SHALBY
MULTI-SPECIALTY HOSPITALS

August 21, 2018

Shalby/SE/2018-19/39

The Listing Department	Corporate Service Department
National Stock Exchange of India Ltd	**BSE Limited**
Exchange Plaza, Plot no. C/1, G Block,	25th Floor, Phiroze Jeejeebhoy Towers,
Bandra-Kurla Complex, Bandra (E),	Dalal Street,
Mumbai 400 051.	Mumbai 400 001.
Scrip Code : SHALBY	**Scrip Code: 540797**
Through : https://www.connect2nse.com/LISTING/	Through : http://listing.bseindia.com

Sub: Notice of 14th Annual General Meeting of Members of the Company and Annual Report for FY 2017-18 - Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Ref: Our earlier intimation vide letter no. Shalby/SE/2018-19/37 dated August 20, 2018.

Dear Sir,

With reference to the above subject, please find attached herewith Notice of 14th Annual General Meeting scheduled to be held on Monday, September 17, 2018 at 9:30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad – 380015, alongwith Annual Report of the Company for financial year 2017-18.

We request to take the same on your records and disseminate the same to the members.

Thanking you,

Yours sincerely,
For **Shalby Limited**

SHALBY LIMITED AHMEDABAD

Jayesh Patel
Company Secretary & Compliance Officer

Encl.: as above

Shalby Limited
Regd. Off.: Opp. Karnavati Club, S G Road, Ahmedabad – 380015 (India)
Tel. No.: (079) 40203000 | Fax: (079) 40203109 | www.shalby.org | info@shalby.org
Regd. No.: 061000596 | CIN: L85110GJ2004PLC044667

SHALBY MULTI-SPECIALTY HOSPITALS

Shalby Limited

Regd.& Corp. Off: Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015
Tel: +91 79 4020 3000, Website: www.shalby.org Email: companysecretary@shalby.in CIN:L85110GJ2004PLC044667

Notice

Notice is hereby given that the 14th Annual General Meeting ('AGM') of the Members of Shalby Limited will be held on Monday, September 17, 2018 at 9:30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad 380015, to transact the following business:

ORDINARY BUSINESS

1. **Adoption of Financial Statements**

   To receive, consider and adopt

   (a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon; and

   (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018, together with the Report of the Auditors thereon.

2. **Appointment of Mr. Shyamal Joshi, a Director retire by rotation**

   To appoint a Director in place of Mr. Shyamal Joshi (DIN: 00005766), who retires by rotation and being eligible, offers himself for re-appointment.

3. **Appointment of New Auditors and to authorize the Board of Directors to fix their remuneration**

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

   "RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014, as may be applicable (including any statutory modification, variation or re-enactment thereof), approval of members of the Company be and is hereby accorded to the appointment of M/s. T R Chadha & Co. LLP, Chartered Accountants (Firm Registration No. 006711N) as the Statutory Auditors of the Company in place of retiring auditors M/s. G K Choksi & Co., Chartered Accountants (Firm Registration No. 101895W), to hold the office for a term of five years from the conclusion of this 14th Annual General Meeting of the Company until the conclusion of 19th Annual General Meeting for the audit of the financial statement(s) of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration based on the recommendation of Audit committee including reimbursement of actual out of pocket expenses."

SPECIAL BUSINESS

4. **Appointment of Mr. Ashok Bhatia as Non Executive non Independent Director of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Sections 152, 161 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Ashok Bhatia (DIN: 02090239), who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 23, 2017 pursuant to Article 38 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and being eligible, has offered himself for appointment as Non-Executive Non-Independent Director and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013 has been received from a member proposing his candidature for the office of Director be and is hereby appointed as a Director in the category of Non-Executive Non-Independent Director of the Company whose terms of office is liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and take such steps which may be considered necessary, desirable or expedient in order to give effect to the above resolution."

5. **Appointment of Mrs. Sujana Shah as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Sujana Shah (DIN: 08100410), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 7, 2018 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period 5 (five) consecutive years up to May 7, 2023.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and take such steps which may be considered necessary, desirable or expedient in order to give effect to the above resolution."

6. **To ratify the remuneration payable to Cost Auditors of the Company**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration, as approved by the Board of Directors and set out in the statement annexed to the notice convening 14th AGM, to be paid to M/s. Borad Sanjay B & Associates, Cost Accountants (Firm Registration No. 102408), appointed as the Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2019, be and is hereby ratified."

By Order of the Board of Directors
For, **Shalby Limited**

Place : Ahmedabad — **Jayesh Patel**
Date : May 7, 2018 — **Company Secretary**

Regd. Office: Shalby Hospitals,
Opp. Karnavati Club
S. G. Road, Ahmedabad 380015

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   The instrument appointing Proxy, duly completed, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting, either in person or through post. A proxy form is appended with the attendance slip. The proxy holder shall produce his/ her identity card at the time of attending the meeting.

   As per provisions of section 105 of the Companies Act, 2013 ('the Act'), a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Member holding more than ten percent of the total share capital of the Company may appoint single person as proxy who shall not act as proxy for any other person or shareholder. If shares are held jointly, proxy form must be signed by all the members.

2. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the Meeting.

3. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 setting out facts concerning the business under Item No. 3 to 6 of the Notice is annexed hereto. The relevant details of the Director seeking appointment/ re-appointment at this AGM, pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Paragraph 1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are also annexed hereto. Requisite declarations have been received from the Directors for seeking his/her appointment/ re-appointment.

4. **Book Closure:** The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, September 11, 2018 to Monday, September 17, 2018 (both days inclusive) in connection with Annual General Meeting of the Company.

5. Members / proxy holders / authorized representatives are requested to bring duly completed and signed attendance slip while attending the meeting and the same be handed over at the venue of AGM. Members who hold shares in dematerialized form are requested to bring details of their demat account (DP ID and client ID) for speedy and easier identification of attendance at the meeting.

6. A route map giving directions to reach the venue of AGM of the Company is annexed at the end of this Notice.

7. Relevant documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection by the members at the Registered Office of the Company on all working days between 2:00 p.m. to 4:00 p.m. prior to the meeting and will also be made available at the meeting.

8. Members desirous in seeking any information with regard to accounts / financial statements are requested to send their queries to the Company at its Registered Office address at least ten days before the meeting so as to enable the management to keep the relevant information ready and answer them in the meeting.

9. Members holding shares in physical mode

   (a) are required to submit their Permanent Account Number (PAN) and bank details to the Karvy, R & T Agent of the Company, if not registered with the Company as mandated by SEBI

   (b) are requested to register/update their email address with the Karvy / Company for receiving all communication from the Company electronically.

   (c) are requested to dematerialize their shares in view of discontinuation of transfer of shares in physical mode with effect from December 5, 2018 as per amended Regulation 40 of SEBI (LODR) Regulations, 2015

10. Members holding shares in electronic mode

    (a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts, if not submitted to their DPs.

    (b) are advised to contact their respective DPs for registering the nomination.

    (c) are requested to register/update their email address with their respective DPs for receiving all communication from the Company electronically.

11. GO GREEN! SWITCH TO EMAIL COMMUNICATION

We all human beings are children of Mother Nature. It is only when Mother Nature is respected, can her children remain healthy. Respect and proper care for Mother Nature is everyone's prime responsibility. We all must maintain and protect ecological balance of the earth by preserving and growing more trees for avoiding catastrophic global warming situation on the earth.

In order to protect the environment, we, as a responsible citizen, can contribute in every possible manner. Considering this object in mind, members who have not registered their email id, are requested to register his / her e-mail id to receive all communication electronically from the Company. This would also be in conformity with the regulatory requirements.

Members may note that the Company would communicate and send notices, intimation, circulars, annual reports, any event based disclosure etc. in electronic form to the e-mail ID of the respective members. Further, as per the statutory requirement, the above stated documents are also disseminated on the Company's website www.shalby.org

This initiative would enable the members to receive communication promptly besides paving way for reduction in paper consumption and wastage. You would appreciate this initiative taken by the Ministry of Corporate Affairs (MCA) and your Company's desire to participate in the initiative. If there is any change in e-mail ID, shareholder can update his/her e-mail ID in the same manner as mentioned above.

12. PROCEDURE OF VOTING AT AGM :

In addition to the remote e-voting facility as described below, the Company shall arrange voting facility at the venue of AGM through Ballot Paper and the members attending the meeting, who have not already cast their votes by remote e-voting, will be able to exercise their right at the meeting. Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again. Members will need to write on the ballot paper, inter alia, relevant Folio no., DP ID & Client ID and number of shares held etc.

13. E-VOTING FACILITY :

a) In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, as amended, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the ICSI, as amended, the Company is pleased to provide to the Members facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 14th AGM and accordingly, business as mentioned in this Notice shall be transacted through e-voting. Necessary arrangements have been made by the Company with Karvy Computershare P. Ltd, our RTA to facilitate e-voting. The Company has appointed Mr. Shambhu J Bhikadia, Practicing Company Secretary (Membership no. 8024) to act as Scrutinizer for conducting the voting and e-voting process in a fair and transparent manner.

b) The remote e-voting period commences on September 14, 2018 (9:00 am) and ends on September 16, 2018 (5:00 pm). During this period, the members of the Company, holding shares either in physical form or dematerialised form, as on the cut-off date i.e. September 10, 2018, may cast their votes by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.

c) Once the vote on a resolution is cast by the member, such member shall not be allowed to change it subsequently.

d) A person who is not a member as on cut-off date should treat this Notice for information purpose only.

14. PROCESS AND MANNER FOR REMOTE E-VOTING

A. Members whose email IDs are registered with the Company/Karvy/DPs will receive an email from Karvy informing them of their User-ID and Password. Once the Member receives the email, he or she will need to go through the following steps to complete the remote e-voting process:

i. Use this URL https://evoting.karvy.com for e-voting:

ii. Enter the login credentials (user id and password) which will be sent separately. However, if you are already registered with Karvy for e-voting, you can use your existing user id and password for casting your votes.

iii. After entering the details appropriately, click on LOGIN.

iv. You will reach the password change menu, wherein **you are required to mandatorily change your password.** The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the remote e-voting for **Shalby Limited.**

vii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, then enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. **Once you confirm, you will not be allowed to modify your vote subsequently.** During the voting period, you can login multiple times for voting, till you have confirmed that you have voted on the resolution.

x. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutinizer through email at helishah286@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format "Shalby Limited_EVENT No."

xi. Remote e-voting facility where members can cast their vote online shall be open from **September 14, 2018 (9.00 a.m.) till September 16,2018 (5.00 p.m.)**

xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) section for shareholders and e-voting User Manual available at the "Downloads" section of https://evoting.karvy.com or contact Karvy on 1800 345 4001 (toll free).

B. In case, a member receives physical copy of the Notice of AGM [for members whose email IDs are not registered]:

a) User ID and initial password is provided alongwith annual report :

b) Please follow all steps from Sl. No. (i) to Sl. No. (xii) above to cast vote.

C. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 10, 2018, may obtain the User ID and password in the manner as mentioned below:

i. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

ii. Member may send an e-mail request to evoting@karvy.com. If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

iii. Member may call Karvy's toll free number 1-800-3454-001.

iv. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space>E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399

Example for NSDL: MYEPWD <SPACE>

IN12345612345678

Example for CDSL :MYEPWD <SPACE>

1402345612345678

Example for Physical :MYEPWD <SPACE>

XXXX1234567890

v. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. September 10, 2018, only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

Please note -

- Keep your most updated email id registered with the Company / your DP, to receive timely communications.
- Notify change of address, or particulars of your bank account details, to the respective Depository Participant in case of shares held in demat mode / to the Karvy R &T Agent of the Company in case of shares held in physical mode.

15. The Scrutinizer after conclusion of voting at the AGM, first count the votes cast at the meeting and unblock the votes cast through remote e-voting in presence of at least two witnesses not in the employment of the company and shall make not later than three days of the conclusion of the AGM a Consolidated Scrutinizer's Report of the total votes cast in favour or against or invalid votes, if any, forthwith to the Chairman of the Company or any other director or person authorized, who shall countersign the same and declare the result of the voting forthwith.

16. The results so declared along with Scrutinizer's Report shall be placed on the Company's website www.shalby.org and on the website of Karvy and shall also be disseminated on the website of Stock Exchanges, where the Company's shares are listed.

17. Non-Resident Indian members are requested to inform Karvy / respective DPs, immediately of

  a. Change in their residential status on return to India for permanent settlement.

  b. Particulars of their bank account maintaining in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

18. Members holding shares in electronic form must inform about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Transfer Agent.

19. Members are requested to bring their copy of Annual Report at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Pursuant to provision of Section 139 (2) of the Companies Act, 2013 ("the Act"), a listed Company shall not appoint an audit firm as auditor for more than two terms of five consecutive years.

M/s. G K Choksi & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company at the Annual General Meeting ("AGM) of the Company held on September 30, 2008 and in compliance with the aforesaid requirement of the Act, M/s. G K Choksi & Co., existing auditors of the Company will retire at the forthcoming AGM.

Based on the recommendation of Audit and Risk Management Committee, the Board of Directors of the Company has considered and recommended to appoint M/s. T R Chadha & Co. LLP, Chartered Accountants (Firm Registration No. 006711N) as a Statutory Auditors of the Company for a period of five years, commencing from conclusion of 14th AGM till the conclusion of 19th AGM of the Company, in place of retiring auditor M/s. G K Choksi & Co.

Brief profile of M/s. T R Chadha & Co. LLP

M/s. T R Chadha & Co. LLP, Chartered Accountants, was established in the year 1946 by Late Mr. T R Chadha and is having currently 9 branches across pan India supported by 17 experienced partners, who have experience of statutory audit, tax audit and internal audit assignments of various entities. They have experience in the Ind AS requirements and implementation. M/s. T R Chadha & Co. LLP holds Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

M/s. T R Chadha & Co. LLP, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as independent auditors in terms of the provisions of the Section 139 and Section 141 of the Act read with the provisions of the Companies (Audit and Auditors) Rules, 2014. M/s. T R Chadha & Co, LLP were associated with our Company as internal auditors of the Company before their appointment as Statutory Auditors of the Company.

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution set out at item No. 3 of the notice.

The Board recommends the Resolution set forth in item No. 3 of the notice for approval of the Members.

Item No. 4

Mr. Ashok Bhatia (DIN: 02090239) was appointed as Additional Independent Director through a circular resolution passed by the Directors effective from October 23, 2017. As Mr. Bhatia has more than 37 years of rich professional experience, he can enhance the value and the growth of business development of the Company.

The Board of Directors in their meeting held on May 7, 2018 has changed the category from Independent to Non independent director. The Board, based on performance evaluation and as per the recommendation of NRC, considers that, given his background and experience, the continued association of Mr. Bhatia would be beneficial to the Company. Accordingly it is proposed to re-appoint Mr. Bhatia as Non executive non independent director of the Company whose office is liable to retire by rotation.

Mr. Ashok Bhatia is interested in the resolution set out in item No 4 of the notice with regard to his re-appointment. Relatives of Mr. Ashok Bhatia may be deemed to be interested in the resolution to the extent of their shareholding interest, if any in the Company. Details of Mr. Bhatia are annexed herewith.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Act and the Listing regulations.

The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by members.

Item No. 5

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Mrs. Sujana Shah (DIN: 08100410) as an Additional Director in the category of Independent Director of the Company for a period of 5 (Five) years with effect from May 7, 2018 under Section 149, 161(1) of the Companies Act, 2013 ("the Act") read with Article 38 and 40 of the Articles of Association of the Company. Pursuant to Section 161 of the Act, Mrs. Sujana Shah holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member proposing her candidature for the office of Director of the Company.

In the opinion of the Board, Mrs. Sujana Shah fulfills the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for her appointment as an Independent Director of the Company. The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Sujana Shah as an Independent Director.

Mrs. Sujana Shah is interested in the resolution set out in item No 5 of the notice with regard to her re-appointment. Relatives of Mrs. Sujana Shah may be deemed to be interested in the resolution to the extent of their shareholding interest, if any in the Company. Details of Mrs. Shah are Annexed herewith.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by members.

Item No. 6

The Board, on the recommendation of the Audit and Risk Management Committee, has approved the appointment of M/s. Borad Sanjay B & Associates, Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost records of the Company for the financial year ending on March 31, 2019 at a remuneration of ₹ 1,00,000/- (Rupees One Lakh Only) plus applicable taxes and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the shareholders.

By Order of the Board of Directors
For, **Shalby Limited**

Place : Ahmedabad
Date : May 7, 2018

Jayesh Patel
Company Secretary

Regd. Office: Shalby Hospitals,
Opp. Karnavati Club
S. G. Road, Ahmedabad 380015

Information required pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), in respect of Directors seeking appointment / re-appointment at the 14th Annual General Meeting

Name of Director	Mr. Shyamal Joshi [DIN: 00005766]	Mr. Ashok Bhatia [DIN: 02090239]	Mrs. Sujana Shah [DIN: 08100410]
Age in completed years (as on March 31, 2018)	68	64	40
Date of first appointment on the Board	June 1, 2010	October 23, 2017	May 7, 2018
Qualification / Brief Resume / Expertise in specific functional area / experience	Mr. Shyamal Joshi holds a bachelors' degree in commerce from Gujarat University. He is also a member of the Institute of Chartered Accountants of India. He has vast experience in various areas including corporate strategy and fund raising.	Mr. Ashok Bhatia holds a bachelors' degree in science from Punjab University, and a masters' degree in business administration, with a specialization in marketing management from the Adam Smith University of America, United States of America. He has more than 37 years of professional experience. In the past, he has been associated with Indo-Pharma Pharmaceutical Works Limited and Cadila Healthcare Limited.	Mrs. Sujana Shah is a commerce graduate from Gujarat University and member of Institute of Chartered Accounts of India. She is practicing Chartered Accountant and has vast experience over 17 Years in the fields of finance, accounts, audit, direct - indirect taxes, banking, treasury etc. She is presently associated with V.R. Shah & Associates as a partner. She has been the statutory and internal auditor for most reputed public Banks of India.
No. of Shares held in the Company	2006 equity shares	1755 equity shares	Nil
Relationship with other Directors and Key Managerial Personnel	None	None	None
No of meetings of the Board attended during the year	4	2	Not Applicable
Other Directorships	1. Nila Infrastructure Limited 2. Adani Wilmar Limited 3. Vrundavan Shalby Hospitals Limited 4. Parsa Kente Coilleries Limited 5. CSPGCL Ael Parsa Collieries Limited	None	None
Chairmanship / Membership of Committees of other companies	**Name of Company / Name of * Committee / Chairman/ Member** Nila Infrastructure Limited / AC / Chairman Nila Infrastructure Limited / NRC / Chairman Nila Infrastructure Limited / CSR / Chairman Nila Infrastructure Limited / CC / Chairman Parsa Kente Coilleries Limited / AC / Member	**Name of Company / Name of * Committee / Chairman/ Member** None / None / None	**Name of Company / Name of * Committee / Chairman/ Member** None / None / None

*Abbreviation
AC – Audit Committee
SRC – Stakeholders Relationship Committee
NRC – Nomination and Remuneration Committee
CSR – Corporate Social Responsibility Committee
CC – Compensation Committee

SHALBY
MULTI-SPECIALTY
HOSPITALS

Shalby Limited

Regd. Off. Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015, Gujarat India
Phone +91 79 40203000 Fax : +91 79 40203109 email: companysecretary@shalby.in
CIN: L85110GJ2004PLC044667

ATTENDANCE SLIP

14th Annual General Meeting –September 17, 2018 at 9:30 a.m.

I hereby certify that I am a registered member / proxy for the registered member of the company.

I hereby record my presence at the fourteenth Annual General Meeting of the Company being held on Monday, September 17, 2018 at 9:30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad 380015.

Regd. Folio No. / DP ID and Client ID	
Name & Address of the Member	
Joint holder 1	
Joint holder 2	
No. of equity shares held	

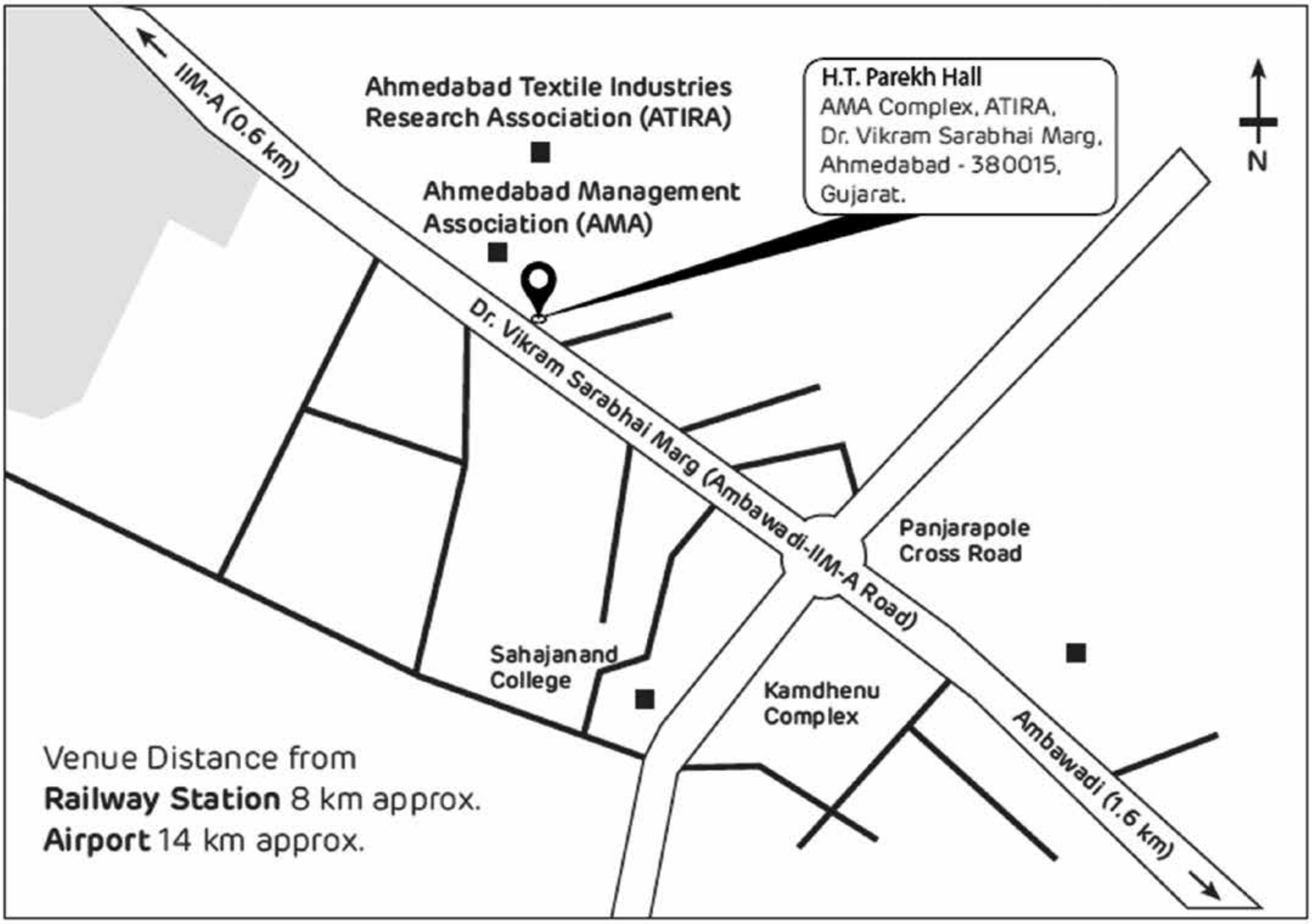
Signature of Member **Signature of Proxy**

Note: Please complete this slip in legible writing and hand it over at the entrance of meeting venue.

Members may please note the user id and password given below for the purpose of e-voting in terms of Section 108 and applicable provisions of the Companies Act, 2013 and rules.

Electronic Voting Particulars		
EVSN (Electronic Voting Sequence No.)	**User ID**	**Password**

Route Map



IIM-A (0.6 km)
Ahmedabad Textile Industries Research Association (ATIRA)
Ahmedabad Management Association (AMA)
H.T. Parekh Hall
AMA Complex, ATIRA,
Dr. Vikram Sarabhai Marg,
Ahmedabad - 380015,
Gujarat.
N
Dr. Vikram Sarabhai Marg (Ambawadi-IIM-A Road)
Panjarapole Cross Road
Sahajanand College
Kamdhenu Complex
Ambawadi (1.6 km)
Venue Distance from
Railway Station 8 km approx.
Airport 14 km approx.

SHALBY
MULTI-SPECIALTY
HOSPITALS

Shalby Limited

Regd. Off. Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015, Gujarat India
Phone +91 79 40203000 Fax : +91 79 40203109 email: companysecretary@shalby.in
CIN: L85110GJ2004PLC044667

Form no. MGT-11
PROXY FORM

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

CIN	L85110GJ2004PLC044667
Name of Company	Shalby Limited
Registered office	Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015, Gujarat India
Name of Member	
Registered Address	
Email ID	
Folio No. / DP ID & Client ID	
No. of Shares held	

I / We, being the member(s) of above Company holding __________ shares, hereby appoint below at Sr. No. 1 or failing him Sr. No. 2 or failing him Sr. No. 3.

Sr.	Name of Proxy(ies)	Address & Email ID	Signature
1			
2			
3			

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the Company, to be held on Monday, September 17, 2018 at 9:30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad 380015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	For	Against
1	Receive, consider and adopt the Audited Financial Statements (standalone and consolidated), the reports of Board of Directors and Auditors thereon		
2	Appointment of Mr. Shyamal Joshi, a Director retire by rotation		
3.	Appointment of M/s. T R Chadha & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company in place of existing Auditors.		
4.	Appointment of Mr. Ashok Bhatia as Non-Executive Non-Independent Director		
5.	Appointment of Mrs. Sujana Shah as Non-Executive Independent Director		
6.	Ratifying remuneration of Cost Auditor for the FY 2018-19		

Signed this ____________________________ day of ____________________________ 2018

Affix revenue stamp

______________________________ ______________________________

Signature of Proxy holder **Signature of Member**

Notes:

1. The form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not later than 48 hours before the commencement of the Meeting.
2. It is optional to put 'x' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details including details of Member(s) before submission.

ANNUAL REPORT 2017-18

SHALBY® MULTI-SPECIALTY HOSPITALS

PASSION
PERFECTION
PERFORMANCE

Contents

View or download this report at
www.shalby.org/investors/
Annual Reports

Forward-looking statements/
Cautionary statement

In this annual report, we have disclosed forward-looking information to enable investors comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically produce/publish, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements would be fully realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise, or if underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The healthcare business in India is undergoing a paradigm shift.

Gone are the days when healthcare comprised mainly of Government and Charitable institutes. Today, private healthcare delivery is one of the biggest opportunity and growing rapidly.

Driven by fast-growing and affluent middle-class demanding quality healthcare, increasing government spends and the unprecedented surge of insurance players, the healthcare sector today presents a colossal opportunity.

Capitalising on this huge potential will require prudence, pragmatism and perseverance. But what will separate the winners with those who also have PASSION. PERFECTION. PERFORMANCE.

And it is precisely our PASSION. PERFECTION. PERFORMANCE. that make us the preferred proxy for growth in the Indian healthcare space:

- The passion of Dr. Vikram Shah that has now become Shalby's passion
- The perfection to every aspect and minutest details that has made Shalby a respected brand
- The performance driven by optimised capex and opex and among the best ROCE and ROE

With an unleveraged balance sheet, material operating leverage and a low-cost, relevant expansion plan in place, Shalby has the right growth drivers to unlock the immense organic as well as acquisitive growth potential as it continues with persistence and patience, with...

PASSION. PERFECTION. PERFORMANCE.

About Shalby Limited

Our legacy

Established in 1994 by Dr. Vikram I. Shah in Ahmedabad, Gujarat, Shalby started its journey as a tertiary and quaternary healthcare service provider with an aim to provide easy and affordable yet qualitatively consistent healthcare services to patients across economic segments.

Knowing our founder

Dr. Vikram Shah, a renowned orthopaedic surgeon, with higher education from prestigious universities in the UK and Europe, is the founder and has been the Chairman and Managing Director of Shalby Limited since inception. He heads the Orthopaedics Department at Shalby Hospital. His list of innovations are exemplary. In 2011, Dr. Shah innovated the zero '0 technique' that has resulted in the reduction of surgery time from 2.5 hours to 22 minutes and patients' hospital stay from 15 days to 3 days. He innovated the OS Needle, which is thick bore reverse cutting needle used in attaching soft tissues to the bone. Before this innovation, surgeons had to use complicated soft tissue procedures that had a very high failure rate. This OS Needle can be easily attached with the commonly available vicryl thread. Besides being CMD at Shalby, Dr. Shah has held many other prestigious positions. In 2009-10 he was the President of Indian Society of Hip & Knee Surgeons (ISHKS) and is currently a part of joint international faculty for development of new joints by Zimmer Inc., USA. His list of awards and accolades include:

- Felicitated at Times group 'Man of the Year' award for his outstanding contributions in the field of orthopaedic with 1,00,000 joint replacement surgeries at Shalby group of hospitals (2018)
- Double Helical Award for the innovation of the '0 Technique' (2017)
- Hercules Award – The Gujarat Innovation Society (2014)
- Nilkanth Patang Nagar Pratibha Award – AMC and Dharmadev Infrastructure (2012)
- Pathbreaking services in the field of Joint Replacement and Orthopaedic Surgery for 15 years – Rotary International (2009)
- Outstanding work in the medical field by Ahmedabad Medical Association (2005)
- Dr. B. C. Roy International Award for Joint Replacement Surgery (2003)

Stewarded by one of the doyens of the Indian healthcare industry, Dr. Vikram Shah and ably assisted by a team of qualified professionals, Shalby

Today's Shalby

Over the past two decades, Shalby has grown from one multi-specialty hospital in 2007 to 11 multi-specialty hospitals across different states in India. Shalby is world renowned for its strength in orthopaedics procedures such as complex joint replacement surgeries and along with it, it has focussed on developing itself in the fields of tertiary and quaternary specialties like cardiology, neurology, oncology, bariatrics, liver and renal transplants etc. With such sustained growth, the Company not just cemented its reputation in India, as one of the leading multi-specialty chain of hospitals, but also made its presence felt outside India in countries like Ethiopia, Kenya, Tanzania, UAE, Bangladesh and Cambodia among others through its outpatient clinics (OPDs) and Shalby Arthroplasty Centre of Excellence (SACEs) - shared surgery centres within third-party hospitals.

Our Mission

Leveraging global leadership in Joint replacement to establish multi-specialty care across geographies

Our Vision

Exceeding expectation from health

constantly explores ways and means to enhance offtake, optimize its capex and opex expenses, widen reach and deploy technologies that bolster cost-competitiveness.

The result: Shalby has conducted more than 1,00,000 surgeries, and provided healthcare services to more than 12,00,000 patients (1,60,000+ inpatients and 10,40,000+ outpatients). Shalby grew its revenue 85 times since FY 2004-05.

Where we are

Headquartered in Ahmedabad, India, Shalby has its presence both within India and abroad through its network of hospitals, Outpatient Clinics and SACE located in India, Africa, Middle East, Bangladesh and Cambodia.

Focussing majorly on the Tier I and Tier II cities, Shalby already has a strong foothold in western and central India with its 11 multi-specialty hospitals. Further, the Company has made its presence felt across 35 cities in 9 different states in India with its 40 operational outpatient clinics whereas the Company's SACE services are operational in 7 cities spread across 6 states in India. Shalby's international footprint is spread across Africa, UAE, Bangladesh and Cambodia consisting of 6 outpatient clinics and 1 SACE in Africa, 2 SACE in the UAE and 1 outpatient clinic each in Bangladesh and Cambodia. Company has embarked on the journey of setting up new multi-specialty hospitals in Western and Central India.

Our capacities

11 multi-specialty hospitals of Shalby with a total capacity of 2,012 beds with a team strength of 3,400+ consisting of 2,223 employees comprising of 865 nurses, 368 paramedical and 990 support staff along with 317 consultants and 386 doctors consisting of 353 full time and 33 part time along with more than 500 outsourced staff. The Company over the years has successfully conducted more than 1,00,000 surgeries, provided healthcare services to more than 12,00,000 patients and has successfully conducted 15% (in terms of market share) of all joint replacement surgeries conducted by corporate hospitals in India in 2016.

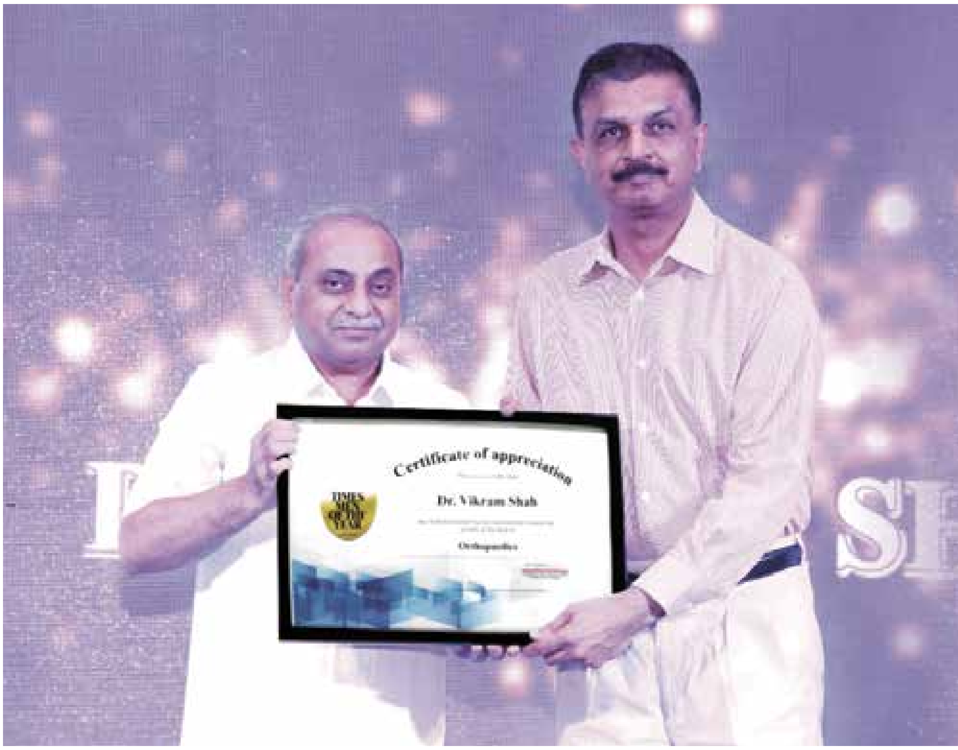
Where we are listed

Shalby's shares are listed and actively traded on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India, with a market capitalization of ₹ 2,207.18 crore as on March 31, 2018. The promoters held 79.41% of the Company's equity capital at the close of FY 2017-18.

