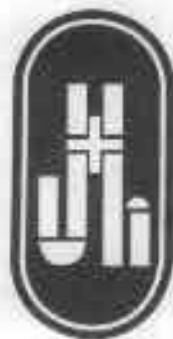


22nd

Annual Report

2010-2011



Jaipur Hospital

A UNIT OF
**SHARMA EAST INDIA HOSPITALS
& MEDICAL RESEARCH LIMITED**

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BOARD OF DIRECTORS

Chairman
Managing Director
Directors

Shri Ganpat Rai Sharma
Dr. Shailendra Kumar Sharma
Dr. Karan Sharma
Shri Subhash Jain
Shri J.N. Pathak
Dr. Ashok Agarwal
Shri Madhur Krishna Khaitan
Ms. Avani Agarwal

Auditors

M/S Gopal Sharma & Company

Company Secretary
Bankers
Registered Office

Pawan Kumar Kumawat
PNB, SBBJ & SBI BANK
Jaipur Hospital,
Lal Kothi, Near S.M.S. Stadium
Tonk Road, Jaipur-302015
Phone: 2742557, 2742619,
2742266, 2740936, 2741465

Registrar and Transfer
Agent

M/s. Beetal Financial & Computer Services
P. Ltd., Beetal House, 3rd Floor, 99,
Madangir, Behind Local Shopping Centre,
Near Dada Harshukh Das Madir,
New Delhi - 110062

22nd Annual General Meeting

THURSDAY THE 29TH SEPTEMBER, 2011

AT SHARMA AGRICULTURE FARM
TAKIA KI CHOWKI, KALWAD RAOD,
JHOTWARA, JAIPUR
AT 3.00 PM

**Major Achievements During the year:-**

1. In December, 2010, pre assessment was conduct by National Accreditation Board for Hospitals and Health Care Providers (NABH), NABH accreditation system is one of the methods for commitment to quality enhancement throughout the whole of the health care system in India. It involves all professional and service groups to ensure that high quality in health care is achieved, while minimizing the inherent risks associated with modern health care delivery. NABH accreditation will be a scarce jewel for the Company.
2. During the year Empanelment of Sate Government Employees & Pensioners Reimbursement of SMS Hospital has been approved.
3. In the month of November, 2010 the State Government approved Jaipur Hospital as Multi Specialty Hospital & Jaipur Heart Institute as only for Cardiology and CT Surgery Super Specialty Hospital.

4. Company Has got itself empanelled for Chief Minister Relief Fund for BPL patients. It is the sense of Social responsibility and vision of our management to contribute towards the welfare of needy persons which has stimulated the thought to get empanelled in the chief Minister Relief Fund.
5. Performance of the organization against the stated mission is achieved by the organization with the increase in number of patients and number of surgeries.
6. The Nursing College is also taking M.Sc nursing batch and only two colleges are recommended by the Rajasthan Government to provide the masters degree in nursing and one of them is our college.
7. After the new approvals now company is empanelled with 64 Institutions and TPAs namely, Jaipur Development Authority (JDA), Med save Health Care Limited, MD India Healthcare Services(TPA) (P) Ltd., Medicare TPA Services (I) Pvt.Ltd., Rajasthan Rajya Sahakari Bhoomi Vikas Bank Limited, Rajasthan State Pollution Control Board, Central Institute of Plastics Eng & Technology, Mecon Limited, National Textile Corporation (Delhi, Punjab, & Raj.)Ltd., Rajasthan Tours Pvt.Ltd, Central Sheep &Wool Research Institute, Central Bank of India, The Bank Officers'(Retired)Association, Rajasthan Sanskrit University, ITC Limited, Parivar Seva Sanstha, Hotel Jaipur Ashok, University of Rajasthan, Ashok Club, Airport Authority Of India, Hexacom India Limited, Dedicated Healthcare Services TPA (P) Ltd., Rashtriya Chemical & Fertilizers Limited, Rajasthan State Cooperative Marketing Federation Limited (RAJFED), Rajasthan State Mines & Minerals Limited, Tata Memorial Center Hospital (Tissue Bank), National Fertilizers Limited, Employees' State Insurance Corporation, Programs The Smile Train, Rajasthan State Industrial Development & Investment RIICO, Food Corporation Of India (FCI), Hindustan Petroleum Corporation Ltd, The Bank of Rajasthan Limited, Housing & Urban Development Co. Ltd , Ex-Servicemen Contributory Health Scheme (ECHS), The General manager Caim Dept. (RAJCOMP), Central Government Health Scheme, Rajasthan State Road Development & Construction Corporation Limited, Rajasthan Tourism Development Corporation Limited (RTDC), Alan kit Health Care Limited, Rajasthan State Seeds Corporation Limited, Family Health Plan Ltd., Rajasthan Energy Development Agency, RakshaTPAPvt. Ltd., Rajasthan State Ware House Corporation, UCO Bank, Rajasthan Cooperative Dairy Federation Ltd., State Bank Of India, Rastriya Ispat Nigam Limited, State Bank of Bikaner & Jaipur, Paramount Health Services (P) Limited, Reserve Bank Of India, E-MeditexTPA Services Limited, Bank of India.

NOTICE:

NOTICE is hereby given that the Twenty Second Annual General Meeting of the members of Sharma East India Hospitals & Medical Research Limited will be held as schedule below:

DATE : 29th SEPTEMBER, 2011
DAY : THURSDAY
TIME : 3.00 PM
PLACE : SHARMA AGRICULTURE FARM, TAKIA KI CHOWKI, KALWAD ROAD,
JHOTWARA, JAIPUR.

To transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Reports of the Auditors and the Directors and the Audited Account of the company for the year ended 31st March, 2011.
2. To appoint a Director in place of Shri Jagdish Narain Pathak, who retires by rotation and being eligible, offer himself for re-election.
3. To appoint a Director in place of Shri Ashok Kumar Agarwal, who retires by rotation and being eligible, offer himself for re-election.
4. To appoint a Director in place of Dr. Karan Sharma, who retires by rotation and being eligible, offer himself for re-election.
5. To appoint Auditor and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary resolution**.

"RESOLVED THAT M/s Gopal Sharma & Company, Chartered Accountants, 307, Ocean Apartment, Kanti Chand Road, Banipark, Jaipur be and is hereby re-appointed as Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to audit the accounts of the Company for the financial year 2011-2012, including audit of cash flow statements, on a remuneration as shall be fixed by the board of directors."

SPECIAL BUSINESS

6. To consider the appointment of Mr. Madhur Krishna Khaitan, Additional Director of the Company, who ceases to be Director at this Annual General Meeting in pursuant of Section 260 of Companies Act, 1956 and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Madhur Krishna Khaitan, who was co-opted by the Board as an Additional Director with effect from July 14, 2011 and who hold office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

7. To consider the appointment of Ms. Avani Agarwal, Additional Director of the Company, who ceases to be Director at this Annual General Meeting in pursuant of Section 260 of Companies Act, 1956 and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Ms. Avani Agarwal, who was co-opted by the Board as an Additional Director with effect from July 14, 2011 and who hold office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

Date: 19.08.2011

BY ORDER OF THE BOARD

Registered Office

Jaipur Hospital
Lal Kothi, Near S.M.S. Stadium
Tonk Road, Jaipur-302015

**Sd/-
(COMPANY SECRETARY)**

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not to be a member of the company.
The instrument appointing a proxy, in order to be effective, must be duly filled, stamped and signed and must reach the registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. Corporate Members are requested to send Company a duly certified copy of the Board Resolution, pursuant to section 187 of the Companies Act, 1956, authorizing their representatives to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September 2011 to 29th September 2011, both days inclusive.
4. Proxies/Members are requested to bring the admission slip duly filled in the Meeting.
5. Members are requested to bring their copies of Annual Report and the Accounts to the Meeting.
6. Members are requested to quote the ledger folio or client ID & DPID in all the communications with the Company.
7. Members desiring any information as regards accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. Members holding shares in dematerialized form are requested to bring their Client ID & DP ID Number for easy identification at the meeting.
9. Members are requested to lodge the transfer, transmission of shares at the registered office or to the Registrar & Share Transfer Agent M/s Beetal Financial & Computer Services P. Ltd. Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harshukh Das Mandir, New Delhi-110062 and to inform any change in their address immediately so as to enable the company to do future communications at their correct address.
10. Members desirous of making a nomination in respect of their shareholding, as permitted by Section 109A of the Companies Act, 1956, are requested to write to the Share Transfer Agents of the Company for the prescribed format.
11. The Company's shares are listed on The Bombay Stock Exchange Limited. The listing fee for the exchange has been paid for the financial year 2011-2012.
12. Additional particulars of Directors retiring by rotation and eligible for re-appointment pursuant to Clause 49 of the Listing Agreement are mentioned separately in this Annual Report.
13. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item No.6 and 7 under the Head Special Business: above are annexed hereto.
14. Members are requested to register their e-mail addresses by sending a written request duly signed by them to our R & T Agent M/s Beetal Financial & Computers Services (P) Ltd. Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Center, Near Dada Harsukhdas Mandir, New Delhi-110062, to enable the Company to send notices and other documents through e-mail in future.

DATE: 19.08.2011

Registered Office
Jaipur Hospital
Lal Kothi, Near S.M.S. Stadium
Tonk Road, Jaipur-302015

BY ORDER OF THE BOARD

Sd/-
(COMPANY SECRETARY)

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

6. Mr. Madhur Krishna Khaitan was appointed as an Additional Director of the Company with effect from July 14, 2011 and vacates his seat at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Article 31 of the Companies Act, 1956 has been received from a member signifying his intention to propose the name of Mr. Madhur Krishna Khaitan for appointment as a Director of the Company. Mr. Madhur Krishna Khaitan has filed with the Company his consent to act as a director. He is an industrialist and expert in Administration & IT.

