (c) Plant and Equipment    |                                |                            |   |                                |   |                              |   |                              |                                |                                |
| (i) Medical Equipments     | 17,50,82,777<br>(12,28,10,877) | 56,68,368<br>(5,22,71,900) | 26,38,640<br>-                          | 17,81,12,505<br>(17,50,82,777) | 3,50,04,833<br>(2,49,89,952)              | 1,45,24,787<br>(1,00,14,881) | 26,38,640<br>-                          | 4,68,90,980<br>(3,50,04,833) | 1,312,21,525<br>(14,00,77,944) | 14,00,77,944<br>(9,78,20,925)  |
| (ii) Other Equipments      | 6,56,80,622<br>(6,35,80,663)   | 18,42,804<br>(20,99,959)   | -<br>-                                  | 6,75,23,426<br>(6,56,80,622)   | 1,66,04,737<br>(1,16,23,260)              | 52,01,110<br>(49,81,477)     | -<br>-                                  | 2,18,05,847<br>(1,66,04,737) | 4,57,17,580<br>(4,90,75,885)   | 4,90,75,885<br>(5,19,57,403)   |
| (d) Furniture and Fixtures | 1,97,40,638<br>(1,83,30,192)   | 10,62,489<br>(14,10,446)   | -<br>-                                  | 2,08,03,127<br>(1,97,40,638)   | 81,25,403<br>(64,60,443)                  | 17,80,797<br>(16,64,960)     | -<br>-                                  | 99,06,200<br>(81,25,403)     | 1,08,96,927<br>(1,16,15,235)   | 1,16,15,235<br>(1,18,69,749)   |
| (e) Office equipment       | 30,91,501<br>(29,05,264)       | 20,526<br>(1,86,237)       | -<br>-                                  | 31,12,027<br>(30,91,501)       | 21,10,761<br>(12,16,653)                  | 6,27,859<br>(8,94,108)       | -<br>-                                  | 27,38,620<br>(21,10,761)     | 3,73,407<br>(9,80,740)         | 9,80,740<br>(16,88,612)        |
| (f) Computers              | 88,37,180<br>(82,53,780)       | 10,43,232<br>(5,83,400)    | -<br>-                                  | 98,80,412<br>(88,37,180)       | 64,60,446<br>(52,49,862)                  | 21,93,321<br>(12,10,584)     | -<br>-                                  | 86,53,767<br>(64,60,446)     | 12,26,645<br>(23,76,734)       | 23,76,734<br>(30,03,918)       |
| (g) Motor Vehicles         | 38,06,780<br>(38,06,780)       | -<br>-                     | -<br>-                                  | 38,06,780<br>(38,06,780)       | 9,70,339<br>(5,11,279)                    | 4,57,806<br>(4,59,060)       | -<br>-                                  | 14,28,145<br>(9,70,339)      | 23,78,635<br>(28,36,441)       | 28,36,441<br>(32,95,501)       |
| <b>Total</b>               | <b>67,44,95,813</b>            | <b>1,08,93,508</b>         | <b>41,07,894</b>                        | <b>68,12,81,427</b>            | <b>8,60,46,974</b>                        | <b>2,93,69,761</b>           | <b>26,38,640</b>                        | <b>11,27,78,095</b>          | <b>56,85,03,333</b>            | <b>58,84,48,839</b>            |
| <b>(Previous year)</b>     | <b>(6,005,28,367)</b>          | <b>(7,39,67,446)</b>       | <b>-</b>                                | <b>(67,44,95,813)</b>          | <b>(6,22,34,769)</b>                      | <b>(2,38,12,205)</b>         | <b>-</b>                                | <b>(8,60,46,974)</b>         | <b>(58,84,48,839)</b>          | <b>(53,82,93,599)</b>          |

**Note 2.9 Fixed assets (continued)****Intangible Asset**

[Figures in Rupees]

| Particulars            | Gross block                  |                      |   |                              | Accumulated Depreciation and Amortization |                      |   |                              | Net block                    |                              |
|------------------------|------------------------------|----------------------|---|------------------------------|---|----------------------|---|------------------------------|------------------------------|------------------------------|
|                        | As at 1st April, 2016 Amount | Additions            | Adjustments/ Deductions during the year | As at 31st March 2017 Amount | As at 1st April, 2016 Amount              | For the year         | Adjustments/ Deductions during the year | As at 31st March 2017 Amount | As at 31st March 2017 Amount | As at 31st March 2016 Amount |
| Software               | 40,85,772<br>(40,17,372)     | 3,08,047<br>(68,400) | -<br>-                                  | 43,93,819<br>(40,85,772)     | 40,32,926<br>(40,17,372)                  | 1,01,738<br>(15,554) | -<br>-                                  | 41,34,664<br>(40,32,926)     | 2,59,155<br>(52,846)         | 52,846<br>-                  |
| <b>Total</b>           | <b>40,85,772</b>             | <b>3,08,047</b>      | <b>-</b>                                | <b>43,93,819</b>             | <b>40,32,926</b>                          | <b>1,01,738</b>      | <b>-</b>                                | <b>41,34,664</b>             | <b>2,59,155</b>              | <b>52,846</b>                |
| <b>(Previous year)</b> | <b>(40,17,372)</b>           | <b>(68,400)</b>      | <b>-</b>                                | <b>(40,85,772)</b>           | <b>(40,17,372)</b>                        | <b>(15,554)</b>      | <b>-</b>                                | <b>(40,32,926)</b>           | <b>(52,846)</b>              | <b>-</b>                     |