Shalby's decadal track record

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Bed Capacity (Nos.)	228	228	228	308	674	674	907	1,295	2,012	2,012
Operational Beds (Nos.)	194	194	194	235	443	455	593	823	781	1,150
Bed utilisation	85%	85%	85%	76%	66%	68%	65%	64%	39%	57%
Total doctors	47	67	81	89	111	144	170	242	297	386
Patients treated	24,539	40,268	52,069	64,901	1,26,267	1,42,590	1,45,968	1,73,449	1,91,223	2,55,937
ARPOB (₹)	27,169	27,014	31,443	36,296	40,838	39,349	39,904	34,173	32,671	31,564
Total Revenue (₹ Mn)	745	1,030	1,332	1,685	2,307	2,610	2,776	2,927	3,305	3,923
International Revenue (₹ Mn)	12	8	96	126	126	140	187	128	139	131
Domestic Revenue (₹ Mn)	733	1,022	1,236	1,559	2,181	2,470	2,589	2,799	3,166	3,792
EBIDTA (₹ Mn)	107	142	262	439	482	660	687	579	778	925
EBIDTA	14%	14%	20%	26%	21%	25%	25%	20%	24%	24%

Awards and accolades

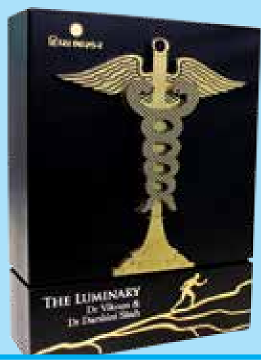


2018

- "Times Man of the Year" award from TOI to Dr. Vikram I. Shah
- "The Luminary" award from Divya Bhaskar, a leading vernacular daily published from Ahmedabad to Dr. Vikram I. Shah and Dr. Darshini Shah for their contributions in the fields of Orthopaedics and Dental Implantology, respectively.

2017

- "Best CSR Initiative in Healthcare" award for the project "Healthcare at Doorsteps" at the 7th Healthcare Leaders Forum, New Delhi.



SHALBY
MULTI-SPECIALTY
HOSPITALS

Our journey over the years

1994

Shalby embarked on its journey by setting up 6-bedded hospital at Vijay Shalby, Ahmedabad

2004

In the journey of 10 years, Shalby grew its revenue by 100 times

2007

Shalby successfully operationalised its first multi-specialty hospital of the group at SG Shalby, Ahmedabad

2011

Innovation of Zero "0" technique

2012

Acquired Krishna Shalby, Ahmedabad and Vapi Shalby

2015

- Commissioned Shalby Indore and Shalby Jabalpur
- Acquired Shalby Mohali

2017

- Shalby's shares got listed on NSE and BSE
- Reached bed capacity of 2,012 from 228 in FY 2007-08
- Commenced three units: Jaipur, Naroda and Surat

Numbers vindicating our growth over the last 10 years

Multi-specialty hospital ▲ 5.5x

2008-09	2017-18
2	11

Facilitating the extension of our presence from West India to Western, Northern and Central India.

Bed capacity ▲ 8.8x

2008-09	2017-18
228	2,012

Facilitating larger market share and mindshare.

Revenue (₹ in Mn) ▲ 5.3x

2008-09	2017-18
745	3,923

Facilitating the long-term sustainable growth of the Company.

EBITDA (₹ in Mn) ▲ 8.6x

2008-09	2017-18
107	925

Facilitating to earn one of the highest margins in the Industry.

ARPOB (average revenue per occupied bed)

2008-09	2017-18
₹ 27,169	₹ 31,564

Facilitating to earn one of the highest revenue per bed in the industry.

Doctors ▲8.2x

2008-09	2017-18
47 doctors	386 doctors

Facilitating the creation of diverse capabilities.

Patients treated (IP and OP) ▲10.2x

2008-09	2017-18
24,500+	2,50,000+

Facilitating the creation of trust among patients.

Successfully conducted surgeries ▲ 6.3x

2008-09	2017-18
2,750	17,554

Facilitating the creation of patient's trust and build a strong brand image.

Gross block (₹ in Mn) ▲ 16.2x

2008-09	2017-18
457	7,383

Facilitating consistent and focussed capacity creation.

Net Debt / Cash (₹ in Mn)

2008-09	2017-18
10 Net Debt	27 Net Cash

Facilitating consistent and largely debt-neutral capacity growth.

From the Chairman and Managing Director's desk

"

At Shalby, we are driven by one singular vision - to provide quality yet affordable healthcare services to the people across the globe by innovating, adapting and imbibing world's best technologies.

Dr. Vikram Shah
Chairman and Managing Director, Shalby Limited and Head of the Department of Orthopaedics

Dear shareholders,

Staying true to our ethos of providing our patients with the best-in-class healthcare services, at Shalby, we tried to offer world-class yet affordable healthcare services and facilities to our patients. Thus emerging amongst the largest and most profitable multi-specialty healthcare organisation in FY 2017-18.

Starting with just one hospital with six beds, Shalby has transformed into a chain of multi-specialty hospitals in just two and a half decades. It is our vision-to provide quality yet affordable healthcare services to the people across the globe by innovating, adapting and imbibing world's best technologies. This is what has driven us for so many years and would continue to motivate us for the years ahead.

We have always strived to be the best in whatever we did – whether it's selecting the land parcel, constructing hospital buildings, planning and designing the interior, selecting the mix of equipment or deciding in which area of healthcare to specialise in. This never-settle-for-less attitude of ours has allowed us to deliver on our promise of providing world-class healthcare services and usher in positive change in the lives of millions we touch every day. As we turn 25, Shalby is all the more keen on keeping up the good work by working with renewed passion and perfection, by providing incremental returns into the hands of our stakeholders and by climbing new heights.

Indian healthcare industry

At this juncture I feel that the Indian healthcare industry is standing at an inflection point. Yes, it's true that the public healthcare system is under a lot of pressure largely owing to that fact that it has to cater to a large number of people because of the ever-growing population. Moreover, with the majority of them living below the poverty line comes the question of affordability. The severe imbalance between the urban and the rural public healthcare system, lack of healthcare spending on the part of the government and lack of professional doctors and other paramedic staff have compounded the problem further. ~50% of all villagers in India have no or very little access to proper healthcare facilities. These numbers, albeit unsettling, do indicate that if one can attain the right mix of services along with an affordable cost structure, there's an ocean of opportunities for the organised players in the sector to explore.

Despite being one of the largest sector in India in terms of revenue and employment, the government's budgetary allocation for healthcare in FY 2018-19 is only ₹ 52,800 crore compared to ₹ 5.97 lakh crore for infrastructure and financial sector development.

Access to capital has been one of the biggest roadblocks to the growth of the Indian healthcare sector. Today, the Indian Government spends only ~1% of its GDP on healthcare, which is among the lowest globally for any country. Along with building highways, firing up our power plants and ensuring there is a roof over every Indian's head, there is a need to focus on healthcare in the country.

Consider the following facts and figures

Ensuring healthcare delivery through traditional methods will require additional investments of USD 245 billion by the year 2034.

This amount can be reduced by USD 90 billion by focussing on preventive care, leveraging technology to deliver care and shifting care from hospitals to homes.

There's a 22% shortage in terms of primary health centres and 32% in terms of community health centres.

~50% of beneficiaries travel more than 100 kilometres to access quality healthcare services.

India has only 1.1 beds per 1,000 people compared to the global average of 2.7.

70% of India's healthcare infrastructure is concentrated in the top-20 cities.

At Shalby, we believe that in a world with vast healthcare inequities, our presence is justified by making healthcare accessible.

Thereby making it possible for patients to reach us with convenience, address the core problem of extensive healthcare underpenetration and make India a healthier place to live in.

(Source: PWC Report, Funding Indian Healthcare)

Prospects of the industry

The Indian Government is finally taking some concrete steps towards bolstering the industry. Some of the recent announcements like increased budgetary allocation towards the healthcare sector, encouraging FDI policies, reduction in customs duties and other taxes on life-saving equipment and the allocation of USD 10 billion for healthcare facilities across India (under the National Health Protection Mission), among others can prove to be beneficial for the industry.

The real tangible change which has been highly appreciated by all the players across the industry is the change in Indian Government's mindset as they try to transform themselves from a service provider to an insurer. The National Health Protection Mission is an apt example of this changing mindset. If it's properly implemented, it would create a win-win scenario for both the service providers and the service seekers. The National Health Protection Mission is the largest government-funded healthcare programme in the world and would cover ~100 million poverty-stricken families in the country with insurance policies of up to ₹ 5 lakh per family per year for meeting secondary and tertiary medical care expenses. Other factors like rising income levels, a growing Indian middle class, a steadily ageing population and changing attitudes towards preventive healthcare are expected to provide just the impetus that the industry needs.

Year under review

From a macro perspective, we are seeing substantial transformations transpiring across India. With the advent of modernised cities, increasing per capita income, growing demand for better lifestyle from the youth population of India and increasing penetration level of the health insurance among others, there has been a growing demand for quality healthcare services across different segments and regions which earlier were associated with the affluent class only. It resulted in consistent double digit growth for the industry in the last couple of years.

This favourable industry scenario led to a satisfactory performance. Our revenues grew by nearly 20% in FY 2017-18 from ₹ 3,305 mn in FY 2016-17 to ₹ 3,923 mn as occupancy grew by 23.6%.

Shalby, a force to reckon with

To synergistically diversify into the other ancillary verticals, at Shalby, we have strategically forayed into other relevant areas which are at their nascent stages of their product lifecycles. This will enable us to maintain our profitability on a long-term basis. For instance, Shalby is a pioneer in the field of joint replacements in India and accounts for a 15% share of all joint replacement surgeries in India today conducted by the corporate private players.

At Shalby, we have been able to reduce our capex costs substantially by opting for an in-house team of architects, engineers and interior designers, who can design as per the requirements of the management. In an industry, where most players are heavily reliant on external consultants, the average capex cost goes up to ~₹ 80 lakh. Shalby has managed to set up equally equipped, well-furnished facilities at materially lower cost. We are able to construct 30-40% more beds on a given piece of land without compromising room size. This has subsequently allowed us to achieve one of the highest ROEs and ROCEs within our space and break even faster compared to our peers. Our asset-light revenue sharing model, which does not involve any fixed rentals, has further enabled us to keep the set-up cost within check.

We focussed on the optimal usage of the real estate by cutting down on common areas and empty spaces, thus resulting in 30% more beds to accommodate patients. In terms of equipment sourcing, we follow the cost-to-quality strategy, which enables us to source more equipment using the allocated budget compared to others. We follow a 'no star doctor' policy which has enabled us to reduce our operational costs per bed substantially. Sizeable cash in hand means that we can grow organically and with the option of equity dilution, our dependency on debt is minimal.

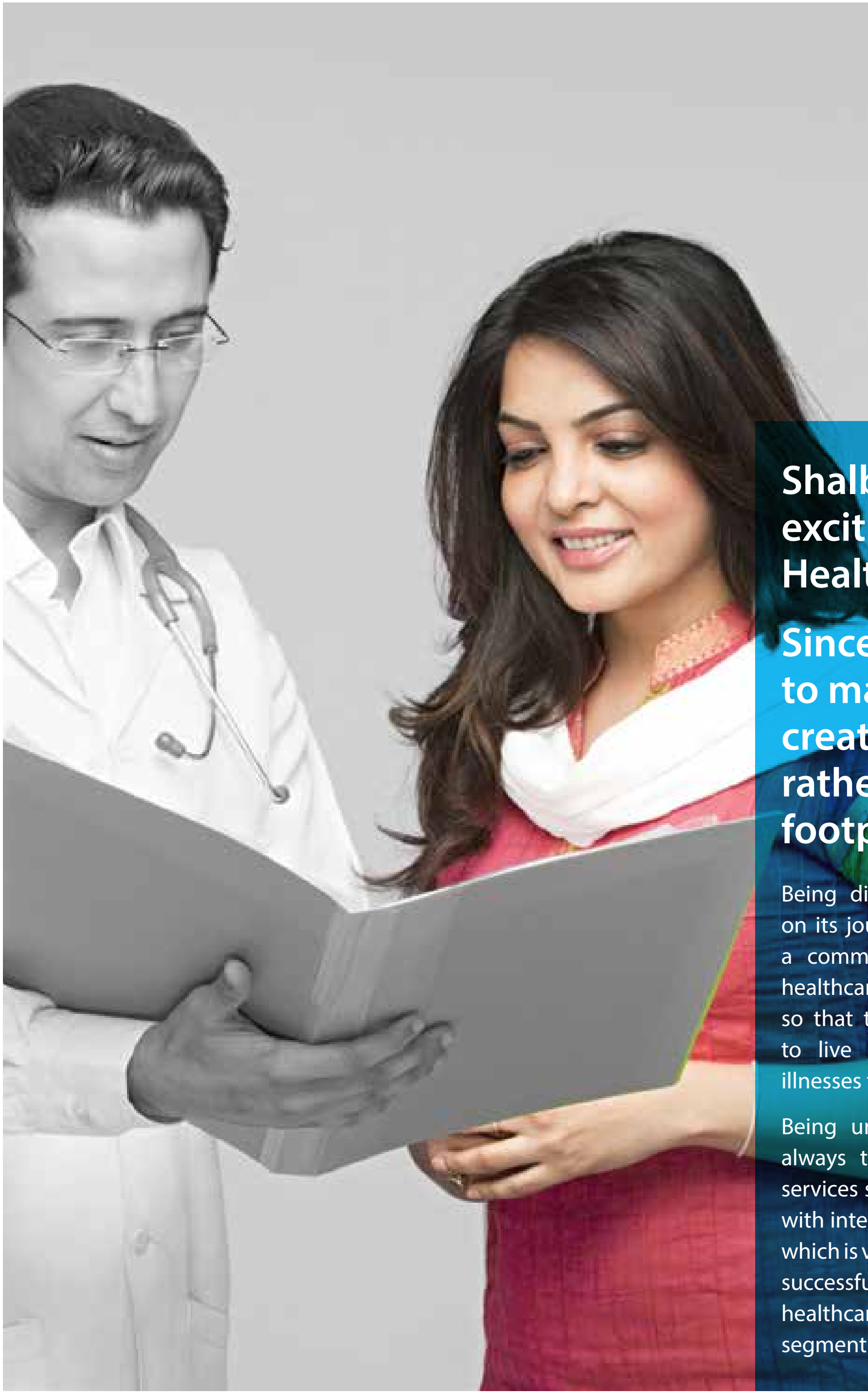
As a result, we see Shalby progressively emerge as one of the highest revenue generators within our industry space by boosting revenues and margins on the one hand and reducing our susceptibility to risks on the other.

Road ahead

Increasing trust of our discerning patients in the Shalby brand has translated into this overwhelming performance of the Company. Moreover, at Shalby, we believe that the time has now come to leverage our competitiveness in the wake of the changing mindset of the government. And there are a number of immediate factors underlining our optimism. A couple of initiatives on the part of the government like National Health Protection Mission, proposing ₹ 5 lakh family insurance coverage to poor 100 million families, Aadhaar card a health identifier and FDI in healthcare among others have really raised the hopes and opened a wide horizon for everyone to explore.

This renewed optimism in the country is expected to result in growing demand for good healthcare services. The entire Shalby team with its wide multi-locational footprint, increased capacities and strong brand value, would work relentlessly to entrench our presence in every demand pocket and encash on the emerging opportunities. We also plan to foray into new horizons and make fresh investments, thus moving up and strengthening our presence across the value chain. At Shalby, we expect that the complement of these initiatives will enable the Company to sustain its revenue momentum, enhance margins and create attractive value proposition in the hands of all our stakeholders. I would also like to take this opportunity to place on record our heartfelt gratitude to our valued shareholders and all other partners and associates for their continued support and faith in Shalby.

What makes Shalby unique



Shalby is one of the most exciting stories in Indian Healthcare industry. How?

Since inception, Shalby tried to make a mark for itself by creating a path of its own rather than following others' footprints.

Being different in its approach, Shalby embarked on its journey of providing healthcare services with a commitment to provide quality yet affordable healthcare services to the community at large, so that the people whose lives we touch are able to live longer, stay healthier and recover from illnesses faster.

Being unique in its approach, the Company has always tried to deliver comprehensive healthcare services specially in the Tier II and Tier III cities, at par with international standards but at an affordable cost which is very much Indian. Shalby has thus been highly successful in cementing its place as the preferred healthcare service provider in the orthopaedic segment in the regions where it is present.

Here is how Shalby is unique

Niche

15%

Percentage (out of the total) of joint replacement surgeries conducted by corporate hospitals performed by Shalby, highest among all the private healthcare players

Experience

24 years

Rich industry experience of Shalby

Revenue Growth

31%

Revenue CAGR over the last 11 years

EBITDA

24%

One of the highest in the industry

ARPOB

₹ 31,564 per bed

ARPOB, one of the highest in the industry

Leveraging Power

Zero net debt

Showcases the high leveraging power

Capex

₹ 40-50 lakh per bed

Average capex per bed for a new hospital, lowest in the industry

Strong Team

3,400+

Team strength of Shalby

Indian healthcare industry and its changing dynamics

Current Scenario

A persisting problem for India has been its inability to gain control over its healthcare issues. The struggle for control was foregrounded a number of times, validated by multiple health indicators like high maternal mortality rate (MMR), high infant mortality rate (IMR) and low life expectancy rates.

Access to capital has been one of the biggest obstructions to the growth of the Indian healthcare sector. Along with building highways, firing up our power plants and ensuring there is a home for everyone, there is also a need to focus on healthcare in the country.

Growing geriatric population, skilled labour shortage, inequality in healthcare availability and accessibility, and lack of affordability owing to dearth of infrastructure has further worsened the situation.

Historically, healthcare delivery in India was primarily under the purview of the government or was mostly run by charitable organisations or trustee boards. Although the government has secondary and tertiary care facilities, it is the private sector that runs a majority of secondary, tertiary and quaternary care facilities. Private facilities are also majorly concentrated in and around Tier I and Tier II cities.

Despite the dominance of the private sector in the Indian healthcare industry, a majority of the population who lives below the poverty line are still heavily dependent on the under-financed and under-staffed public healthcare system for its healthcare needs. As a result, incidents of death owing to unintended medical negligence are a common phenomenon especially in the rural areas.

Key numbers

- Today, the Indian Government spends only about 1.15% of its GDP on healthcare, which is among the lowest globally for any country (USA spends nearly 17.1%)[1]
- India has one of the lowest government spend and public per capita health spend, as a proportion of gross domestic product (GDP) China spends 5.6 times more and US 125 times more than India[2]
- India still accounts for 16% of the global share of maternal deaths and 27% of global new-born deaths[3]
- Deaths continue to occur due to communicable diseases, with 22% of global TB incidence in India
- India's non-communicable disease burden continues to expand and is responsible for ~60% of deaths in India[2]
- With a count of 48.2 million, India has the highest population of children stunted (low height for age) due to malnutrition, who grow up to be less healthy and productive[4]
- Out-of-pocket (OOP) expenditure constitutes >60% of all health expenses, compared to 13.4% in the US, 10% in the UK and 54% in China, and is a major drawback in a country like India where a large segment of the population is poor
- ~ 63 million people fall into poverty each year due to lack of financial protection for their healthcare needs[5]
- With a 22% shortage of primary health centres and 32% shortage of community health centres, it is estimated that 50% of beneficiaries travel more than 100 kilometres to access quality care[5]
- India has only 1.1 beds per 1,000 population compared to the world average of 2.9
- 70% of India's healthcare infrastructure is in the top-20 cities

Source:

[1] https://www.businesstoday.in/union-budget-2018-19/news/budget-2018-insufficient-allocation-health-sector-heathcare-scheme/story/269449.html

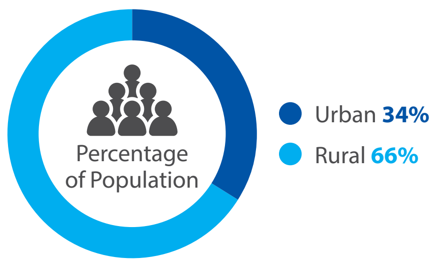
[2] https://www.firstpost.com/india/indias-healthcare-sector-a-look-at-the-challenges-and-opportunities-faced-by-81-3-billion-industry-3544745.html

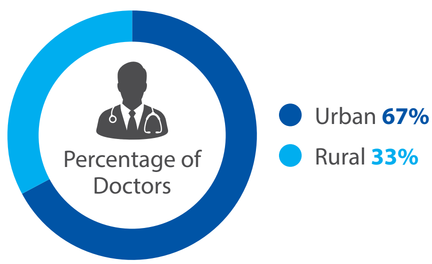
[3] PWC Report. Funding Indian healthcare

[4] https://timesofindia.indiatimes.com/life-style/health-fitness/health-news/non-communicable-diseases-cause-61-of-deaths-in-india-who-report/articleshow/60761288.cms

[5] https://www.dailypioneer.com/sunday-edition/agenda/opinion/address-indias-growing-healthcare-costs.html

Split of population and doctors





(Sources: PwC, Lancet, Global Tuberculosis Report, WHO Global Status Report on NCDs, World Bank Data, National Health Policy Draft, Rural Health Statistics)

180 million
Indians get affected by painful joint conditions

Changing dynamics of the Indian healthcare industry

Healthcare in India is complex due to the multi-layered architecture. There are various considerations for this multi-layered hospital administration architecture. Despite the challenges, things are finally changing for the Indian healthcare industry as in the recent past there has been an increasing emphasis on the part of the government to improve the current scenario of the Indian healthcare industry.

Over the last few years, the healthcare industry has emerged as one of India's largest sectors both in terms of revenue and employment generation. The industry has seen a significant increase in transactions and FDI inflow over the last few years with the value of transactions increasing from USD 94 million in 2011 to USD 1,275 million in 2016 – a 13.5x jump (Source: FDI Fact Sheets). As a result, the government has taken its interest in the industry and is striving towards a change in the scenario.

Initiatives taken by the government

The government has increased its emphasis to reduce the drug prices and make them available within the affordable range of the general public. As a result, some of the critical drugs used for cancer treatment now costs 86% cheaper than what it used to be, whereas the prices for the drugs used for diabetes treatment reduced by 42%.

Doctors engaged with the public healthcare system are more and more encouraged to prescribe generic drugs instead of branded ones.

Move on the part of the government to transform itself from a healthcare service provider to an insurer, has been highly appreciated. The government's move to provide a coverage of up to ₹ 5 lakh to 10 crore poor families is a big stepping stone towards this changing role of the government as a payer rather than a provider in the secondary and tertiary care space. This scheme isn't just a proof of the transformation of the government's own perceptions but has emerged as one the biggest schemes of its kind in the world.

The government has also launched the Ayushman Bharat scheme in the Union Budget 2018 to provide insurance cover to 10 crore families in India. Under the guidance of NITI Aayog, this budget for the very first time has allocated ₹ 33,073 crore to create digital economy with cutting-edge technologies like artificial intelligence (AI), the Internet of Things (IOT), blockchain and 3D printing that are prerequisites for building a modern technology landscape in healthcare system. If the scheme succeeds, this will reduce wait times and improve productivity by minimising human intervention in electronic medical records (EMRs)/enterprise resource planning (ERP)/ hospital information systems (HISs).

Further, the government's National Health Protection Scheme is expected to provide the much-needed protection to the most vulnerable section of our population and increase productivity due to lower disability-adjusted life years (DALYS) lost.

The government also launched an immunisation programme under the name of Intensified Mission Indradhanush (IMI) with the aim of improving coverage of immunisation in the country.

Besides the above-mentioned initiatives on the part of the government, different other schemes like enhanced tax exemptions under section 80DDB and 80D and conversion of 1.5 lakh health sub-centres into wellness centres for early detection of disease to reduce both mortality and morbidity rates, can give the industry the timely push to grow from strength to strength.

Along with the government's push, the other factors that are expected to drive change in the Indian healthcare industry are:

Rising affluence of the middle class: Rising middle class of India is one of the highest contributors to Indian economy and with each passing day their aspirations are on the rise. With the growing spending power of the middle class, it's expected that the consumption across different sectors will treble over the next 10 to 15 years. Thus it is also expected to be one of the big growth drivers for the healthcare industry.

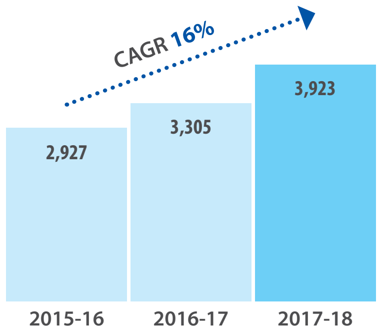
Increasing awareness and changing mindset: With the growing middle class being educated and aware, more and more people are getting themselves insured under different schemes of health insurance. Along with protection, this has also changed the mindset of people, as with insurance people are demanding better facilities for their healthcare treatment which is drawing them more and more towards the private sectors. Considering the present penetration level of the insurance sectors, there is a huge window of opportunity waiting to be explored.

Result: With very low expenditure on healthcare and lack of proper implementation strategy by the government, the problem of tackling the rising lifestyle diseases and the consequent growing demand for better services from the people (irrespective of economic background and from both rural and urban areas) still remains unaddressed. Thus there is a huge opportunity of growth for the private players who have long overtaken the government in terms of the facilities and service provided.

How our passion and perfection at work has resulted in a sustainable performance

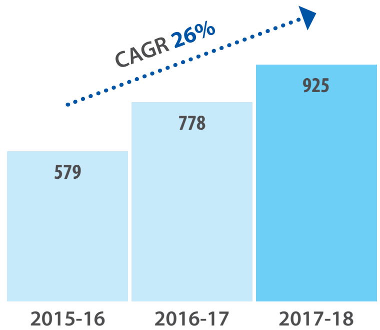
Enhancing shareholders' value

Revenue
(₹ in Mn)



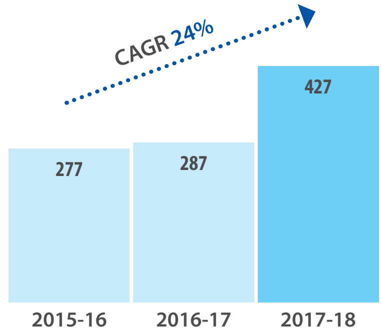
Y-o-Y Growth **19%** ▲

EBITDA
(₹ in Mn)



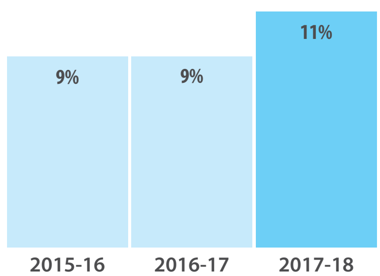
Y-o-Y Growth **19%** ▲

PAT
(₹ in Mn)



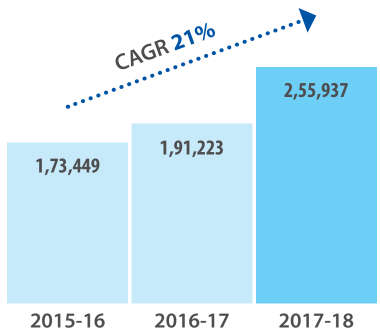
Y-o-Y Growth **49%** ▲

PAT Margin
(%)



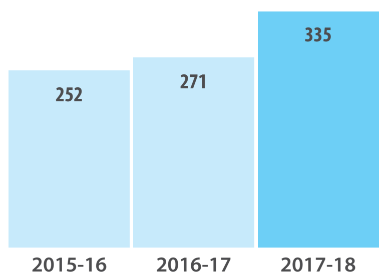
Y-o-Y Growth **200 bps** ▲

Patients Treated



Y-o-Y Growth **34%** ▲

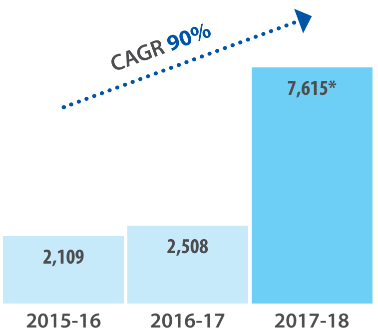
Occupancy
(Beds)



Y-o-Y Growth **24%** ▲

Creating a stronger balance sheet

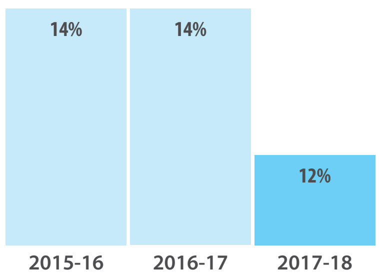
Net Worth
(₹ in Mn)



Y-o-Y Growth **204%** ▲

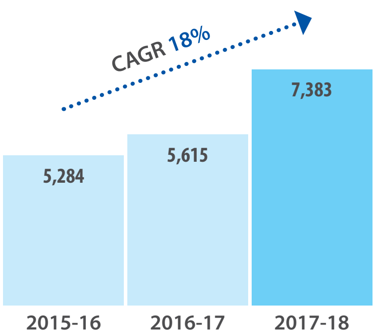
**Due to IPO in December 2017*

ROCE
(%)



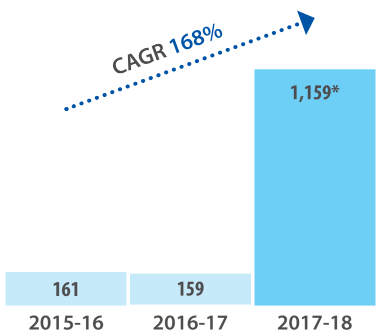
Y-o-Y Growth **200 bps** ▼

Gross Block
(₹ in Mn)



Y-o-Y Growth **31%** ▲

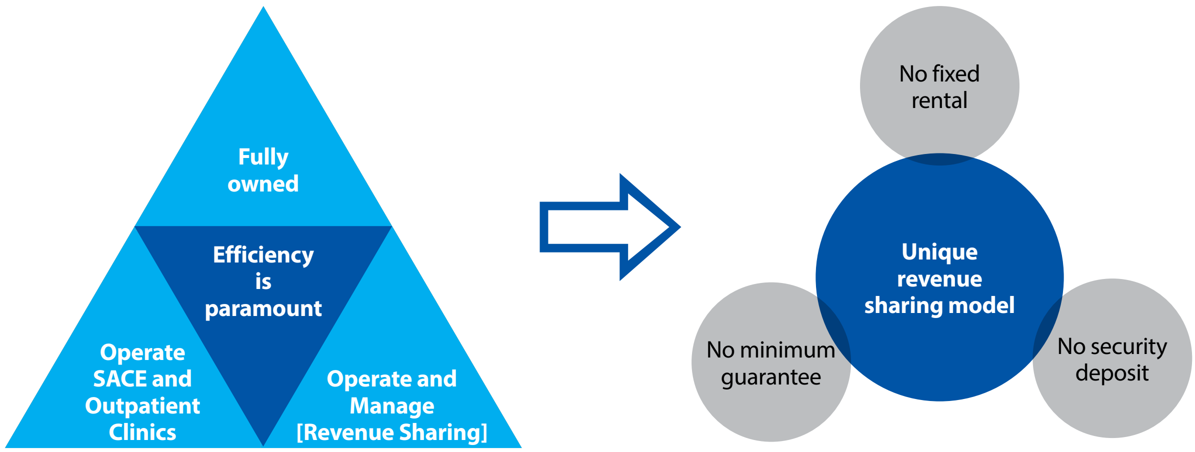
Cash and Cash equivalents
(₹ in Mn)



Y-o-Y Growth **631%** ▲

**Due to IPO in December 2017*

Our unique business model



The management has adopted a robust business model to address the challenges of today and tomorrow. It is a primary requisite for the long-term success of the Company as on it depends both the capex and opex cost which in turn determines profitability.

Instead of replicating large international healthcare organisation models that assume that their business models would become increasingly successful as India gets progressively Westernized, at Shalby, we responded differently with a completely Indianised version of the organised healthcare model.

We studied every aspect of our business to identify what is relevant and constantly tweaked in with our strategy so that it is optimally beneficial for the long-term running of the hospital. This has helped in achieving the best capex per bed, one of the best operational matrices within the industry, to reach break-even faster than majority in the competition, reduce cost, to optimise utilisation of our real estate, get the right mix of equipment, generate more revenue per bed and most importantly create value for our patients. We are confident that, owing to the constant adjustments we make in our strategy, Shalby is prepared for its current operations as well as to reach long-term targets.

How did we do that?

1, we usually go for, a more or less perfect rectangular-shaped land for our hospital construction. This, on one hand, has resulted into a minimum wastage of land adhering to the regulatory requirement, on the other hand, saved the Company from any land-related overhead cost.

2, architecture of a hospital building is substantially different and complex compared to others owing to the requirements of different kind of rooms of different sizes, shapes and for different facilities. Unlike other players who hire expensive external consultants for planning and designing, we, at Shalby, have got in place an in-house team of architects, designers and planners to customise our building construction as per our management's requirement and get the best out of the built-up area in terms of optimal utility planning.

Result

₹ 40 lakh to ₹ 50 lakh

capex per bed for Shalby

compared to

₹ 75 lakh to ₹ 1.5 crore

capex per bed for other corporate hospitals

Further, common areas and vacant spaces have been substantially cut down to enable and optimise well-designed floor area in which the Company could increase its bed count. For instance, Shalby has been successful in increasing its bed count by 30% in comparison to that of its peers for the given floor space without compromising on the number of rooms.

3, equipment in a healthcare facility forms a major chunk of the capex investment. At Shalby, we have efficiently utilised the rich industry experience of Dr. Vikram Shah to get the right blend of medical instrument for providing different facilities. The Company used efficient equipment sourcing strategy to manage judicious and optimal expenditure of money.

Result

This strategy on the part of the Company has turned into a huge cost advantage for them owing to best cost to quality balance and resulted into further reduced capex and opex per bed compared to its peers.

4, the Company strategically opted for a higher OT to bed ratio compared to its peers, enabling them to perform more surgeries and achieve a quicker patient turnaround. Optimising the size of the OT rooms as per the requirement enabled them to carve out more OT rooms from one single floor compared to its peers. Thus deviating from the standard, Shalby achieved a ratio of 8 OTs for every 200 bed compared to the industry standard of 4 OTs for every 200 bed.

Result

₹ 31,564 ARPOB

one of the highest in the industry

3.70 days ALOS

(average length of stay), one of the lowest in the industry

5, following a centralized procurement method as part of its business model, the Company gets its required supplies at bargaining prices that helps them to save cost and efficiently utilise the pilling space i.e. the warehouse. Further, in terms of operationalisation of the hospital beds, the Company follows a gradual ramping up of operation that helps to keep operating cost low and break even much faster at EBITDA level during initial years (2-3 years).