The Director's recommend his appointment as a member of the Board in the interest of the company. No Director except Mr. Madhur Krishna Khaitan is interested in this resolution.

7. Ms. Avani Agarwal was appointed as an Additional Director of the Company with effect from July 14, 2011 and vacates his seat at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Article 31 of the Companies Act, 1956 has been received from a member signifying his intention to propose the name of Ms. Avani Agarwal for appointment as a Director of the Company. Ms. Avani Agarwal has filed with the Company his consent to act as a director. She is an industrialist and exporter.

The Director's recommend his appointment as a member of the Board in the interest of the company. No Director except Ms. Avani Agarwal and Dr. Ashok Agarwal is interested in this resolution.

DATE: 19.08.2011

Registered Office
Jaipur Hospital
Lal Kothi, Near S.M.S. Stadium
Tonk Road, Jaipur-302015

BY ORDER OF THE BOARD

Sd/-
(COMPANY SECRETARY)

**Details of the Directors seeking reappointment in the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)**

Name of the Directors:	Mr. Jagdish Narain Phatak	Mr. Ashok Kumar Agarwal	Dr. Karan Sharma	Mr. Madhur Krishan Khatan	Ms. Avani Agarwal
Date of Birth	: 17.02.1923	05.11.1955	28.07.1983	13.10.1982	20.04.1986
Date of appointment	: 29.09.1992	28.04.1990	01.04.2007	14.07.2011	14.07.2011
Expertise in specific Area	: Banking	Health Education	Orthopedic	Administration & IT	General Management
Qualification	: M.A., B.Com & CAIIB	MPH & MBBS	M.S.	MBA	B.A. in Journalism & Psychology
Shareholding	: Nil	Nil	Nil	Nil	Nil
List of public Companies in which outside director-Ship Held on 31st March, 2010	: Deepak Spinners Limited	TCI Infrastructure Finance Ltd. ABC India Ltd. Transcorp International Ltd. TCI Industries Ltd.	Nil	WMM Metal Fabrics Ltd.	Nil
Chairman/Member of :	One	Nil	Nil	Nil	Nil

public Companies on which he is a Director as on 31st March, 2010

DIRECTOR'S REPORT

To,
The Members,

Your Directors are pleased to present the Twenty Second Annual Report on the business and operations of your Company together with Audited Annual Accounts and Cash Flow Statement for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS

	(₹ in Lacs)	
	<u>For the year ended on</u>	
	<u>2010-2011</u>	<u>2009-2010</u>
Professional Receipts & Other Income	1120.13	910.98
Profit before Interest, Depreciation & Tax	203.70	207.36
Less : Interest	<u>98.23</u>	<u>89.39</u>
Operating Profit	105.47	117.97
Less : Depreciation	<u>64.74</u>	<u>96.11</u>
Net Profit before Tax	40.73	21.86
Less : Provision for Taxation :		
Current Tax	9.08	7.70
Deferred Tax (Net)	<u>(4.43)</u>	<u>1.03</u>
Net Profit After Tax	36.08	13.13
Add : Profit brought forward from Previous Year	<u>47.91</u>	<u>34.78</u>
Surplus carried forward to Balance Sheet	<u>83.99</u>	<u>47.91</u>

2. REVIEW OF OPERATION:

During the year under review, your Company has registered an overall increase of 23 % in the professional and other receipts i.e. ₹ 1120.13 in comparison to ₹ 910.98 Lacs in the previous year. Inspite of the stiff competition in the medical industry affecting the operations of your Company, your Company has performed satisfactorily by maintaining almost same profit level of the previous year before Interest, Depreciation and Taxes. Further your Company continuously making efforts to enhance the operations and also trying to hold its grip over upcoming opportunities in Medical & Health Industry. Net Profit after Tax has been increased by 174% as compared the last year.

3. DIVIDEND:

In view of marginal funds, the Board of Directors doesn't recommend payment of dividend for the year under review.

4. DISCLOSURE OF MATERIAL CHANGES SINCE THE DATE OF BALANCE SHEET :

There is no material changes since the date of Balance Sheet regarding

- Disposal of a substantial part of undertaking
- Changes in Capital Structure of the Company
- Serious break down
- Alteration in wage structure arising out of trade union negotiations
- Providing medical and health services.

5. DISCLOSURE OF COMPOSITION OF THE AUDIT COMMITTEE :

The constitution of audit committee is in confirmation with the requirements of Section 292(A) of the Companies Act, 1956 and also as per the requirements of Clause 49(II) (A) of the listing agreement. The Audit Committee of the Company consists of 4 Directors : Shri.J.N.Pathak, Shri.Ganpat Rai Sharma, Shri.Ashok Agarwal and Shri. Subhash Chand Jain, all being Non-Executive. The Committee is chaired by Shri.Ashok Agarwal an Independent Director. All the members of the audit committee are financially literate and majority of them are having accounting or related financial management expertise.

6. OUTLOOK FOR 2011-12 :

The Company can look back with satisfaction at the last year performance as being ever improving. The Company is working towards sustaining this momentum in the current year also. During the year under review the hospital unit re-equipped with all latest facility with available high-tech equipments and expertise of all the specialties and maintained high quality service & high status. In addition your Company has successfully started Seventh batch of Physiotherapy College, Sixth Batch of B.Sc Nursing College through a trust having same management, due to this hospital will get highly qualified Nursing Staff. Your Company is running a successful Cardiac Department through JAIPUR HEART INSTITUTE. But the vision of management does not stop here itself. Constant exploration of new medical services, introduction of Hi-tech equipments which will benefit the patients would certainly drive the growth in the coming years. The Nursing College also taking M.Sc nursing batch, only two colleges are recommended by the Rajasthan Government to provide the masters degree in nursing and one of them is our college.

7. ATTACHMENT OF THE COMPLIANCE CERTIFICATE OBTAINED FROM A COMPANY SECRETARY IN PRACTICE:

Company has employed a full time Company Secretary. So company doesn't require to obtain Compliance Certificate obtained from a Company Secretary in Practice.

8. FIXED DEPOSITS:

Your Company has not accepted any deposit within the meaning of Section 58A & 58AA of the Companies Act, 1956 and the rules made there under.

9. COMMENTS ON RESERVATIONS, QUALIFICATIONS OR ADVERSE REMARKS GIVEN IN THE AUDITORS REPORT:

During the year under review, there was no audit qualification made by the Auditor in their Report on the Company's financial statements. The Company continues to adopt best accounting practices to ensure a regime of un-qualified financial statements.

10. CORPORATE GOVERNANCE:

The Company has implemented the Corporate Governance requirements. Management

Discussion and analysis and a report on compliance of Corporate Governance are enclosed as Annexure to the Director's Report.

11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. Jagdish Narain Pathak, Mr. Ashok Kumar Agarwal and Dr. Karan Sharma, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board in its meeting held on July 14, 2011 has appointed Mr. Madhur Krishna Khaitan and Ms. Avani Agarwal as an Additional Director of the Company and Mr. Rajesh Sharma resigned from the post of directorship on July 14, 2011.

None of the Directors of the Company is disqualified for being appointed as Directors as specified in Section 274(1) (g) of the Companies Act, 1956.

12. DIRECTOR'S RESPONSIBILITY STATEMENT U/S 217(2AA):

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors based on the representation received from operating management confirm that:

- (i) In the Preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation to the material departures.
- (ii) Directors had in selection of the accounting policies, consulted the statutory auditors and have 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 of the Company for the period.
- (iii) Directors had taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) Directors had prepared the Annual Accounts on a going concern basis.

13. CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUT GO:

Since the Company is engaged in medical service sector and has no activity pertaining to manufacturing hence furnishing of details pertaining to Conservation of Energy and Technology Absorption are not applicable as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988. There were no foreign exchange earnings and outgoing during the year.

14. AUDITORS AND AUDITOR'S REPORT:

M/s Gopal Sharma and Company, Chartered Accountant, the statutory auditor of the Company holds office until the conclusion of the ensuing Annual General Meeting. The Observation and comments given by the Auditor in their report together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

The Board on the recommendation of the Audit Committee had proposed that M/s Gopal Sharma & Co., Chartered Accountants, Jaipur be re-appointed as the Statutory Auditors of the Company

and to hold office till the conclusion of the next Annual General Meeting of the Company. M/s Gopal Sharma & Co., Chartered, Chartered Accountants, Jaipur have forwarded their certificate to the Company, stating that their re-appointment, if made, will be within the limit specified in that behalf in Sub-Section (1B) of the Section 224 of the Companies Act, 1956.

15. PARTICULAR OF EMPLOYEES :

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

16. REPORTS ON PROJECTION MADE IN OFFER DOCUMENTS FOR PUBLIC OR RIGHT ISSUE BY A LISTED COMPANY :

During the year under review Company had not issued any offer document.

17. REPORT OF THE UTILIZATION OF PROCEEDS ON THE PUBLIC, RIGHT ISSUE AND PREFERENTIAL ALLOTMENT OF SECURITIES

During the year under review Company had not come up with any public, right and preferential allotment

18. DISCLOSURE FOR FAILURE TO COMPLETE BUY-BACK WITHIN TIME :

During the year under review Company had not dealt with any Buy back proposal

19. DISCLOSURE FOR ISSUANCE OF SWEAT EQUITY SHARES :

During the year under review Company had not issued any Sweat Equity Shares

20. ACKNOWLEDGEMENT

The Board expresses its grateful thanks for the assistance and co-operation extended by Punjab National Bank and other Banks, various departments of State and Central Government and other Associations.

Your Directors wish to convey their gratitude and appreciation to all employees of the Company for their valuable contribution during the year. They also wish to place on record their appreciation to the Company's Customers, Investors, Shareholders, Bankers, Suppliers, Distributors and other business associates for their cooperation and support.