**Capital work in progress**

| Particulars              | As at 1st April, 2016 Amount | Additions                | Transfers                  | Balance as at 31st Mar, 2017 Amount |
|--------------------------|------------------------------|--------------------------|----------------------------|-------------------------------------|
| <b>Hospital building</b> |                              |                          |                            |                                     |
| Auditorium               | -<br>(55,29,340)             | 23,74,862<br>(79,72,054) | 23,74,862<br>(1,35,01,394) | -<br>-                              |
| <b>Equipments</b>        |                              |                          |                            |                                     |
| Blood storage            | -<br>-                       | 775,000<br>-             | -<br>-                     | 7,75,000<br>-                       |
| <b>Total</b>             | <b>-</b>                     | <b>31,49,862</b>         | <b>23,74,862</b>           | <b>7,75,000</b>                     |
| <b>Previous year</b>     | <b>(55,29,340)</b>           | <b>(79,72,054)</b>       | <b>(1,35,01,394)</b>       | <b>-</b>                            |

**Note: 2.9.1** Land admeasuring 149.8 cents (149.8 cents) having a value of Rupees 12,74,08,617/- (Rs. 12,74,08,617/- ) were transferred to the company as a result of conversion of partnership from into the company & is not registered in the name of the Company.

## 2.26 Contingent liabilities not provided for:

[Figures in Rupees]

| Particulars |   | As on 31.03.2017 | As on 31.03.2016 |
|-------------|---|------------------|------------------|
| a)          | Bank Guarantees   | 54,97,209        | 51,29,396        |
| b)          | Preference Dividend on 5% Cumulative Redeemable preference Shares of Rs 100 each, not declared by the company | 95,09,078        | 1,06,35,707      |
| c)          | Value Added Tax/CST claim against the company (See Note 2.26.1)   | -                | 6,68,304         |
| d)          | Other claims against the company not acknowledged as debt See Note (2.26.2)                                   | -                | 96,01,575        |

**2.26.1** The details of Provisions and Contingent Liabilities are as under.(Disclosed in terms of Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets notified by the Companies (Accounting Standards) Rules, 2006.)

| Nature of Provision           | Balance as on 01.04.2016 | Additional Provision during the year | Amounts used/changed during the year | Unused amounts reversed | Balance as on 31.03.2017 |
|-------------------------------|--------------------------|--------------------------------------|--------------------------------------|-------------------------|--------------------------|
| Provision for Value Added Tax | -                        | 6,68,304                             | 20,04,91,304                         | -                       | 4,67,813                 |

## 2.27 Other Commitments

In respect of Capital Goods imported at concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately Rs 2,97,45,750.14 (Rs. 3,04,85,373.02) which is required to be fulfilled at different dates until 2022. In the event of non fulfilment of the export obligation, the Company will be liable for Customs duties and penalties as applicable.

## 2.28 Purchase Commitments

The Company had taken certain equipments from suppliers on operating type lease against payment by agreed annual business commitments for purchase of material in reagents, i.e. controls and consumables for an agreed sum, for the agreed duration under the relative agreement. The company has the following commitments under these agreements:

| Particulars                                      | Later than 1 year and not later than 5 years | Later than 5 years |
|--|--|--------------------|
| Towards value of consumables to be procured from | 2,36,33,888<br>(2,86,70,580)                 | Nil<br>(Nil)       |

**2.29 Related Party disclosure as per Accounting Standard - 18 “Related Party Disclosures” :  
Related party and Nature of Relationship:**

**a) Key Managerial Personnel**

| Name             | Designation         |
|------------------|---------------------|
| Dr. Yusuf Kumble | Managing Director   |
| Dr. Ali Kumble   | Whole Time Director |

**b) Relatives of Key Managerial Personnel**

| Name             | Designation/Nature of Relationship            |
|------------------|---|
| Mrs. Nifri Yusuf | Director/Relative of Key Management Personnel |
| Mrs. Raziya Ali  | Director/Relative of Key Management Personnel |
| Mrs. Beefathima  | Relative of Key Management Personnel          |