Result

Judicious capital expenditure in land acquisitions, construction of hospital building and sourcing equipment coupled with optimum utilities planning on each floor, resulted in:

1. Shalby emerging as one of the very few players in the industry to reach break-even in terms of fixed costs and operational costs within 4-5 years and 2-3 years of starting a new hospital whereas the industry standard is 5-7 years and 3-5 years respectively.
2. Best-in-class returns. ROCE and ROE for FY 2017-18 stood at 12% and 6% respectively despite lower capacity utilization post heavy capex.
3. Cost of running the day-to-day operations for a single hospital at Shalby is 10%-15% lower compared to what it's for the others in the industry.

Tangible results of our unique business model

In general, a standard OT room would require an air-conditioner with a weightage of 20 tonnes to perform satisfactorily.

In case of Shalby, owing to the customisation of the OT rooms as per the requirement, an air-conditioner with a weightage of 15 tonnes can do the job comparably.

Result

25%

savings in terms of power cost

Our low cost yet relevant expansion model

Shalby has grown from strength to strength over the last 10 years. Continuous expansion has been an integral part of the Company's business strategy.

Number of Hospitals

TWO in 2008

11 in 2018

Locations

ONE in 2008

8 in 2018

So what is so unique about Shalby's expansion policy?

At Shalby, we have expanded to places where we feel the services provided by Shalby have a relevance, the crux of our expansion model being 'go where there is relevance.' We have chosen this strategy because we don't believe in entering into new geographies first and then create a market for our services. Rather at Shalby it's always the opposite. We first create a market for our services in the new geographies where we plan to enter and then set up our multi-specialty hospitals.

How does Shalby create a market for itself first?

Before entering any new geography, Shalby first creates relevance for itself by associating with third-party hospitals on a revenue sharing basis to offer orthopaedic healthcare services through its outpatient clinics and 'Shalby Arthroplasty Centre of Excellence' (SACE) located within the premises of the third-party hospital. Thus Shalby's SACE and outpatient clinics helps the Company both in nurturing and understanding the full potential of its future market. So now when Shalby opens a full-fledged hospital in a new region, it has already created a strong brand name and a strong brand recall for itself, thus helping the organisation in ramping up its operations at a much faster rate and reach break-even quicker. Currently, Shalby has in place 40 outpatient clinics across 35 cities of India and 10 shared surgery centres under SACE within third-party hospitals in 7 cities of India.

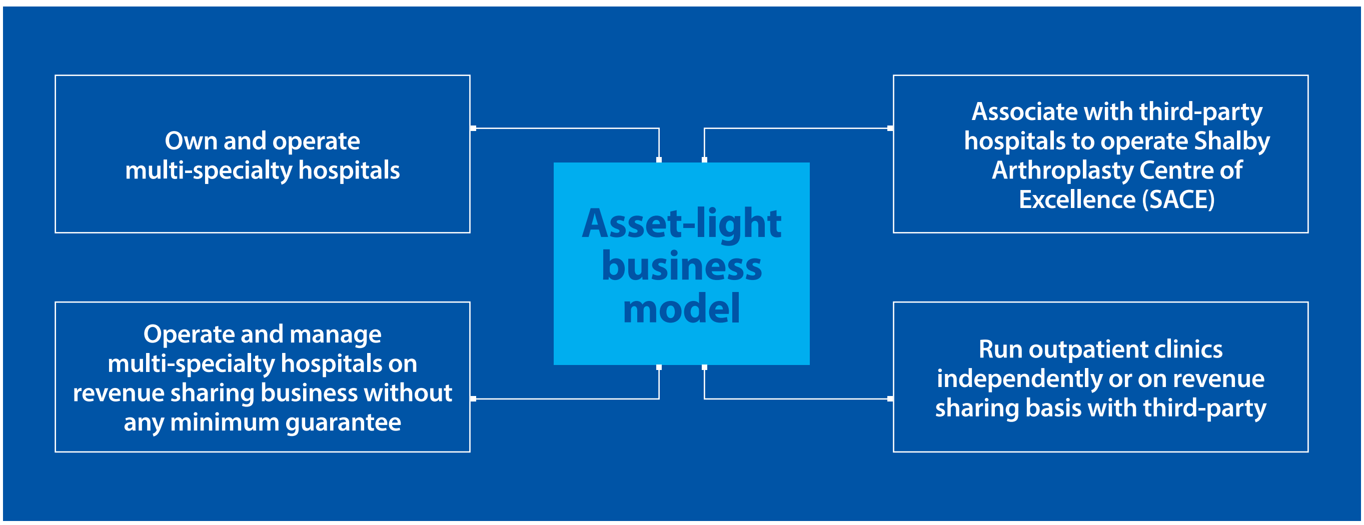
This expansion model adopted by Shalby helps the Company to expand faster but at a low cost.

Firstly, owing to the revenue sharing model with the third-party hospitals, there is no major capital expenditure on the part of the Company for the set-up of the outpatient clinics.

Secondly, when it sets up its new multi-specialty hospital in an already established market, the cost of advertisement is far less than the normal – approximately around 2-2.3% in the Tier II and Tier III cities whereas the same in metros is around 5%.

Thirdly, owing to prudent financial planning and effective capex and opex matrix, the Company has been able to ramp up the operations at a much lower cost and at a much faster pace compared to the others.

Shalby breaks-even relatively faster than its competitors, largely owing to its prudent financial planning, effective capex and opex matrix, low advertising expenses and prior market development strategy.



Where lies our expertise

For people with complex joint problems, joint replacements can literally be a lifesaver for them.

A sedentary lifestyle has pervaded our being. There is lower physical labour in our everyday activities. Owing to this lack of exercise coupled with nutritional deficiency, experts are of the opinion that osteoarthritis problems are going to be the next big thing in India. With the growing per capita discretionary income and the rising awareness in the increasing penetration of the health insurance sector, the number of joint replacement surgeries done in the country has gone up over the years and is surely to rise significantly over the years to come. Case-in-point: The number of knee replacement surgeries in India has gone up from 200 surgeries in 1994 to 1.75 lakh surgeries in 2017 and expected to reach ~15-20 lakh surgeries p.a. by 2027. Within orthopaedics itself, other segments such as the spine, ortho-trauma, arthroscopy and paediatric orthopaedics have been experiencing rapid growth in the recent times.

What lies ahead…

USA conducted 8,00,000 knee replacement surgeries in 2017 from a population of 300 million whereas India with a comparable population had just 1,75,000 knee surgeries in 2017.

On the contrary, Asian population is 15 times more prone to arthritis of the knee than Western countries owing socio-geographic factors.

And here lies our niche…

At Shalby, we are a multi-specialty hospital with our niche lying in orthopaedic surgeries. Being one of the pioneers in joint replacement in India, Shalby accounts for nearly 15% of all the joint replacement surgeries conducted by all the organised private players in the Indian healthcare industry and nearly 5% of all the joint replacement surgeries conducted in India. Guided by our richly experienced founder and managing director Dr. Vikram Shah, Shalby over the years has commenced leadership position in joint replacement in India which currently contributes more than 50% to the overall revenue mix.

8,000+
joint replacement surgeries conducted by Shalby in FY 2017-18, one of the highest in India

How our niche provides us with a sea of opportunity

At this juncture, at Shalby, we feel that joint replacements would be the next big thing in the Indian healthcare industry just like open-heart surgery was in the 1990's.

And with Shalby already attaining a leadership position in this segment along with a strong brand image, we feel the Company is perfectly poised for a strong growth over the next four to five years as joint replacement surgery moves from the first phase to the second phase i.e. the growth phase. The things working in favour of Shalby are:

- Best-in-class hospital infrastructure already in place, so no further capital investment is required
- Having a team of experienced and well-trained doctors in place under the guidance of industry stalwart Dr. Vikram Shah
- Capacity to increase the occupancy 4-fold on the current occupancy without incurring any major capex
- The Company's aim to set up one multi-specialty hospital in the capital city of every state and also increase its presence in Tier I, Tier II and Tier III towns across India

Thus, at Shalby, we feel that we are suitably poised to capture the emerging market opportunities and enhance our revenue without incurring any major capex or opex, thus enhancing the value for our shareholders.

Advantages of Shalby's "Zero" technique for total knee replacement (TKR) surgery

- reduces the number of hours spent in surgery, from 2.5 hours to ~20-22 minutes
- lowers risk of exposure to infection
- reduces the number of days stay in the hospital for the patient for recuperation, from 15-20 days to ~3 days
- saves the patient on medication expenses
- far less blood loss from surgery

Unleveraged Balance Sheet

"Efficient financing is the cornerstone of our seamless operations."

Strong financials have always been the backbone of growth and expansion at Shalby.

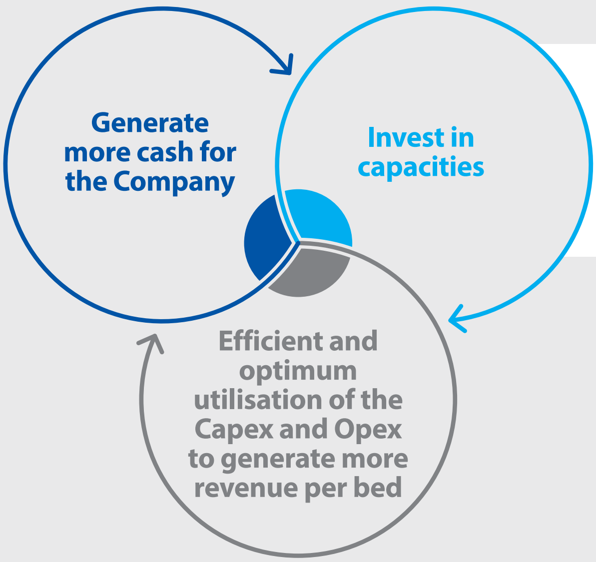
Even externally, the Company's impeccable credibility across different institutions as well as across its vast network of suppliers and vendors is well-acknowledged.

Shalby maintains high levels of efficiency across financial functions viz. mobilisation or deployment, irrespective of normal working or treasury functions.

The Company has carved a niche for itself by expanding consistently over the last 10 years and simultaneously strengthening the debt-equity ratio. Case in point: Despite having robust growth, promoter holding remained high around 80% and the Company's net debt in the books remained very low.

Shalby's philosophy

The secret of Shalby's success over the years has been a far-sighted financial approach. This is evident from the fact that there hasn't been any equity dilution in the Company since its inception till its IPO in December 2017.



Result:
We are one of the cash rich companies within our industry space

The mantra of the Company has been to provide best medical treatments at the most affordable prices. As a byproduct of technology and efficiency, Shalby has been able to increase patient turnover and improve the medical results over time. Due to the vision of our founder, earnings have been re-invested in enhancing its capacity to increase the ambit of treating patients. This is evident as Shalby's bed capacity has grown by 10x from 2007 to 2017. Interestingly, all these capacity expansions have incurred low expenditures and have been majorly funded using internal accruals. A multi-specialty hospital with a bedding capacity of around 200 would require a capex investment of around ₹ 150 crore. At Shalby, the same was made operational-ready at about ₹ 100 crore with most of the funding coming from internal sources and more importantly without undergoing any material equity dilution.

These initiatives helped the Company strengthen its Balance Sheet with the overall debt-equity ratio estimated at 0.15:1 and cash and cash equivalents worth ₹ 1,159 mn on the books at the close of FY 2017-18.

The strength of the Company's fundamentals has defined its growth trajectory. Shalby has consistently earned and channelized its profits toward capacity expansions. The top management has

Why Shalby is an ideal investment opportunity?

Because... We invest where there is long-term growth.

Time and again we have delivered industry-leading **performance** by continuing to execute our robust long-term growth strategy with **passion** along with **perfection**.

We have always put our patients first and diligently focussed on enhancing the experience of our patient service.

We have consistently delivered profitable growth over the last 10 years.

We ensured that our capital allocation was disciplined and was in line with our strategy. Our ROCE remained in double digit over the last 10 years.

We were committed towards continuous enhancement of our operational efficiency. Our operational cost per bed has gone down by 24% in the last 10 years.

been conservative in tapping into its equity base when it came to supporting its financing requirements but at the same time it has been able to add value for its shareholders.

The Company banked upon its strong fundamentals to generate assured cash flows. The upward moving book value per share bears testimony to the dependable performance delivered by Shalby over the years.

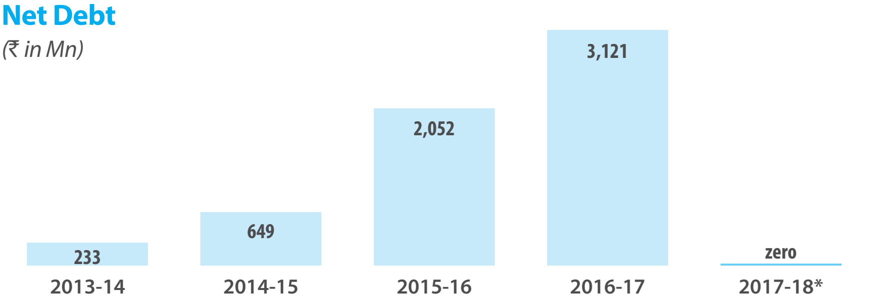
Further, the Company's strong Balance Sheet coupled with the ₹ 1,159 mn surplus cash in the books owing to IPO.

The policy of restricting financial leverage is also exemplified by the continuous reduction in net debt position of the Company. The fund generated from the IPO has been judiciously used by the Company to pay off a substantial portion of its total debt. Despite paying off majority of the debt, the Company still strategically holds some bank debts in the books largely owing to the fact that they are very low cost ones and were meant for the subsidies.

The net debt (total debt – cash and cash equivalents) has gone from positive to zero over the years.

Net Debt

(₹ in Mn)



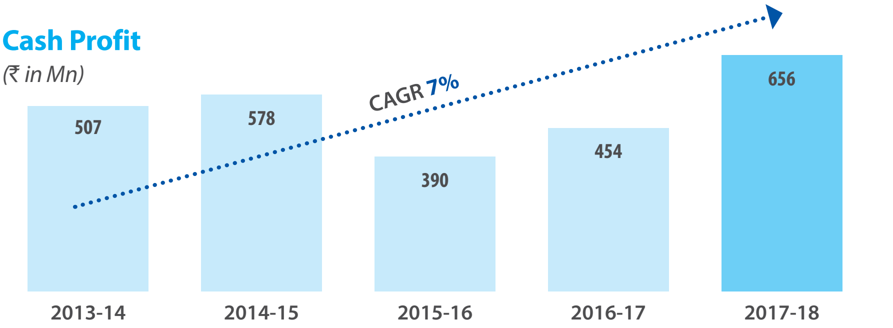
**Due to IPO in December 2017*

Talking points, FY 2017-18

- A highly successful IPO in December 2017
- Garnered cash profits worth ₹ 656 mn despite the heavy capex investments during the years; an increase of 19% from FY 2016-17
- Commencement of three units i.e. Jaipur, Naroda and Surat in 2017
- Recorded year-on-year revenue growth of 19%

Cash Profit

(₹ in Mn)



Brand Shalby

Shalby is one of the most enduring brands in its sector enjoying a recall based on its expertise in the realm of orthopaedic treatment.

Creating a brand name, especially in the healthcare industry, takes years of grinding efforts on the part of the organisation but it takes just one setback to lose it all, especially in an industry where trust is crucial.

Since our inception in 1994 under the guidance of Dr. Vikram Shah, at Shalby, we felt that in today's complex world of healthcare, providing safe and efficient healthcare is not just optional anymore but has become an integral part of the value chain.

In line with our unique business strategy, we have consistently strived to improve in our services over the years.

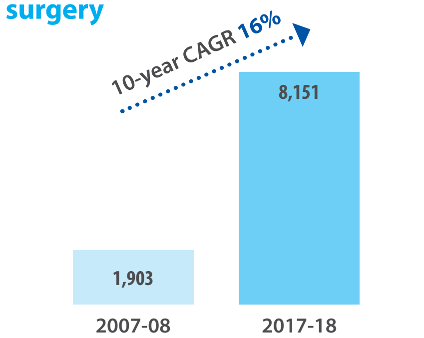
Under the leadership of Dr. Vikram Shah, we pioneered new techniques of joint replacement surgery like '0 technique' and innovated OS Needle, among others.

All of these innovations not only helped our patients by significantly reducing the number of days' stay at the hospital but has also helped Shalby emerge as a prominent name in the field of orthopaedic surgery.

Honing on this niche and benefiting from the enriching industry experience of our founder, over the years, Shalby has been highly successful in creating an unmatched brand value for itself.

And today the name Shalby has become synonymous with "Joint Replacement Surgery Expert" in western and central India.

Joint replacement surgery



What Shalby stands for

At Shalby, we stand for our …

Strong governance

Shalby now boasts of sound and effective practices of governance system. Our practices are constantly under review so that we could further improve our standards and pursue greater transparency and integrity in our governance. We update our code of ethics every year and ensure it is observed by all members of the administrative hierarchy uniformly.

Professional approach

Under the efficient guidance of Dr. Vikram Shah, at Shalby, we have in place a strong team of highly qualified and experienced professional recruited from various fields that each in turn brings their own expertise into our management. Our corporate set - up has been appropriately established to maintain a balance between all these professionals from diverse fields.

Our values

Shalby values each and every human life that comes under our supervision with utmost care and constantly works towards meeting the expectations of our patients and stakeholders.

Shalby's ELITE concept

Excellence

We work with an intention to achieve excellence in every aspect of our endeavours.

Learning

We keep raising our standards on a regular basis that helps evolve ourselves. We are very welcoming to change and embrace every opportunity to achieve our goals.

Integrity

We believe in performing the right way even when no one is recording.

Teamwork

We work jointly towards one objective - patient satisfaction regardless of teams/ departments.

Empathy

We do everything possible to satisfy our patients' needs; focussing on patient centricity, their well-being, safety, comfort and happiness is our primary importance to us.

CORE VALUES

What providing service means to Shalby?

We take pride in understanding our patients' need so that we can deliver relevant, personal and meaningful service to them. We are also focussed on becoming a healthcare Company that efficiently manages its stakeholders' expectations. We are committed in enabling effective communication between doctors and patients. We aim to establish ourselves as the most patient-oriented and convenient healthcare service provider.

Our people strategy

At Shalby, we feel our people forms the core of our business and is one of our main pillars of strength and success.

Thus, we are not only committed towards acquiring the right talent but also in nurturing and retaining them. We also focus on fostering a strong and inclusive leadership culture and on building a more diverse talent pipeline to help our people and our Company excel in an ever-changing business environment.

At Shalby, as a part of our organisational strategy, we conceive that continuous learning and development is something which helps in augmenting workforce capabilities, skills or competencies leading to greater organisational effectiveness.

In line with this strategy, Shalby came up with its own 'Shalby Academy', through which it offers educational programmes for, paramedical students and other healthcare professionals under the prudent guidance of the industry stalwart Dr. Vikram Shah and many other eminent professors. Besides overcoming the problem of talent crunch within this industry, this has also ensured that none of the Company's hospitals are short of skilled manpower, as upon completion of the course, most of them are trained and absorbed in various Shalby hospitals. This not only helps Shalby in creating a talent pool but simultaneously helps them to meet its internal demand of skilled staffs.

At Shalby, we are also committed towards reaching the highest possible levels of employee satisfaction. In line with this strategy, the Company entered into long-term contracts with majority of the doctors associated with Shalby, thus creating a win-win situation for both. We believe our doctors are also equal partners in the long-term growth strategy of the Company.

At Shalby, we try to offer the ideal platform for growth to our employees. Employees are our key asset; the Company continuously invests in them so that they can grow in a learning environment and also retain an overall competitive edge.

Major initiatives taken in FY 2017-18

At Shalby, our people forms the core of our business and is one of the pillars of strength and success. People, Process and Passion define the Shalby way of delivering care.

Our on-boarding procedure for new employees aims to make them aware of service orientation, organizations policies and SOPs through continuous and dedicated Induction sessions. At Shalby, we are committed to nurture and enhance our existing talent pool. This has been possible through the array of training programmes planned and conducted regularly. Our training and development activities have also concentrated their efforts towards soft skills, grooming and customer experience.

Not limited to this, we understand that having a large pool of engaged employees is an asset to the organization. With our focus on boosting the motivation levels of employees, quarterly employee newsletter, Shalby ELITE was launched recently. Shalby ELITE aims to appreciate and project the accomplishments by the employees. This newsletter has been able to create a sense of satisfaction within the employees for having walked an extra mile for the organization. Also, it has emerged as a platform where employees can stay tuned with the organization's latest achievements.

Celebration and learning activities have taken up a new meaning at Shalby. It is now a means to serve the larger purpose of the organization which is to make employees aware of various social issues. We recently celebrated Nurses' Day, Fathers' Day, Energy Saving Week etc. in an attempt to make our employees more socially responsible while simultaneously strengthening their bond with the organization. The huge participation by our employees is a testimony to the increased level of employee engagement. We also measure the employee engagement level at all units half yearly using Gallup Q12 questionnaire.

For effective and efficient utilization of manpower, we have documented our manpower dimensioning across Shalby which is now one-stop solution for all the manpower allocation related issues with predictive cost analysis and ratios. This has helped us to maintain parity across Shalby and has ensured better corporate governance.

For any hospital, it is crucial to have standard nursing practices across all units. We have recently published and circulated SNEH (Shalby Nursing Excellence Handbook), which is a major milestone towards it. SNEH is a comprehensive book to instruct and guide our nursing employees in every possible situation. Moreover, it has admonished standard nursing practices across Shalby.

Our efforts to make Shalby; a great place to work has ripped out results. Employees have been able to meet organizational and their individual goals successfully. Underlining that employees are the only unique resources to any organization, we are sure that our employee strength has worked out as a competitive advantage for us.

We try to offer the ideal platform for growth to our employees. Employees are our key assets and the Company continuously invests in them so that they can grow in a learning environment and also retain an overall competitive edge.

Excitement and expansion ahead – growth drivers of our business

At Shalby, we are convinced that enduring success is derived from how one responds to opportunities.

The biggest opportunity at this juncture within the Indian healthcare industry in the quaternary healthcare segment is Joint Replacement.

India in the recent years has seen an exceptional rise in musculoskeletal disorders, especially the prevalence of osteoarthritis problem which is the highest, standing at 28.7% of the total population. Osteoarthritis problem is mostly related to the joints and more often than not leads to disability of knees and hips especially in the elderly population, which ultimately leads to joint replacements.

Changing lifestyle in the young population of India i.e. people in the age bracket of 30 to 50 years, in terms of increasing sedentary lifestyle, lack of physical activity and exercise and nutritional deficiencies, the instances of osteoarthritis problem within this age bracket has risen significantly in recent times.

Case-in-point: Problems pertaining to lower back pain has seen a recent rise in India largely owing to this changing lifestyle and has a prevalence in the range of 6.2% to 9.2%.

Prevalence of osteoarthritis is recorded at 19.2% for population under 50 years whereas the same drastically increases to 30.7% for population aged between 50 and 59, and henceforth follows an upward trend to reach 39.7% for population aged between 60 and 69, and 54.1% for population over 70 years of age.

It has also been observed that females are more prone to osteoarthritis problems as the percentage of female patients stands at 31.6% compared to males 28.1%. Along with regular osteoarthritis problems, the other orthopaedic disorders which have seen a rise in the recent times are rheumatoid arthritis, gout (which has a higher prevalence in India at 0.12% compared to the global prevalence of 0.08% and has a higher prevalence in higher age groups, especially in men over 50 years of age) and lower back pain.

Besides, India is also adding more and more numbers to its elderly segment who are highly susceptible to degenerative disorders. Rising instances of degenerative disorders in the youth population of India, lack of healthcare infrastructure to cater to the rising demand of orthopaedics-related treatments is going to present itself as a major challenge as well as a great opportunity.

To treat the orthopaedic patients, at present India has nearly 20,000 plus orthopaedic surgeons (roughly around 10,000 surgeons are registered with the Indian Orthopaedic Association (IOA) while the rest aren't).

Thus the current ratio of orthopaedic surgeons to total population stands at around 1 per 66,300 people.

Digging a little more deep, the numbers prove to be real concerning.

Out of all the orthopaedic surgeons in the country, only 20 to 25% are estimated to be experienced in joint replacement surgeries and are still in practice, and interestingly nearly two-thirds of those surgeons are concentrated in metropolitans and Tier I cities only.

Thus, effectively the ratio of orthopaedic surgeons to total population stands at 1.4 to 1.9 joint replacement surgeons per 1,00,000 population.

Considering the fact that in 2017, India's total knee operation surgery was 78% less compared to the number of surgeries taking place in USA, while the population of India is nearly 4 times higher compared to USA. Besides, Asian population is 15 times more prone to arthritis problems compared to our Western counterparts. This probably represents the largest nascent joint replacement surgery market in the world, marked by an increasing number of urban, aware and affordable middle class people.

The other areas of growth in the Indian healthcare industry are:

Medical tourism

India has a long history of 'alternative medicine' with Ayurveda, Homoeopathy, and Naturopathy occupying a significant portion of the domestic market. Ever increasing expenses of accessing healthcare in the US and the Europe coupled with improved standards of healthcare technology in developing nations like India are the prime movers in the growth of medical tourism industry. Currently valued at around USD 3 billion, the Indian medical tourism industry is expected to grow at 20-25% in near future and the medical tourists visiting India are expected to grow 7-10 times in the next 10 years. The number of medical tourists visiting India has increased more than 50% to 2,00,000 in 2016 from 1,30,000 in 2015.

Other emerging growth areas

Rising instances of Non-Communicable Diseases (NCDs), 60% of total deaths in India are owing to NCDs and the numbers are expected to rise. Cardiovascular diseases and chronic respiratory diseases is another area of concern – counts for ~39% of total deaths occurring in India every year.

Another menace is Cancer which accounts for ~9 lakh deaths in India every year and is expected to impact ~17 lakh Indians by 2020.

Increasing stress, obesity, smoking and nutritional deficiency, especially in urban concentration, has led to an increase in the neurological disorders. Around 3 crore Indians suffer from different kinds of neurological diseases.

India's healthcare industry is set to post a 23% sales CAGR over FY 2015-20 to USD 280 billion

as per global market research and consulting firm Frost & Sullivan

At Shalby, we perceive this as a huge opportunity and is also optimistic of the sustained growth of the Indian healthcare sector for some other good reasons: Government's changing mindset is helping the healthcare sector emerge as a priority sector, favourable government policies like allowing FDI in healthcare would help in building the required infrastructure, favourable people policies on the part of the government is expected to change the mindset of people as well, especially in the rural India, different tax incentives will put more disposable incomes in rural hands and finally with increasing awareness resulting into more and more health insurance would mean more people visiting hospitals on a regular basis for treatment.

16% CAGR
Growth of health insurance in India from FY 2012-13 to FY 2016-17

Why Shalby is future-ready for all these opportunities

- Being one of the pioneers in joint replacement in the country, Shalby is best positioned to capitalize on the growth opportunity in joint replacements. Its long-standing experience and leadership position in the segment gives it an added advantage
- With a total bed capacity of 2,012, Shalby has huge potential to almost double its operational beds without any major capital expenditure
- The Company boasts of an ALOS of 3.70 days, one of the lowest within its industry space
- Along with expertise in joint replacement, Shalby also specializes in different other areas of orthopaedics such as spine, ortho-trauma, arthroscopy and paediatric orthopaedics among others
- Shalby is already synonymous with joint replacement in the western and central India, and in the last few years has forayed into different other parts of India to make a mark for itself
- Over the years, besides orthopaedics, Shalby has embarked on the path of gaining expertise in areas of medical science such as oncology, neurology, nephrology, hepatology and transplants, and with time it has been successful in developing its presence in these areas as well, thus laying a solid foundation for Company's next growth phase
- Shalby has created a strong image for itself in cities with good air connectivity with the major cities of the world. This, coupled with the fact that the Company already has a proven track record of performing complex surgeries with a high success rate, would expectedly put the Company in a strong position to tap on the international patients with the rise in medical tourism
- Shalby's newly set-up hospitals are well equipped with state-of-the-art medical and surgical equipment like intra-operative neuro-monitoring systems, BMD machines, CT scanning, MRI scanning and X-ray machines, catheterization laboratories, ultrasound systems, linac systems, holmium lasers, thulium lasers and intraoperative neuro-monitoring systems among others

Corporate information

Board of Directors

Dr. Vikram Shah
Chairman and Managing Director

Dr. Darshini Shah*
Non-Executive Director
* resigned w.e.f. May 7, 2018

Mr. Shyamal Joshi
Non-Executive Director

Mr. Umesh Menon
Non-Executive Independent Director

Mr. Tej Malhotra
Non-Executive Independent Director

Mr. Ashok Bhatia
Non-Executive Independent Director

Mrs. Sujana Shah*
Non-Executive Independent Director
* appointed w.e.f. May 7, 2018

Audit and Risk Management Committee

Mr. Umesh Menon, Chairman
Mr. Shyamal Joshi, Member
Mr. Tej Malhotra, Member
Mrs. Sujana Shah, Member

Nomination and Remuneration Committee

Mr. Umesh Menon, Chairman
Mr. Shyamal Joshi, Member
Mrs. Sujana Shah, Member

Stakeholders' Relationship Committee

Mr. Shyamal Joshi, Chairman
Mr. Umesh Menon, Member
Dr. Vikram Shah, Member

Corporate Social Responsibility Committee

Mr. Umesh Menon, Chairman
Mr. Shyamal Joshi, Member
Mrs. Sujana Shah, Member

Chief Financial Officer

Mr. S. L. Kothari

Company Secretary

Mr. Jayesh Patel

Statutory Auditors

G. K. Choksi & Co.
Chartered Accountants

Internal Auditors

T. R. Chadha & Co.
Chartered Accountants

Bankers

HDFC Bank Limited
IDFC Bank Limited
Kotak Mahindra Bank Limited
EXIM Bank

Registrar & Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium, Tower B,
Plot 31 – 32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032

Registered & Corporate Office

Shalby Hospitals
Opp. Karnavati Club,
S. G. Highway,
Ahmedabad - 380 015.
CIN: L85110GJ2004PLC044667

Management Discussion and Analysis

INDUSTRY OVERVIEW

Healthcare industry in India

Services constitute nearly 55% of India's GDP and healthcare sector is one of the most critical sectors of the services industry. Good public health is pivotal in the process of nation-building. Due to years' of inadequate investments, the healthcare industry hasn't grown at par with some of its other counterparts in the services sector such as information technology and finance. Nonetheless, the sector is now on the cusp of witnessing a high-growth phase-just as the one experienced in the banking space at the turn of the millennium.

As per the estimates of Frost & Sullivan, India's healthcare industry is likely to reach a value of ₹ 17.2 lakh crore by 2020, from the estimated current value of ₹ 10.7 lakh crore in 2017 - thereby growing at a CAGR of 17.1%.

The healthcare industry can be divided into 5 sub-segments-hospitals, pharmaceuticals, diagnostic centres, medical devices and health insurance.

Indian Healthcare Industry

Hospitals	Pharmaceuticals	Medical Devices	Diagnostic Centres	Health Insurance
68%	13%	9%	6%	4%

(Source: Frost & Sullivan analysis, Industry reports)

Hospitals play a major role in delivering healthcare services in India and make up 68% of the healthcare industry. Hospital industry can be further split into two segments - government hospitals and private hospitals. The government-run hospitals account for 30% of the hospital industry and the share of private hospitals is 70%.

Due to noble nature of the medical profession and lack of professionalism, the growth of private hospitals has so far been uneven and scattered. This is evident from the fact that less than 10% of private sector hospitals are corporate hospitals.

With rising cost of real estate, managing stand-alone hospitals and nursing homes have become increasingly difficult. Real estate accounts for nearly 2/3rd of capex required for setting up a new hospital and equipment costs constitute approximately 1/3rd of the overall capex. Unless run efficiently, a gestation period of a hospital on the fixed cost basis can be as long as 8-10 years.

Private corporate hospitals are at an inflection point

India is home to the world's fastest growing middle-class, among major economies. With increasing aspirations of the middle-income groups, the demand for tertiary and quaternary hospitals is likely to rise steadily. At present, India has less than a bed per 1,000 persons. The World Health Organisation (WHO) recommends 3.5 beds per 1,000 of the population. The global average is 2.7 beds per 1,000 people. India will have to add 27 lakh beds to match the global standards and 38 lakh beds to follow the WHO norms.

Since the public sector hospitals have growth constraints owing to a number of factors ranging from the inadequacy of financial resources to talent crunch, the private sector hospitals will have to take the lead.

The government has been playing and is likely to continue to play the role of a facilitator in the development of hospital infrastructure. It offers major support in the form of accelerated depreciation, interest subvention, other subsidies, relaxation in taxes and enhanced incentives for employment generation. However, despite all these props, running a hospital or a nursing home on a stand-alone basis is an arduous task due to rising real estate prices and higher operational costs.

Under such circumstances, the private corporate hospitals, with strong balance sheets and favourable operational metrics are likely to drive the next leg of growth within the private hospitals space.

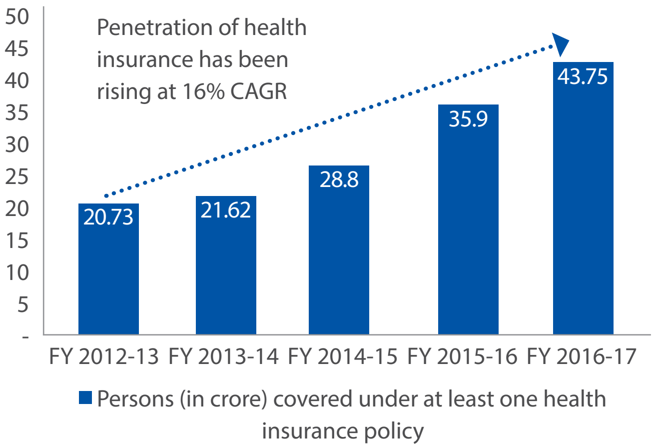
Growth in disposable incomes, rapid urbanisation, the prevalence of lifestyle diseases and increasing penetration of health insurance are likely to be the prime drivers of the demand for healthcare delivery services.

Health Insurance Industry

It's mandatory to have third-party liability insurance if you want to drive a vehicle in India. But ironically it's a matter of choice and affordability when it comes to health insurance. According to the Annual Report of Insurance Regulatory and Development Authority of India (IRDA) for FY 2016-17, only 33.0% of India's population has health insurance coverage. In other words, about 88.67 crore Indians are still not covered by any health insurance policy, and the glaring reality is medical inflation is rising at 15% while the average disposable income of Indians is likely to grow at 11.2% over the foreseeable future.