Last but not the least Directors wish to place on records their deep sense of appreciation for the devoted services of Consultant Doctors and entire Nursing Staff at all levels of the Company for its continue growth.

BY THE ORDER OF THE BOARD

PLACE: JAIPUR
DATE: 19.08.2011

Sd/-
(Dr. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Management Analysis & Discussion Report**1. Mission & Business Strategy**

The company is predominantly engaged in service activities related with the Medical & Health Sciences. The demand for sophisticated modern healthcare facilities is expanding very fast. With the ever expansive field of Medical Science and research the cult of health consciousness is spreading rapidly.

The company aims at providing wide range of medical services in the field of Health Industry. The objective is offer best quality services to its customers at low costs and to achieve health growth and profitability. Your Company is committed to achieve its objective while ensuring high levels of ethical standards, professional integrity and regulatory compliances.

2. Opportunity & Threats

Your company has launched the S-ROM Modular Hip System, the most advanced artificial hip implant designed to reduce stiffness and thigh pain. The hospital is providing the service of Replacement surgery through the use of new and advance implant. As you all know that the company is first in the state of Rajasthan which performed 'Replacement Surgery'. Our specially designed state of Art operation theatre is first of its kind in Rajasthan. This theatre has total body exhaust system and 'Antistatic' flooring which makes it totally sterile. That's why the company became successful in getting reorganization from many reputed Govt. Bodies / Corporations / Banks and other private enterprises for the purpose of reimbursement of medical claims of their employees being treated at the hospital.

The threats are increasing competition in health industry and increase in power tariff under the cost, huge price discrimination and low per capital expenditure.

3. Segment wise or Product wise performance

Not applicable to our company.

4. Outlook, Risks & Concerns

The outlook of the Company remains positive. Jaipur Hospital is cautiously optimistic about its prospects in the coming years. The Company aims at providing high quality services and treatments to the patients and to provide them with greater satisfaction. For last couple of years the company has taken a number of initiatives to re-structure and re-engineer the operation to enable the company to compete better in this profound competitive regime.

There are no major risks and concerns except the technology up gradation and increasing power tariff and growing competition. The company is guarding itself against these risks by laying down appropriate strategy which is to be supplemented by business plans and review mechanisms.

5. Adequacy of Internal Control

The Internal Controls are constantly upgraded based on Internal audit's and audit committees recommendations as also the perceived need to automate controls due to the increasing complexity of operations. These have been designed to provide reasonable assurance with regard to maintaining proper accounting controls, monitoring economy and efficiency of operations, proper recording and safeguarding of assets from unauthorized use or losses for maintaining proper accounting records and reliability of financial information. The ERP system has stabilized. Internal Controls relating to the Financial Reporting are being closely monitored and related systems and processes are being refined based on the recommendations from the Audit Committee and statutory Auditors. The Internal Audit programmed focuses on Operational and Systems audit aiming at up gradation of controls to meet changing times and complex operating environment. The company has continued its efforts to align all its processes and control with best global practices.

6. Discussion on financial performance with respect to operational performance

Jaipur Hospital has sustained its momentum on the growth path during the year ended 2010-11. The company's Professional and other receipts for the year ended March 31, 2011 increased to ₹ 1120.13 Lacs against ₹ 910.98 lacs during previous year. The Gross Profit before Depreciation, interest and Tax has decreased to ₹ 203.70 Lacs against ₹ 207.36 Lacs during the previous year. The provision for taxation for the current year is ₹ 9.08 lacs as compared to ₹ 7.70 lacs for the previous year, the profit after tax for the year is ₹ 31.65 lacs as against ₹ 14.16 lacs during the previous year.

Profit after Taxes

7. How Company Fared

The Company has achieved a growth of 86 per cent in the Income and Net profit before Taxes (NPBT) went up to ₹ 40.73 Lac from ₹ 21.86 Lac over the previous year. Net profit after Taxes grew to ₹ 36.08 Lac from ₹ 13.13 Lac in previous year.

8. Human Resources Development/ Training

The Company believes that employees are not the man power but they are resource for the Company. Employees can make the difference and it has been the company's continuous endeavour to make it one of the best places to work in. Your company's human resource Philosophy is to establish and build a strong and performance driven culture with greater accountability and responsibility at all levels. To that extent the company views capability, combination of right people on the right jobs, supported by the right process, systems, structure and metrics. The HR department is working on NABH guidelines.

Company's Human Resources (HR) systems are focused towards developing wider perspectives in employees achieving organizational excellence and enhancing their contribution to meet organizational goals. The Company recognizes the need for continuous growth and development to its employees in order to provide greater job satisfaction and also to equip them to meet growing organizational challenges. Specific Human Resources efforts were undertaken during the year to strengthen Human Resources System and practices.

We are in the services industry. As such human resources become one of the most important resources and needs to be carefully nurtured. The management team of the Company is comprised of professional and marketing personnel.

Company has started Human Resource Department during the year in order to support the growing needs of our business, talent acquisition.

72 employees joined us during the year. As of 31st March, 2011, the company had 148 employees on its rolls of which 19 were resident doctors, 56 were nursing staff and 73 were belongs to other categories. During the year ended on 31st March, 2011 company had taken services of 36 consultant doctors.

9. Employment profile & Industrial Relations

The employee relationship continues to be cordial and the company received full co-operation from employees at all levels. During the year measures for training, development, safety of the employees and environmental awareness received top priority of the management.

10. Capital Structure

The authorized share capital of the company is ₹ 7.00 crore divided in 70 lacs equity shares of Rs. 10.00 each. The paid up capital is ₹ 328.38 Lac divided into 32,83,800 equity shares of ₹ 10/- each.

11. Depository System

The ISIN No. allotted to the Company is INE465H01012. The company has also established the required connectivity with both the depositories through Beetal Financial and Computer Services Private Limited, Delhi, who are the Registrar and Share Transfer Agent for both the Physical and Demat Segments.

The equity shares of the Company can be held in electric form with any depository participant (DP) with whom the Members/Investors have their depository account.

12. Cautionary Statement

This report to the shareholders is in compliance with the corporate Governance standard incorporated in the listing agreement with the Stock Exchanges and as such cannot be construed as holding out for any forecast, projection, exception, invitation, offer, etc. within the meaning of applicable securities laws and regulations.

Actual results may differ materially from those expressed or implied; significant factors that could make a difference to the operations include changes in Government regulations, tax regimes and other statutes and incidental factors.

BY THE ORDER OF THE BOARD

Sd/-

**(Dr. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR**

Sd/-

**(GANPAT RAI SHARMA)
CHAIRMAN**

**PLACE: JAIPUR
DATE: 19.08.2011**

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-2011

Your company has been practicing the principles of good Corporate Governance, which comprise all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders including shareholders, employees, Government, Lenders and society. The Company believes that all its operations and actions must serve the underlying goal of enhancing long-term shareholder value. In our commitment to practice sound governance principles, we are guided by the following core principles:

- 1. Transparency**
To maintain the highest standard of transparency in all aspects of our interactions and dealing.
- 2. Disclosures**
To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.
- 3. Empowerment and Accountability**
To Demonstrate the highest levels of personal accountability and to ensure that employees consistently pursue excellence in everything they do.
- 4. Compliances**
To comply with all laws, rules and regulations applicable to the Company.
- 5. Ethical conduct**
To conduct the affairs of the Company in an ethical manner.
- 6. Stakeholder's interest**
To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors and the community.

The Report on corporate Governance is pursuant to Clause 49 of the listing agreement entered into with the Bombay Stock Exchanges and forms a part of the Report of the Board of Directors. The Company has complied with the applicable requirements of the Clause 49 of the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increase long-term Shareholder's value, keeping in view the needs and interests of all its Stakeholders. The Company is committed to transparency in all its dealing and places emphasis on business ethics.

The Company has always looked at good corporate Governance as a way of life, observing the highest level of ethics in all its dealings. The company attaches equal importance to both the ends- the result sought to be secured and methods used to achieve them. The company has always maintained its financial principles of corporate Governance that of integrity, transparency and fairness.

The Company believes while and effective policy of Corporate Governance must provide appropriate empowerment to the executive management. It must also create a mechanism of internal controls to ensure that the powers vested in the executive management are properly used with appropriate consideration and responsibility to fulfill the objectives of the Company. The Board fully support and endorse corporate governance practices as per the provisions of the listing agreement as applicable from time to time.

The Corporate Governance Structure in the Company is based on an effective supervisory role of Board and the Constitution of committees, comprising of Independent Directors and chaired mostly by an Independent Director to overcome critical areas. The Company is aiming at efficient conduct of the business in meeting its obligation to the shareholders.

2 BOARD OF DIRECTORS

(a) Composition of the Board of Directors

The composition of Board is in accordance with the requirements set forth by clause 49 in this regard. The Directors possess experience in various fields that encompass Medical and Health, Law, Banking, Accounting and Finance. This year Company changed the structure of its Board of Directors to infuse more professionalism in its Board. Now the Board consists of 8 Directors which is a perfect combination of executive and Non Executive directors. The Chairman is Non Executive Director and the Managing Director is Executive Director and the Board consists of 5 Independent Directors.

Category	Name of Director	No. of Directors
Chairman Non-Executive	Mr. Ganpat Rai Sharma	1
Others Non-Executive, Independent	Dr. Ashok Agarwal Mr. J.N. Pathak Mr. Subhash Chand Jain Mr. Madhur Krishna Khaitan Ms. Avani Agarwal	5
Managing Director Executive	Dr. Shailendra Kumar Sharma	1
Other Executive Director	Dr. Karan Sharma	1
Total		8

Independent Directors as defined in clause 49 of the Listing Agreement is one, who apart from receiving remuneration does not have any other material pecuniary relationship or transaction with the company, its promoters, management or its subsidiaries, which in judgement of the Board may affect independence of the judgement of the directors and has not been an executive of the Company in the immediately preceding three financial years. The company has not had any pecuniary relationship or transaction with any of the Non- Executive Directors during the year under review.