**Details of transactions with related parties:**

| Particulars  | For the year ended 31st<br>March 2017 | For the year ended 31st<br>March 2016 |
|--|---------------------------------------|---------------------------------------|
| 1. Remuneration  |                                       |                                       |
| a. For Professional Services                             |                                       |                                       |
| Dr. Yusuf Kumble   | 1,40,21,172                           | 1,04,15,809                           |
| Dr. Ali Kumble   | 47,20,832                             | 21,78,442                             |
| b. Salary  |                                       | 6,00,000                              |
| Raziya Ali   | 6,00,000                              | 6,00,000                              |
| Nifri Yusuf  | 6,00,000                              | 6,00,000                              |
| 2. Issue of Share Capital- Equity                        |                                       |                                       |
| a. Issue of Share Capital                                |                                       |                                       |
| Dr. Yusuf Kumble   | -                                     | 15,21,730                             |
| Dr. Ali Kumble   | -                                     | 1,67,08,270                           |
| 3. Share Application Money Received                      |                                       |                                       |
| Dr. Yusuf Kumble   | -                                     | 13,41,730                             |
| Dr. Ali Kumble   | -                                     | 1,66,58,270                           |
| 4. Conversion of Preference shares into<br>Equity Shares |                                       |                                       |
| Dr. Yusuf Kumble   | 22,00,000                             | -                                     |
| Dr. Ali Kumble   | 1,50,000                              | -                                     |
| 5. Loans Received  |                                       |                                       |
| Dr. Yusuf Kumble   | Nil                                   | 1,80,000                              |
| Dr. Ali Kumble   | Nil                                   | 50,000                                |
| 6. Hospital Services rendered                            |                                       |                                       |
| Mrs. Beefathima  | Nil                                   | 16,132                                |
| 7. Balances at year end                                  |                                       |                                       |
| a. Trade Receivable                                      |                                       |                                       |
| Beefathima   | Nil                                   | 16,132                                |

|   |                      |       |
|---|----------------------|-------|
| b. Trade Payables<br>Yusuf Kumble<br>Ali Kumble | 3,79,891<br>1,69,486 | Nil   |
| c. Loans Received<br>Ali Kumble                 | 8,441                | 8,441 |

## 2.30 Additional Information

### 2.0.1

| Expenditure in foreign currency:- | For the year ended<br>31st March, 2017<br>Amount in Rs. | For the year ended<br>31st March, 2016<br>Amount in Rs. |
|-----------------------------------|---|---|
| Interest on Term Loan             | 11,47,374   | 36,59,211   |
| Interest on Buyer's Credit        | 4,46,252  | 1,53,989  |

### 2.30.2

| Value of imports calculated on CIF Basis | For the year ended<br>31st March, 2017<br>Amount in Rs. | For the year ended<br>31st March, 2016<br>Amount in Rs. |
|--|---|---|
| Capital Goods                            | Nil   | 4,17,68,451   |

### 2.30.3

| Earnings in Foreign Exchange | For the year ended<br>31st March, 2017<br>Amount in Rs. | For the year ended<br>31st March, 2016<br>Amount in Rs. |
|------------------------------|---|---|
| Export of Services           | 58,28,661   | 48,47,562   |

**2.31** The estimated amounts of contracts remaining to be executed on capital account and not being provided for as at 31.03.2017, net of advance is Rs. 2,90,134/- (Rs. 5,25,537/-).

**2.32** Due to lack of virtual certainty of taxable income, Deferred Tax Asset (Net) has not been recognised in accordance with Accounting Standard- AS-22 as prescribed by Companies (Accounting Standards) Rules 2006.

**As per our report of even date attached**

For VARMA & VARMA  
(FRN: 004532S)

CA. Vivek Krishna Govind  
Chartered Accountant  
M.No. 208259

CA. Keshavdas  
Chief Executive Officer  
& CFO

**For and on behalf of the Board of Directors**

Dr. Yusuf A Kumble  
Managing Director  
DIN: 00354740

Dr. Ali Kumble  
Whole Time Director  
DIN: 00353935

Place : Kochi  
Date : 1<sup>st</sup> July, 2017

Place : Mangalore  
Date : 30<sup>th</sup> June, 2017



**Form No. MGT-11  
Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CIN:** U85110KA2010PLC052336

**Name of the Company:** INDIANA HOSPITAL AND HEART INSTITUTE LIMITED

**Registered office:** Mahaveer Circle, Pumpwell, Kankanady Post, Mangalore KA 575002

|   |
|---|
| Name of the Member(s):<br><br>Registered address:<br><br>E-mail Id:<br><br>Folio No : |
|---|

I/ We being the member of ....., holding.....shares, hereby appoint

1. Name: .....

Address:

E-mail Id:

Signature: ....., or failing him

2. Name: .....

Address:

E-mail Id:

Signature: .....,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at ..... Annual General Meeting of members of the Company, to be held on .....at the.....registered office of the Company at .....,and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1 .....

2 .....

3 .....

4 .....

5 .....

Signed this ..... day of..... 2017





Signature of Shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.



1<sup>st</sup> NABH Accredited Corporate Referral Hospital in Mangaluru