Fortunately, the situation is changing for better. With the emergence of stand-alone health insurance providers and growing awareness among the middle-income group, the insurance penetration in India is rising at a brisk pace.

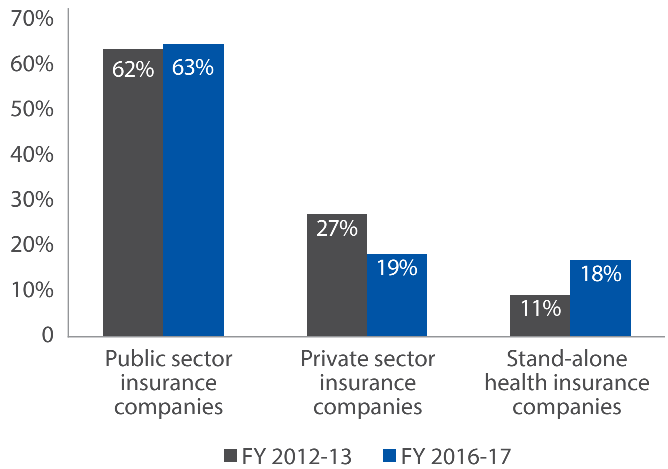
More people are opting for health insurance…



(Source: IRDA Annual Report FY 2016-17)

Stand-alone health insurance players seem to have a better record of underwriting which is crucial for the sustainability of the business. Claim ratio - which states the cost incurred towards claim settlement as the percentage of premium earned - of stand-alone health insurers has improved over the last few years, at a time when those of public sector insurers and also of the private sector general insurers has deteriorated.

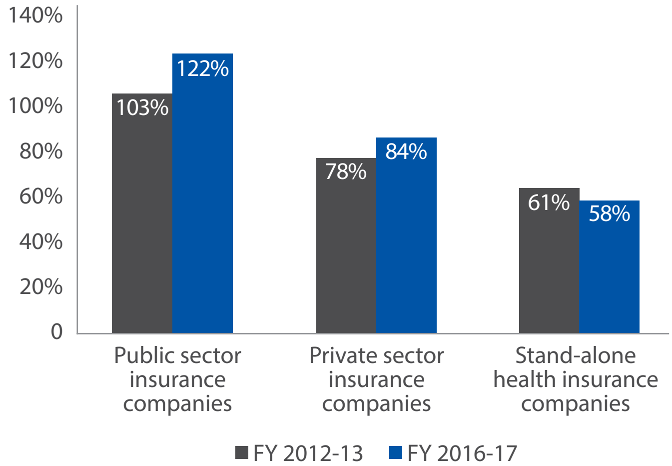
Segment-wise market share



Market share by premium collected

(Source: IRDA Annual Report FY 2016-17)

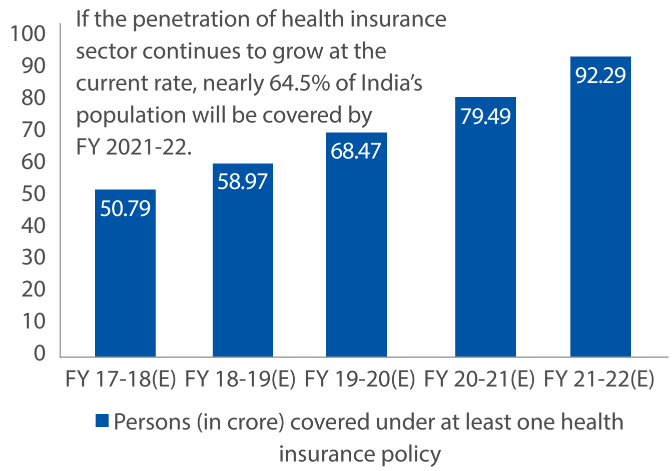
Cost of claims as a percentage of premiums collected…



(Source: IRDA Annual Report FY 2016-17)

The scope for the reduction in premium is minimal, considering the claim ratios, and the insurance affordability has been the biggest concern among lower-income groups, despite the rising awareness. To bridge this gap, the government launched the National Health Protection Scheme which aims to cover 10 crore families (50 crore Indians) with a cover of ₹ 5 lakh per family. Further, the health insurance regulatory framework has also been revisited to encourage the product innovations and improve the underwriting process along with policy administration at each stage of service.

Out-of-pocket expenses for healthcare may drop substantially…



(E): Company estimates based on the existing growth trends in the population and insurance penetration

As an aggregate impact of all these initiatives the affordability of and the demand for healthcare services is going to rise steadily.

Out-of-pocket spends constitute nearly 62% of total healthcare spending in India at present. With growing penetration of health insurance, the out-of-pocket healthcare expenditure is likely to drop over a next few years.

The success of National Health Protection Scheme would be as crucial for the wellbeing of the Indian society as that of GST has been for the Indian economy.

COMPANY OVERVIEW

Shalby is an Ahmedabad-headquartered chain of multi-specialty hospitals and has a pan-India presence. It predominantly operates through 11 hospitals which have the best-in-class infrastructure and are equipped with modern technology. Out of these, 4 are located in Ahmedabad and 1 each at Vapi, Surat, Indore, Jabalpur, Mohali, Jaipur and Mumbai. Besides this, Shalby has 40 Outpatient Clinics spread across 35 cities of India and 7 Shalby Arthroplasty Centre of Excellence (SACE). It also operates 6 Outpatient Clinics and 3 SACE outside India. Nevertheless, it doesn't run any full-fledged multi-specialty hospital outside India since the philosophy is not to commit any capex in unfamiliar markets.

BUSINESS OVERVIEW

Shalby matches the service excellence of other corporate hospitals at a relatively lower price. As a result, it addresses a huge market ranging from lower-middle class to upper-middle class.

In FY 2017-18, Shalby continued to make farsighted investments towards ensuring the sustainable growth of its business while simultaneously delivering ample returns to our investors.

As on March 31, 2018, the total bed capacity of the Company was 2012. In FY 2017-18, the average occupancy rate was 36%. The reason for lower occupancy isn't a lack of demand, but it is an outcome of a carefully devised strategy. Since the Company is in an expansion phase, its bed capacity has increased by 65% in last 2 years. In Q2, FY 2017-18, the Shalby Hospitals at Surat, Naroda and Jaipur began offering its services.

Rather than working with star doctors to increase the bed capacity utilisation - which often hampers the other operational efficiencies, the Company followed a sustainable growth approach without compromising profitability.

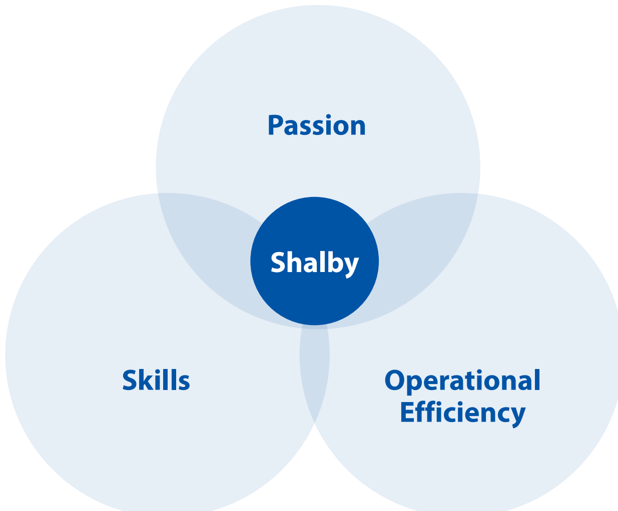
Unique business model

The basic expansion strategy of the Company is to go where there is a need for its services. As part of this strategy it first shortlists the prospective markets by opening outpatient clinics. By taking into account the response of the patients, the Company decides whether it should venture into that geography. At Shalby, the key to expansion strategy is to achieve stable and profitable growth.

Shalby doesn't incur capex unless it's commercially viable to run a hospital in the targeted area. SACE and outpatient clinics not only help understand the potential market but also give an acute sense of viability of a multi-specialty hospital in any given area. Before entering any new geographical area, Shalby first creates relevance through SACE and outpatient clinics.

Asset-light business model			
Own and operate multi-specialty hospitals	Associate with third-party hospitals to operate Shalby Arthroplasty Centre of Excellence (SACE)	Operate and manage multi-specialty hospitals on revenue sharing business without any minimum guarantee	Run outpatient clinics independently or on revenue sharing basis with third - party

Unlike other comparable corporate hospitals that incur a capex in the range of ₹ 75 lakh to 1.5 crore per bed, Shalby manages to instal a bed at the expense of ₹ 40 lakh to ₹ 50 lakh. Optimal utilisation of available floor area and intelligent interior designs help the Company increase the bed count by as much as 30%, in comparison with that of its peers for given floor space.



Orthopaedics is the mainstay of Shalby. In FY 2017-18, Shalby conducted over 10,000+ orthopaedic surgeries. It commands 15% market share in the joint replacement operations done by the private corporate hospitals and around 5% market share in the overall joint replacement surgeries carried out in India.

Moreover, it has embarked on the path of strengthening its presence in upcoming areas of medical science in India such as oncology, cardiology, and liver transplants among others. With this, Shalby is ready to grab the potential opportunity. Complementing to its present business model, Shalby's differentiated approach would help it move up the value chain.

Shalby employs a team of experienced specialists and surgeons who are associated with the Company on long-term contracts. They are assisted by the specially trained support staff. The approach of not working with celebrity doctors, coupled with astute procurement policy for materials and consumables, Shalby has been successful in keeping its operational costs significantly down. Typically, doctor fees and the cost of materials and consumables put together account for 60% to 65% of the operating cost of corporate hospitals. Shalby curtails them below 50%. As a result, Shalby's Average Revenue Per Occupied Bed (ARPOB), is one of the highest in the industry.

REVIEW OF FINANCIAL PERFORMANCE

FY 2017-18 was an eventful year for the Company as it raised ₹ 504.8 crore through an Initial Public Offer (IPO). The Company has partially utilised the IPO proceeds to repay all commercial loans that didn't enjoy any interest subvention, thereby making the balance sheet effectively unleveraged.

In FY 2017-18, the Company achieved the consolidated revenue of ₹ 3,923.34 million thereby reporting a 19% jump on Y-o-Y (Year-on-Year) basis. Profit After Tax (PAT) of the Company grew 49% on a Y-o-Y basis to touch ₹ 427 million in FY 2017-18.

Shalby reported the ARPOB of ₹ 31,564 in FY 2017-18 which is 3.4% lower than that reported last fiscal. [FY 2016-17 : ₹ 32,671] The recent fall in ARPOB is mainly on account of new facilities getting operationalised in the Q2, FY 2017-18. It's noteworthy that half of the total installed beds of Shalby are at the facilities that have commenced their operations in last 2 years and as a matter of policy, Shalby will cautiously decide on when to utilise the capacities.

	Revenue Mix - Top 5 Specialities FY 2017-18
Orthopaedic	60%
General Medicine & Critical Care	11%
Cardiac Sciences	10%
Oncology	4%
Neurology	3%
Others	12%

In FY 2017-18, the Company repaid ₹ 3,373.92 million worth loans, and the outstanding balance is ₹ 1,132.47 million. This is likely to bring the interest cost down in FY 2018-19.

OPPORTUNITIES

Although Shalby is a chain of multi-specialty hospitals, it derives a majority of its revenues from orthopaedic surgeries and procedures, there's no concentration risk. In fact, what might appear as a risk, prima facie, presents a tremendous growth opportunity.

Due to a sedentary lifestyle, lack of exercise and nutritional deficiency, osteoarthritis is likely to become a significant ailment in India in coming years. With growing discretionary income and penetration of health insurance, the number of joint replacement surgeries done in the country is likely to rise significantly. Within orthopaedics, other specialities such as spine, ortho-trauma, arthroscopy and paediatric orthopaedics have been experiencing rapid growth.

The wave of knee replacement surgeries has just started…

- **In 1994, around 200 surgeries were performed in India**
- **The number grew to 1.75 lakh in 2017**
- **By 2027, approximately 15 lakh to 20 lakh surgeries will be performed every year**

Shalby which has a strong brand name is well-placed to tap the high-growth opportunities that may open up in future. With its best-in-class hospital infrastructure and a team of expert doctors trained under the guidance of Dr. Vikram Shah, Shalby is likely to grow its market share in the joint replacement market further.

The Company aims to set up one multi-specialty hospital in the capital city of every state and also expand in Tier-1, Tier-2 and Tier-3 towns across India, except for southern states.

With the existing setup, the Company can increase its revenue nearly 5-7 times without incurring any capex.

Medical tourism - the story is yet to begin

According to Travel & Tourism Competitiveness Index 2017, India ranked 40th globally, on the list of 136 countries. Between 2015 and 2017, India has moved up to 12 places. In 2017, India attracted over a billion of foreign tourists. However, those coming on the medical visa were just 2%-3%. Nevertheless, the Indian government is hard-selling the concept of medical tourism in the key markets. The Ministry of Tourism has introduced e-medical visa for 163 countries. Such initiatives are likely to fetch results in coming years. So far, the medical tourism in India has been dominated by tourists from the neighbouring nations along with those from other emerging countries with poor hospital infrastructure facilities.

Given that India can offer world-class complex-specialised medical treatments at a cheaper cost, medical tourism is likely to grow by leaps and bounds in the coming years. Medical tourists from developed nations are expected to make a baseline for quality treatments offered by hospitals in India at affordable costs.

Shalby is well-positioned to handle more international patients. Its presence in cities that have good air connectivity with major cities of the world is another advantage, apart from its proven track record in performing complex surgeries with a high success rate.

The medical tourists coming to India are likely to grow 7-10 times over the next 10 years.

New growth areas are emerging…

Non-Communicable Diseases (NCDs) account for 60% of total deaths happening in India and their occurrence is likely to grow in future.

Cardiovascular diseases and chronic respiratory diseases together are responsible for 39% of total deaths occurring in India every year.

Nearly 17 lakh Indians are likely to get affected by cancer every year by 2020 and 9 lakh deaths in India are likely to be caused by cancer every year, as per the estimates of Indian Council of Medical Research (ICMR). Cancer gives rise to 7% of the total deaths occurring in India every year.

Neurological disorders are becoming prevalent in India. Nearly 3 crore Indians suffer neurological diseases excluding infections and injuries. India is on the verge of stroke epidemic. Almost 2% of India's population suffers neurological disorders. Stress, obesity, smoking and nutritional deficiency have been the primary causes. Urban population is more affected than the rural.

While orthopaedics will remain the highest contributor to the Company's topline in the foreseeable future, Shalby endeavours to enhance its presence in high growth specialities such as oncology, neurology, nephrology, hepatology and transplantations. Such a strategy is likely to create a solid foundation for Company's next growth phase.

RISKS AND CONCERNS

Change in government policies: Considering the current state of healthcare infrastructure in India, it's farfetched to assume that the government may roll out adverse policies for the private hospital industry. Nor it's likely to withdraw support it offers right now for the development of hospital infrastructure in the private sector in the form of incentives and subventions.

Since affordability of medical services is still a grave concern for the majority of the population, there's a fear that the government may take some price-control measures. While this is a material threat, the government will have to assess price vis-à-vis quality of service offered to patients at private hospitals and private corporate hospitals in particular.

As this is a systemic risk, Shalby will also be impacted on account of that, but due to its operational efficiencies, the Company can tackle any change in the government policy well. And in fact can grow its market share further during such phases.

Talent crunch: Despite healthcare sector being one of the major potential job creators, there's a shortfall of skilled manpower and specialist doctors. This poses a severe risk at the industry level since people play a crucial role in delivering quality healthcare services.

To overcome this problem and convert what is perceived as a risk into a great opportunity, the Company runs 'Shalby Academy', through which it offers educational programmes for paramedical students and other healthcare professionals. Upon completion of certifications in their respective fields, most of them are trained and absorbed in various Shalby Hospitals. Shalby Academy ensures that any of the Company's hospitals aren't short of skilled manpower.

Moreover, Shalby has created a second line of specialists under the guidance of Dr. Vikram Shah. They are not only well-experienced but also well-equipped to handle even the most complex surgeries efficiently.

Concentration risk: Two hospitals - Krishna Shalby and SG Shalby contribute nearly 70% to Company's revenues. Moreover, out of 11 Shalby Hospitals, 6 are located in Gujarat. Such a concentrated exposure to one geographical area is a risk.

The Company has been cautiously reducing its dependency on two of its oldest hospitals and has also been diversifying across other states as well.

As a part of its expansion strategy, Shalby embarked on the path of setting up 6 new hospitals in the last couple of years at different locations in India with an aggregate bed capacity of 1,368 beds. With 3 of them becoming operational in FY 2017-18, it embarked on its next phase of expansion strategy where Shalby plans to set up 4 new hospitals - 1 in Gujarat and 3 in Maharashtra - with total capacity of 538 beds over FY 2018-20 period at a cumulative cost of ₹ 160 crore.

This expansion policy is a major de-risking strategy adopted by Shalby to counter the concentration risk.

OUTLOOK

Shalby is likely to grow at a compounded annualised rate of 25%-30% for next 10 years. Prevalence of lifestyle diseases, increasing penetration of health insurance, rising disposable incomes and massive potential for the medical tourism in India will offer tremendous growth opportunities to the Company. With its large pool of skilled human resources and infra-readiness, Shalby is well-placed to handle a large number of patients in coming years.

Given its unleveraged balanced sheet and high-promoter holding, Shalby is comfortably placed to tap high-growth opportunities in future and shift gears as and when required.

In coming years, the Company will not only continue to consolidate its operations but also look for relevant growth opportunities that may come its way. Thus, Shalby's expansion plans will leverage both organic and inorganic means. With nearly zero net debt on the books as of March 31, 2018, the Company appears to be in a sweet spot to explore further inorganic opportunities. Shalby's new hospitals are expected to start contributing significantly to the bottom line with an improved operating profitability, over the next couple of years. The Company will also focus on boosting the capacity utilisation levels to rake in incremental annual revenues in the years ahead.

REGULATIONS AND SAFETY

Responsible growth is the ethos of Shalby. Since the Company operates in the healthcare sector, it has to abide itself by a number of rules and regulations. It also has to comply with the environmental rules and regulations. Shalby adheres to all compliance guidelines prescribed by various government authorities and takes utmost care while disposing medical waste generated at all its hospitals, ensuring that there is no adverse impact to the environment beyond prescribed limits as well as to human health. Shalby rigorously follows radiation surveillance procedures and maintains records as required under various laws.

INTERNAL CONTROL

The Company has put in place effective internal control system proportionate to the size, scale and complexity of its operations. The objective of the internal control mechanism is to safeguard Company's assets, prevent and detect frauds and errors, and ensure the accuracy and completeness of accounting records. Internal audit committee ensures that every transaction undertaken by the Company is recorded, authorised, accurately reported and evaluated. The Company's accounting policies are in line with the generally accepted accounting principles in India.

In FY 2017-18, all internal controls were tested and no reportable deficiency in the processes or operations was detected.

HUMAN RESOURCES

The reputation of any healthcare institution largely depends on the quality of healthcare services offered by it which, in turn, is a function of quality of infrastructure and committed workforce present in the organsation.

Thus, building a strong team is a core function at Shalby. Distinguished team of talented doctors, experienced and cordial nursing and paramedical team and committed management professionals define the Team Shalby.

Generally, Clinicians and front office employees are the linchpin for building the first and last impression of the organisation. They have the power to build positive perception and instil trust among customers. Shalby has groomed and trained its personnel in such a way that its talent pool has now earned a distinguished appreciation from patients. Shalby always endeavours to be one step ahead of patients' expectations and believes in building a life-long relationship with its patients.

Shalby Academy - an educational wing of Shalby - aims to generate pool of talent for the organisation from internal and external sources. The Academy is affiliated with IIPH University, ILAMED, National Paramedical Council and the National Board of Examination among others, to offer a variety of educational programmes ranging from a diploma course in orthopaedics to fellowship programme in critical care.

HR function of Shalby ensures that the business growth is never constrained by lack of talent. Company's thrust on training and development, employee engagement, process documentation, resource optimisation etc. would yield rich dividends to the organisation.

Employer brand of Shalby has been improved considerably overall in the last few years.

Shalby has in place a well-defined roadmap for talent acquisition and retention. To further enhance internal communication within the organisation, the Company has launched a quarterly employee newsletter. It felicitates and celebrates the top performers of the Company.

All departments of the Company follow an integrated approach to the implementation of latest technology which enables them to take better business decisions and handle the employee grievances more efficiently. HR function is well-integrated with Company's objectives. It takes data-driven decisions yet holds a strong human touch.

The Company follows a fair remuneration policy and rewards its employees with compensation packages including, fixed and variable pay and bonuses among others, commensurate with their efforts and contribution.

On March 31, 2018, Shalby had a team strength of 3,400+ consisting of 2,223 employees comprising of 865 nurses, 368 paramedical, and 990 support staff along with 317 consultants and 386 doctors out of which 353 are full time and 33 are part time along with more than 500 outsourced staff.

INFORMATION TECHNOLOGY

Active monitoring has always been a challenge in the hospital management. With technological advancements, hospital management has become easy. While Shalby believes humans are still better than machines at surgeries, it doesn't undermine the role of latest technology in enhancing the efficiency of a hospital.

The Company has implemented HIS System at all Shalby hospitals. As a result, processing information and generating real-time reports has become easy which has made quick decision-making possible.

The Company is in the process of implementing an advanced integrated version of ERP system. It also has installed Picture Archiving and Communication System (PACS) and medical grid monitors at one of its unit, to enable its doctors to view patients' X-ray, CT scan and MRI reports. The Company will replicate these systems at its other units in a phased manner.

All hardware systems installed at Shalby are robust and adequate. It uses secure servers to maintain data security. All Shalby Hospitals are continuously monitored by surveillance cameras.

The Company has put in place strict audit and maintenance policies to ensure smooth functioning of IT systems.

Shalby has also implemented a web-based multi-unit software which offers end-to-end solutions to the Company.

It automates all the services and enables the administrator to provide the best facilities at a lower operational cost. It helps substantially reduce the time spent on the generation of invoices and payment collection. The software has a complete EMR solution with Document Management System.

The software caters to OPD and IPD management, pharmacy, laboratory, radiology, ward management, mobile application, online appointments scheduling, secured messaging, doctor portal, billing, blood bank, diat linen management, accounting, HR/payroll, alert system and HL7 Integrated PACS System.

Human Resources Management

It acts as an electronic centralised hub for all the human resource-related processes - including communication, development, benefits entitlement and compensation. A central employee database and this enables HR administrators to utilise all employee information productively. This is a complete package.

Financial Management Suite (FAS)

FAS is designed to meet requirements of budgeting and controlling the inflows and outflows of the funds.

Directors' Report

Dear Members,

Your Directors have immense pleasure in presenting the Fourteenth Annual Report on business and operations of the Company and audited financial statements for the financial year ended March 31, 2018.

FINANCIAL & OPERATIONAL PERFORMANCE

[₹ in million]

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Income from Healthcare services	3855.23	3223.86	3832.31	3237.66
Other Income	87.12	60.43	90.93	67.45
Total Expenditure	3357.34	2764.09	3350.50	2800.14
Profit before Interest Depreciation and Tax	**930.67**	**782.43**	**924.87**	**778.01**
Finance Cost	121.34	102.15	123.56	106.02
Depreciation/Amortization	224.32	160.08	228.57	167.02
Profit Before Tax	**585.01**	**520.20**	**572.74**	**504.97**
Provision for Taxation (Inclusive of provision for deferred tax)	144.86	216.58	145.59	217.95
Profit After Tax	**440.15**	**303.62**	**427.15**	**287.02**
Other comprehensive income	2.74	(2.34)	2.81	(2.40)
Total Comprehensive income	**442.89**	**301.28**	**429.96**	**284.62**
Surplus brought forward	1700.05	1404.10	1619.48	1330.28
Transfer to Capital Redemption Reserve	-	5.33	-	5.33
Balance carried to Balance Sheet	2142.94	1700.05	1995.72	1619.48

During the year under review, the income from healthcare services of the Company increased to ₹ 3855.23 million as compared to ₹ 3223.87 million in the previous year, registering a growth of 19.58%. Your Company has earned Profit after tax of ₹ 440.15 million against ₹ 303.62 million in the previous year registering a growth of 44.97%. The Company has carried net surplus of ₹ 2142.94 million to the next year.

During the year under review, the consolidated income from healthcare services increased to ₹ 3832.31 million as compared to ₹ 3237.66 million in the previous year, registering a growth of 18.37%. The consolidated EBITDA exhibited a growth in of 18.88% in Fiscal 2018 rising to ₹ 924.87 million from ₹ 778.01 million in the previous financial year. The financial performance of the established units and gradual ramp up in the performance of the recently commissioned units are expected to drive up the EBITDA and EBITDA margin in the current financial year.

Consolidated Profit Margins:

Profit before tax (PBT) for Fiscal 2018 increased to ₹ 572.74 million as compared to ₹ 504.97 million in the previous year, registering a growth of 13.42%. Profit after tax (PAT) grew by 48.82% to ₹ 427.15 million from ₹ 287.02 million in the previous year. PAT margin improved to 10.89% in Fiscal 2018 as compared to 8.68% in the previous year.

Consolidated Earnings per Share:

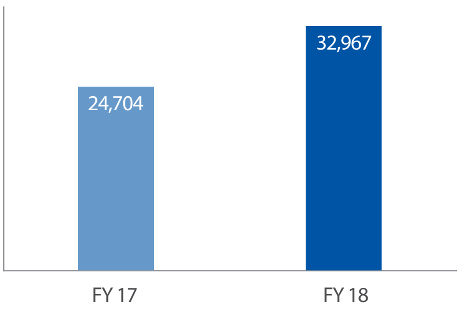
The EPS of the Company decreased from ₹ 3.40 in the previous year to ₹ 2.85 in Fiscal 2018 due to addition of 19.354 million new shares issued under Initial Public Offer.

INDIAN ACCOUNTING STANDARDS ("Ind AS")

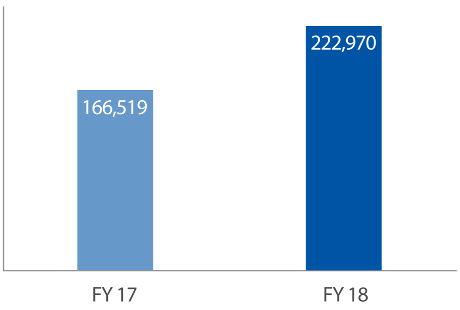
In accordance with applicability of Indian Accounting Standards, the standalone and consolidated financial statements of the Company for the financial year ended on March 31, 2018 have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 & 2016 as applicable. The date of transition to Ind AS is April 1, 2016 and comparative figures in the Balance sheet as at March 31, 2017 and April 1, 2016 and statement of Profit and Loss and cash flow statement for the year ended March 31, 2017 have been restated accordingly. The reconciliations and descriptions of the effect of the transition from previous GAAP and Ind AS have been prepared and provided in the notes to the accounts to the standalone and consolidated financial statements. The detailed notes as to 'Basis of Preparation' have been provided in the notes to the accounts to the standalone and consolidated financial statements.

OPERATIONAL PERFORMANCE

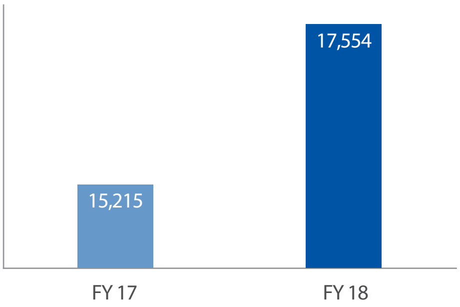
In - patient volume



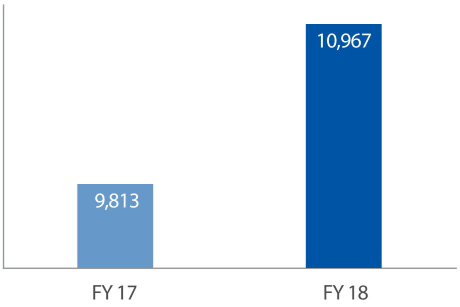
Out-patient volume



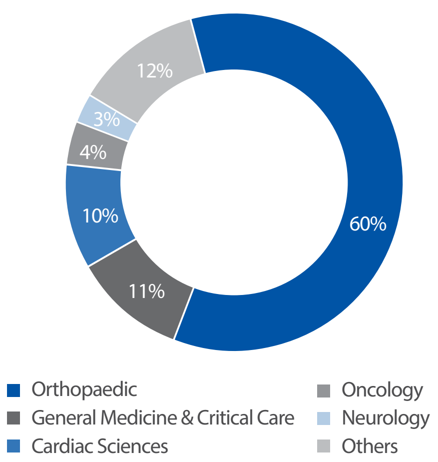
Surgery



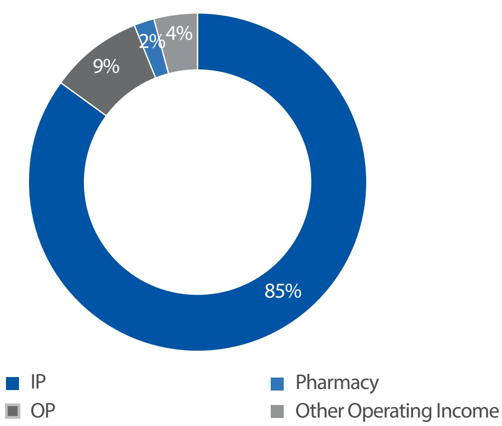
Orthopaedic Surgery



Revenue Mix - Top 5 Specialities FY 2018



Breakup of operating Income FY 2018



During the year under review, your company has commenced three new units and they have contributed ₹ 521 Million in the topline of the Company. Members may refer MD&A section for more details.

DIVIDEND

With a view to conserve resources and expansion of business, your directors do not recommend any dividend for the financial year under review.

INITIAL PUBLIC OFFER AND LISTING OF SHARES

The Directors are pleased to inform you that the Company's Initial Public offering of 20,354,838 equity shares of ₹ 10 each at price of ₹ 248 per equity share (including premium of ₹ 238 per share) comprising of fresh issue of 19,354,838 equity shares amounting to ₹ 4800 million and offer for sale of 1,000,000 equity shares amounting to ₹ 248 million aggregating to ₹ 5048 million by way of Book Building process received overwhelming response from the investors. The issue was opened on December 5, 2017 and closed on December 7, 2017 and it was overall oversubscribed by 2.87 times excluding anchor portion. Under the said IPO, Company has allotted 19,354,838 equity shares of ₹ 10 each at a premium of ₹ 238 per share aggregating to ₹ 4800 million on December 13, 2017. The trading of Equity shares of the Company commenced on National Stock Exchange Limited and BSE Limited effective from December 15, 2017 and consequently the Company has become a listed entity

UTILIZATION OF IPO PROCEEDS

Your Company has appointed HDFC Bank Limited as Monitoring agency in terms of regulation 16 of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 as amended, to monitor the utilization of IPO proceeds and Company has obtained monitoring reports from the Monitoring agency from time to time and filed the same with both exchanges where equity shares of the Company are listed. The proceeds realized by the Company from the initial Public offering shall be utilized as per objects of the offer as disclosed in the Prospectus of the Company. Out of the IPO proceeds of ₹ 4800 million, your Company has utilized ₹ 3573.91 million as per objects of the offer and unutilized amount of ₹ 990.37 million has been invested in the fixed deposits with the Bank and ₹ 3.19 million were lying in escrow accounts of the Company. The proceeds of the issue were mainly utilized for repayment or prepayment in full, or in part of certain loans availed by our Company, purchase of medical equipment for existing, recently set up and upcoming hospitals, purchase of interiors, furniture, and allied infrastructure for upcoming hospitals and General corporate purposes. There has been no deviation in the utilization of the IPO proceeds of the Company. The Monitoring reports' are available at Announcement section of https://www.shalby.org/investors.

SHARE CAPITAL

Authorized Capital

During the year under review, the authorized share capital of the Company was increased from ₹ 1,112.50 million to ₹ 1,177.50 million divided into 117,750,000 equity shares of ₹ 10 each consequent upon the implementation of composite scheme of arrangement for spin off of the hospital division of Kamesh Bhargava Hospital and Research Centre Private Limited ("Transferor Company") and transfer to Shalby Limited ("Transferee Company") as approved by National Company Law Tribunal, Chandigarh bench vide its order dated July 13, 2017.

Issued, Subscribed and Paid-up Capital

The Issued, Subscribed and Paid-up share capital of the Company was increased from ₹ 886.55 million to ₹ 1080.10 million consequent to the allotment of equity shares in Initial Public Offer. The Company has not issued any shares with differential rights as to dividend, voting or otherwise.

During the year under review, your company has also issued 12,46,000 equity shares on a preferential basis pre-IPO to employees, doctors, associate persons and Shalby Medicos Trust formed for the benefit and welfare of doctors of the Company.

COMPOSITE SCHEME OF ARRANGEMENT

The Board of Directors of your Company, approved a composite scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 ("Scheme"), for spin off of the hospital division of Kamesh Bhargava Hospital and Research Centre Private Limited ("Transferor Company") and transfer to Shalby Limited ("Transferee Company") subject to requisite approvals from the High Court of Punjab and Haryana and the High Court of Gujarat respectively, under whose jurisdiction the registered offices of both companies are situated, and for orders thereof for carrying this Scheme into effect. The Hon'ble High Court of Gujarat approved the Scheme by its order dated September 30, 2016, subject to the approval of scheme by Hon'ble High court of Punjab and Haryana. In light of the merger related provisions being notified under the provisions of the Companies Act, 2013, the Scheme was transferred from the High Court of Punjab and Haryana to the National Company Law Tribunal, Chandigarh Bench ("NCLT") and NCLT, Chandigarh Bench finally approved the said Scheme by its order dated July 13, 2017. The scheme became effective when the Company filed the certified true copy of the order of NCLT with the office of Registrar of Companies, Gujarat on August 12, 2017. The appointed date for the scheme was September 7, 2015 as defined in the scheme. Upon the scheme become effective with effect from the appointed date, our Company has recorded the assets and liabilities of hospital division of transferor Company and resultantly goodwill of ₹ 81.97 million was created and recorded in the books of the Company.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ON PERFORMANCE OF SUBSIDIRIES

Your Company has four subsidiary companies viz. Vrundavan Shalby Hospitals Limited, Shalby (Kenya) Limited, Shalby International Limited (earlier known as Shalby Pune Limited) and Yogeshwar Healthcare Limited. In accordance with the provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements form part of this Annual Report which shall also be laid before the ensuing Annual General Meeting of the Company. The Consolidated Financial Statements have been prepared in accordance with the

Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements for the financial year ended March 31, 2018 are the Company's first Ind-AS compliant annual Consolidated Financial Statements with comparative figures for the year ended March 31, 2017 which is also as per Ind-AS. The date of said transition is April 1, 2017. A report on the performance and financial position of each of the subsidiaries and associate companies as per the Companies Act, 2013 is provided as Annexure A which forms part of this Report. The financial statements of the Company and subsidiary companies shall be available for inspection by any shareholder(s) during working hours at the Company's registered office and that of the respective subsidiary companies concerned. In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available at Annual Reports section of https://www.shalby.org/investors.