(b) Board Meeting

The board met Five times during the financial year 2010-11. The interval between any two successive meetings did not exceed four months. Board meetings were held on 23rd April, 2010, 31st May 2010, 03rd August, 2010, 29th October 2010, and 29th January, 2011.

The information as required under Annexure 1A to clause 49 of the Listing Agreement is being regularly placed before the Board. The Board also reviews the declaration made by the Managing Director and Executives of the Company regarding compliance with all laws applicable to the Company on a quarterly basis.

Attendance of each Director at the Board of Directors Meeting during the year and at last Annual General Meeting, the number of Directorships and Committee memberships held by them in domestic public companies as at March 31, 2011 are as follows:-

Name of Directors	Board Meeting		Whether attended AGM held on 29 th September, 2010	No. of Directorships in Domestic Public Companies (including the Company)		No. of Committee Memberships in Domestic Public Companies (including this Company)	
	Held	Attended		As Chairman	As Director	As Chairman	As Member
Sh. Ganpat Rai Sharma	5	5	YES	1	0	1	2
Dr. Shalendra Kr. Sharma	5	5	YES	-	1	-	-
Dr. Ashok Agarwal	5	4	YES	-	4	-	2
J.N. Pathak	5	5	NO	-	1	-	3
Sh Subhash Jain	5	3	NO	-	1	-	3
Ms. Arani Agarwal	2	2	NO	-	1	-	1
Mr. Madhur Krishna Khaitan	2	2	NO	-	1	-	1
Dr. Karan Sharma	5	0	NO	-	1	-	-

(c) Information supplied to the Board among others

The Board has complete access to all information with the company. Inter alia, the following information provided to the Board as a part of the agenda papers well in advance of Board Meeting and are tabled in the course of the Board Meeting:

1. Review of annual operating plans of business, capital budget, updates.
2. Quarterly results of the Company.
3. Any issue which involves possible public liability claims of a substantial nature.
4. Significant development in the human resource and industrial relation fronts.
5. Sale of material nature of investments and assets which is not in the normal course of the business.
6. Non-compliance of any such regulatory or statutory provision or listing requirements as well as shareholders services, such as delay in share transfer and other grievances.

The Board has established procedures to enable the Board to periodically review compliances reports of all laws applicable to the company prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

3. AUDIT COMMITTEE-

The constitution of audit committee is in confirmation with the requirements of section 292(A) of the Companies Act, 1956 and also as per the requirements of Clause 49(II) (A) of the listing agreement. The Audit Committee of the Company consists of 4 Directors; Shri J.N. Pathak, Shri Ganpat Rai Sharma and Shri Ashok Agarwal and Shri Subhash Chand Jain., all being Non-Executive. The Committee is chaired by Shri Ashok Agarwal an Independent Director and Mr. Pawan Kumawat is nominated as Compliance Officer. All the members of the audit committee are financially literate and majority of them are having accounting or related financial management expertise.

The Audit Committee functions with following objectives:

1. To provide directors and oversee comprehensively the operation of internal and external audit functions and provides financial reporting.
2. To review the internal control systems with special emphasis on the accounting system, its quality and its effectiveness in the terms of follow up.
3. To recommend appointment/removal and remuneration of Statutory Auditors.
4. To discuss with the statutory Auditors, Internal Auditor and finalization of Annual Accounts.
5. To review the Company's quarterly working results, annual working results, other financial and risk management policies.

Terms of reference and powers of committee include the areas/ powers prescribed by clause 49 of the listing agreement of the Stock Exchange.

The Audit Committee met five times during the financial year 2010-11 on 23rd April, 2010, 31st May, 2010, 03rd August, 2010, 29th October, 2010 and 29th January, 2011. No member was absent from the Committee Meeting without taking leave of absence. Dr. Shailendra Kumar Sharma, Managing Director was present at the meetings of the Audit Committee. Statutory Auditors are invited to the meetings as and when required. The Company Secretary acts as the Secretary of the Audit Committee.

4. SHAREHOLDER/ INVESTORS GRIEVANCE COMMITTEE-

At present the committee consists of Shri J.N. Pathak, Shri Subhash Jain and Ms. Avani Agarwal. The Committee is chaired by Shri J.N. Pathak an Independent Director.

During the Financial Year 2010-11, the committee met two times on 1st May, 2010 and 1st October, 2011.

5. REMUNERATION COMMITTEE-

The remuneration committee has been constituted to recommend/review the remuneration package of the Managing Director and directors based on industry benchmarks, the company's performance and responsibility shouldered, performance track record of the Managing/Executive Directors, macro economic review on remuneration.

The Composition of the Remuneration Committee is as follows:

1. Shri Subhash Jain
2. Dr. Ashok Agarwal
3. Shri Ganpat Rai Sharma
4. Mr. Madhur Krishna Khaitan

During the year the committee met two times on 01st May, 2010 and 01st October, 2010 and all the members of the committee were present at the meeting. The aggregate value of Managerial Remuneration and professional fees paid for the year ended 31st March, 2011 to Managing Director Dr. Shailendra Kumar Sharma is Rs. 6,00,000/-. The Company pays sitting fees to the non-executives directors.

6. SHARE TRANSFER COMMITTEE:

The Share Transfer Committee has been constituted to avoid delays in Share Transfer Process. The Composition of the Share Transfer Committee is as follows:

1. Shri Ganpat Rai Sharma
2. Shri Subhash Jain
3. Dr. Shailendra Kumar Sharma

During the year the committee met four times on 07th June 2010, 20th October, 2010, 01st December, 2010 and 13th January, 2011 all the members were present at the meeting.

7. GENERAL BODY MEETINGS

i) Details of location of last three Annual General Meetings of the Company are given below:

Nature of Meeting	Date	Venue	If Special Resolution Passed
Annual General Meeting	29.09.2008	Sharma Agriculture Farm, Takal Ki Chowki, Kalwad Road, Jaipur	No
Annual General Meeting	29.09.2009	Sharma Agriculture Farm, Takal Ki Chowki, Kalwad Road, Jaipur	Yes
Annual General Meeting	29.09.2010	Sharma Agriculture Farm, Takal Ki Chowki, Kalwad Road, Jaipur	Yes

- ii) No resolution through postal ballots was put through during the last three years and as of now there is no proposal pending for passing any resolution through Postal Ballot at the ensuing Annual General Meeting.
- iii) No Extra Ordinary General Meeting was held during the financial year

8. DISCLOSURES:

- (a) **Related Party Transaction:** During the year under review, besides the transaction reported as specified in Accounting Standard-18 Issued by the Institute of Chartered Accountants of India in the Notes to the Accounts, there are no other material related party transaction of the Company with its promoters, Directors or the management and their relatives. These transactions do not have any potential conflict with the interest of the Company at large. The material related party transactions are placed before the audit committee and Board of Directors periodically. Further there are no material individual transactions that are not in normal course of business or not on an arm's length business.
- (b) **Disclosure of Accounting Treatment:** The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any accounting standard.
- (c) **Risk Management:** The Risk Management of the Company is overseen by the Senior Management and the Directors at various levels:

Business Risk: The Board oversees the Risks which are inherent in the business pursued by the Company. The intervention is through business plans and projects and policies.

Operational Risk: These are being mitigated by internal policies and procedures.

Financial Risk: These risks are addressed on an ongoing basis by Internal control systems and Accounts department. The ERP implementation has helped in automation of controls and exceptional reporting. Internal Controls are being continuously reviewed for effectiveness by internal and statutory auditors.

- (d) **Disclosure by Senior Management:** Senior Management has made disclosure to the Board relating to all material financial and commercial transaction stating that they did not have personal interest, that could result in a conflict with the interest of the Company at large.
- (e) **CEO/CFO Certification:** The Managing Director has certified to the Board in accordance with the Clause 49(v) of the Listing Agreement pertaining to CEO/CFO certification for the Financial Year ended March, 31st 2011, which is annexed hereto.

(f) **Details of Non-Compliance:** There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other Statutory Authority.

(g) **Secretarial Audit:** Pursuant to SEBI (Depositories and participants) Regulation 1996 a qualified Chartered Accountant carried out the secretarial Audit to reconcile the total admitted capital with the National Securities Depositories limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The Audit confirms the total issued/paid up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL & CDSL.

Pursuant to clause 47(c) of the Listing Agreement with the Stock Exchange, certificate on half yearly basis, have been issued by a Company Secretary in practice for due compliance of share transfer formalities by the Company.

9. MEANS OF COMMUNICATION:

Half Yearly report sent to each household	:	The quarterly unaudited financial results are of shareholders published in the News papers, as required under listing agreement.
Quarterly results	:	-do-
Website, where results are posted	:	Yes the Company posted.
Website for investor complaints	:	Pursuant to the amended listing agreement with the Stock Exchange clause 47(f) has been inserted for an exclusive e-mail ID for redressal of Investor Grievances. Accordingly, the Company has created an exclusive ID sharma4gr@gmail.com for this purpose.
Newspapers in which results are normally published	:	Nafa Nuksan and Financial Express
Whether Management Discussion and Analyses is a part of the Annual Report	:	Yes

Quarterly/Half yearly/Annual results are communicated through newspaper circulating at national & regional level. The Company currently does not have a website.