During the year under review, your Company has acquired remaining 45% equity shares of Vrundavan Shalby Hospitals Limited in August, 2017 and consequent upon the said acquisition, the said Company became the wholly owned subsidiary of the Company.

AWARDS & RECOGNITIONS

Your Company received the "Best Medical Tourism Centre" award at the Gujarat Tourism Awards 2016. In June 2017, our CMD Dr. Vikram Shah has been conferred on with the Double Helical National Health Award 2017 for his outstanding record in Knee Replacement Surgery with his innovative "0 Technique". In June 2017, Shalby was conferred on with the "Best CSR Initiative in Healthcare" award at the 7th Healthcare Leaders Forum, New Delhi. Dr. Vikram Shah has been further conferred on with 'Times Man of the Year' award by Times of India group in the current year for his outstanding contribution in the field of orthopedics on completion of 1,00,000 joint replacement surgeries. Dr. Vikram Shah and Dr. Darshini Shah have been conferred on with 'luminary award' by Divya Bhaskar group for their contribution in the field of orthopedics and Dental implantology, respectively.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 read with Companies Amendment Act, 2017, the extract of Annual Return is enclosed as Annexure - B (MGT-9) to this report.

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

Particulars of loans given, investments made, guarantees given and securities provided in the notes to the standalone financial statements forming part of this annual report.

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

Most of the related party transactions that were entered into during the financial year were on arm's length basis, however, few transactions were not at arm's length basis and your Company has, accordingly taken approval of audit committee, Board of Directors and shareholders whenever applicable. Pursuant to Regulation 23 of the Listing Regulations, all related party transactions were placed before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions for their review and approval.

During the year under review, there were no material transactions with related parties except with Griffin Mediquip LLP, in terms of regulation 23 of SEBI Listing Regulations. The details of the related party transactions including material are provided in the Annexure - C (AOC - 2) pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014. Your directors draw the attention of members to the notes to the financial statements which set out related party disclosures.

DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTMENT AND RESIGNATION

During the year under review, Dr. Dheeraj Sharma [DIN: 07683375], Non-Executive Independent Director resigned from the Board of Directors of the Company with effect from October 13, 2017. The Board, upon recommendation by Nomination and remuneration Committee and subject to the approval of members, appointed Mr. Ashok Bhatia (DIN: 02090239), as an Additional Director in the category of Independent Director of the Company through circular resolution with effect from October 23, 2017 for a period of 5 years. He holds the office upto the date of this Annual General meeting. Mr. Bhatia is having rich and varied experience in the field of healthcare and therefore Board of Directors at its meeting held on May 7, 2018 have decided to utilize his expertise in business development of the Company and accordingly Mr. Bhatia is re-designated as Non-Executive Non-Independent Director

Subsequent to the closure of financial year under review, Dr. Darshini Shah [DIN: 00013903], Non-Executive Director resigned from the Board of Directors of the Company with effect from May 7, 2018. The Board, upon recommendation by Nomination and remuneration Committee and subject to the approval of members, appointed Mrs. Sujana Shah as an Additional Director in the category of Non-Executive Independent Director for a period of 5 years with effect from May 7, 2018, who holds the office upto the date of this Annual General meeting.

Requisite proposal seeking your approval for appointment of Mr. Ashok Bhatia as a Non-Executive Director with effect from May 7, 2018 and Mrs. Sujana Shah as Non-Executive Independent Director form part of the Notice convening 14th Annual General Meeting of the Company.

As on March 31, 2018, Dr. Vikram Shah, Chairman & Managing Director, Mr. Ravi Bhandari, Chief Executive Officer, Mr. Shantilal Kothari, Chief Financial Officer and Mr. Jayesh Patel, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013. There is no change in Key Managerial Personnel during the year under review.

DIRECTORS RETIRING BY ROTATION

In terms of section 152 of the Companies Act, 2013, Mr. Shyamal Joshi, (DIN: 00005766), being the longest in the office shall retire at the ensuing Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment.

A brief resume of Directors being appointed / re-appointed along with the nature of their expertise, their shareholding in the Company and other details as stipulated under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as an annexure to the Notice of the ensuing Annual General Meeting.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors confirming that they meet criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

BOARD MEETINGS

The Board met 4 times during the year under review, June 28, 2017, September 28, 2017, December 28, 2017 and January 9, 2018. The number of meetings and its attendance have been provided in the Report of Corporate Governance.

COMMITTEES

The Company has various committees which have been formed in compliance of provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are in compliance with the provisions of relevant statutes.

The Board has constituted following committees.

i. Audit and Risk Management Committee

ii. Stakeholder Relationship Committee

iii. Nomination and Remuneration Committee

iv. Corporate Social Responsibility Committee

v. Management Committee

vi. IPO Committee

The details with respect to the compositions, powers, roles, terms of reference, numbers of committees along with their attendance etc. of respective Committees are provided in detail in the 'Report on Corporate Governance' which forms part of this Annual Report.

POLICY ON APPOINTMENT AND REMUNERATION TO DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL

Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed briefly in the Corporate Governance Report, which forms part of this Report. Your Company's Policy on remuneration for the Directors', Key Managerial Personnel and other employees and Company's policy on Directors' appointment including criteria for determining qualifications, positive attributes, independence of a director and other matters as required under sub-section (3) of Section 178 of the Companies Act, 2013 is available at Company Policies and Codes section of https://www.shalby.org/wp-content/uploads/2017/12/Nomination-and-Remuneration-Policy.pdf. There has been no change in the policy since last financial year.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company upholds the standards of governance and is compliant with the provisions of Corporate Governance as stipulated under SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015. The Report on Corporate Governance for FY 2017-18, as per Regulation 34(3) read with Schedule V of the SEBI (LODR), Regulations, 2015 forms a part of this Annual Report. The Certificate from Practicing Company Secretary confirming the compliance with the conditions of corporate governance as stipulated by Regulation 34(3) of SEBI (LODR), Regulations, 2015 is annexed to this Report.

In compliance with Corporate Governance requirements as per the SEBI Listing Regulations, your Company has formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto and the same is available at https://www.shalby.org/wp-content/uploads/2017/10/Code-of-Conduct-for-Directors-Senior-Management.pdf

In terms of regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report on the Company's financial and operational performance, industry trends, business outlook and Initiatives and other material changes with respect to the Company and its subsidiaries, wherever applicable and CEO/CFO Certificates thereto, are presented in separate section which forms part of the Annual Report.

PERFORMANCE EVALUATION OF BOARD AND ITS COMMITTEE

The criteria for performance evaluation and the statement indicating the manner in which formal annual evaluation has been made by the Board are given in the 'Report on Corporate Governance', which forms part of this Annual Report.

Pursuant to provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the

Board has carried out an annual evaluation of its own performance, Board committees and individual directors in the manner prescribed in Performance Evaluation Policy, which is available at https://www.shalby.org/wp-content/uploads/2017/10/Performance-Evaluation-Policy-for-BOD.pdf

DEPOSITS

During the year, the Company has not accepted any fixed deposits from the public as per provisions of section 73 to 76 of the Companies Act, 2013 and Rules made there under. Hence, the disclosures as required under Rule 8 (5) (v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirement set out under Schedule III to the Act have been followed and there are no material departures from the same;

b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) they had prepared the annual accounts on a going concern basis;

e) they had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

(A) Conservation of Energy:

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

- Phasing out of CFL lamps to LED lights
- Introduction of timer based operation of air handling units to reduce power consumption
- Energy optimization practices implemented in transformer operation
- VFD installation for AHU motor in a phased manner
- All lifts and OT AHUs are operated with VFD panels
- For recently commissioned units, building orientation has been so designed that helps to maximize use of Day Light and to reduce heat gain in order to reduce energy consumption.
- For recently commissioned units, the building is being constructed by using structural steel to reduce embedded energy and also to reduce the impact of construction activities to the neighborhood and environment.
- The glass used for facade in a number of facilities is double glazed and is energy efficient low emissivity type which helps in reducing solar beat gain coefficient while improving the visibility.
- Rain water harvesting system installed at our green field recently completed projects to conserve natural resources

There would not be a material financial implication of these measures as energy costs comprise a very small portion of your company's total expenses.

(B) Technology absorption:

I. The effort made towards technology absorption;

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

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

a) Blood bank equipment including Deep freezer, Blood bank refrigerator, Platelet agitator/incubator, Blood collection monitor and tube sealer, Donor couch compofuge

b) X-ray system;

c) Dialysis machine;

d) Ventilator;

e) CT scanning machines;

f) MRI scanning machines;

g) Ultrasound systems; and

h) Linac systems.

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

Technology absorption, adaption and innovation	Benefits	Imported technology from
Dialysis Machine	Haemodialysis machine which achieves the extracorporeal removal of waste products such as creatinine and urea and free water from the blood when the kidneys are in a state of kidney failure.	Germany
Ventilator	It is designed to move breathable air into and out of the lungs, to provide artificial controlled breathing for a patient who is physically unable to breathe, or breathing insufficiently. Used in Intensive care units	Sweden
Phaco machine	It is a machine with microprocessor-controlled fluid dynamics, used in Phacoemulsification cataract surgery for Ultrasonic aspiration.	USA
Immobilization device	Immobilization devices is used in stabilizing patient during planning & radiotherapy treatment. Radiation therapy had a significant impact on the accuracy of dose calculation and delivery.	Belgium
CT simulation Laser	This unique device is used for Patient planning for Radiotherapy with CT imaging. Easily indexed to the CT table, this clearly-marked tool helps perform an array of important QA checks.	Germany
Anesthesia Work station	Anesthesia machines incorporate a ventilator device is used to support the administration of anesthesia. It is designed to provide an accurate and controlled supply of medical gases (such as oxygen and nitrous oxide), mixed with an accurate concentration of anesthetic agent and deliver this to the patient during surgical procedure.	USA
Cathlab	A Cath Lab is an examination room with diagnostic imaging equipment used in cardiac department to visualize the arteries of the heart and the chambers of the heart and treat any stenosis or abnormality found. Angioplasty & Pacemaker implant are the common high risk procedure done under Cath Lab.	Germany
Linac System	Linear accelerator is a device that uses high frequency electromagnetic waves to accelerate charged particles such as electrons to high energies through a linear tube for Cancer Treatment as part of Radiotherapy Treatment.	USA

III. The expenditure incurred on Research and Development : NIL

(C) Foreign exchange earnings and expenditure:

[₹ in Million]

Particulars	2017-2018	2016-2017
Earnings in Foreign Currency	134.75	139.00
CIF Value of Imports	26.84	309.35
Expenses in Foreign Currency	11.84	43.54

PARTICULARS OF EMPLOYEES & REMUNERATION

The details regarding ratio of remuneration of each director to the median employee's remuneration and other details as required in section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended herewith as Annexure - D.

The statement containing information as per provision of Section 197(12) read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in separate annexure forming part of this report. However, Annual Report is being sent without the said annexure. In terms of provisions of section 136 of the Companies Act, 2013, the said annexure is open for inspection at the registered office of the Company during the office hours. Any member interested in obtaining the copy of the same may write to the Company Secretary at the Registered Office of the Company.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. The Company has in place adequate internal financial controls in order to ensure that the financial statements of the Company depict a true and fair position of the business of the Company. The Company continuously monitors and looks for possible gaps in its processes and it devices and adopts improved controls wherever necessary.

RISK MANAGEMENT

At Shalby, risks are measured, estimated and controlled with the objective to mitigate adverse impact. Your company's fundamental approach to risk management includes, anticipate, identify and measure the risk. Your company has in place a mechanism to monitor and mitigate various risks associated with the business. The Company has adopted a risk management policy which inter alia, sets out our approach towards risk assessment, risk management, and risk monitoring, which is periodically reviewed by the Board. The said policy is available at https://www.shalby.org/wp-content/uploads/2017/12/Risk-Management-Policy.pdf

VIGIL MECHANISM

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report genuine concerns to the management regarding instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or mismanagement, if any. Further, the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for strict confidentiality, adequate safeguards against victimization of Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit and Risk Management Committee, in appropriate cases. The functioning of vigil mechanism is reviewed by the Audit and Risk Management Committee from time to time. None of the Whistle blowers has been denied access to the Audit and Risk Management Committee of the Board pertaining to whistle blower policy. The said Vigil Mechanism and Whistle-Blower Policy is available at https://www.shalby.org/wp-content/uploads/2017/10/vigilmechanism_whistleblower_policy.pdf

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of Section 135 of the Act, your Company has constituted a CSR Committee, which comprises Mr. Umesh Menon, Chairman, Mr. Shyamal Joshi and Mr. Ashok Bhatia as its members as on March 31, 2018. The Company has also framed a CSR Policy in compliance with the provisions of the Act and content of the same is available at https://www.shalby.org/wp-content/uploads/2017/10/Corporate-Social-Responsibility-CSR-Policy.pdf The Annual Report on CSR activities outlining geographical areas for CSR activities, composition of CSR committee, amount of CSR fund to be expended etc is annexed herewith as Annexure - E.

OTHER DISCLOSURES AND INFORMATION

1. **Sexual Harassment of Women at workplace**

   Your Company has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace under the provisions of Sexual Harassment of Women at the workplace (Prevention, Prohibition and Redressal) Act 2013 and rules framed thereunder. The Company has anti Sexual harassment Committee to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, there were three complaints received which were investigated and resolved and there were no complaints pending at March 31, 2018.

2. **Significant or Material Orders passed by the Authority**

   There are no significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status of the Company and its future operations.

3. **Material changes and commitments affecting financial position**

   There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year under review and to the date of this report.

STATUTORY AUDITOR & AUDITORS' REPORT

Pursuant to Section 139 of the Companies Act, 2013, M/s. G. K. Choksi & Co., Chartered Accountants (Firm Registration no. 101895W), Statutory Auditor would complete their current term as Statutory auditors of the Company at the conclusion of the 14th

Annual General Meeting of the Company. The Board of Directors placed on record their sincere appreciation for their Professional Services.

As recommended by the Audit Committee, the Board of Directors has considered and recommended the appointment of M/s. T. R. Chadha & Co., LLP, Chartered Accountants as Statutory Auditors of the Company, for a period of 5 consecutive years from the conclusion of 14th Annual General meeting till the conclusion of 19th Annual General meeting of the Company. M/s T. R. Chadha & Co., LLP, Chartered Accountants, have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for appointment as auditors of the Company.

The Statutory Auditor's comment on your company's account for the year ended March 31, 2018 are self-explanatory in nature and do not require any explanation. The Auditors Report does not contain any qualification or adverse remarks.

During the year, the Auditors had not reported any matter under Section 143(12) of the Act and therefore no detail is required to be disclosed under Section 134(3) (ca) of the Act.

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, M/s. Board Sanjay B & Associates has been appointed as Cost Auditors by the Board of Directors on the recommendation of Audit Committee, for audit of cost records for the year ended on March 31, 2018 and their remuneration was ratified by members at the 13th Annual General meeting of the Company. The Board of Directors of the Company re-appointed M/s. Board Sanjay B & Associates for audit of cost records for the year ended on March 31, 2019 at a remuneration of ₹ 100,000/- plus applicable taxes and reimbursement of out of pocket expenses incurred, if any, in connection with the cost audit and recommended the members for their ratification.

Your Company has received consent along with confirmation that the appointment is in accordance with the applicable provisions of the Act and Rules framed thereunder and they do not hold any disqualification under section 139, 148 and 141 of the Companies Act, 2013.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. Shambhu J. Bhikadia, Practicing Company Secretary (PCS Registration no. 3894) to conduct the Secretarial Audit of the Company for the year ended March 31, 2018. The Secretarial Audit Report for the FY 2017-18 does not contain any qualification, reservation, or adverse remarks and is annexed to this Report as Annexure - F.

INTERNAL AUDITOR

Pursuant to the provision of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, M/s. Pricewaterhouse Coopers Pvt. Ltd., Chartered Accountants, Ahmadabad has been appointed as Internal Auditors of the Company for Financial Year 2018-19 to enhance the financial controls and practices within the Company.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere appreciation for the wholehearted support and contribution made by all Doctors and their team, bankers, Government Authorities, auditors and shareholders during the year under review. Your Directors express their deep sense of appreciation and extend their sincere thanks to every employee at all level for their dedicated services and look forward their continued support.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

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

Place: Ahmedabad
Date: May 7, 2018

Annexure - A

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ in million)

Sr. No.	Particulars	Vrundavan Shalby Hospitals Limited	Shalby (Kenya) Limited	Shalby International Limited	Yogeshwar Healthcare Limited	Griffin Mediquip LLP
1	Date from which it became subsidiary	August 12, 2011	June 9, 2011	September 5, 2012	October 11, 2012	July 23, 2012
2	Financial year ended	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
3	Country	India	Kenya	India	India	India
4	i) Reporting currency	₹	KHS	₹	₹	₹
	ii) Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1.00	0.65	1.00	1.00	1.00
5	Share Capital/partner capital	18.00	0.06	0.50	7.35	8.81
6	Reserves & Surplus	(45.24)	(1.54)	(0.34)	3.62	5.76
7	Total Assets	98.75	3.68	0.02	9.08	68.69
8	Total Liabilities	71.51	2.20	0.18	20.05	54.12
9	Investment	-	-	-	-	-
10	Turnover	7.87	0.74	-	0.54	355.89
11	Profit/(Loss) before Taxation	(12.11)	(1.32)	(0.04)	(1.29)	8.26
12	Provision for Taxation	0.02	(0.39)	-	(1.40)	2.50
13	Profit/(Loss) after Taxation and write back	(12.13)	(0.93)	(0.04)	0.11	5.76
14	Other Comprehensive Income	-	0.07	-	-	-
15	Total Comprehensive Income net of tax	(12.13)	(0.86)	(0.04)	0.11	5.76
16	Proposed Dividend (including Dividend Distribution Tax thereon)	-	-	-	-	-
17	% of shreholding	100.00	100.00	100.00	94.68	95.00

Part "B": Associates and Joint Ventures : NIL

Note

(a) There are no subsidiaies which are yet to commence operations.

(b) There are no subsidiaies which have been liquidated or sold during the year.

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

Place : Ahmedabad
Date : May 7, 2018

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Annexure - B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L85110GJ2004PLC044667
2	Registration Date	August 30, 2004
3	Name of the Company	Shalby Limited
4	Category/ Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
	Indian Non government Company	
5	Address of the Registered office and Contact Details	Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad – 380 015 Tel No: +91 79 40203000
6	Whether listed Company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited 46, Avenue, 4th Street, No.1, Banjara Hills, Hyderabad. Andhra Pradesh - 500034 Tel No: +91 40 67161500

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Yogeshwar Healthcare Ltd. 319, Green City, Ghuma, Ahmedabad	U85110GJ1997PLC032486	Subsidiary	94.68	2(87)(ii)
2	Vrundavan Shalby Hospitals Ltd. Vrundavan Shalby Hospitals, Karaswada, Mapusa Goa	U85110GA1995PLC001851	Subsidiary	100.00	2(87)(ii)
3	Shalby International Ltd. Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015	U65923GJ2012PLC071824	Subsidiary	100.00	2(87)(ii)
4	Shalby (Kenya) Ltd. Plot No. 1870/1/210, Parklands Road, 4th Floor, Corner Plaza, P.O Box 69952-00400, Nairobi.	CPR/2011/4958900	Subsidiary	100.00	2(87)(ii)

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

i. Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (as on April 1, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters / Promoter Group**									
1.	**Indian**									
a)	Individual/ HUF	55,212,650	-	55,212,650	63.17	54,227,900	-	54,227,900	50.21	-12.96
b)	Central Govt.	-	-	-	-	-	-	-	-	-
c)	State Govt(s).	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	31,561,048	-	31,561,048	36.11	31,545,448	-	31,545,448	29.20	-6.91
e)	Banks / FI	-	-	-	-	-	-	-	-	-
f)	Any others	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**86,773,698**	**-**	**86,773,698**	**99.27**	**85,773,348**	**-**	**85,773,348**	**79.41**	**-19.86**
2.	Foreign									
a)	NRI / Individual									
b)	Other Individual									
c)	Bodies Corporate									
d)	Banks / FII									
e)	Any others									
	Sub Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**86,773,698**	**-**	**86,773,698**	**99.27**	**85,773,348**	**-**	**85,773,348**	**79.41**	**-19.86**
B.	**Public Shareholding**									
1.	**Institutions**									
a)	Mutual Fund	-	-	-	-	421,260	-	421,260	0.39	0.39
b)	Venture Capital Fund	-	-	-	-	-	-	-	-	-
c)	Alternate Investment Funds	-	-	-	-	1,458,901	-	1,458,901	1.35	1.35
d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
e)	Foreign Portfolio Investor	-	-	-	-	6,781,384	-	6,781,384	6.28	6.28
f)	Financial Institution / Banks	-	-	-	-	54,360	-	54,360	0.05	0.05
g)	Insurance Companies	-	-	-	-	-	-	-	-	-
h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
i)	Any other	-	-	-	-	22	-	22	Negligible	Negligible
	Sub-Total (B)(1)	**-**	**-**	**-**	**-**	**8,715,927**	**-**	**8,715,927**	**8.07**	**8.07**
2.	**Central Government / State Government(s) / President of India**	-	-	-	-	-	-	-	-	-
3.	**Non- Institution**									
a)	Individuals Shareholders holding nominal share capital									

Category of Shareholders		No. of Shares held at the beginning of the year (as on April 1, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i.	upto ₹ 1 lakh	121,550	843	122,393	0.14	5,353,591	603	5,354,194	4.96	4.82
ii.	in excess of ₹ 1 lakh	471,250	-	471,250	0.54	1,538,188	-	1,538,188	1.42	0.88
b)	NBFCs Registered with RBI	-	-	-	-	500	-	500	Negligible	Negligible
c)	Employee Trusts	-	-	-	-	-	-	-	-	-
d)	Overseas Depositories (Holding DRs)	-	-	-	-	-	-	-	-	-
e)	Any other									
-	Trust	-	-	-	-	190	-	190	Negligible	Negligible
-	Non Resident Indians	-	41,341	41,341	0.05	132,932	41,341	174,273	0.16	0.11
-	Clearing Members	-	-	-	-	114,844	-	114,844	0.11	0.11
-	Directors	250	-	250	Negligible	7,516	-	7,516	0.01	0.01
-	Bodies Corporate	-	-	-	-	4,902,773	-	4,902,773	4.54	4.54
-	H U F	-	-	-	-	407,767	-	407,767	0.38	0.38
	Sub-Total (B)(2)	**593,050**	**42,184**	**635,234**	**0.73**	**12,458,301**	**41,944**	**12,500,245**	**11.57**	**10.85**
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	**593,050**	**42,184**	**635,234**	**0.73**	**21,174,228**	**41,944**	**21,216,172**	**19.64**	**18.92**
	C1. Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	C2. Non Promoter non public shareholding*	**-**	**-**	**-**	**-**	**1,020,250**	**-**	**1,020,250**	**0.94**	**0.94**
	Grand Total (A+B+C)	**87,366,748**	**42,184**	**87,408,932**	**100.00**	**107,967,826**	**41,944**	**108,009,770**	**100.00**	**-**

*Shares held by Shalby Medicos Trust through Mr. Viral Shah, trustee, which was constituted for the benefit of doctors of the Company.

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2017)			Share holding at the end of the year (as on March 31, 2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Vikram Shah*	52,062,625	59.56	-	51,062,625	47.28	-	(12.28)
2	Dr. Darshini Shah	3,012,500	3.45	-	3,012,500	2.79	-	(0.66)
3	Mr. Shanay shah	137,525	0.16	-	137,525	0.13	-	(0.03)
4	M/s Zodiac Mediquip Limited	31,561,048	36.11	-	31,545,448	29.21	-	(6.90)
5	Kairav Kirit Shah	2,000	Negligible	-	15,000	0.01	-	0.01
6	Kirit Chimanlal Shah	250	Negligible	-	250	Negligible	-	Negligible
	Total	**86,775,948**	**99.28**	**-**	**85,773,348**	**79.41**	**-**	**(19.87)**

* Dr. Vikram Shah is holding 43,327,132 equity shares as a Trustee of Shah Family Trust and balance 7,735,493 equity shares in his individual capacity as at March 31, 2018

iii. Change in Promoters' Shareholding

Sr.	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2017)		Transactions during the year			Cumulative shareholding during the year (April 01, 2017 to March 31, 2018)	
		No. of shares	% to total paid up equity capital	Date	Increase / (decrease) in shareholding	Reason	No. of shares held	% to total paid up equity capital
1.	(a) Dr. Vikram Shah	52,062,625	59.60%	13/04/2017	(43,327,132)	Transferred to Shah Family Trust by way of gift	8,735,493	47.28
				13/12/2017	(1,000,000)	Offered in Public Issue	7,735,493	7.16
	At the end of the year (a)			**31/03/2018**	-	**Closing**	**7,735,493**	**7.16**
	(b) Dr. Vikram I Shah as a Trustee of Shah Family Trust	-	-	13/04/2017	43,327,132	Transferred from Dr. Vikram Shah by way of gift	43,327,132	40.11
	At the end of the year (b)			**31/03/2018**	-	**Closing**	**43,327,132**	**40.11**
	At the end of the year (a) + (b)			**31/03/2018**	-	**Closing**	**51,062,625**	**47.28**
2.	Zodiac Mediquip Ltd.	3,156,1048	36.11	07/04/2017	(10,300)	Transfer	31,550,748	36.10
				10/04/2017	200	Transfer	31,550,948	36.10
				05/10/2017	(1,000)	Transfer	31,549,948	36.09
				03/11/2017	(1,500)	Transfer	31,548,448	36.09
				10/11/2017	(3,000)	Transfer	31,545,448	36.09
	At the end of the year			**31/03/2018**	-	-	**31,545,448**	**36.09**

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr.	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2017)		Transactions during the year			Cumulative shareholding during the year (April 01, 2017 to March 31, 2018)	
		No. of shares	% to total paid up equity capital	Date	Increase / (decrease) in shareholding	Reason	No. of shares held	% to total paid up equity capital
1	Goldman Sachs India Limited	-	-	13/12/2017	2,744,906	IPO Allotment	2,744,906	2.54%
				22/12/2017	631,460	Purchased	3,376,366	3.13%
				31/03/2018	-	**Closing**	**3,376,366**	**3.13%**
2	Kotak Funds – India Midcap Fund	-	-	13/12/2017	1,515,394	IPO Allotment	1,515,394	1.40%
				22/12/2017	4,826	Purchased	1,520,220	1.41%
				29/12/2017	106,558	Purchased	1,626,778	1.51%
				05/01/2018	44,724	Purchased	1,671,502	1.55%
				16/03/2018	(21,502)	Sold	1,650,000	1.53%
				31/03/2018	-	**Closing**	**1,650,000**	**1.53%**
3	Viral Shah*	-	-	12/04/2017	1,200,000	Allotment in private placement	1,200,000	1.37%
				05/10/2017	(1,000)	Transfer	1,199,000	1.37%
				10/11/2017	(162,500)	Transfer	1,036,500	1.19%
				13/11/2017	(16,250)	Transfer	1,020,250	1.17%
				31/03/2018	-	**Closing**	**1,020,250**	**0.94%**

Sr.	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2017)		Transactions during the year			Cumulative shareholding during the year (April 01, 2017 to March 31, 2018)	
		No. of shares	% to total paid up equity capital	Date	Increase / (decrease) in shareholding	Reason	No. of shares held	% to total paid up equity capital
4	Indgrowth Capital Fund I	-	-	13/12/2017	679,787	IPO Allotment	679,787	0.63%
				22/12/2017	300,000	Purchased	979,787	0.91%
				31/03/2018	**-**	**Closing**	**979,787**	**0.91%**
5	HSBC Global Investment Funds – Indian Equity	-	-	13/12/2017	962,400	IPO Allotment	962,400	0.89%
				31/03/2018	**-**	**Closing**	**962,400**	**0.89%**
6	Aakarshan Tracom Pvt. Ltd (2 folios)	-	-	25/01/2018	450,000	Purchased	450,000	0.42%
				02/02/2018	314,000	Purchased	764,000	0.71%
				31/03/2018	**-**	**Closing**	**764,000**	**0.71%**
7	Reliance Nippon Life Insurance Co Ltd.	-	-	13/12/2017	558,602	IPO Allotment	558,602	0.52%
				22/12/2017	80,476	Purchased	639,078	0.59%
				29/12/2017	48,989	Purchased	688,067	0.64%
				05/01/2018	17,339	Purchased	705,406	0.65%
				12/01/2018	(849)	Sold	704,557	0.65%
				19/01/2018	718	Purchased	705,275	0.65%
				25/01/2018	(1,695)	Sold	703,580	0.65%
				02/02/2018	(1,526)	Sold	702,054	0.65%
				09/02/2018	6,427	Purchased	708,481	0.66%
				16/02/2018	(1,157)	Sold	707,324	0.65%
				23/02/2018	860	Purchased	708,184	0.66%
				02/03/2018	(3,794)	Sold	704,390	0.65%
				09/03/2018	(2,489)	Sold	701,901	0.65%
				16/03/2018	(883)	Sold	701,018	0.65%
				23/03/2018	(3,275)	Sold	697,743	0.65%
				30/03/2018	4,147	Purchased	701,890	0.65%
				31/03/2018	**-**	**Closing**	**701,890**	**0.65%**
8	Kunvarji Fincorp Pvt. Ltd.	-	-	05/01/2018	78,000	Purchased	78,000	0.07%
				12/01/2018	172,500	Purchased	250,500	0.23%
				19/01/2018	(115,841)	Sold	134,659	0.12%
				25/01/2018	(134,659)	Sold	0	0.00%
				23/02/2018	111,000	Purchased	111,000	0.10%
				02/03/2018	275,000	Purchased	386,000	0.36%
				09/03/2018	100,100	Purchased	486,100	0.45%
				16/03/2018	(59,015)	Sold	427,085	0.40%
				23/03/2018	75,500	Purchased	502,585	0.47%
				31/03/2018	**-**	**Closing**	**502,585**	**0.47%**
9	IIFL India Growth Fund	-	-	13/12/2017	403,260	IPO Allotment	403,260	0.37%
				31/03/2018	**-**	**Closing**	**403,260**	**0.37%**
10	Perpetual Enterprise LLP	-	-	19/01/2018	25,000	Purchased	25,000	0.02%
				02/02/2018	336,000	Purchased	361,000	0.33%
				31/03/2018	**-**	**Closing**	**361,000**	**0.33%**

* Shares held by Shalby Medicos Trust, through Mr. Viral Shah-Trustee, Constituted by Company for the benefit of doctors associated / to be associated with our Company through subsisting valid contract of consultation for their services rendered in connection with our Company's business

Note : Shareholding is consolidated based on PAN of the Shareholder.

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of Directors and KMP	Shareholding at the beginning of the year (as on April 01, 2017)		Shareholding at the end of the year (as on March 31, 2018)	
		No. of equity shares	% of Shareholding	No. of equity shares	% of Shareholding
1	Dr. Vikram Shah				
	At the beginning of the year	52,062,625	59.60%		
	Change during the year	(43,327,132)			
		(1,000,000)			
	At the end of the year (a)			7,735,493	7.16%
	Dr. Vikram I Shah, Trustee of Shah Family Trust	-	-		
	Change during the year	43,327,132	40.11		
	At the end of the year (b)			43,327,132	40.11%
	Grand Total at the end of Year (a+b)			51,062,625	47.27%
2	Dr. Darshini Shah				
	At the beginning of the year	3,012,500	3.45%		
	Change during the year	-			
	At the end of the year			3,012,500	2.79%
3	Mr. Shyamal Joshi				
	At the beginning of the year	250	Negligible		
	IPO Allotment	1,756	Negligible		
	At the end of the year			2,006	Negligible
4	Mr. Umesh Menon				
	At the beginning of the year	-	-		
	Add Purchase	2,000	Negligible		
	Change during the year	-	-		
	At the end of the year			2,000	Negligible
5	Mr. Tej Malhotra				
	At the beginning of the year	-	-		
	Add IPO Allotment	1,755	Negligible		
	At the end of the year			1,755	Negligible
6	Mr. Ashok Bhatia				
	At the beginning of the year	-	-		
	Add IPO Allotment	1,755	Negligible		
	At the end of the year			1,755	Negligible
7	Ravi Bhandari				
	At the beginning of the year	25,000	0.03		
	Add IPO Allotment	1,755	0.00		
	At the end of the year			26,755	0.02
8	S L Kothari				
	At the beginning of the year	6,000	0.01		
	Add IPO Allotment	1,756	Negligible		
	At the end of the year			7,756	0.01
9	Jayesh Patel				
	At the beginning of the year	6,000	0.01		
	Add IPO Allotment	1,755	Negligible		
	Less Sold	827	Negligible		
	At the end of the year			6,928	0.01

V. INDEBTEDNESS

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

(₹ In Million)

		Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
1.	Principal Amount	2,614.25	649.50	-	3,263.75
2.	Interest due but not paid	-	-	-	-
3.	Interest accrued but not due	14.85	-	-	14.85
Total (1+2+3)		2,629.10	649.50	-	3,278.60
Change in Indebtedness during the financial year					
Addition		5.49	450.00	-	455.49
Reduction		1,496.63	1,099.50	-	2,596.13
Net Change		(1,491.14)	(649.50)	-	(2,140.64)
Indebtedness at the end of the financial year					
1.	Principal Amount	1,132.47	-	-	1,132.47
2.	Interest due but not paid	-	-	-	-
3.	Interest accrued but not due	5.49	-	-	5.49
	Total (1+2+3)	**1,137.96**	**-**	**-**	**1,137.96**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors: NIL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(In Million)

Particulars of Remuneration		Key Managerial Personnel			
		CEO	**CFO**	**CS**	**Total**
1.	Gross salary				
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.96	6.00	1.89	16.85
b.	Value of perquisites u/s 17(2) Income-tax Act, 1961				
c.	Profits in lieu of salary under section				
	17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit				
	- others, specify…	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	**8.96**	**6.00**	**1.89**	**16.85**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NA

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty			NIL		
Punishment					
Compounding					
C. Directors					
Penalty					
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD

Dr. Vikram Shah
Chairman and Managing Director
(DIN: 0011653)

Place: Ahmedabad
Date: May 7, 2018

Annexure - C

Form No. AOC-2

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

1. Details of material contracts or arrangement or transactions not at arm's length basis for FY 2017-18

Sr.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the Ordinary resolution was passed in general meeting as required under first proviso to section 188
1	Dr. Vikram I Shah, Chariman & Managing Director of the Company	Lease Agreement	10 Years	The land on which SG Shalby is situated leased to the Company by Dr Vikram Shah for a period of ten years ending February 28, 2027 at a monthly lease rental of ₹ 5 lacs plus taxes etc.	As Shalby Limited is the flagship company of the group and largely responsible for the value attributed to the group, the Individual Promoter, Dr Vikram Shah, decided to extend the leasehold to the Company for a consideration that may be lower than the arm's length price for comparable leased properties.	December 20, 2016	NA	February 6, 2017
2	Shalby Orthopedic Hospital & Research Centre, Dr Vikram Shah is a partner of Shalby Orthopaedic Hospital and Research Centre, and is a director and key managerial person of the Company.	Lease Agreement	10 Years	Shalby Orthopaedic Hospital and Research Centre has leased the land and building to the Company for a period of ten years ending on February 28, 2027 at a monthly lease rental of ₹ 50,000 plus taxes etc.	As Shalby Limited is the flagship company of the group and largely responsible for the value attributed to the group, the Individual Promoters, being partners of Shalby Orthopaedic Hospital and Research Centre, decided to extend the leasehold to the Company for a consideration that may be lower than the arm's length price for comparable leased properties.	December 20, 2016	NA	February 6, 2017
3	Dr. Vikram I Shah, Chariman & Managing Director of the Company	Lease Agreement	30 Years	Higher of: (a) A guaranteed minimum monthly rental of ₹ 100,000; and (b) A revenue sharing of 2.5% of the gross revenue received and / or generated by Shalby Naroda, and booked on the credit side of profit and loss accounts, in the books of accounts of the Company.	"Dr Vikram Shah and Mr Uday Bhatt have leased the land on which Shalby Naroda is situated to the Company for a period of thirty years. As Shalby Limited is the flagship company of the group and largely responsible for the value attributed to the group, the Individual Promoter, Dr Vikram Shah, decided to extend the leasehold to the Company for a consideration that may be lower than the arm's length price for comparable leased properties.	December 20, 2016	NA	February 6, 2017

2. Details of material contracts or arrangement or transactions at arm's length basis for FY 2017-18

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the Contracts or arrangements or transactions including value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Date on which Ordinary resolution was passed in general meeting u/s 188(1)
Professional fees							
1	Dr. Vikram I Shah, KMP	Professional Fees	10 Years	Profeesional fee Revised w.e.f 01/01/2016 and payable 1) Arthroplasty: 20% of IPD collection (Surgery fees + Ward fees); 80% OPD fees Collected 2) Other than Arthroplasty: 20% of the PF posting amount, etc amounting to ₹ 45.23 mn	January 5, 2016	NA	NA
2	Dr. Darshini V. Shah, Relative of KMP	Professional Fees	10 Years	Professiona lfee payable 1) For SG & Vijay unit: 70% of dental income 2) For Krishna unit: 30% of dental income amounting of ₹ 22.37 mn	March 28, 2014	NA	NA
Commission							
1	Zodiac Mediquip Limited, Promoter Company	Commission	5 Years	Commission amounting to ₹ 0.15 mn	November 19, 2012	NA	NA
Rent Expenses/Income							
1	Yogeshwar Healthcare Limited, Subsidiary Company	Rent / Deposite	5 Years	Rent ₹ 0.26 mn Per year and ₹ 1.2 mn given as Deposit	February 19, 2014	NA	NA
2	Griffin Mediquip LLP	Rent Income	11 Months	Rendering Services amounting to ₹ 0.07 mn	January 5, 2016	NA	NA
3	Slaney Healthcare Private Limited	Rent Income	Ongoing	Rendering Services amounting to ₹ 0.16 mn	January 5, 2016	NA	NA
Purchase or sale of Medical, Material and Consumables							
1	Griffin Mediquip LLP, group company	Purchase of medical material and consumables	Ongoing	Purchase of medical material and consumables value is ₹ 374.07 mn	January 5, 2016	NA	NA
Appointent to any office or place of profit							
1	Mr. Shanay Shah	Appointment to the office/place of profit	3 years	Appointment as Director(Designated) -Internal Business for 3 years wef October 10, 2016 on a monthly remuneration of ₹ 0.04 Mn	September 5, 2016	NA	September 29, 2016

FOR AND ON BEHALF OF THE BOARD

Dr. Vikram Shah
Chairman and Managing Director
(DIN: 0011653)

Place: Ahmedabad
Date: May 7, 2018

SHALBY MULTI-SPECIALTY HOSPITALS

Annexure - D

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr.	Particulars		Details
1.	Median Remuneration of employees for FY 2017-18		₹ 1.17 lakhs
2.	Ratio of remuneration of each director to the median remuneration of employees of the company for FY 2017-18		Ratio
	a.	Dr. Vikram Shah	N.A., since not drawing remuneration
	b.	Dr. Darshini Shah	N.A., since not drawing remuneration
	c.	Mr. Shyamal Joshi	N.A., since not drawing remuneration
	d.	Mr. Umesh Menon	N.A., since not drawing remuneration
	e.	Mr. Tej Malhotra	N.A., since not drawing remuneration
	f.	Mr. Ashok Bhatia	N.A., since not drawing remuneration
3.	Percentage increase in remuneration of each director, CFO, CEO & CS in financial year 2017-18		% increase in FY 2017-18 as compared to FY 2016-17
	Directors		
	a.	Dr. Vikram Shah	N.A.
	b.	Dr. Darshini Shah	N.A.
	c.	Mr. Shyamal Joshi	N.A.
	d.	Mr. Umesh Menon	N.A.
	e.	Mr. Tej Malhotra	N.A.
	f.	Mr. Ashok Bhatia	N.A.
	Key Managerial Personnel		
	a.	Mr. Ravi Bhandari, CEO	10.53%
	b.	Mr. S. L. Kothari, CFO	12.92%
	c.	Mr. Jayesh Patel, CS	15.66%
4	Percentage increase in median remuneration of employees in the financial year		15.91%
5.	Number of permanent employees on roll of the company as on 31-03-2018		2282
6.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration		Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2017-18 was 9.66%. None of the directors was in receipt of remuneration during FY 2017-18
7.	It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.		

For and on behalf of the Board

Place: Ahmedabad
Date: May 7, 2018

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

Annexure - E

Annual Report on Corporate Social Responsibility (CSR) Activities

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

   We pursue CSR activities in line with our vision and mission, which are not restricted around our unit locations, but also spread across geographies based on needs of the communities/ Society.

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

- Promoting Health care including Preventive Health care through awareness programs, health check-ups, free or concessional Medical Camps, provision of medicine & treatment facilities, providing pre natal & post natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building immunity.
- Healthcare we aspire to deliver facilities to communities and other sections of the society in the form of primary health care support through diagnosis and treatments, promoting preventive healthcare, building awareness about sanitation and medical camps, creating awareness through various programs, etc.
- Projects or programs or activities aimed at improving the health and hygiene of the socially or economically weaker sections, families in the below poverty line (BPL) by providing free or subsidized medicine, clinical laboratory facilities, free or concessional treatments at hospitals, setting up of medical and diagnostic camps, projects or programs aimed at eradicating poverty or malnutrition of women and children, pain and palliative care etc.
- Employment enhancing vocational skill development programs and promoting education.
- Projects or programs or activities for the protection of elderly citizens by establishing, funding or otherwise supporting old age homes and day care facilities including medical aid.

2. **The composition of the CSR committee:**

   1. Mr. Umesh Menon, Chairman
   2. Mr. Shyamal Joshi, Member
   3. Mrs. Sujana Shah, Member

3. **Average net profit of the company for last three financial years for the purpose of computation of CSR: ₹ 469.04 Million**

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 9.38 Million**

5. **Details of CSR spent during the financial year:**

   a) Total amount to be spent for the financial year: ₹ 9.38 Million

   b) Amount unspent: ₹ 9.38 Million

c) Manner in which the amount spent during the financial year:

(₹ in Million)

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity Identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads**	**Cumulative expenditure upto to the reporting period.**	**Amount spent: Direct or through implementing agency**
1	Activities mentioned above	-	-	9.38	-	-	-
	Total	**-**	**-**	**9.38**	**-**	**-**	**-**

6. **Reasons/Justification for not spending CSR Fund:**

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

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

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

For and on behalf of the CSR Committee and the Board

Place: Ahmedabad	**Umesh Menon**	**Dr. Vikram Shah**
Date: May 7, 2018	**(DIN:00086971)**	**(DIN:00011653)**
	Chairman of CSR Committee	Chairman and Managing Director

Annexure - F

Secretarial Audit Report

FORM NO. MR-3

For the financial year ended 31st March, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
Members,
SHALBY LIMITED

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') have become applicable with effect from Director 15, 2017 (i.e. Date of listing of equity shares on recognised stock exchanges).

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d. The Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period), and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)

VI. Other Laws those are applicable specifically to the Company :

1. **INDUSTRY SPECIFIC REGULATIONS**
   - (i) Indian Medical Council Act, 1956 (“IMC Act”).
   - (ii) Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (“IMC Regulations”)
   - (iii) Drugs and Cosmetic Act, 1940.
   - (iv) Narcotic Drugs and Psychotropic Substances Act, 1985
   - (v) Pharmacy Act, 1948
   - (vi) Clinical Establishments (Registration & Regulation) Act, 2010
   - (vii) Ethical Guidelines for Biomedical Research on Human participants, 2006
   - (viii) Transplantation of Human Organs Act, 1994
   - (ix) Atomic Energy Act, 1962
   - (x) Atomic Energy (Radiation Protection) Rules, 2004
   - (xi) Safety Code for Medical Diagnostic X-Ray Equipment and Installation, 2001
   - (xii) Radiation Surveillance Procedures for Medical Application of Radiation 1989
   - (xiii) Pre-Conception and Pre-Natal Diagnostic Techniques Act, 1994
   - (xiv) Medical Termination of Pregnancy Act, 1971
   - (xv) Consumer Protection Act, 1986
   - (xvi) Madhya Pradesh Upcharyagriha Tatha Rujopchar Sambandhi Sthapnaye (Registrikaran tatha Anugyapan) Adhiniyam, 1973 (“MP Nursing Home Act”)
   - (xvii) The Gujarat emergency Medical Services Act. 2007

2. **FOOD SAFETY REGULATIONS**
   - (i) Food Safety and Standards Act, 2006

3. **ENVIRONMENT REGULATIONS**
   - (i) Environment (Protection) Act, 1986
   - (ii) Water (Prevention and Control of Pollution) Act, 1974
   - (iii) Water (Prevention and Control of Pollution) Cess Act, 1977
   - (iv) Air (Prevention and Control of Pollution) Act, 1981
   - (v) Biomedical Waste Management Rules, 2016
   - (vi) Hazardous and other Wastes (Management and Transboundry Movement) Rules, 2016

I have also examined compliance with the applicable Clauses of the Following:

1. Secretarial Standard issued by The Institute of Company Secretaries of India;

2. SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchange(s).

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

I further report that:

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

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

All decisions at Board Meetings and committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

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

1. Company has issued 1,246,000 equity shares of ₹ 10 each at the premium of ₹ 60 per Share under preferential basis before IPO to employees, doctors, associate persons and Shalby Modicos Trust formed for the benefit and welfare of doctors of the Company.

2. Company has made Initial Public offering of 20,354,838 equity shares of ₹ 10 each comprising of fresh issue of 19,354,838 equity shares and offer for sale of 1,000,000 equity shares at

price of ₹ 248 per equity share (including premium of ₹ 238 per share) by way of Book Building process. The issue was opened on December 5, 2017 and closed on December 7, 2017 under the said IPO; Company has allotted 19,354,838 equity shares of ₹ 10 each at a premium of ₹ 238 per share aggregating to ₹ 4,800 Million on December 13, 2017. The trading of Equity shares of the Company commenced on National Stock Exchange of India Limited and BSE Limited on December 15, 2017.

3. Scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 ("Scheme"), for spin off of the hospital division of Kamesh Bhargava Hospital and Research Centre Private Limited ("Transferor Company") and transfer to Shalby Limited ("Transferee Company") has been approved by Honourable High Court of Gujarat, vide its order dated September 30, 2016 and National Company Law Tribunal, Chandigarh Bench ("NCLT") vide its order dated July 13, 2017.

4. The Company has increased its Authorised share Capital from ₹ 1,112.50 million to ₹ 1,177.50 million divided into 117,750,000 equity shares of ₹ 10 each consequent upon the implementation of composite scheme of arrangement for spin off of the hospital division of Kamesh Bhargava Hospital and Research Centre Private Limited ("Transferor Company") and transfer to Shalby Limited ("Transferee Company") as approved by National Company Law Tribunal, Chandigarh bench vide its order dated July 13, 2017.

(Shambhu J. Bhikadia)

Place: Ahmadabad ACS No.8024

Date: May 7, 2018 C P No.:3894

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

APPENDIX- A

To,

The Members

SHALBY LIMITED

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

(Shambhu J. Bhikadia)

Place: Ahmadabad ACS No.8024

Date: May 7, 2018 C P No.:3894

Corporate Governance Report

Shalby Philosophy on Corporate Governance

Corporate Governance is a system by which, companies are directed and controlled ethically, keeping in mind enhancement of long term sustainable interests of all stakeholders. It involves blend of laws, regulations, ethical and voluntary practices, which enable the Company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long-term economic value for its shareholders. It also includes Board's accountability towards Company and its stakeholders, strategic vision and effective monitoring by the Board. The principal characteristics of corporate governance are transparency, independence, accountability, responsibility, fairness and social responsibility.

A good governance process provides transparency of corporate policies and decision making process and also strengthens internal systems and helps in building relationship with all stakeholders. We at Shalby believe in being transparent and we commit ourselves to adherence of good governance practices at all times, as it generates goodwill among our clients and shareholders and helps the company to grow.

The Company is in compliance with the requirements stipulated under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable, with regards to corporate governance.

A. Board of Directors

I. Composition of the Board

The Company has balanced and diverse Board of Directors ('the Board'). The Board comprises of appropriate mix of Executive, Non-Executive and Independent Directors as required under Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') to maintain the independence of the Board and to maintain an optimal mix of professionalism, knowledge and experience to enable it to discharge its responsibilities. As on March 31, 2018, the Board of Directors comprises of 6 directors, out of which 5 are Non-Executive Directors and 1 is Executive Director (Promoter Director). Out of 5 Non-Executive Directors, 3 are Independent Directors and 1 is Non-Promoter and 1 is Promoter Director (woman director). The Board structure is in compliance with Regulation 17 of Listing Regulations.

During the under review Dr. Dheeraj Sharma has resigned as Independent Director effective from October 13, 2017 due to his pre-occupation. Mr. Ashok Bhatia has been appointed as Additional Independent Director w.e.f. October 23, 2017. Subsequent to year under review, Mrs. Sujana Shah appointed as Independent Director for the period of 5 years w.e.f. May 7, 2018 and Dr. Darshini Shah resigned from the Board w.e.f. May 7, 2018.

None of the Directors of the Company is a director in more than 7 listed companies as an Independent Director. Further none of the Directors of the Company is acting as a Whole Time Director of any listed Company as well as Independent Director in more than 3 listed companies.

None of the Directors of Company is a Member of more than 10 Committees and no Director is the Chairperson of more than 5 committees across all the public companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors. For the purpose of determination of limit, chairpersonship and Membership of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

Sr	Name & DIN	Category	Age in years	Date of Initial appointment	No. of Directorships including this listed entity^	No. of Membership and Chairmanship of committees including this listed entity*		No. of shares held
						Membership	Chairmanship	
1	Dr. Vikram Shah DIN: 00011653	Executive Chairman & Managing Director (Promoter)	55	30/08/2004	2	1	0	51,062,625&
2	Dr. Darshini Shah~ DIN: 00013903	Non-Executive (Promoter)	52	20/12/2016	7	0	0	30,12,500
3	Mr. Shyamal Joshi DIN: 00005766	Non-Executive (Non-Promoter)	68	01/06/2010	7	2	2	2,006

Sr	Name & DIN	Category	Age in years	Date of Initial appointment	No. of Directorships including this listed entity^	No. of Membership and Chairmanship of committees including this listed entity*		No. of shares held
						Membership	Chairmanship	
4	Mr. Umesh Menon DIN: 00086971	Non-Executive Independent	47	20/12/2016	2	1	1	2,000
5	Mr. Tej Malhotra DIN: 00122419	Non-Executive Independent	67	23/02/2017	Nil	1	0	1,755
6	Mr. Ashok Bhatia@ DIN: 02090239	Non-Executive Independent	64	23/10/2017	1	1	0	1,755
7	Mrs. Sujana Shah$ DIN: 08100410	Non-Executive Independent	40	07/05/2018	1	1	0	Nil

^ including private and foreign companies

* Represents Chairmanship / Membership of Audit Committee and Stakeholder Relationship Committees of public companies only

& Dr. Vikram Shah is holding 43,327,132 shares constituting 40.11% of the paid up capital of the Company on behalf of Shah Family Trust.

~ Dr. Darshini Shah resigned w.e.f. May 7, 2018

@ Mr. Ashok Bhatia has been appointed as Non-Executive Independent Director w.e.f. October 23, 2017

$ Mrs. Sujana Shah has been appointed as Non-Executive Independent Director w.e.f. May 7, 2018

There is no inter-se relationship between the Board members, except Dr. Vikram Shah and Dr. Darshini Shah who are related as spouse. The terms of appointment of independent directors are not due for re-appointment. Mr. Ashok Bhatia and Mrs. Sujana Shah who have been appointed as Additional Director of the Company w.e.f. October 23, 2017 and May 7, 2018 respectively are proposed to be appointed at the ensuing Annual General Meeting and attention of members is invited to the relevant item of the Notice of the Annual General Meeting seeking approval for their respective appointment. Relevant information as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the AGM Notice.

II. Meetings of Board of Directors

During the year, 4 meetings of the Board of Directors were held on June 28, 2017, September 28, 2017, December 28, 2017 and January 9, 2018 and the gap between any two consecutive board meetings has not exceeded 120 days. The following table shows meetings held and attendance by each director. The required quorum was present for each of the meetings. The agenda papers along with the notes thereon, other supporting documents and all information as required under Regulation 17(7) of Listing Regulations were circulated in advance to the Board Members except unpublished price sensitive information which may be provided at a shorter notice.

Details of Directors' attendance in Board Meetings held during the financial year 2017-18 and last Annual General Meeting are as under.

Name of Director	No. of Board Meeting held and attended	Status of attendance at the last AGM
Dr. Vikram Shah	4 / 4	Yes
Dr. Darshini Shah~	4 / 4	Yes
Mr. Shyamal Joshi	4 /4	Yes
Mr. Umesh Menon	4 / 4	Yes
Mr. Tej Malhotra	4 / 3	Yes
Dr. Dheeraj Sharma^	2 / 1	N.A.
Mr. Ashok Bhatia@	2 / 2	N.A.

~ Dr. Darshini Shah resigned w.e.f. May 7, 2018

^ Dr. Dheeraj Sharma resigned as Director w.e.f. October 13, 2017

@ Mr. Ashok Bhatia has been appointed as Non-Executive Independent Director w.e.f. October 23, 2017

III. Separate Meeting of Independent Director

As required under Regulation 25(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Schedule IV of the Companies Act, 2013, all the Independent Directors of the Company, except Mr. Tej Malhotra met once during the year on December 28, 2017 without the attendance of Non-Independent Directors and members of the management.

The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole. The Independent Directors also reviewed the performance of Chairman of the Company based on the views of Executive Directors and Non-Executive Directors. The Board of Directors also discussed about the quality, quantity and timeliness of flow of information between the Company Management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

IV. Familiarization Program to Independent Directors

The Company has familiarization program for the Independent Directors with respect to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The familiarization program are available on the Company's website at https://www.shalby.org/investors/wp-content/uploads/2017/10/Director-Familiarisation-Policy.pdf

V. Review of Compliance Report by the Board

The Board regularly reviews the Compliance Report pertaining to all laws and licenses applicable to the Company for smooth functioning and also to assess the steps taken by the Company to rectify instances of non-compliances.

VI. Selection and appointment of Directors and their Remuneration

The Company has adopted Nomination and Remuneration & Board Diversity Policy which, inter alia, deals with the manner of selection of Board of Directors, payment of remuneration to Directors, Senior Managerial personnel, KMPs and other employees

VII. Remuneration of Directors & Service Contract, Notice period and Severance Fees

I. Remuneration

The details of remuneration, perquisites and sitting fees paid to the Directors for the financial year 2017-18 are as under.

(₹ in million)

Name of Director	Category	Salary	Perquisites	Sitting fees^	Total
Dr. Vikram Shah	Executive Chairman & Managing Director	Nil*	Nil	Nil	Nil
Dr. Darshini Shah	Non-Executive	Nil&	Nil	Nil	Nil
Mr. Shyamal Joshi	Non-Executive	Nil	Nil	0.350	0.350
Mr. Umesh Menon	Non-Executive & Independent Director	Nil	Nil	0.375	0.375
Mr. Tej Malhotra	Non-Executive & Independent Director	Nil	Nil	0.225	0.225
Mr. Ashok Bhatia w.e.f. October 23, 2017	Non-Executive & Independent Director	Nil	Nil	0.175	0.175
Dr. Dheeraj Sharma upto October 13, 2017	Non-Executive & Independent Director	Nil	Nil	0.075	0.075
Total		**Nil**	**Nil**	**1.200**	**1.200**

^ Sitting fees includes payment for Board-level committee meetings

* Dr. Vikram Shah does not draw any remuneration in his capacity as Managing Director. However, as per consultancy agreement entered into with him by the Company, he is entitled for Professional Fees and he was paid the professional fees ₹ 45.23 mn during financial year 2017-18.

& Consultancy agreement has also been entered into Dr. Darshini Shah and the company has paid ₹ 22.37 mn. to Dr. Darshini Shah towards Professional Fees for the financial year 2017-18.

II. Criteria for payment to Non-Executive / Independent Directors

The criteria of making payment to the Non-Executive Directors is based on the varied roles played by them towards the Company. It is not just restricted to corporate governance or outlook of the Company but they also bring along with them significant professional expertise and rich experience across the wide spectrum of functional areas such as technology, corporate strategy, finance and other corporate functions. The Company seeks their expert advice on various matters in general management, strategy, business planning, finance, science, technology or intellectual property. Non-Executive and Independent Directors, excluding promoter director, are paid sitting fees of ₹ 50,000/- for attending each meeting of the Board and ₹ 25,000/- for attending each meeting of Audit & Risk Management Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, CSR Committee and Independent Directors.

III. Service Contracts, notice period, severance fees

Dr. Vikram Shah was appointed as the Managing Director of our Company, w.e.f. March 27, 2015, for a period of five years. However, he does not draw any remuneration. The Company has executed agreements with Dr. Vikram Shah and Dr. Darshini Shah on February 5, 2014 for availing their respective professional services for a period of 10 years with lock-in period of 5 years and they will be paid Professional fees as per agreed terms.

There is no other pecuniary relationship or transactions of non-executive directors vis-à-vis the Company, except payment of professional fees to Dr. Darshini Shah and sitting fees to other non-executive directors as stated above. The Company does not have any stock option scheme.

No severance fees is payable to any director of the Company.

B. Audit & Risk Management Committee

I. Composition of Audit and Risk Management Committee and attendance of members

The Audit and Risk Management Committee comprises of 4 members with 3 Independent Directors and 1 Non-Executive Director as on March 31, 2018. The Audit and Risk Management Committee was reconstituted by inclusion of Mr. Ashok Bhatia as a member of the Committee in place of Dr. Dheeraj Sharma w.e.f. October 23, 2017.

The Audit and Risk Management Committee met 4 times during the year i.e. on June 28, 2017, September 28, 2017, December 28, 2017 and January 9, 2018. The Composition of Audit Committee as on March 31, 2018 and attendance of members of Audit Committee for meetings held during the year is as under.

Name of member	Category	Status	No. of meeting held and attended
Mr. Umesh Menon	Non-Executive & Independent Director	Chairman	4 / 4
Mr. Shyamal Joshi	Non-Executive Director	Member	4 / 4
Mr. Tej Malhotra	Non-Executive & Independent Director	Member	4 / 3
Mr. Ashok Bhatia*	Non-Executive & Independent Director	Member	2 / 2

* Mr. Ashok Bhatia appointed w.e.f. October 23, 2017 in place of Dr. Dheeraj Sharma

The Chairman of the Audit & Risk Management Committee has attended the last Annual General Meeting of the Company held on August 28, 2017.

II. Invitees to the Committee

The CFO and Internal Auditor are regular invitees to the Committee meetings. The Committee also invites other officials / executives, where it considers appropriate, to attend meetings. The Company Secretary is the Secretary to the Committee.

The Audit Committee has reviewed management discussion and analysis of financial condition and results of operations, statement of significant related party transactions as submitted by the management and other information as mentioned in Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

III. Terms of Reference

The Audit and Risk Management Committee reviews the matter falling in its terms of reference and addresses larger issues that could be vital concern to the Company. The Committee constituted by the Board in terms of Section 177 of the Act, meets the requirement of provisions of Companies Act, 2013 as well as of the Listing Regulations. The powers, role and terms of reference of Audit and Risk Management Committee include the matters as specified under the Act and Listing Regulations. The terms of reference of the Committee, broadly includes matters pertaining to review of financial reporting process, review of financial results and related information, approval and disclosures of related party transaction, adequacy of internal control systems, appointment and remuneration of Auditors, adequacy of disclosures, review of changes, if any, in accounting policies & practices, compliance with listing and other legal requirements relating to financial statements, Risk Management framework and other relevant matters.

C. Nomination and Remuneration Committee

I. Composition of Nomination and Remuneration Committee and attendance of members

The Nomination and Remuneration Committee comprises of 3 members with 2 Independent Directors and 1 Non-Executive Director as on March 31, 2018. The Nomination and Remuneration Committee was reconstituted by inclusion of Mr. Ashok Bhatia as a member of the Committee in place of Dr. Dheeraj Sharma w.e.f. October 23, 2017.

The Composition of Nomination and Remuneration Committee as on March 31, 2018 was as under. The Nomination and Remuneration Committee has not met during the year under review.

Name of member	Category	Status
Mr. Umesh Menon	Non-Executive & Independent Director	Chairman
Mr. Shyamal Joshi	Non-Executive Director	Member
Mr. Ashok Bhatia*	Non-Executive & Independent Director	Member

* Mr. Ashok Bhatia appointed w.e.f. October 23, 2017 through circular resolution in place of Dr. Dheeraj Sharma

II. Terms of Reference

The powers, role and terms of reference of Nomination and Remuneration Committee include the matters as specified under the Act and Listing Regulations. The broad terms of reference of the Nomination and Remuneration Committee include formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, formulation of criteria for evaluation of independent director, identification and assessing the person who are qualified to become directors, monitoring and reviewing various human resource and compensation matters.

III. Performance Evaluation

The Company policy provides for the manner, mode and unique questionnaires to evaluate performance of the Board, Committees, Independent Directors and Non-Independent Directors. The criteria for the performance evaluation of the Directors includes (a) Attendance of each Director (b) participation in meaningful discussion (c) Effectiveness of the decision taken based on deliberations(d) Preparedness of each Director (e) Conduct and behavior of each Director etc. The evaluation process includes review, discussion and feedback from the directors in reference to set criteria and questions.

Evaluation of Performance of the Board, its Committees, every Independent Director and Non-Independent Directors, for the Financial Year 2017-18, has been carried out in the manner and process as per the policy in this respect. The Directors are satisfied with the performance and evaluation.

D. Stakeholder's Relationship Committee

The Stakeholders' Relationship Committee, oversees, inter-alia, expeditious redressal of shareholders' grievance such as issues involving transfer and transmission of shares, issue of duplicate certificates, recording dematerialization/ re-materialization, non-receipt of refund, annual report etc.

I. Composition of Stakeholders' Relationship Committee and attendance of members

The Committee comprises of 3 directors as on March 31, 2018, out of which Chairman is Non-Executive Director. Since the Company's equity shares are listed on stock exchanges w.e.f. December 15, 2017, the committee met only once during the year i.e. on January 9, 2018.

Name of member	Category	Status	No. of meeting held and attended
Mr. Shyamal Joshi	Non-Executive Director	Chairman	1 / 1
Mr. Umesh Menon	Non-Executive & Independent Director	Member	1 / 1
Dr. Vikram Shah	Executive Director	Member	1 / 1

II. Particulars of investors' complaints handled by the Company and its Registrar & Share Transfer Agent during the year

M/s. Karvy Computer share Pvt. Ltd., Hyderabad is acting as the Share Transfer Agent of the Company to carry out the share transfer and other related work. Mr. Jayesh Patel, Company Secretary of the Company is the Compliance Officer in terms of Regulation 6 of the Listing Regulations. The Share Transfer Agent has timely resolved/attended all the complaints and no complaint or grievance remained unattended/ unresolved at the end of the year. Details of the complaints received and resolved during the year ended March 31, 2018 are as under:

Particulars	No. of complaints
Received during the year	28
Resolved during the year	28
Pending as at March 31, 2018	Nil

E. Corporate Social Responsibility Committee (CSR Committee)

As required under Section 135 of the Companies Act 2013, the Company has constituted CSR Committee of Directors inter-alia to formulate Corporate Social Responsibility (CSR) Policy, to recommend the amount of expenditure to be incurred on the activities in line with objectives given in CSR policy, monitor the CSR policy and other matters as may be referred by the Board of Directors.

I. Composition of CSR Committee and attendance of members

The Committee comprises of 3 directors as on March 31, 2018 out of which Chairman is Non-Executive and Independent Director. During the year Committee met on June 28, 2017.

Name of member	Category	Status	No. of meeting held and attended
Mr. Umesh Menon	Non-Executive Director	Chairman	1 / 1
Mr. Shyamal Joshi	Non-Executive & Independent Director	Member	1 / 1
Dr. Darshini Shah	Non-Executive Director	Member	1 / 1

F. Other Committees

In addition to the above referred committees, the Board has also constituted committees of Directors to look into various routine business matters. These Committees includes Management Committee and IPO Committee.

G. General Body Meetings

i. Annual General Meeting

During the preceding three years, the Company's Annual General Meetings were held at the Registered office of the Company at Shalby Hospitals, Opp. Karnavati Club, S. G. Highway, Ahmedabad 380 015, Gujarat.

The date and time of Annual General Meetings held during last three years, and the special resolution(s) passed thereat, are as follows:

Year ended	Date& time	Special resolutions passed
31/03/2017	28/08/2017 at 4:00 p.m.	No Special Resolution was passed
31/03/2016	29/09/2016 at 3:00 p.m.	Appointment of Mr. Shanay Shah to an office of place of profit
31/03/2015	30/09/2015 at 3:00 p.m.	i. Appointment of M/s. Borad Sanjay B & Associates as Cost Auditor of the Company ii. Appointment of Mr. Shyamal Joshi as an Independent Director

ii. Details of Special Resolution passed through postal ballot:

No special resolution was passed through postal ballot during the Financial Year ended March 31, 2018. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require special resolution through postal ballot.

H. Disclosures

i. Management Discussion Analysis

The Annual Report contains detailed report on Management Discussion and Analysis.

ii. Related Party Transactions

Most of the related party transactions that were entered into during the financial year were on arm's length basis, however, few transactions were not at arm's length basis and your Company has, accordingly taken approval of audit committee, Board of Directors and shareholders whenever applicable. Pursuant to Regulation 23 of the Listing Regulations, all related party transactions were placed before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions for their review and approval.

During the year under review, there were no material transactions with related parties except with Griffin Mediquip LLP, in terms of regulation 23 of SEBI Listing Regulations. The details of the related party transactions including material are provided in the Annexure - C (AOC -2) to the Directors' Report.

The Company has formulated policy for determining 'material' subsidiaries and policy on dealing with Related Party Transactions. The said policies are hosted on the Company's website at https://www.shalby.org/wp-content/uploads/2018/01/Related-Party-Transaction-Policy.pdf The Company does not have any Material Subsidiary Company and hence no separate link for making disclosures of material subsidiary is created.

iii. Accounting Treatment

The Company has followed accounting treatment as prescribed in Indian Accounting Standard applicable to the Company.

iv. Compliance by the Company

The Company's equity shares were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f. December 15, 2017 and has executed Listing Agreement with them.

The Company has complied with all the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and other SEBI Regulations wherever applicable. No penalties have been imposed or stricture issued by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during any time in the past.

v. Whistle Blower Policy / Vigil Mechanism

The Company has a Whistle-Blower Policy for establishing a vigil mechanism to report genuine concerns regarding unethical behavior and mismanagement, if any. No employee of the Company was denied access to the Audit Committee. Details relating to vigil mechanism are also mentioned in the Board's Report. The Whistle-Blower Policy is available on the website of the Company at https://www.shalby.org/wp-content/uploads/2017/10/vigilmechanism_whistleblower_policy.pdf

vi. Foreign exchange risk and hedging activities

The Company is exposed to foreign exchange risk to some extent as portion of revenue of the Company is generated from international operations in Middle East and Africa. Further Company also purchased some of its medical equipment from foreign manufacturers. For mitigating the foreign exchange risk, Company has entered into Cross-currency Interest Rate SWAP agreement with the bank. The Company does not enter into any derivative instruments for trading or speculative purposes.

vii. Compliance with Mandatory and Discretionary requirements

The Company has complied with the mandatory requirements of the Corporate Governance of the Listing Regulations and also followed non-mandatory requirements relating to separate post of Chairman and Chief Executive Officer, financial statements with unmodified audit opinion / without qualification and direct reporting by internal auditor to Audit Committee etc.

viii. Utilization of proceeds from public issue, rights issue, preferential issue etc.

During the year Company has raised an amount aggregating up to ₹ 4800 mn. through Initial Public Offer vide Red Herring Prospectus dated November 24, 2017. As required under Reg. 16 of SEBI (Issue and Capital Disclosure Requirements), Regulation, Company has appointed HDFC Bank Limited as Monitoring Agency for monitoring of utilization of net proceeds of the Public offer.