10. GENERAL SHAREHOLDER INFORMATIONS:

AGM: Date, Time Venue	-	Thursday, 29th Sept, 2011 at 3.00 p.m. At Sharma Agriculture Farm, Takia Ki Chowki, Kalwad Road Jhotwara, Jaipur
Financial Year	-	April 1, 2010 to March 31, 2011
Directors seeking reappointment	-	As required under clause 49 (IV) (G), particulars of Directors seeking reappointment are given in the Annexure to the Notice of the Annual General Meeting to be held on September 29, 2011.
Book Closure Date	-	22 nd September 2011 to 29 th September, 2011
Dividend	-	In view of Marginal profit during the year under review, the Board of Directors decided not to recommend any dividend on the Equity Shares of the Company.
Financial Calendar Period	-	Board Meeting to approve quarterly financial results
- Quarter ending June 30 th , 2010	-	On 03 rd August, 2010
- Quarter ending September 30 th , 2010	-	On 29 th October, 2010
- Quarter ending December 31 st , 2010	-	On 29 th January, 2011
- Quarter ending March 31 st , 2011	-	On 30 th May, 2011
Registered Office of the Company	-	Jaipur Hospital, Near SMS Stadium, Lal Kothi, Jaipur
Listing of Equity Shares on Stock Exchange	-	Bombay Stock Exchange Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai-400001
Listing Fees	-	Listing fees as prescribed have been paid to the Stock Exchange up to March, 2011.
Stock Code	-	Bombay Stock Exchange Limited-514548
ISIN No. of the Company's Equity Shares	-	INE465H01012
Share Registrar and Share Transfer Agent	-	Beetal Financial & Computer Services P. Ltd., Beetal House, 3rd Floor, 99 Madangir Behind Local Shopping Centre, Near Dada Harsukhdas Mandir New Delhi-110062

Share Transfer System: The authority for Transfer of Shares in physical form has been delegated by the Board to its Share Transfer Committee to facilitate speedy service to the Shareholders. Shares sent in physical form are registered by the Registrar and Share Transfer Agent (RTA) within one month of the receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed, if found in order and confirmation is given to the respective depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services Limited (CDSL) within 20 days.

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

2010-2011

At 31st March, 2011 one requests for Dematerialization was pending. However none of these was pending beyond 30 days.

DISTRIBUTION OF SHARES ACCORDING TO SIZE CLASS AND CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2011

No of Equity Shares Held	No. of Shareholders	Percentage	No. of Shares	Percentage
1-5000	3536	95.18	5,47,900	16.68
5001-10000	113	3.04	1,08,500	3.30
10001-20000	29	0.78	44,600	1.38
20001-30000	3	0.08	7,400	0.22
30001-40000	-	-	-	-
40001-50000	5	0.13	25,000	0.76
50001-100000	4	0.11	24,800	0.76
100000 & above	25	0.67	25,25,600	76.92
Grand Total	3715	100	32,83,800	100

SHAREHOLDING PATTERN AS ON MARCH 31, 2011

Category	No. of Shares	Percentage of Holding
A1 Promoters Holding		
-Indian Promoters	17,61,200	53.63
-Foreign Promoters	-	-
2 Person Acting in Concert	-	-
Sub Total (1)	17,61,200	53.63
B Non Promoters Holding		
3 Institutional Investor		
a. Mutual Funds & UTI	-	-
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt./Non Govt. Institutions)	-	-
c. FIIs	-	-
Sub Total (2)	-	-
2 Others		
a. Private Corporate Bodies	4,22,300	12.86
b. Indian Public	11,00,300	33.51
c. NRIs/ OCBs	-	-
d. Any Other	-	-
Clearing Member	-	-
Sub Total (3)	15,22,600	46.37
GRAND TOTAL	32,83,800	100.00

Note : No. of Shares pledged - NIL.

TOP TEN SHAREHOLDERS OF THE COMPANY

S.No.	Name of the Shareholders	Total No. of Shares	Percentage of Shareholding
1	SHARMA HOSPITALS PRIVATE LIMITED	670400	20.41
2	Dr. SHAILENDRA KUMAR SHARMA	412200	12.55
3	GANPATI P LAST FEB P. LTD	290900	8.86
4	SHARMA NURSING HOME & BONE HOSPITAL PLTD	183900	5.59
5	Mrs. MAYA SHARMA	160800	4.89
6	KSHITU ENTERPRISED P. LTD	150700	4.58
7	T.C.I. BHORUKA PROJECT LTD.	100000	3.05
8	Mrs. MADHULIKA SHARMA	83800	2.55
9	Mr. BRIJ M OHAN SHARMA	62000	1.88
10	Mrs. MANISHA SHARMA	60000	1.83

DEMATERIALIZATION OF EQUITY SHARES AND LIQUIDITY

The Company's shares are traded only in Bombay Stock Exchange Ltd. To facilitate trading in dematerialized form the company has tied up arrangements with both the present depositories, National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL). Shareholder can open account with any of the depository participants registered with any of these depositories. As on 31st March, 2011 about 0.70% of the Company's Shares were held in dematerialized form.

ADDRESS FOR CORRESPONDENCE:

Sharma East India Hospitals & Medical Research Limited
Jaipur Hospital,
Lal Kothi, Near S.M.S. Stadium,
Tonk Road, Jaipur-302015
Tel: 91-141-2742266/ 2742619/ 2741465 Fax No 91-141-2742472
Email: jaipurhospital_lalkothi@rediffmail.com

11. NON MANDATORY REQUIREMENTS:

The status of compliance of Non-Mandatory requirements under clause 49:

- The Board:** No separate office is maintained for Non-Executive Chairman. Further, all expenses incurred in the performance of duties by the Non-Executive Chairman are reimbursed.
- Remuneration Committee:** The Board has constituted Remuneration Committee to recommend appointment/re-appointments of Managing Director and Whole-Time Directors and to recommend /review remuneration of Managing Director, Whole-Time Directors and other key officers.

Remuneration Committee comprises of four Non-Executive Directors. All the members were present in the meetings of the Remuneration Committee held on May 01, 2010 and October 1, 2010.

3. **Shareholders Communication:** The Company at present has not adopted the non mandatory requirements in regard to sending half yearly financial results to the shareholders at the residence. Beside this the financial results are published in newspaper having wide circular in Rajasthan.
4. **Whistle Blower Policy:** Company does not have any Whistler Blower Policy.
5. **Audit Qualifications:** During the year under review, there was no observation made by the Auditors in their Report on financial statements. The Company continues to adopt best practices to ensure a regime of un-qualified financial statements.
6. **Training of Board Members:** The Board of Directors of Company is mainly comprised of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with the changes in the national and global economy and legislation.
7. **Mechanism for Evaluating Non-Executive Board Members:** Company has not adopted a policy for evaluation of Non-Executive Board Members.

**For Sharma East India Hospitals
& Medical Research Ltd.**

PLACE: JAIPUR
DATE: 19.08.2011

Sd/-
(Dr. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

CEO/CFO Certification

To,
The Board of Directors,
Sharma East India Hospitals & Medical Research Limited.

I, Dr. Shailendra Kumar Sharma, Managing Director certify that:

- (A) I have reviewed the financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of my knowledge and belief
- (i) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (B) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's Code of Conduct.
- (C) I accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have take nor propose to take to rectify these deficiencies.
- (D) I have indicated to the Auditors and the Audit Committee that:
- (i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - (ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) There has not been any instance during the year of significant fraud of which I had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 19.08.2011
Place: Jaipur

Sd/-
Dr. SHALIENDRA KUMAR SHARMA
(MANAGING DIRECTOR)

Auditor's Certificate on Corporate Governance

To,
**The Members of Sharma East India
Hospitals & Medical Research Limited**

We have examined the compliance of conditions of Corporate Governance by Sharma East India Hospitals & Medical Research Limited, for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchanges.

The compliances of the conditions of Corporate Governance are the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certificate of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of chartered Accountants of India and was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We stated that no investor grievance is pending for a period exceeding one month against the Company as at March 31, 2011 as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance to the further visibility of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **GOPAL SHARMA AND COMPANY**
CHARTERED ACCOUNTANTS

Sd/-
(VIRENDRA BHURAT)
PARTNER

Membership No. 071964

PLACE: JAIPUR
DATE: 19.08.2011

AUDITOR'S REPORT

To,
The Members of Sharma East India
Hospitals & Medical Research Limited

We have audited the attached Balance Sheet of **SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LTD.** as at 31st March, 2011 and also the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the companies (Auditor's Report) (Amendment) order 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) In so far as it relates to the Profits & Loss Account, of the Profit of the Company for the year ended on that date; and
 - (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
 - (f) On the basis of the written representation received from the directors as on 31st March, 2011 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of section 274(1)(g) of the Companies Act, 1956

**GOPAL SHARMA AND COMPANY
CHARTERED ACCOUNTS**

Sd/-
(GOPAL SHARMA)
PARTNER
Membership No. 71941

Place: Jaipur
Date: 30-05-2011

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph (2) of our Report of even date

1. In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its fixed assets. No Material discrepancies were noticed on such physical verification.
 - (c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its Inventories:
 - (a) The management has conducted physical verification of inventory at reasonable intervals.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of the inventory and no material discrepancies were noticed on physical verification.
3. As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from the Companies, firms or other related parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such clause (iii) (a) to (iii) (g) are not applicable.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and sale of services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of transactions covered under section 301 of the Companies Act, 1956:
 - (a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanation given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs 500000/- or more in respect of any party.

6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public and therefore provisions of section 58A and 58AA of the Companies Act, 1956 and rules there under are not applicable on the Company.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. We are informed that the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. According to the information and explanation given to us in respect of statutory dues :
 - (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor education Protection Fund, Employees State Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities.
 - (b) There are no undisputed amounts payable in respect of Provident Fund, Investor education Protection Fund, Employees State Insurance Act, Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Cess and other material statutory dues in arrears as on 31st March, 2011 for a period exceeding six months from the date they become payable.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in immediately preceding financial year.
11. As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions and banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other security.
13. In our opinion the Company is not a Chit Fund or a Nidhi or Mutual Fund/Societies. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All Shares, debentures and other investments have been held by the company in its own name.
15. According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from Banks and Financial Institutions.