The details of utilization of issue proceeds has been provided in notes to the Accounts. During the year under review, the company has not deviated in utilizing the proceeds of issue.

ix. Unclaimed Dividends and Unclaimed Shares

The Company has not declared dividend in the previous years and hence there is no requirement to transfer the unpaid or unclaimed dividend on due date to the Investor Education and Protection Fund administered by the Central Government Pursuant to Section 124 and 125 of Companies Act, 2013.

The Company does not have any unclaimed shares as on March 31, 2018 and hence company is not required to transfer unclaimed shares pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund), Rules, 2016 as notified from time to time.

x. CEO & CFO Certification

The CEO and CFO of the Company have certified to the Board of Directors, inter-alia, the accuracy of the financial statements and adequacy of internal controls for the financial reporting as required under regulation 17(8) of the SEBI Listing Regulations for the financial year ended March 31, 2018.

I. Means of Communication

a. Newspapers: The extracts of quarterly and Annual financial results of the Company are generally published in leading daily newspaper in India viz. Financial Express and Economic Times (English and Gujarati editions).

b. Disclosure to Stock Exchanges: The Company also timely disseminate on the website of Stock Exchanges, all price sensitive matters or such other matters which in its opinion are material and have relevance to the shareholders.

c. Website of the Company: The Company's website www.shalby.org contains a separate dedicated section "Investors" where information for shareholders is available. Quarterly and Annual Financial results, disclosures and filing with the stock exchanges, official press releases, presentations to analysts and institutional investors and other general information about the Company are available on the Company's website.

d. Annual Report: Annual Report containing, inter alia, Board's Report, Auditors' Report, Audited Financial Statements and other important information is circulated to Members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The Annual Report is also available on the website of the Company.

J. General Information for Shareholders

a) **Annual General Meeting and Book Closure:**

Date, time and venue of AGM: Monday, September 17, 2018 at 9.30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad 380015

Book Closure Period: September 11, 2018 to September 17, 2018 (both days inclusive)

b) **Financial Year:** April 1 to March 31

c) **Financial Results:**

First Quarter Results: by August 14

Half Year Results: by November 14

Third Quarter Results: by February 14

Annual Results: by May 30

d) **Listing on Stock Exchanges:** The Company's equity shares are listed on the following Stock Exchanges.

BSE Limited (BSE), Scrip Code : 540797

National Stock Exchange of India Limited (NSE), Stock code : SHALBY

ISIN Number: INE597J01018

CIN: L85110GJ2004PLC044667

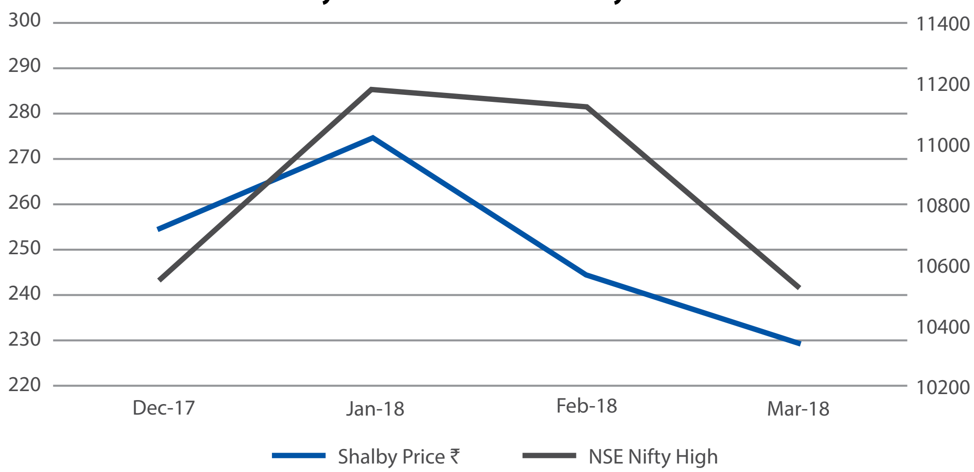
e) **Payment of Listing Fees:** The Company has paid annual listing fee for the financial year 2018 - 19 to the BSE and NSE within the stipulated time.

f) **Market Price data:** The monthly high and low market price of equity shares traded on NSE and BSE are as under. The Company's equity shares have been listed on NSE and BSE w.e.f. December 15, 2017.

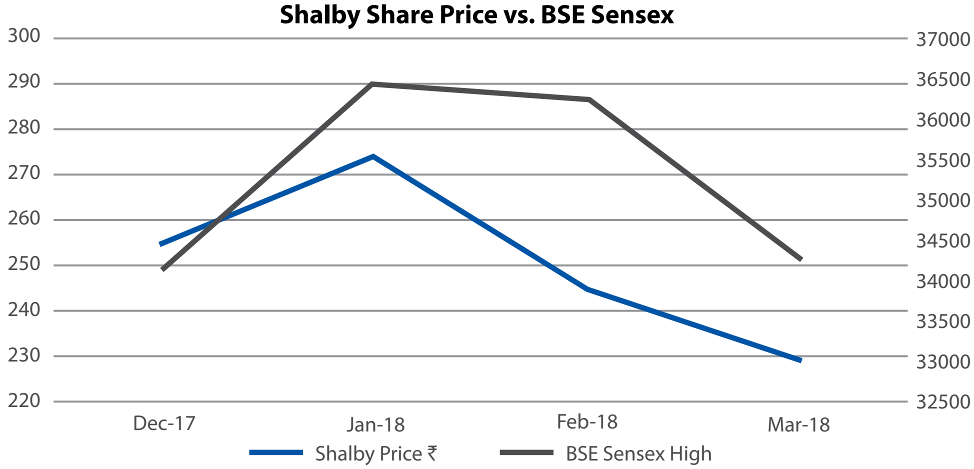
Month	NSE				BSE			
	Share Price		Nifty		Share Price		Sensex	
	High ₹	Low ₹	High	Low	High ₹	Low ₹	High	Low
Dec-17	254.80	209.90	10522.40	10074.80	254.65	210.15	34137.97	32595.63
Jan-18	274.40	217.00	11171.55	10404.65	274.00	215.35	36443.98	33703.37
Feb-18	244.90	221.00	11117.35	10276.30	244.95	221.75	36256.83	33482.81
Mar-18	229.70	190.00	10525.50	9951.90	229.05.	192.00	34278.63	32483.84

g) **Share price chart vs. NSE Nifty Index and BSE sensex**

Shalby Share Price vs. NSE Nifty Index



Shalby Share Price vs. BSE Sensex



h) **Distribution of equity holding as on March 31, 2018**

No. of shares each of ₹ 10/- each	Shareholders		Equity Shares	
	Nos.	% of total shareholders	Nos.	% of total shares
Upto 500	62,328	98.21%	4,193,851	3.88%
501 – 1,000	497	0.78%	412,058	0.38%
1,001 – 2,000	258	0.41%	405,823	0.38%
2,001 – 3,000	101	0.16%	259,087	0.24%
3,001 – 4,000	36	0.06%	130,701	0.12%
4,001 – 5,000	54	0.08%	255,946	0.24%
5,001 – 10,000	80	0.13%	600,308	0.56%
Above 10,000	108	0.17%	101,751,996	94.20%
Total	**63,462**	**100.00%**	**108,009,770**	**100.00%**

i) **Shareholding Pattern as on March 31, 2018**

Sr.	Category	No. of shares held	% of shares held
I	Promoter and Promoter Group Shareholding		
	Indian	85,773,348	79.41%
	Foreign	-	-
II	Public Shareholding		
	Institutional		
	Mutual Fund	421,260	0.39%
	Foreign Portfolio Investor	6,781,384	6.28%
	Financial Institution / Banks	54,360	0.05%
	Insurance Company		
	Others	22	Negligible
	Non-Institutional		
	Individual and HUFs	7,300,149	6.76%
	Directors	7,516	0.01%
	Bodies Corporate	4,902,773	4.54%
	Alternative Investment Fund	1,458,901	1.35%
	NRIs	174,273	0.16%
	NBFC Registered with RBI	500	Negligible
	Clearing Members	114,844	0.11%
	Trusts	190	Negligible
III	Non-Public Non-Promoter Shareholding*	1,020,250*	0.94%
	Total	**108,009,770**	**100.00**

* Shares are held by Shalby Medicos Trust, through Mr. Viral Shah-Trustee, Constituted by the Company for the benefit of doctors associated / to be associated with our Company through subsisting valid contract of consultation for their services rendered in connection with our Company's business.

j) Lock-in of Equity Shares

As on March 31, 2018, total 87,654,932 pre-issue shares, were under lock-in as under.

No. of equity shares	Lock-in Period
21,601,954	December 13, 2017 to December 16, 2020
66,052,978	December 13, 2017 to December 16, 2018

k) Share Transfer system: The Company has very negligible shares in physical mode. The Company has appointed M/s. Karvy Computershare Pvt. Ltd. as its Registrar & Transfer Agent. The shares received for transfer are processed within prescribed time line. Request for dematerialization and rematerialization of shares are processed and confirmation thereof is given to respective depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited within statutory time line from the date of receipt of physical documents, subject to documents are complete in all respects.

l) Dematerialization of Shares & Liquidity

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis.

As on March 31, 2018, total 99.96% shares were held in dematerialized form. The shares of the Company are frequently traded on both the stock exchanges and hence the shares of the Company are liquid.

m) Reconciliation of Share Capital Audit

As the Company's equity shares got listed effective from December 15, 2017, Reconciliation of Share Capital Audit under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, were carried out by a Practicing Company Secretary for each quarter starting from quarter ended December 31, 2017, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited (CDSL) and total paid-up, issued and listed capital.

The Reconciliation of Share Capital Audit Reports (the Audit report) confirm that the total issued, subscribed and paid-up capital is in agreement with the total number of shares in physical form and dematerialized form held with the depositories. The said Audit Reports for quarter ended December 2017 and March 2018 have been filed with Stock Exchanges within one month of end of the each quarter.

n) Details of Outstanding securities or any convertible instruments:

The Company has no GDRs, ADRs, Warrants, Options or any convertible instrument outstanding as on March 31, 2018.

o) Equity shares under suspense account:

The Company has no equity shares under Suspense Account and hence disclosure relating to the same is not applicable.

SHALBY MULTI-SPECIALTY HOSPITALS

p. Our presence

State	Unit	Address
Gujarat	SG Shalby	Shalby Hospitals, Opposite Karnavati Club, SG Highway, Ahmedabad-380015
	Krishna Shalby	Krishna Shalby Hospitals, 319, Green City, Ghuma, Via Bopal, Ahmedabad-380058
	Vijay Shalby	Vijay Shalby Hospital, Vijay Cross Road, Near Fire Station, Navrangpura, Ahmedabad-380009
	Shalby Naroda	Near Haridarshan Cross Road, Naroda, Ahmedabad-382325
	Shalby Vapi	Near Cinepark, Vapi Silvassa Road, Vapi, District Valsad
	Shalby Surat	TP No.12 (Adajan), FP No.29, Near Navgun College, Rander Road, Surat-395009
Madhya Pradesh	Shalby Indore	Race Course Road, RS Bhandari Marg, Zanjeerwala Square, Indore
	Shalby Jabalpur	Plot B, Scheme No.5, AhinsaChowk, Kanchnar City Road, Vijay Nagar Colony, Jabalpur-482002
Punjab	Shalby Mohali	Silver Oak Hospital, Phase-IX, Sector-63, SAS Nagar, Mohali
Rajasthan	Shalby Jaipur	Gandhipath Road, Sector - 3, F Block, Chitrakoot Scheme, Jaipur, Rajasthan 302021

q. Address for communication

Registered & Corporate Office: Shalby Hospitals, Opp. Karnavati Club, S. G. Highway, Ahmedabad – 380015. Gujarat, India. Tel. No. +91 79 40203000, Fax: +91 79 40203120, email: companysecretary@shalby.in

Registrar & Transfer Agent: Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot 31 – 32, Gacchibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana, India, Tel: +91 40 6716 2222, Fax: +91 40 2343 1551, E-mail: einward.ris@karvy.com

K. Prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has devised the Code of Conduct to regulate, monitor and report trading in Company's securities by persons having access to unpublished price sensitive information of the Company. The Company Secretary is the Compliance Officer for the purpose of this code.

L. Code of Conduct

The Board has laid down the code of conduct for all Board Members and Senior Managerial Personnel of the Company. The Code of Conduct is available on the website of the Company at www.shalby.org. All Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year ended on March 31, 2018 and a declaration to this effect duly signed by CEO of the Company has been obtained and is reproduced below.

Declaration

All the Board Members and Senior Management Personnel have affirmed the compliance with Code of Conduct for the year ended March 31, 2018, as laid down by the Board of Directors pursuant to Regulation 17(5) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

For **Shalby Limited**

Place : Ahmedabad
Date : May 7, 2018

Ravi Bhandari
CEO

CEO – CFO Certificate

To,
The Board of Directors
Shalby Limited

Subject: Certificate on Audited Standalone and Consolidated Financial Statements for the year ended March 31, 2018 pursuant to Reg. 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

We, Ravi Bhandari, Chief Executive Officer and Shantilal Kothari, Chief Financial Officer, have reviewed the standalone & consolidated financial statements and cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief, we hereby certify that:

(a) (i) these statement(s) do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;

(ii) these statement(s) 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 our knowledge and belief, no transaction entered into by the Company during the year ended March 31, 2018 which are fraudulent, illegal or in violation of the Company's code of conduct.

(c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.

(d) we have indicated to the Auditors and Audit Committee that:

(i) There is no significant changes in internal control over financial reporting during the year ended March 31, 2018;

(ii) There is no significant changes in accounting policies during the year ended March 31, 2018; and

(iii) There are no instances of significant fraud of which we are aware and which involve management or an employee having significant role in the Company's internal control system over financial reporting.

Yours faithfully,
For Shalby Limited

Ravi Bhandari
Chief Executive Officer

Yours faithfully,
For Shalby Limited

S. L. Kothari
Chief Financial Officer

Independent Auditor's Report

To,
The Members,
SHALBY LIMITED,
Ahmedabad.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of SHALBY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Change in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as `Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure – A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rules issued thereunder.

   (e) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us :

      (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 38 to the standalone Ind AS financial statements.

      (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

J. D. PATEL
Partner
Mem. No. 32780

Place : Ahmedabad
Date : May 7, 2018

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

(i) (a) In our opinion and according to information and explanation given to us, the Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets of the Company are physically verified by the management according to phased program designed to cover all the items once in period of three years which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to program, a physical verification of buildings and vehicles were carried out during the year by the management and no material discrepancies between the book records and physically inventory have been noticed.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company provided to us, the title deeds of immovable properties are held in the name of the Company except freehold land and leasehold land aggregate amounting to ₹ 719.63 million acquired pursuant to schemes of amalgamation in the nature of merger which is pending for registration in the name of the Company. Further as per information and explanations given to us all the existing buildings of the Company are either constructed on freehold / leasehold land or acquired pursuant to scheme of amalgamation in the nature of merger.

(ii) According to information and explanation given to us, the Management of the Company has conducted physical verification of inventory at the year end and no material discrepancies were noticed on such physical verification during the year.

(iii) The Company has not granted any secured / unsecured loan to any parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause 3(iii) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.

(v) According to information and explanations given to us, the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to rules made by the Central Government. We are of the opinion that prima facie the prescribed accounts and records have been maintained and being made. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and Company had no arrears of such outstanding statutory dues as at March 31, 2018 for a period more than six months from the date they became payable.

(b) According to the information and explanations given to us, the company has no disputed outstanding statutory dues as at March 31, 2018 other than stated below:

(₹ in Million)

Name of the Statute	Nature of the Dues	Disputed Amount ₹ in Million	Period to which the amount relates	Forum where dispute is pending	Remarks
Sales Tax	Demand Notice issued by Sales Tax Department	52.61	F. Y. 2009-10	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹ 5.42 million
Sales Tax	Demand Notice issued by Sales Tax Department	63.13	F. Y. 2010-11	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹ 2.02 million.
Sales Tax	Demand Notice issued by Sales Tax Department	74.91	F. Y. 2011-12	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹ 1.82 million.
Sales Tax	Demand Notice issued by Sales Tax Department	91.9	F. Y. 2012-13	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹ 1.96 million.
Sales Tax	Demand Notice issued by Sales Tax Department	101.26	F. Y. 2013-14	Assistant Commissioner of Sales Tax	Against the disputed liability as per the management representation and the expert advice obtained by company, the contingent liability is ₹ 2.94 million.
Tax Deducted at Sources	Demand Notice issued by Tax Department	105.88	A. Y. 2014-15	CIT (A)	Against the disputed liability as per the management representation, the contingent liability is ₹ 2.63 million (including interest)

(viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans and borrowings to financial institutions, banks, government or dues to debenture holders during the year.

(ix) The Company has raised moneys by way of initial public offer during the year. The same have been applied for the purposes for which they have been obtained.

(x) According to the information and explanations given to us, no fraud by company or any fraud on the company by its officers and employees have been noticed or reported during the year.

(xi) According to the information and explanations give to us, the Company has not paid/provided for managerial remuneration during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

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

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

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

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

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

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

J. D. PATEL
Partner
Mem. No. 32780

Place : Ahmedabad
Date : May 7, 2018

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

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

We have audited the internal financial controls over financial reporting SHALBY LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

J. D. PATEL
Partner
Mem. No. 32780

Place : Ahmedabad
Date : May 7, 2018

SHALBY MULTI-SPECIALTY HOSPITALS

Balance Sheet

as at March 31, 2018

(₹ in Million)

	Note No.	March 31, 2018	March 31, 2017	April 1, 2016
ASSETS				
Non-current assets				
Property, Plant and Equipment	5	6 388.47	3 120.37	3 082.63
Capital work-in progress	6	464.03	2 207.03	821.87
Goodwill		81.97	-	-
Intangible Assets	7	2.94	1.61	3.51
Intangible assets under development	8	3.82	2.27	0.06
Financial Assets				
Investments	9	9.10	94.10	93.97
Loans	10	77.70	-	-
Other Financial Assets	11	229.37	19.12	12.49
Deferred Tax assets (Net)	12	111.56	71.61	170.45
Other non current assets	13	74.79	363.69	275.30
		7 443.75	**5 879.80**	**4 460.28**
Current assets				
Inventories	14	118.81	75.58	73.37
Financial assets				
Investments	9	13.54	4.30	-
Trade Receivables	15	601.49	334.58	285.45
Cash and Cash Equivalents	16	108.82	115.82	82.64
Other Bank Balances	17	1 042.29	41.21	70.96
Loans	10	-	86.07	66.67
Other Financial Assets	11	158.94	153.69	21.85
Current Tax Assets (Net)	18	97.02	81.30	91.31
Other Current Assets	13	111.06	47.59	48.09
Assets held for sale	19	131.92	-	-
		2 383.89	**940.14**	**740.34**
Total Assets:		**9 827.64**	**6 819.94**	**5 200.62**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	20	1 080.10	874.09	873.55
Other Equity	21	6 672.37	1 711.35	1 404.10
		7 752.47	**2 585.44**	**2 277.65**
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings	22	749.82	2 854.04	2 023.35
Other Financial Liabilities	23	46.23	22.47	29.46
Provisions	24	13.71	15.18	7.80
Other Non-current Liabilities	25	128.41	88.78	-
		938.17	**2 980.47**	**2 060.61**
Current liabilities				
Financial Liabilities				
Borrowings	22	157.16	229.72	64.78
Trade Payables	26	479.93	391.78	449.98
Other Financial Liabilities	23	445.30	577.80	312.80
Other Current liabilities	25	45.02	43.51	29.46
Provisions	24	6.05	7.51	1.63
Current tax liabilities	27	3.54	3.71	3.71
		1 137.00	**1 254.03**	**862.36**
Total Equity and Liabilities:		**9 827.64**	**6 819.94**	**5 200.62**

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Million)

	Note No.	March 31, 2018	March 31, 2017
INCOME			
Revenue from Operations	28	3 855.23	3 223.86
Other Income	29	87.12	60.43
Total Income:		**3 942.35**	**3 284.29**
EXPENSES			
Operative expenses	30	2 169.00	1 822.31
Purchase of stock in trade	31	82.36	57.55
Changes in inventories	32	(7.21)	(4.68)
Employee benefits expense	33	447.96	376.89
Finance Cost	34	121.34	102.15
Depreciation and Amortization	35	224.32	160.08
Other Expenses	36	319.57	249.79
Total Expenses:		**3 357.34**	**2 764.09**
Profit before exceptional items and tax		**585.01**	**520.20**
Exceptional Items		-	-
Profit Before Tax		**585.01**	**520.20**
Tax expense	12		
Current tax		101.40	116.50
Deferred tax		43.47	100.08
Total tax expense:		**144.86**	**216.58**
Profit for the year from continuing operations		**440.15**	**303.62**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		4.19	(3.58)
Tax relating to remeasurement of the defined benefit plans		(1.45)	1.24
		2.74	**(2.34)**
Total comprehensive income for the year, net of tax		**442.88**	**301.28**
Earning per Equity Share	37		
Basic		2.97	3.48
Diluted		2.97	3.48

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

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Statement of Cash Flows

for the year ended March 31, 2018

(₹ in Million)

		March 31, 2018	March 31, 2017
A.	**Cash flow from operating activities**		
	Profit/(Loss) for the year before taxation	585.01	520.20
	Adjustments for		
	Depreciation and amortisation	224.32	160.08
	Finance cost	121.34	102.15
	Interest Income from financial assets measured at amortised cost		
	- on fixed deposits with Bank	(26.68)	(7.67)
	- on other financial assets	(3.99)	(8.15)
	Loss/gain on sale of property plant & equipment (net)	-	(2.33)
	Bad debt provision for doubtful debts	2.62	3.80
	OCI Adjustment	4.19	(3.58)
	Operating profit before working capital changes	906.81	764.49
	Adjustments for		
	Decrease / (Increase) in Inventories	(42.67)	(2.21)
	Decrease / (Increase) in Trade receivables	(269.53)	(52.93)
	Decrease / (Increase) in Other Non current financial assets	(210.25)	(6.63)
	Decrease / (Increase) in Other current financial asset	5.07	(126.84)
	Decrease / (Increase) in Other non current asset	(82.48)	(88.39)
	Decrease / (Increase) in Other current assets	(63.47)	0.50
	Increase / (Decrease) in Trade Payables	88.15	(58.20)
	Increase / (Decrease) in Provisions	(4.09)	13.53
	Increase / (Decrease) in Other Non current financial liabilities	23.76	(6.99)
	Increase / (Decrease) in Other Non current liabilities	39.63	88.78
	Increase / (Decrease) in Other current financial liabilities	(123.14)	271.36
	Increase / (Decrease) in Other current liabilities	1.51	14.05
	Loans current / non current	8.37	(19.40)
	Other bank balances	(1 001.08)	29.75
	Cash generated from operations	(723.41)	820.87
	Direct taxes Refund/(paid)	(117.30)	(106.49)
	Net Cash from Operating Activities [A]	**(840.72)**	**714.38**
B.	**Cash flow from investing activities**		
	Purchase of fixed property, plant and equipment	(1 382.60)	(1 580.96)
	Payment for purchase of investments	(56.16)	(4.43)
	Interest received	22.01	10.82
	Net Cash from / (used in) investing activities [B]	**(1 416.75)**	**(1 574.57)**

Statement of Cash Flows

for the year ended March 31, 2018

(₹ in Million)

		March 31, 2018	March 31, 2017
C.	**Cash flow from financing activities**		
	Proceeds from allotment of shares	203.28	0.54
	Proceeds from borrowings - non current	(2 104.22)	830.69
	Proceeds from borrowings - current	(151.78)	164.94
	IPO Expenses	(245.20)	-
	Securities premium received on allotment of shares	4 681.21	3.24
	Proceed from share application money pending for allotment	-	2.73
	Interest paid	(136.43)	(108.51)
	Dividend paid to company's shareholders	-	(0.26)
	Net cash flow from financial activities [C]	**2 246.86**	**893.37**
	Net Increase/(Decrease) in cash & cash equivalents [A+B+C]	**(10.61)**	**33.18**
	Cash and cash equivalents opening	115.82	82.64
	Add: On account of Business Combination	3.61	-
	Cash and cash equivalents closing	**108.82**	**115.82**
	Components of Cash and cash equivalent		
	Balances with scheduled banks	61.67	51.20
	Fixed Deposits with maturity less than 3 months	38.90	48.74
	Cash in hand	8.25	15.88
		108.82	**115.82**

Explanatory Notes to Cash Flow Statement

1 The Cash Flow Statement is prepared by using indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flow.

2 In Part A of the Cash Flow Statements, figures in brackets indicates deductions made from the net profit for deriving the cash flow from operating activities. In part B & part C, figures in brackets indicates cash outflows.

As per our report of even date attached

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

SHALBY MULTI-SPECIALTY HOSPITALS

Statement of changes in Equity

for the year ended March 31, 2018

A. Equity share capital

(₹ in Million)

As at April 1, 2016	**873.55**
Issue of Equity Share capital	0.54
As at March 31, 2017	**874.09**
Issue of Equity Share capital	206.01
As at March 31, 2018	**1 080.10**

B. Other equity

(₹ in Million)

Particulars	Reserves and Surplus				Other Comprehensive Income	Total equity
	Securities Premium	Capital Redemtion Reserve	Retained Earnings	Share Application Money Pending allotment	Other Items of comprehensive Income	
Balance as at April 1, 2016	**-**	**-**	**1 404.10**	**-**	**-**	**1 404.10**
Profit for the year	-	-	303.62	-	-	303.62
Received during the year	3.24	-	-	2.73	-	5.97
Addition during the year	-	5.33	(5.33)	-	-	-
Other comprehensive income for the year	-	-	-	-	(2.34)	(2.34)
Balance as at March 31, 2017	**3.24**	**5.33**	**1 702.39**	**2.73**	**(2.34)**	**1 711.35**
Profit for the year	-	-	440.15	-	-	440.15
Received during the year	4 681.21	-	-	-	-	4 681.21
Share Issue Expenses (Net of Taxes)	(160.34)	-	-	-	-	(160.34)
Addition during the year	-	-	-	-	-	-
Deduction during the year	-	-	-	(2.73)	-	(2.73)
Other comprehensive income for the year	-	-	-	-	2.74	2.74
Balance as at March 31, 2018	**4 524.11**	**5.33**	**2 142.54**	**-**	**0.40**	**6 672.37**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

DR. VIKRAM I. SHAH
Chairman & Managing Director
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Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Notes to the Financial Statements

for the year ended March 31, 2018

Note 1 : Corporate Information

Shalby Limited (the company) is a company engaged in healthcare delivery space and listed with bourses in India. The registered office of the Company is located at Opposite Karnavati Club, Sarkhej Gandhinagar Highway, Near Prahladnagar Garden, Ahmedabad – 380 015. The company operates as a chain of multi-specialty hospitals across India. The business of the company is to offer tertiary and quaternary healthcare services to patients in various areas of specialization such as orthopedics, complex joint replacements, cardiology, neurology, oncology, renal transplantations etc.

The standalone Ind AS financial statements for the year ended March 31, 2018 were authorized for issue in accordance with resolution passed by the Board of Directors of the company on May 7, 2018.

Note 2 : Basis of Preparation

These standalone Ind AS financial statements of the company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). These financial statements for the year ended March 31, 2018 are the first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. The comparative figures in the Balance Sheet as at March 31, 2017 and April 1, 2016 and Statement of Profit and Loss and Cash Flow Statement for the year ended March 31, 2017 have been restated accordingly. Accounting Policies have been consistently applied except where newly issued accounting standard is initially adopted or revision to the existing standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

Refer Note 4.21 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Company.

2.1 Statement of Compliance

The standalone Ind AS financial statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement, together with notes for the year ended March 31, 2018 have been prepared in accordance with Ind AS as notified under section 133 of the Companies' Act, 2013 ("the Act") duly approved by the Board of Directors at its meeting held on May 7, 2018.

2.2 Basis of Measurement

The standalone Ind AS financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for certain Assets and Liabilities as stated below:

(a) Financial instruments (assets / liabilities) classified as Fair Value through profit or loss or Fair Value through Other Comprehensive Income are measured at Fair Value.

(b) The defined benefit asset/liability is recognised as the present value of defined benefit obligation less fair value of plan assets.

(c) Assets held for sale measured at fair value less cost to sales

The above items have been measured at Fair Value and the methods used to measure Fair Values are discussed further in Note 4.18.

2.3 Functional and Presentation Currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian Rupee is the functional currency of the Company.

The standalone financial statements are presented in Indian Rupees (₹) which is the company's presentation currency, and all the values are rounded to the nearest millions except when otherwise stated.

2.4 Standard issued but not yet effective

Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, ('the Rules') on 28th March, 2018.The rules notify the new Revenue Standard Ind AS 115 'Revenue from Contracts with Customers' and also bring in amendments to existing Ind AS. The rules shall be effective from reporting period beginning on or after April 1, 2018 and cannot be reported early. Hence, not applied in the preparation of these financial statements.

Notes to the Financial Statements

for the year ended March 31, 2018

Note 3 : Significant accounting judgments, estimates and assumptions

The preparation of standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of standalone financial statements, income and expense during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the periods in which the estimates are revised and in future periods which are affected.

In the process of applying the Company's accounting policies, management has made the following judgments and estimates, which have the most significant effect on the amounts recognised in the standalone financial statements.

3.1 Revenue recognition

Revenue from fees charged for inpatient and outpatient hospital/clinical services rendered to insured, Government schemes and corporate patients are subject to approvals from the insurance companies and corporates. Accordingly, the Company estimates the amounts likely to be disallowed by such companies based on past trends and necessary provisions are made.

3.2 Impairment of investments in subsidiaries

The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

3.3 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

3.4 Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3.5 Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

3.6 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

3.7 Allowance for uncollectible trade receivables

Trade receivables, predominantly from Government schemes/ insurance companies and corporates which enjoy high credit ratings are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Individual trade receivables are written off when management deems it not to be collectible.

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix considering the nature of receivables and the risk characteristics. The provision matrix takes into accounts historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the day of the receivables are due and the rates as given in the provision matrix.

Notes to the Financial Statements

for the year ended March 31, 2018

3.8 Impairment of Property, Plant & Equipment

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss which is material in nature is accounted for.

3.9 Litigations

The provision is recognized based on the best estimate of the amount desirable to settle the present obligation arising at the reporting period and of the income is recognized in the cases involving high degree of certainty as to realization.

Note 4: Significant Accounting Policies

4.1 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

(a) Financial Assets

Financial Assets comprises of investments in equity instruments, trade receivables, cash and cash equivalents and other financial assets.

Initial Recognition:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit or Loss, transaction costs that are attributable to the acquisition of financial assets. Purchases or sales of financial assets that requires delivery of assets within a period of time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company committed to purchase or sell the asset.

Subsequent Measurement:

(i) Financial assets measured at amortized Cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and where contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI):

Financial Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair Value movements in financial assets at FVTOCI are recognized in Other Comprehensive Income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as FVTOCI. The classification is made on initial recognition and is irrevocable. Fair Value changes on equity instruments at FVTOCI, excluding dividends are recognized in Other Comprehensive Income (OCI).

(iii) Fair Value through Profit or Loss (FVTPL):

Financial Assets are measured at FVTPL if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Statement of Profit and Loss.

De-recognition of Financial Assets:

Financial Assets are derecognized when the contractual rights to cash flows from the financial assets expire or the financial asset is transferred and the transfer qualifies for de-recognition. On de-recognition of the financial assets in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the Statement of Profit and Loss.

(b) Financial Liabilities

Initial Recognition and Measurement

Financial Liabilities are initially recognized at fair value plus any transaction costs, (if any) which are attributable to acquisition of the financial liabilities.

Subsequent Measurement:

Financial Liabilities are classified for subsequent measurement into following categories:

Notes to the Financial Statements

for the year ended March 31, 2018

(i) Financial liabilities at Amortized Cost:

The Company is classifying the following under amortized cost:

- Borrowing from Banks
- Borrowing from Others
- Trade Payables
- Other Financial Liabilities

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus cumulative amortization using the effective interest method of any differences between the initial amount and maturity amount.

(ii) Financial liabilities at Fair Value through Profit or Loss:

Financial liabilities held for trading are measured at Fair Value through Profit or Loss

De-recognition of Financial Liabilities:

Financial liabilities shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(c) Offsetting of Financial assets and Financial Liabilities

Financial assets and Financial Liabilities are offset and the net amount is presented in Balance Sheet when, and only when, the Company has legal right to offset the recognized amounts and intends either to settle on the net basis or to realize the assets and liabilities simultaneously.

(d) Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorized as equity instruments at FVTOCI, and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines the change in a business model as a result of external or internal changes which are significant to the Company's Operations. A Change in business occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively effective from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

4.2 Share Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from equity, net of any tax effects.

4.3 Property, Plant and Equipment

Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Properties in the course of construction for supply of services or administrative purpose are carried at cost, less any recognised impairment loss. Cost includes professional fees and other directly attributable cost and for qualifying assets, borrowing cost capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of Property Plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives as prescribed under Part C of Schedule II to the Companies Act 2013, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

Notes to the Financial Statements

for the year ended March 31, 2018

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Leasehold land with lease term of 99 years or more and renewable with mutual consent are considered as finance leases with perpetual lease term and the same are not amortised with effect from April 1, 2016.

Estimated useful lives of the assets are as follows:

Type of Asset	Useful Life
Buildings*	30 years and 60 years
Plant and Machinery	15 years
Medical Equipment	13 years and 15 years
Electrical Installations	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years and 10 years
Servers and Computers	3 years and 6 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised net within "other income / other expenses" in the Statement of profit and loss.

Transition to Ind AS

For transition to Ind AS, the Company has opted to adopt the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.4 Intangible assets

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Goodwill generated on business combination is tested for impairment.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is de-recognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Type of Asset	Useful Life
Computer software and data processing software	3 years

Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has opted to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.5 Inventories

Inventories of all medicines, medicare items traded and dealt with by the Company are measured at the lower of weighted average cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT/GST wherever applicable.

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

4.6 Impairment

(a) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured though a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

(b) Non-financial assets

Tangible and Intangible assets

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to it's recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

4.7 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rates that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

4.8 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

(a) Rendering of Services

Healthcare Services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and

Notes to the Financial Statements

for the year ended March 31, 2018

pharmaceutical goods used in treatments given to Patients. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the amounts due from patients and/or medical funding entities. Unbilled revenue is recorded for the service where the patients are not discharged and invoice is not raised for the service.

Other Services

Income from Clinical trials on behalf of Pharmaceutical Companies is recognized on completion of the service, based on the terms and conditions specified to each contract.

Other services fee is recognized on basis of the services rendered and as per the terms of the agreement.