16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which loans were obtained.
17. According to the Cash Flow Statements and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not be used during the year for long term purpose and vice versa.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

**GOPAL SHARMA AND COMPANY
CHARTERED ACCOUNTS**

Place: Jaipur
Date: 30-05-2011

Sd/-
(GOPAL SHARMA)
PARTNER
Membership No. 71941

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT 31.3.2011 Rupees	AS AT 31.03.2010 Rupees
SOURCE OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	A	4,15,74,750	4,15,74,750
Reserves & Surplus	B	83,98,915	47,91,220
LOAN FUNDS			
Secured Loans	C	9,69,94,357	8,46,22,663
Deferred Tax Liability (Net)		23,73,823	28,18,541
	TOTAL	149,341,845	133,805,174
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		15,12,53,353	14,80,07,058
Less : Depreciation		<u>7,04,87,570</u>	<u>6,46,23,708</u>
Net Block	D	8,07,65,783	8,33,83,350
INVESTMENTS	E	1,88,30,490	1,88,30,490
CURRENT ASSETS, LOANS & ADVANCES			
Less : Current Liabilities & Provisions	F	9,14,37,168	7,12,45,655
	G	<u>4,16,91,596</u>	<u>3,96,54,321</u>
	TOTAL	14,93,41,845	13,38,05,174

Notes forming part of the Accounts : N
Significant Accounting Policies : O

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

2010-2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
I INCOME			
Professional Receipts	H	10,49,48,291	8,81,48,956
Other Miscellaneous Receipts	I	70,64,706	29,49,717
	TOTAL	11,20,12,997	9,10,98,673
II EXPENSES			
Staff Expenses	J	2,50,21,133	2,10,76,223
Share of Consultant Doctors		1,50,56,150	1,46,98,118
Establishment Expenses	K	82,17,471	76,39,169
Other Expenses	L	2,41,05,501	1,12,33,829
Drugs & Other Consumables Consumed		1,92,42,278	15,51,5163
Interest	M	98,22,845	89,38,568
Depreciation		64,74,484	96,11,569
	TOTAL	10,79,39,862	8,89,12,639
III PROFIT BEFORE TAX		40,73,135	21,86,034
Provision for Taxation		9,08,158	(7,70,115)
IV PROFIT AFTER TAX		31,64,977	14,15,919
Add : Profit brought forward from Previous Year		47,91,220	34,78,420
Add/Less : Deferred Tax (NET)		4,42,718	(1,03,119)
V SURPLUS CARRIED TO BALANCE SHEET		83,98,915	47,91,220

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GANPAT RAJ SHARMA)
CHAIRMAN

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011	AS AT 31.03.2010
	Rupees	Rupees
SCHEDULE -A		
SHARE CAPITAL		
AUTHORISED		
70,00,000 Equity Shares of Rs. 10/- each	<u>7,00,00,000</u>	<u>7,00,00,000</u>
ISSUED		
51,49,000 Equity Shares of Rs. 10/- each	<u>5,14,90,000</u>	<u>5,14,90,000</u>
SUBSCRIBED & PAID UP		
32,83,800 Equity Shares of Rs. 10/- each	<u>3,28,38,000</u>	<u>3,28,38,000</u>
Add : Equity Shares Forfeiture A/c.	<u>87,36,750</u>	<u>87,36,750</u>
TOTAL	<u>4,15,74,750</u>	<u>4,15,74,750</u>

SCHEDULE-B
RESERVE AND SURPLUS
Profit & Loss Account

Opening Balance as per last Balance Sheet

47,91,220

34,78,420

Add : Profit during the year

40,73,135
21,86,034

88,64,355

56,64,454

Less : Tax Provision

9,08,158
7,70,115

79,56,197

48,94,339

Add/Less : Deferred Tax (NET)

4,42,718
(1,03,119)
TOTAL
83,98,915
47,91,220

As per our report of even date

FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

 Sd/-
(GOPAL SHARMA)
 PARTNER

 Sd/-
(PAWAN KUMAWAT)
 COMPANY SECRETARY

 Sd/-
(GANPAT RAI SHARMA)
 CHAIRMAN

 Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
 MANAGING DIRECTOR

 PLACE: JAIPUR
 DATE: 30.05.2011

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
SCHEDULE -C		
SECURED LOANS		
(a) TERM LOANS		
(i) From Financial Institutions		
Kotak Mahindra Primus Ltd. III	-	1,28,305
Kotak Mahindra Primes Ltd. A/c (IV)	4,91,449	7,41,444
(ii) From Banks		
Demand Loan From Banks	9,65,02,908	8,37,52,914
TOTAL	9,69,94,357	8,46,22,863

Notes :

1. Term Loan from Punjab National Bank (PNB) are secured by mortgage charge on all present and future immovable & movable properties of the Company and these loans are further guaranteed by some of the Directors of the Company in their personal capacity.
2. Loan from Kotak Mahindra Primus Ltd. III is secured by Registration & Insurance certificate of car.

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE-D
FIXED ASSETS

Description of Fixed Assets	Gross Book as on 01.04.10	Addition During the year	Deduction During the year	Gross Book as on 31.03.11	DEPRECIATION				Net Book as on 31.03.11
					Total as on 01.04.10	Addition During the year	Deduction During the year	Total as on 31.03.11	
Land	3,27,75,220.00	1,35,200.00	0.00	3,29,10,420.00	0.00	0.00	0.00	0.00	3,29,10,420.00
Building	3,20,02,980.00	1,86,310.00	0.00	3,22,11,279.00	1,73,42,829.00	7,29,670.00	0.00	1,80,62,499.00	1,41,28,780.00
Plant & Machinery	7,00,09,040.00	27,86,346.00	10,00,000.00	7,16,35,386.00	3,86,02,091.00	46,56,507.00	6,15,022.00	4,24,47,391.00	2,41,90,692.00
Furniture & Fixtures	72,49,260.00	7,55,320.00	0.00	80,04,580.00	82,00,875.00	4,85,811.00	0.00	59,98,407.00	22,06,173.00
Vehicles	39,60,044.00	7,71,017.00	0.00	47,87,061.00	21,13,144.00	5,95,775.00	0.00	26,04,920.00	20,82,141.00
Computers	15,56,710.00	1,20,400.00	0.00	17,28,110.00	14,62,966.00	97,300.00	0.00	15,06,266.00	1,87,844.00
TOTAL	14,80,07,356.00	47,68,296.00	10,00,000.00	15,12,80,385.00	8,49,29,708.00	54,74,684.00	6,16,022.00	7,94,87,575.00	6,07,88,783.00
Previous Year Figure	14,02,47,307.00	1,22,37,817.00	14,79,998.00	14,89,07,056.00	6,17,03,664.00	46,11,569.00	66,91,716.00	8,48,23,708.00	6,33,83,350.00

As per our report of even date
FOR GOPAL SHARMA & COMPANY
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GOPAL SHARMA)
 PARTNER

Sd/-
(PAWAN KUMAWAT)
 COMPANY SECRETARY

Sd/-
(GANPAT RAJ SHARMA)
 CHAIRMAN

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
 MANAGING DIRECTOR

PLACE: JAIPUR
 DATE: 30.05.2011

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

2010-2011

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
SCHEDULE -E		
INVESTMENTS		
(1) LONG TERM - NON TRADE		
A. UNQUOTED INVESTMENT		
2000 Equity Shares of Kshitij Enterprises (P) Ltd. @ 100/- each fully paid up (Valued at Cost)	2,00,000	2,00,000
2000 Equity Shares of Sharma Nursing Home & Bone Hospital (P) Ltd. @ 100/- each fully paid up (Valued at Cost)	2,00,000	2,00,000
4000 Equity Shares of Sharma Hospitals (P) Ltd. @ 100/- each fully paid up (Valued at Cost)	4,00,000	4,00,000
4000 Equity Shares of Gaurav Sharma Enterprises (P) Ltd. @ 100/- each fully paid up (Valued at Cost)	4,00,000	4,00,000
B. QUOTED INVESTMENT		
2,90,900 Equity Shares @ 10/- each of Ganpati Plast Fab. Ltd. Fully Paid-up (Valued at Cost)	19,46,490	19,46,490
(2) IMMOVABLE PROPERTIES		
Land at Kalwar Road, Jhotwara	1,56,84,000	1,56,84,000
TOTAL	1,88,30,490	1,88,30,490

* Aggregate Face Value of Quoted Shares of Ganpati Plast Fab. Ltd. is Rs. 29.09 Lacs. Such Share are listed but not quoted hence market value is not available.

* Aggregate Face Value of Un-Quoted Shares Rs. 12 Lacs.

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GOPAL SHARMA)
PARTNER

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(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
SCHEDULE -F		
CURRENT ASSETS, LOANS AND ADVANCES		
(A) CURRENT ASSETS		
i) Inventories (Spare Parts and Stores) (Taken as valued and Certified by the Management)	8,85,872	6,65,171
ii) Sundry Debtors (Un-secured and considered good)		
a) Outstanding for a period exceeding six months	68,95,376	
b) Others	75,98,631	1,44,94,007
iii) Cash & Bank Balances		
(a) Cash-in-hand	3,62,489	4,23,906
(b) With Schedule Banks in Current Account	75,21,805	85,42,018
TOTAL A	<u>2,32,64,173</u>	<u>1,51,13,715</u>
(B) LOANS & ADVANCES (Un-secured and considered good)		
i) Advance to Staff	23,81,939	21,15,739
ii) Advance for Capital Expenditure	5,55,71,013	4,43,99,622
iii) Other Advances	77,21,295	39,32,921
iv) Advance to Consultant Doctors	24,98,748	56,83,658
TOTAL B	<u>6,81,72,995</u>	<u>5,61,31,940</u>
TOTAL A+B	<u>9,14,37,168</u>	<u>7,12,45,655</u>

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

2010-2011

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE -G	AS AT 31.03.2011	AS AT 31.03.2010
	Rupees	Rupees
CURRENT LIABILITIES & PROVISIONS		
(a) CURRENT LIABILITIES		
Sundry Creditors for goods & expenses	8,09,377	14,23,484
Advance from Patients	16,93,188	13,46,954
Other Current Liabilities	<u>3,91,89,051</u>	<u>3,68,63,903</u>
TOTAL	<u>4,16,91,596</u>	<u>3,96,54,321</u>

SCHEDULE-H

PROFESSIONAL RECEIPTS

Accommodation Charges	1,80,76,241	1,56,35,481
Admission Registration Charges	9,08,306	6,58,526
Ambulance Charges	-	22,184
Consultation Charges	1,28,60,883	1,05,42,246
Internal Consultation Charges	-	16,87,562
Investigation Charges	-	8,00,385
Labour Room Charges	-	2,51,825
Operation Charges	3,40,89,330	3,72,80,306
Other Miscellaneous Charges	86,20,533	44,58,693
Pathological Charges	80,48,460	85,92,134
Physiotherapy Charges	-	39,534
Minor Procedure Charges	-	24,19,108
X-Ray Charges	28,64,280	35,14,840
CT Scan Charges	14,49,520	9,01,825
Disposable Charges	-	15,190
ECG Charges	1,72,650	1,06,825
ECHO Charges	5,98,933	3,53,348
Sonography Charges	10,65,965	8,46,324
Holter Charges	15,050	-
TMT Charges	39,720	24,720
Cath Lab Charges	1,61,38,420	-
TOTAL	<u>10,49,48,291</u>	<u>8,81,48,956</u>

As per our report of even date
FOR GOPAL SHARMA & COMPANY
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GOPAL SHARMA)
 PARTNER

Sd/-
(PAWAN KUMAWAT)
 COMPANY SECRETARY

Sd/-
(GANPAT RAI SHARMA)
 CHAIRMAN
 Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
 MANAGING DIRECTOR

PLACE: JAIPUR
 DATE: 30.05.2011

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-I	AS AT 31.03.2011	AS AT 31.03.2010
	Rupees	Rupees
OTHER MISCELLANEOUS RECEIPTS		
Interest on FDs (Net)	-	1,41,623
Misc. Income	42,019	1,82,162
Conference Income	50,000	1,25,000
Profit on Sale of Fixed Assets	-	20,742
Commission Receivable	43,32,667	-
Rent Received	25,15,000	22,40,000
Rent Receivable	1,25,000	2,40,000
TOTAL	70,64,706	29,49,717

SCHEDULE-J		
STAFF EXPENSES		
Bonus	1,29,701	1,25,745
Employers Contribution to ESI	2,61,072	1,94,291
Employers P.F. Contribution	2,86,237	2,25,830
Gratuity	35,386	5,207
Manual Labour Charges	40,21,848	36,75,883
P.F. Adm. Charges	35,313	30,315
Salary	1,84,75,743	1,55,35,875
Security Expenses	10,14,537	7,99,344
Staff Welfare Expenses	7,61,294	4,83,733
TOTAL	2,50,21,133	2,10,76,223

SCHEDULE-K		
ESTABLISHMENT EXPENSES		
D.G. Set Oil, Petrol & Diesel	3,49,878	3,38,053
Electricity & Water Charges	46,43,789	35,70,016
Insurance Charges	1,01,869	1,26,296
Repairs & Maintenance (Other)	5,90,737	4,56,116
Repairs & Maintenance (P&M)	16,15,102	19,44,822
Repairs & Maintenance (Building)	9,16,096	12,03,666
TOTAL	82,17,471	76,39,169

As per our report of even date
FOR GOPAL SHARMA & COMPANY
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GOPAL SHARMA)
 PARTNER

Sd/-
(PAWAN KUMAWAT)
 COMPANY SECRETARY

Sd/-
(GANPAT RAI SHARMA)
 CHAIRMAN
 Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
 MANAGING DIRECTOR

PLACE: JAIPUR
 DATE: 30.05.2011

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

2010-2011

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE-L	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
OTHER EXPENSES		
Advertisement & Publicity	1,42,519	78,886
Audit Fees	1,56,000	1,20,000
Accommodation & Other Expenses	1,32,95,460	-
Bank Charges	32,519	1,31,720
Conveyance Exp.	2,62,986	71,952
Directors Sitting Fees	7,500	9,800
Fringe Benefit	-	10,785
General Utility item consumed	4,86,678	3,75,710
Legal Expenses	6,83,068	11,66,570
Managerial Remuneration	6,00,000	6,00,000
Miscellaneous Expenses	5,33,741	5,78,019
Octroi, Freight & Cartage	2,100	3,815
Pathological Consumables consumed	27,76,678	25,16,865
Pathological Expenses	10,54,268	9,21,771
Printing & Stationery Consumed	6,24,954	5,75,118
Rebate & Discount	6,898	42,686
Rent	1,68,600	3,00,595
Telephone, Postage & Telegram	4,92,292	3,99,063
Vehicle Running & Maintenance	1,25,913	1,14,502
Washing Charges	3,44,821	3,29,505
X-Ray Film consumed	6,77,145	7,59,036
Loss on sale of Fixed Assets	4,39,378	2,12,093
Bad Debts	-	10,61,959
CT Scan Expenses	11,89,983	7,68,390
House Tax A/c	-	84,771
TOTAL	2,41,05,501	1,12,33,829

SCHEDULE-M

INTEREST		
Interest on Line of Credit	97,62,767	88,69,044
Other Interest	60,076	69,524
TOTAL	98,22,845	89,38,568

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

SCHEDULE-N
NOTES FORMING PART OF THE ACCOUNTS

1. Income tax comprises current tax and deferred tax. The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company.
2. In the Opinion of the Board of Directors and to the best of their knowledge and belief the value of realization of Current Assets, Loans & Advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
3. Provision of clause 4-C (a), 4-C (b), 4-C(c) of part-II of the schedule VI of the Companies Act, 1956 regarding the licensed capacity and installed capacity are not applicable to the company, as the company is not required to take any license.
4. Provisions of clause 4-D of part-II of the schedule VI of the Companies Act, 1956 regarding the value of imports, expenditure incurred in foreign currency, amount of remittance in foreign currency on account of dividends, export earnings etc, are not given as all information required in the clauses are NIL.
5. Confirmation of Balance of Debtors, Creditors, Loans & Advances are subject to confirmation in some cases.
6. Interest income on fixed deposits of the Company has been accounted for on net basis i.e. after adjusting interest payable on demand loan against fixed deposits.
7. The Institute of Chartered Accountant of India (ICAI) has made Accounting Standards-Impairment of Assets-AS 28, mandatory for the accounting period commencing from 1st April, 2004 and the Company has carried comprehensive exercise to assess the impairment loss of Assets. Based on such exercise, there is no impairment of Assets. Accordingly, no adjustment in respect of loss on impairment of Assets is required to be in the Accounts.
8. (a) the Company has been advised that the computation of the Net Profit for the purpose of director's remuneration u/s 309 of the Companies Act, 1956 need not to be enumerated since no commission is agreed to paid to the Directors,

(b) Managerial Remuneration includes	Current Year	Previous Year
Salary	600000	600000
Perquisites in cash or in kind	NIL	NIL
TOTAL	<u>600000</u>	<u>600000</u>

- 9 Auditor's Remuneration includes:

Audit Fees	1,56,000	1,20,000
TOTAL	<u>1,56,000</u>	<u>1,20,000</u>

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

2010-2011

10. Cash Flow Statement for the year ended on 31st March, 2011 is disclosed in the statement annexed to these accounts.

11. Figures have been rounded off to the nearest rupee.

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

SCHEDULE-Q
SIGNIFICANT ACCOUNTING POLICIES
AS-1 Accounting Conventions:

- (a) The accounts are prepared on accrual basis under the historical cost convention in accordance with the provisions of the Companies Act, 1956 and materially comply with mandatory accounting standards issued by the Institute of Chartered Accountants of India. Except where otherwise stated, the accounting principles have been consistently applied.
- (b) **Use of Estimates:**
The presentation of financial statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates and recognized in the period in which the results are known/materialized.

AS-2 Valuation of Inventories:

As the Company has no manufacturing activities hence, inventories consists only consumables, stores etc, which are valued at cost, as certified by the Management.

AS-3 Cash Flow Statement

The Cash Flow Statement is prepared under "Indirect Method" and the same is annexed.

AS-4 Contingencies and events occurring after the Balance Sheet Date

No provision for Contingencies and events occurring after the Balance Sheet Date was made.

AS-5 Net profit or loss for the period, prior period items and changes in the Accounting policies

There are no prior period debits to the Profit and Loss Account.

AS-6 Depreciation Accounting

Depreciation on fixed assets has been provided on written down value (WDV) method in accordance with the provisions of Section 205(2) of the Companies Act, 1956 at the rates and in manner specified in Schedule XIV of the Companies Act, 1956.

In respect of the assets added/sold during the year, pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.

AS-7 Construction Contracts

This Accounting Standard is not applicable.

AS-8 Research and Development

This Accounting Standard is not applicable.

AS-9 Revenue Reorganization

The income of the Company is derived from fees from patients. This revenue income is recognized at the time of discharge of patient in the case of IPD patients.
The revenue and expenditure are accounted on going concern basis.

AS-10 Accounting for Fixed Assets

All Fixed Assets are stated at historical cost less Depreciation.

AS-11 Accounting for effects of changes in foreign exchange rates

This Accounting Standard is not applicable.

AS-12 Accounting for Government Grants

The Company has not received any grants.

AS-13 Accounting for Investments

Investments are valued at cost.

AS-14 Accounting for amalgamations

During the year there was no amalgamation.

AS-15 Accounting for Employees Benefits

Liability in respect of retirement benefit are provided on the basis of monthly payment to ESI, pension and provident fund under the Employees Provident Fund (and miscellaneous provisions) Act, 1952 which are charged against revenue.

Liability in respect of future retirement gratuity is provided by annual contribution to Life Insurance Corporation under the Group Gratuity Scheme which has been charged against revenue.

Leave encashment benefit is provided on cash basis.

AS-16 Borrowing Cost

Borrowing Cost is recognized as expenses in the period in which they are incurred. No borrowing cost has been capitalized during the period since there were no qualifying assets of Accounting Standard-16 issued by the Institute of Chartered Accountants of India.

AS-17 Segment Reporting

As the Company's business activity falls within a single business segment the disclosure requirements of Accounting Standard (AS) 17-Segment reporting issued by the Institute of Chartered Accountants of India is not applicable.

AS-18 Related Party Disclosure

The following may be deemed to be considered as related parties in terms of Accounting Standard 18 issued by ICAI :-

- i) Gaurav Sharma Enterprises P. Ltd.
- ii) Sharma Hospital P. Ltd.
- iii) Sharma Nursing Home & Bone Hospital P. Ltd.
- iv) Smt. Maya Sharma
- v) Dr. Pradeep Kumar Sharma
- vi) Shri Ganpat Rai Sharma

There is no related party transaction during the year except related key management personnel and relatives of such personnel.

Key Management Personnel Dr. Shailendra Kr. Sharma (Managing Director)

Remuneration paid is disclosed under note-9 of Schedule N is Rs 600000/- and professional fees paid Rs. 6,83,125 salary paid to relative of Key Management Personnel:

Smt. Maya Sharma (Wife) Salary	Rs. 181000/-
Dr. Pradeep Kumar Sharma (Brother) Salary	Rs. 129600/-
Shri Ganpat Rai Sharma (Father) Rent	Rs. 36000/-
Smt. Monika Sharma (Brother's Wife)	Rs. 126000/-
Smt. Madhulika Sharma (Brother's Wife)	Rs. 186000/-
Shri Rajesh Sharma (Sister's Husband)	Rs. 90000/-
Dr. Karan Sharma (Son)	Rs. 185500/-

AS-19 Accounting for Leases

The Company has not entered into any lease agreement during the year.

AS-20 Earning Per Share

Net Profit for the year (Rs.)	3164977
No. of Equity Shares	32,83,800
Nominal Value of Shares	10
Earning Per Share (Rs.)	0.96

AS-21 Consolidated Financial statements

This Accounting Standard is not applicable on the Company, as the Company doesn't have any subsidiary or joint venture.

AS-22 Accounting for taxes on Income

The provision for tax for the year ended on 31st March, 2011 is made in accordance with the provisions of Section 115JB of the Income tax Act, 1961 (i.e. Minimum Alternate tax)

Deferred Tax

The Deferred Tax for timing difference between the book and tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date.

The Deferred Tax Liability as at March 31, 2009 comprises of the following:

	<u>31.03.2011</u>	<u>31.03.2010</u>
(a) Deferred Tax Liability (DTL) (On account of Depreciation)	23,73,823	28,16,541
(b) Deferred Tax Assets (DTA)	NIL	NIL
(c) Net Deferred Tax Liability (NDTL) (A-B)	23,73,823	28,16,541
(d) Decrease/increase in Net Deferred Tax Liability	4,42,718	1,03,119

AS-23 Accounting for investments in Associates

This Accounting Standard is not applicable.

AS-24 Discontinuing operations

During the year the Company has not discontinued any of its operations.

AS-25 Interim financial reporting

The Company has elected to publish its quarterly financial results which are subject to the limited review by the statutory auditor.

AS-26 Accounting for Intangible Assets

This Accounting Standard is not applicable.

AS-27 Capital Commitments of reporting entity in joint Venture

This Accounting Standard is not applicable.

AS-28 Impairment of Assets

The Company has carried comprehensive exercise to asses the impairment loss of Assets, Based on such exercise, there is no impairment of Assets. Accordingly, no adjustment in respect of loss on impairment of Assets is required to be made in the Accounts.

AS-29 Provisions, contingent liabilities and contingent assets

No provision for Contingencies and events occurring after the Balance Sheet Date was made.

AS-30 Financial Instruments: Recognition and Measurement

This Accounting Standard is not applicable.

AS-31 Financial Instruments: Presentation

This Accounting Standard is not applicable.

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 Rupees	Year Ended 31.03.2010 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX & EXTRA		
ORDINARY ITEMS	40,73,135	21,86,034
Adjustment for:		
Depreciation	64,74,484	96,11,569
Interest Received	-	(1,41,823)
Interest Paid	98,22,845	89,38,568
OPERATING PROFIT BEFORE		
WORKING CAPITAL CHANGES		
Adjustment for:	2,03,70,464	2,05,94,348
Increase/dec. in Trade and other Receivables	2,10,52,442	94,52,440
Increase/ Decrease in Inventories	2,20,701	41,031
Increase/Dec. in Current Liabilities	20,37,275	(72,59,027)
CASH GENERATION FROM OPERATIONS		
	4,36,80,882	2,28,28,792
Interest Received	-	1,41,823
Interest Paid	(98,22,845)	(89,38,568)
Taxes Paid (Net)	(9,08,151)	(7,70,115)
CASH FLOW BEFORE EXTRA ORDINARY		
ITEMS		
Extra Ordinary Items	-	-
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments		
Purchase of Fixed Assets	(47,46,295)	(1,22,37,817)
Sale of Fixed Assets (Net of Depreciation)	8,89,378	7,86,351
NET CASH USED FOR INVESTING ACTIVITIES	(38,56,917)	(1,14,51,466)

	Year Ended 31.03.2011 Rupees	Year Ended 31.03.2010 Rupees
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Long term Borrowing	1,23,71,694	(1,08,49,551)
NET CASH USED IN FINANCING ACTIVITIES	1,23,71,694	(1,08,49,551)
NET DECREASE/ INCREASE IN CASH & CASH EQUIVALENT (A+B+C)	(10,81,630)	(90,39,085)
Cash & Cash Equivalent Opening Balance	89,65,924	1,80,05,0098
Cash & Cash Equivalent Closing Balance	78,84,294	89,65,924
Increase / Decrease	(10,81,630)	(90,39,085)

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow statement of SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED, derived from the Audited Financial Statements for the year ended 31st, March 2010 and found the same to be drawn in accordance therewith and also with the requirements of the Clause 32 of the Listing Agreement with the Stock Exchanges.

As per our report of even date
FOR GOPAL SHARMA & COMPANY
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
(GANPAT RAI SHARMA)
CHAIRMAN

Sd/-
(GOPAL SHARMA)
PARTNER

Sd/-
(PAWAN KUMAWAT)
COMPANY SECRETARY

Sd/-
(DR. SHAILENDRA KUMAR SHARMA)
MANAGING DIRECTOR

PLACE: JAIPUR
DATE: 30.05.2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

 I. Registration Details State Code

 Balance Sheet Date
 Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="149341"/>	Total Assets	<input type="text" value="149341"/>
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Source of Funds:

Paid - up Capital	<input type="text" value="41575"/>	Reserve and Surplus	<input type="text" value="8399"/>
Secured Loans	<input type="text" value="96994"/>	Unsecured Loans	<input type="text" value="NIL"/>
Deferred Tax Liability	<input type="text" value="2373"/>		

Application of Funds:

Net Fixed Assets	<input type="text" value="80765"/>	Investment	<input type="text" value="18630"/>
Net Current Assets	<input type="text" value="49746"/>	Miscellaneous Expenditure	<input type="text" value="NIL"/>
Accumulated Losses	<input type="text" value="NIL"/>		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="112013"/>	Total Expenditure	<input type="text" value="107939"/>
+ - Profit/Loss Before Tax	<input type="text" value="4073"/>	+ - Profit/Loss After Tax	<input type="text" value="3164"/>
Earning Per Share	<input type="text" value="0.96"/>	Dividend Rate%	<input type="text" value="NIL"/>

V. Generic Names of Three Principal Products / Services of Company (As per Monetary Terms)

Item Code No.	<input type="text" value="N.A."/>
Product Description	<input type="text" value="SERVICING ACTIVITIES"/>

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

Regd Office: JAIPUR HOSPITAL
LAL KOTHI, NEAR S.M.S. STADIUM, TONK ROAD, JAIPUR-302015

PROXY FORM

Regd. Folio No.....

No. of Shares held.....

I/We.....of
.....being

A Member/Members of the Sharma East India Hospitals & Medical Research Limited hereby appoint
.....to
vote for me/us on behalf at the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company to
be held at 3.00 P.M. on 29th September, 2011 and at any adjournment thereof. Signed
at.....this.....day of.....2011.

Signature

Affix
1 Rupee
Revenue
Stamp

Note: the Form of Proxy duly completed and signed across revenue stamp must reach at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

SHARMA EAST INDIA HOSPITALS & MEDICAL RESEARCH LIMITED

Regd Office: JAIPUR HOSPITAL
LAL KOTHI, NEAR S.M.S. STADIUM, TONK ROAD, JAIPUR-302015

ATTENDANCE SLIP

(To be completed and handed over at the entrance of the Meeting Venue)

Full Name of Member.....

Regd. Folio No.....

(In Block Letters)

No. of Shares Held.....

Full Name of Proxy.....

(In Block Letter)

(To be filled in the Proxy attends instead of Member)

I hereby record my presence at the **Twenty Second Annual General Meeting** of the Company at 3.00 P.M. onthe.....2011, at Sharma Agriculture Farm, Takia Ki Chowki, Kalwad Raod, Jhotwara, Jaipur.

Members/Proxy Signature

(To be signed at the time of handing over this slip)