(b) Sale of Goods

Pharmacy Sales are recognised when the significant risks and rewards of ownership is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates granted upon purchase and are stated net of returns and discounts wherever applicable. Sales are adjusted for Value Added Tax/GST wherever applicable.

(c) Dividend and Interest Income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.9 Leases

Leases are classified as finance leases whenever the (substantial value of the assets is initially paid as non-refundable lease premium) and terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the Company at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet and the lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefit accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

4.10 Foreign Currency Translation

The functional currency of the Company is the Indian Rupee (₹).

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise except for:

(i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(ii) exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2016), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Notes to the Financial Statements

for the year ended March 31, 2018

Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

4.11 Borrowing Costs

Borrowing costs include

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

4.12 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in statement of profit and loss in the period in which they become receivable.

4.13 Employee benefits

(a) Short-term obligations

Liabilities for salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

The Company operates the following post-employment schemes: a) defined contribution plans - provident fund b) defined benefit plans - gratuity plans

(i) Defined contribution plans

The Company has defined contribution plan for the post-employment benefits namely Provident Fund, Employees Death Linked Insurance and Employee State Insurance and the contributions towards such funds and schemes are recognised as employee benefits expense and charged to the Statement of Profit and Loss when they are due. The Company does not carry any further obligations with respect to this, apart from contributions made on a monthly basis.

(ii) Defined benefit plans

The Company has defined benefit plan, namely gratuity for eligible employees in accordance with the Payment of Gratuity Act, 1972 the liability for which is determined on the basis of an actuarial valuation (using the Projected Unit Credit method) at the end of each year.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the tenor of the related obligation. The liability or asset recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Notes to the Financial Statements

for the year ended March 31, 2018

The service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of profit and loss in the line item 'Employee benefits expense'.

Remeasurements of the net defined liability, comprising of actuarial gains and losses, return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and any change in the effect of asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Change in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(c) Compensated Absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4.14 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Notes to the Financial Statements

for the year ended March 31, 2018

No DTA is recognized for goodwill arising on business combination.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.15 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

(a) fair values of the assets transferred;

(b) liabilities incurred to the former owners of the acquired business;

(c) equity interests issued by the Company; and

(d) fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

4.16 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

Notes to the Financial Statements

for the year ended March 31, 2018

4.18 Fair Value Measurement

A number of Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

(a) Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

(c) Level 3 - unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the standalone financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investment in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques.

(b) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However in respect of such financial instruments, fair value generally approximates the carrying amount due to short term nature of such assets. This fair value is determined for disclosure purposes or when acquired in a business combination.

(c) Non derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

4.19 Current / non- current classification

An asset is classified as current if:

(a) it is expected to be realized or sold or consumed in the Company's normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be realized within twelve months after the reporting period; or

(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Notes to the Financial Statements

for the year ended March 31, 2018

A liability is classified as current if:

(a) it is expected to be settled in normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be settled within twelve months after the reporting period;

(d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between acquisition of assets for processing / trading / assembling and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

4.20 Cash and cash equivalent

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

4.21 First Time Adoption of Ind AS

The Company has prepared the opening standalone balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain mandatory exceptions under Ind AS 101 and certain optional exemptions permitted under Ind AS 101 availed by the Company as detailed below:

1 Mandatory exceptions to retrospective application of other Ind AS

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) unless there is an objective evidence that those estimates were in error.

The company has not made any changes to estimates made in accordance with Previous GAAP.

(b) Ind AS 109 - Financial Instruments (Derecognition of previously recognized Financial Assets/ Financial Liabilities)

An entity shall apply the derecognition requirements in Ind AS 109 prospectively for the transactions occurring on or after date of transition to Ind AS.

The Company has applied the derecognition requirements prospectively.

(c) Ind AS 109 "Financial Instruments" (Classification and Measurement of Financial Assets/ Financial Liabilities)

Classification and measurement of Financial Assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of Financial Assets and accordingly has classified and measured financial assets on the date of transition.

(d) Ind AS 109 "Financial Instruments" (Impairment of Financial Assets): Impairment requirements under Ind AS 109 should be applied retrospectively based on reasonable and supportable information that is available on the date of transition without undue cost or effort.

The borrowings of the Company outstanding as at the transition date, consists of loans whose disbursements have taken place in multiple tranches in different financial years with varying interest rates. In some cases, the rate of interest on the loans are variable in

Notes to the Financial Statements

for the year ended March 31, 2018

nature and drawal of the loans have been made in multiple installments with each drawal to be treated as a separate transaction for the purpose of computing the amortised cost. Implementing the requirement of amortised cost retrospectively is impracticable and also the amount is expected to be immaterial and hence the Company has considered the fair value of the financial liability at the date of transition to Ind AS as new amortised cost of that financial liability at the date of transition to Ind AS i.e. April 1, 2016.

2. Optional exemptions

(a) Deemed cost for property, plant and equipment, and intangible assets

Ind AS 101 permits a first-time adopter to opt to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets".

Accordingly, the Company has opted to measure all of its property, plant and equipment, and intangible assets at their previous GAAP carrying value.

(b) Investments in subsidiaries, joint ventures and associates

IND AS 101 provides the option to the first-time adopter to account for its investments in subsidiaries, joint ventures and associates at either cost determined in accordance with IND AS 27 or in accordance with IND AS 109.

Accordingly, the Company has opted to measure such investments at cost in accordance with Ind AS 27.

(c) Past Business Combinations

Ind AS 101 allows a first-time adopter to opt not to apply Ind AS 103 "Business Combinations" retrospectively to past business combinations that occurred before the date of transition to Ind AS.

The Company has opted not to apply Ind AS 103 retrospectively to past business combinations that occurred before the transition date of April 1, 2016.

(d) Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 determining whether an arrangement contains a lease on the basis of facts and circumstances existing at the transition date.

The Company has leases of land. The classification of each land as finance lease or operating lease at the date of transition to Ind AS is done based on the basis of facts and circumstances existing as at that date.

Notes to the Financial Statements

for the year ended March 31, 2018

Note 5 : Property, Plant and Equipment

Note 5.1 : As at March 31, 2018

(₹ in Million)

Particulars	Gross Block					Accumulated Depreciation					Net carrying amount
	As at April 1, 2017	Additions	Adjustments		As at March 31, 2018	Upto March 31, 2017	For the year	Adjustments		Upto March 31, 2018	As at March 31, 2018
			On acquisition	Others				On acquisition	Others		
Owned Assets											
Free hold land	156.87	1.00	241.42	-	399.29	-	-	-	-	-	399.29
Buildings	1 108.55	1 469.32	-	(0.05)	2 577.82	40.68	46.32	-	-	87.00	2 490.82
Medical Equipments and Surgical Instruments	904.47	1 011.42	5.33	(1.05)	1 920.17	66.41	102.02	-	-	168.43	1 751.74
Plant & Machinery	157.72	249.31	15.50	(3.60)	418.93	10.53	19.10	3.79	-	33.42	385.51
Electrical Installation	37.33	159.95	-	-	197.28	5.02	6.75	-	-	11.77	185.51
Office Equipments	27.93	38.35	1.83	0.09	68.20	8.23	10.08	1.34	0.01	19.66	48.54
Computers and Printers	27.91	15.84	-	(0.09)	43.66	9.35	11.72	-	(0.01)	21.06	22.60
Furnitures and Fixtures	85.67	280.75	-	(4.17)	362.25	7.60	13.21	-	-	20.81	341.44
Vehicles	49.61	20.22	0.48	-	70.31	4.90	8.09	0.22	-	13.21	57.10
Leasehold Assets											
Land	729.85	3.88	-	-	733.73	12.82	14.99	-	-	27.81	705.92
	3 285.91	**3 250.04**	**264.56**	**(8.87)**	**6 791.64**	**165.54**	**232.28**	**5.35**	**-**	**403.17**	**6 388.47**

Note 5.2 : As at March 31, 2017

(₹ in Million)

Particulars	Gross Block					Accumulated Depreciation					Net carrying amount
	As at April 1, 2016	Additions	Adjustments		As at March 31, 2017	Upto March 31, 2016	For the year	Adjustments		Upto March 31, 2017	As at March 31, 2017
			On acquisition	Others				On acquisition	Others		
Owned Assets											
Free hold land	310.18	-	-	(153.31)	156.87	-	-	-	-	-	156.87
Buildings	1 105.00	11.06	-	(7.51)	1 108.55	-	40.68	-	-	40.68	1 067.87
Medical Equipments and Surgical Instruments	754.29	151.53	-	(1.35)	904.47	-	66.44	-	(0.03)	66.41	838.06
Plant & Machinery	148.02	2.19	-	7.51	157.72	-	10.53	-	-	10.53	147.19
Electrical Installation	35.39	1.94	-	-	37.33	-	5.02	-	-	5.02	32.31
Office Equipments	24.28	3.65	-	-	27.93	-	8.23	-	-	8.23	19.70
Computers and Printers	19.71	8.25	-	(0.05)	27.91	-	9.34	-	0.01	9.35	18.56
Furnitures and Fixtures	78.12	7.47	-	0.08	85.67	-	7.60	-	-	7.60	78.07
Vehicles	31.44	18.38	-	(0.21)	49.61	-	4.91	-	(0.01)	4.90	44.71
Leasehold Assets											
Land	576.20	0.34	-	153.31	729.85	-	12.82	-	-	12.82	717.03
	3 082.63	**204.81**	**-**	**(1.53)**	**3 285.91**	**-**	**165.57**	**-**	**(0.03)**	**165.54**	**3 120.37**

Note

The company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Details of gross block, accumulated depreciation and net block as per Indian GAAP are given in note 5.3

Notes to the Financial Statements

for the year ended March 31, 2018

Note 5.3 : Gross block, accumulated depreciation and net block as per Indian GAAP as at April 1, 2016

(₹ in Million)

Particulars	Gross carrying amount	Accumulated Depreciation	Net carrying amount
Owned Assets			
Free hold land	310.18	-	310.18
Buildings	1 213.53	108.53	1 105.00
Medical Equipments and Surgical Instruments	1 242.95	488.66	754.29
Plant & Machinery	242.52	94.50	148.02
Electrical Installation	83.16	47.77	35.39
Office Equipments	86.24	61.96	24.28
Computers and Printers	56.36	36.65	19.71
Furnitures and Fixtures	142.59	64.47	78.12
Vehicles	54.98	23.54	31.44
Leasehold assets	-	-	
Land	626.35	50.15	576.20
	4 058.86	**976.23**	**3 082.63**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 6 : Capital work in progress

Note 6.1 : As at March 31, 2018

(₹ in Million)

Particulars	As at April 1, 2017	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2018
Projects Under Development	2 207.03	1 410.27	-	(3 153.27)	464.03
	2 207.03	**1 410.27**	**-**	**(3 153.27)**	**464.03**

Note 6.2 : As at March 31, 2017

(₹ in Million)

Particulars	As at April 1, 2016	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2017
Projects Under Development	821.87	1 402.77	(16.56)	(1.05)	2 207.03
	821.87	**1 402.77**	**(16.56)**	**(1.05)**	**2 207.03**

Note 6.3 : As at April 1, 2016

(₹ in Million)

Particulars	As at April 1, 2016
Projects Under Development	821.87
	821.87

Note

The company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Note 7 : Intangible Assets

Note 7.1 : As at March 31, 2018

(₹ in Million)

Particulars	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2017	Additions	Adjustments / Deletion	As at March 31, 2018	Upto March 31, 2017	For the year	Adjustments / Deletion	Upto March 31, 2018	As at March 31, 2018
Softwares	4.47	2.69	-	7.16	2.86	1.41	-	4.27	2.89
Trademark	-	0.06	-	0.06	-	0.01	-	0.01	0.05
	4.47	**2.75**	**-**	**7.22**	**2.86**	**1.42**	**-**	**4.28**	**2.94**

Note 7.2 : As at March 31, 2017

(₹ in Million)

Particulars	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As at April 1, 2016	Additions	Adjustments / Deletion	As at March 31, 2017	Upto March 31, 2016	For the year	Adjustments / Deletion	Upto March 31, 2017	As at March 31, 2017
Softwares	3.51	0.96	-	4.47	-	2.81	0.05	2.86	1.61
	3.51	**0.96**	**-**	**4.47**	**-**	**2.81**	**0.05**	**2.86**	**1.61**

Note

The company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Details of gross block, accumulated depreciation and net block as per Indian GAAP are given in note 7.3

Notes to the Financial Statements

for the year ended March 31, 2018

Note 7.3 : Gross block, accumulated depreciation and net block as per Indian GAAP as at April 1, 2016

(₹ in Million)

Particulars	Gross carrying amount	Accumulated Depreciation	Net carrying amount
Softwares	20.58	17.07	3.51
	20.58	**17.07**	**3.51**

Note 8 : Intangible Assets under development

Note 8.1 : As at March 31, 2018

(₹ in Million)

Particulars	As at April 1, 2017	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2018
Trademark	0.06	-	-	0.06	-
Computer Software	2.21	1.61	-	-	3.82
	2.27	**1.61**	**-**	**0.06**	**3.82**

Note 8.2 : As at March 31, 2017

(₹ in Million)

Particulars	As at April 1, 2016	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2017
Trademark	0.06	-	-	-	0.06
Computer Software (ERP)	-	1.00	1.21	-	2.21
	0.06	**1.00**	**1.21**	**-**	**2.27**

Note

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

2 The company has elected to continue with the carrying value of all of intangible assets under development recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Note 8.3 : As at April 1, 2016

(₹ in Million)

Particulars	As at April 1, 2016
Trademark	0.06
	0.06

Notes to the Financial Statements

for the year ended March 31, 2018

Note 9 : Investments

(₹ in Million)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non current				
Financial instruments at Cost				
Investment in Subsidiaries	9.1	7.52	92.52	92.52
Investment in Limited Liability Partnership	9.1	0.48	0.48	0.35
Financial instruments at FVTPL				
Membership		1.10	1.10	1.10
Total (A)		**9.10**	**94.10**	**93.97**
Current				
Financial instruments at Cost				
Investment in Limited Liability Partnership		13.54	4.30	-
Total (B)		**13.54**	**4.30**	**-**
Total (A) + (B)		**22.64**	**98.40**	**93.97**
Aggregate amount of quoted investments and market value thereof		-	-	-
Aggregate amount of unquoted investments		7.52	92.52	92.52

Note 9.1 : Details of investment in unquoted equity instruments of subsidiaries (fully paid up)

(₹ in Million)

Name of the subsidiary	Currency	Face Value (₹)	Number of Units as at March 31, 2018	Number of Units as at March 31, 2017	Number of Units as at April 1, 2016	Balances as at March 31, 2018	Balances as at March 31, 2017	Balances as at April 1, 2016
Equity Instruments								
Shalby (Kenya) Ltd.	KES	1000	100	100	100	0.06	0.06	0.06
Vrundavan Shalby Hospitals Ltd.	INR	100	-	99 000	99 000	-	85.00	85.00
Shalby International Limited	INR	10	50 000	50 000	50 000	0.50	0.50	0.50
Yogeshwar Healthcare Ltd.	INR	10	6 96 251	6 96 251	6 96 251	6.96	6.96	6.96
Total (A)						**7.52**	**92.52**	**92.52**
In Capital of Limited Liability Partnership								
Griffin Mediquip LLP	-	-	-	-	-	0.48	0.48	0.35
Total (B)						**0.48**	**0.48**	**0.35**
Total (A+B):						**8.00**	**93.00**	**92.87**

Note 10 : Loans

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured considered good)			
Non - Current			
Convertible loans to subsidiary company	77.70	-	-
(Refer Note below)			
	77.70	**-**	**-**
Current			
Loans to subsidiary and other companies	-	86.07	66.67
(Refer Note below)			
	-	**86.07**	**66.67**

Notes to the Financial Statements

for the year ended March 31, 2018

Note:

(i) In pursuance of agreement executed between the company and one of the subsidiary companies i.e. Vrundavan Shalby Hospitals Ltd., the outstanding balance as on December 31, 2017 on account of loans granted to such subsidiary has been classified as convertible loan since the same is convertible into equity at the option of the subsidiay company's management.

(ii) The above loans were given for meeting cash flow (working capital) requirement of these companies at interest rate in compliance with section 186(7) of Companies Act 2013 which are generally repayable within a year unless extended by mutual consent.

Note 11 : Other Financial Assets

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- current			
Security deposits	16.59	16.38	10.89
Fixed Deposit with Original Maturity of more than 12 months*	2.70	2.70	1.45
Interest accrued but not due on fixed deposit	0.08	0.04	0.15
Business Advances	210.00	-	-
Total (A):	**229.37**	**19.12**	**12.49**
Current			
Notice period recovery receivable (Doctors)	19.72	20.47	-
Government Grant Receivable	58.52	106.00	-
Recoverable from Subsidiaries	10.74	3.13	-
Security deposits	29.15	1.66	1.59
Interest accrued on loans	30.51	21.85	16.85
Other Recoverables	10.30	0.58	3.41
Total (B):	**158.94**	**153.69**	**21.85**
Total (A) + (B):	**388.31**	**172.81**	**34.34**

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

Note 12 : Deferred Tax / Tax Expenses

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Opening balance	71.61	170.45
Adjustment for the current year		
(Charged)/Credited through P/L / OCI	(44.91)	(98.84)
	26.70	**71.61**
DTA related to Share Issue Expenses	84.86	-
	111.56	**71.61**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 12.1 : Significant components of deferred tax assets are shown in the following table:

(₹ in Million)

Particulars	As at March 31, 2018	(Charged)/ Credited to profit or loss / OCI	As at March 31, 2017	(Charged)/ Credited to profit or loss / OCI	As at April 1, 2016
Deferred tax liabilities					
Routed through profit or loss					
Difference of book depreciation and tax depreciation	1 539.31	1 024.86	514.45	31.17	483.28
Total deferred tax liabilities	**1 539.31**	**1 024.86**	**514.45**	**31.17**	**483.28**
Set-off of deferred tax assets pursuant to set-off provisions :-					
Routed through P/L					
Provision for leave obligation and gratuity	1.32	(6.52)	7.84	1.89	5.95
Unabsorbed business loss and depreciation	1 164.60	886.38	278.22	(179.56)	457.78
MAT Credit entitlement	400.09	100.09	300.00	110.00	190.00
Total deferred tax assets	**1 566.01**	**979.95**	**586.06**	**(67.67)**	**653.73**
DTA related to Share Issue Expenses	**84.86**	-	-	-	-
Net deferred tax assets	**111.56**	**(44.91)**	**71.61**	**(98.84)**	**170.45**

Note 12.2: The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(₹ in Million)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit after taxes from continuing operations	585.01	520.20
	21.34%	21.34%
Current tax expense calculated using MAT tax rate at 21.3416% (Previous year - 21.3416%)	124.85	111.02
Tax effect of amounts which are not deductibe / (taxable) in calculating taxable book profit:		
Add: Tax Impact on:		
Expenses not allowable under MAT	-	0.82
Ind AS adjustment not to be considered for FY 2016-17	-	5.56
Other Comprehensive Income/(expense)	0.89	-
Less: Tax Impact on		
Exempt income	(1.64)	(0.04)
1/5 th of opening Ind AS adjustments transferred to retained earnings	(2.22)	-
Other Comprehensive Income/(expense)	-	(0.77)
Others adjustment	(9.88)	(0.09)
	112.00	**116.50**
Short / Excess provisions in respect of earlier year	(10.60)	-
Income Tax as per normal provisions	**101.40**	**116.50**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 12.3 : Income tax expense has been allocated as follows:

(₹ in Million)

	Year ended March 31, 2018	Year ended March 31, 2017
Income tax expense recognised in the Statement of Profit and loss		
Current tax on profits for the year	101.40	116.50
	101.40	**116.50**
Deferred tax (other than disclosed under OCI)		
Decrease / (increase) in deferred tax assets	(979.95)	67.67
(Decrease) / increase in deferred tax liabilities	1 024.86	31.17
Deferred Tax recognised in OCI	(1.45)	1.24
	43.46	**100.08**
Income tax expense / (income) attributable to continuing operations	**144.86**	**216.58**
Income tax expense recognised in other comprehensive income		
Income tax included in other comprehensive income on:		
Defined benefit plan actuarial gains/(losses)	(1.45)	1.24
Income tax expense / (income) recognised in other comprehensive income	**(1.45)**	**1.24**

Note 13 : Other Non - current / Current Assets

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- current			
Capital advances	74.79	43.20	8.89
Advances for Acquisition of Hospital	-	320.49	266.41
Total (A):	**74.79**	**363.69**	**275.30**
Current			
Balance with revenue authorities	29.14	26.45	11.58
Pre-paid expenses	6.54	6.08	3.12
Advance to suppliers	11.03	5.44	3.29
Advance to staff and doctors	3.82	6.16	5.91
Unbilled revenue (Net)	58.09	-	23.65
Others	2.44	3.46	0.54
	111.06	**47.59**	**48.09**

Note 14 : Inventories

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Medicines and Medicare Items	21.45	32.89	22.76
Materials and Consumables	87.59	35.31	42.64
General Stores	9.77	7.38	7.97
	118.81	**75.58**	**73.37**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 15 : Trade Receivables

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered good	604.11	334.58	285.45
Considered Doubtful	3.79	3.80	-
	607.90	**338.38**	**285.45**
Less: Allowances for expected credit loss / Provision for expected credit losses and doubtful debts	(6.41)	(3.80)	-
	(6.41)	**(3.80)**	**-**
	601.49	**334.58**	**285.45**
Included in the financial statement as follows:			
Non-current	-	-	-
Current	601.49	334.58	285.45
	601.49	**334.58**	**285.45**

Note 16 : Cash and cash equivalents

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance with Bank			
Current accounts	61.67	51.20	34.26
Fixed Deposits with maturity less than 3 months	38.90	48.74	39.15
Cash on hand	8.25	15.88	9.23
Total cash and cash equivalents	**108.82**	**115.82**	**82.64**

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

Note 17 : Other Bank Balances

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fixed Deposits with Original Maturity for more than 3 months but less than 12 months	1 042.29	41.21	70.96
	1 042.29	**41.21**	**70.96**

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

Note 18 : Current tax assets (Net)

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance tax	657.00	695.80	589.31
Less: Provision for taxation	559.98	614.50	498.00
	97.02	**81.30**	**91.31**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 19 : Assets held for sale

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Assets held for sale (Refer note below)	131.92	-	-
	131.92	**-**	**-**

Note:

In case of one of the subsidiary company i.e. Vrundavan Shalby Hospitals Limited ("such subsidiary company"), the proceeding u/s. 397-398 of the Companies Act, 1956, instituted by two shareholders of the company vide company petition no. 18/2015 (CA 14/2017) before Company Law Board and later upon order of Hon'ble High Court of Mumbai at Goa remanded back to Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, has been disposed off vide order dated August 18, 2017 in pursuance of final settlement arrived at between the parties to the dispute post filing the consent terms dated July 14, 2017 before the appropriate authorities.

Pursuant to aforesaid settlement and consent terms dated July 14, 2017 filed before NCLT, the two shareholders, i.e. Dr. Digambar Naik and Mrs. Mangala Naik, agreed to transfer their balance entire 45% shareholding in such subsidiary company i.e. 40,500 shares owned by Dr. Digambar Naik and 40,500 shares owned by Mrs. Mangala Naik, in favour of Shalby Ltd., at agreed total consideration of ₹ 46.80 Million to be paid by Shalby Ltd. Such subsidiary company, by virtue of such settlement and upon transfer of aforesaid shares, became wholly owned subsidiary Company of Shalby Limited.

Further, upon resolution passed by the Board of Directors of such subsidiary company in its meeting held on January 9, 2018, to suspend the entire operations with immediate effect and consider such subsidiary company as non- going entity, the Board of Directors of the Company in its meeting held on January 9, 2018 had decided to sale its investments in equity instruments of such subsidiary company. Therefore, investments in equity instruments of such subsidiary company has been classified as assets held for sale. The carrying value of investment in equity instruments of such subsidiary company as at March 31, 2018 amounts to ₹ 131.92 Million. Based on the circle rates prevailing currently, the management expects to realise the consideration higher than the carrying amount of investments in equity instruments of such subsidiary company. Management expects the process of sale to be completed within 12 months from March 31, 2018.

Note 20 : Equity share capital

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised share capital			
11,77,50,000 (March 31, 2017: 11,12,50,000; April 1, 2016: 9,92,50,000) Equity Shares of ₹ 10 each	1 177.50	1 112.50	992.50
NIL (March 31, 2017: NIL; April 1, 2016: 20,00,000) Convertible / Redeemable Preference Shares of ₹ 10 each	-	-	20.00
	1 177.50	**1 112.50**	**1 012.50**
Issued share capital			
10,80,09,770 (March 31, 2017: 8,74,47,932; April 1, 2016: 8,73,54,932) Equity Shares of ₹ 10 each	1 080.10	874.48	874.48
Subscribed and fully paid up			
10,80,09,770 (March 31, 2017: 8,74,08,932; April 1, 2016: 8,73,54,932) Equity Shares of ₹ 10 each fully paid up	1 080.10	874.09	873.55
	1 080.10	**874.09**	**873.55**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 20.1 Reconciliation of number of shares outstanding at the beginning and at the end of the Reporting Year

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017
At the beginning of the year	8 74 08 932	8 73 54 932
Add:		
Shares issued for Cash or Right Issue	2 06 00 838	54 000
	10 80 09 770	8 74 08 932
Less:		
Shares bought back / Redemption	-	-
At the end of the year	**10 80 09 770**	**8 74 08 932**

Note 20.2 Rights, Preferences and Restrictions

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

The equity shareholders shall have:

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

(ii) a right to receive dividend in proportion to the amount of capital paid up on the shares held.

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

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

Note 20.3 Details of shareholders holding more than 5% Shares in the company

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Shah Family Trust	4 33 27 132	40.11	-	-	-	-
Dr. Vikram I. Shah	77 35 493	7.16	5 20 62 625	59.56	5 20 62 625	59.60
Zodiac Mediquip Ltd.	3 15 45 448	29.21	3 15 61 048	36.11	3 19 39 348	36.56

Note 20.4 Preference Shares

The Preference Share Capital comprising of 5,33,100 convertible / redeemable Preference Shares of ₹ 10 each issued at premium have been considered and classified as Borrowings and accordingly disclosed under the head non current borrowings at amortised cost and the difference between the value of Preference Shares and the amortised cost has been adjusted against the opening reserves.

Notes to the Financial Statements

for the year ended March 31, 2018

Note 21 : Other Equity

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities Premium	4 524.11	3.24	-
Capital Redemption Reserve	5.33	5.33	-
Retained Earnings	2 142.93	1 700.05	1 404.10
Share Application money pending allotment	-	2.73	-
	6 672.37	**1 711.35**	**1 404.10**

Note 21.1 : Other Equity ...Detailed..

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities Premium			
Balance as per previous financial statements	3.24	-	-
Add : Additions during the year	4 681.21	3.24	-
Less: Share Issue Expenses (Net of Taxes)	160.34	-	-
Less: Utilised on issue of Bonus Shares	-	-	-
(Refer Note below)			
Balance at the end of the year	4 524.11	3.24	-
Capital Redemption Reserve			
Balance as per previous financial statements	5.33	-	-
Add : Additions during the year	-	5.33	-
Balance at the end of the year	5.33	5.33	-
Share Application money pending allotment			
Balance as per previous financial statements	2.73	-	-
Add : Additions during the year	-	2.73	-
Less: Allotment during the year	(2.73)	-	-
Balance at the end of the year	-	2.73	-
Surplus / (Deficit) in Statement of Profit & Loss			
Balance as per previous financial statements	1 700.05	1 404.10	1 404.10
Add : Profit for the year	440.15	303.62	-
Add / (Less): OCI for the year	2.74	(2.34)	-
Balance available for appropriation	2 142.93	1 705.38	1 404.10
Less: Appropriation			
Transfer to Capital Redemption Reserve	-	5.33	-
(Refer note (i) below)			
Net Surplus / (Deficit)	2 142.93	1 700.05	1 404.10
	6 672.37	1 711.35	1 404.10

Note:

(i) In terms of provisions contained in Section 55 of the Companies Act 2013, the Company has, upon redemption of Preference Shares pursuant to resolution passed at the meeting held on December 20, 2016, transferred the amount equivalent to the face value of Preference Shares from the accumulated profits to Capital Redemption Reserve.

Notes to the Financial Statements

for the year ended March 31, 2018

Note 22 : Borrowings

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- current			
Secured loans			
Term loans from bank			
(Refer Note 1 below)			
HDFC Bank Limited			
In Foreign Currency	68.12	131.19	417.51
In Indian Currency	481.35	630.62	497.43
Bank of Maharastra	-	633.22	170.57
Exim bank	-	483.23	170.57
IDFC Bank	198.92	-	-
Buyers' credit			
(Refer Note 2 below)			
In Foreign Currency			
HDFC Bank Limited	-	305.65	253.58
EXIM Bank	-	166.31	-
Vehicle loans			
HDFC Bank Limited	-	0.35	1.08
ICICI Bank limited	-	0.95	0.48
Daimler Financial services India Pvt. Ltd.	1.43	3.02	-
Unsecured			
Barclays Bank	-	-	499.50
From NBFC			
Barclays Investment & Loans (India) Ltd.	-	499.50	-
Preference Shares			
5% Convertible / Redeemable Preference Share of ₹ 10 each	-	-	12.63
(Refer Note 3 below)			
	749.82	2 854.04	2 023.35
Current			
Secured			
Bank overdraft			
Kotak Mahindra Bank	157.16	43.55	4.27
Yes Bank Ltd.	-	36.17	-
Unsecured			
Working capital demand loan			
HDFC Bank Limited	-	150.00	-
Repayable on demand			
Inter corporate deposit	-	-	60.51
	157.16	229.72	64.78

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long term debts			
Secured loans			
Term loans from bank			
HDFC Bank Limited			
In Foreign Currency	16.25	23.31	101.87
In Indian Currency	15.55	105.49	-
Buyers' credit	190.80	32.67	-
Vehicle loans			
HDFC Bank Limited	0.35	0.72	1.72
ICICI Bank limited	0.95	0.77	0.23
Daimler Financial services India Pvt. Ltd.	1.59	1.45	-
	225.49	164.41	103.82

Note:

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

2 Pursuant to directions issued by the Reserve Bank of India, the buyers' credit issued by AD Category - I banks are no longer entitled to be rolled over and therefore the entire outstanding amount of buyers' credit are due for repayment within the period of 12 months. Acoordingly, the same has been classified under the head " Current Financial Liabilities."

3 Reference is invited to note 20.4 with regard to disclosure of preference share capital.

Notes to the Financial Statements

for the year ended March 31, 2018

4. Principal Terms and Conditions of borrowings as at March 31, 2018

(a) Secured

(i) Term loans

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	Jabalpur, S.G. Highway	165.85	7.25%	Loans are repayable in 20 equal quarterly installments commencing from February, 2017.	Within 30 days of interest reset date, the Company has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. However, if prepayment is made by the borrower from fresh equity or internal accruals, no prepayment penalty shall be payable. Should the Company choose to exercise the prepayment option, the lender(s) must be intimated in writing at least 15 working days before the date of exercising of the prepayment option. In case of part prepayments, such prepayment shall be applied proportionately on the balance repayments pertaining to the facility. Penalty: Default interest of 2% p.a. over and above the applicable Interest Rate till such time such default / non compliance is cured to the Lender`s satisfaction.	(i) Exclusive charge by way of Equitable Mortgage of existing hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005 with total land area admeasuring 6880 sq. mtr. and total constructed building area of 12053.56 sq. mtrs. (ii) Exclusive charge by way of hypothecation of all movable assets including plant and machinery, machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future of hospitals at S.G. Highway & Jabalpur. (iii) Personal guarantee of Director Dr. Vikram I. Shah to the extent of value of land situated at S. G. Highway Hospital owned by him and mortgaged under Security. (iv) Second pari-passu charge on the entire current assets, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, uncalled capital (if any), present and future of the Borrower. First pari-passu charge on the current assets shall be with the working capital lenders. (v) Exclusive charge by way of equitable mortgage of the land and building pertaining to the proposed hospital of Jabalpur. (vi) Additional Security : Fixed deposit of ₹ 54.04 Crore under lien with HDFC bank	HDFC Bank Limited (on behalf of SBICAP Trustee)

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
2	HDFC Bank Limited	Jaipur, Indore, Naroda	415.43	7.50%	Loans are repayable in 24 equal quarterly installments commencing from June, 2019.	Within 45 days of interest reset date, the borrower has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. Penalty: Default interest of 2%p.a. over and above the applicable interest Rate till such time such default / non-compliances occurred to the Lender's satisfaction.	(i) First pari-passu charge by way of equitable mortgage over land & building pertaining to hospital at Jaipur and Indore. (ii) First pari-passu charge by way of equitable mortgage over land and building pertaining to hospital at Naroda. (iii) First ranking Security by way of hypothecation of all the present and future tangible movable assets including plant and machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future of hospitals at Jaipur, Indore and Naroda. (iv) Personal guarantee of Director Dr. Vikram I. Shah to the extent of 50 % of Naroda Land offered under security. (v) Second ranking security by way of hypothecation on the entire current asset, operating cash flows, receivables, commissions, revenues of what so ever nature and wherever arising, present and future uncalled capital (if any) present and future, of the company. (vi) Additional Security : Fixed deposit of ₹ 54.04 Crore under lien with HDFC bank	SBICAP Trustee
3	IDFC Bank	Surat	198.92	F.D rate + 0.7% p.a till Loan is backed by F.D 6.85 + 0.7 = 7.55%	The loan is repayable in 28 structured quarterly installments starting from June 30, 2019 & ending on March 31, 2026.	Except as given in (i) and (ii) below, any prepayment of the loan made by the borrower shall be with a prepayment premium of 2% of the principal amount being prepaid. i) The borrower shall have a right to prepay the loan in full but not in part within 30 days of the reset date without any prepayment premium ii) The borrower shall have to mandatory prepay the loan to the extent of at least 30% of the outstanding amount from IPO proceeds without any prepayment premium.	Hypothecation of Surat facility current assets (including cash flows) and all movable assets including plant and machinery, medical equipment etc. present and future and exclusive mortgage of leasehold rights (of land) together with building ii) First pari-passu hypothecation of SG highway unit receivable and cash flows. pari passu charge to be shared with HDFC bank term loan sanction amount of ₹ 150 crore. Additional Security : Fixed deposit of ₹ 20 Crore under lien with IDFC bank	IDFC Bank

Notes to the Financial Statements

for the year ended March 31, 2018

(ii) Buyer's Credit

(₹ in Million)

Sr. No.	Name of Lender	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	172.25[1]	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	Pursuant to directions issued by the Reserve Bank of India, the buyers' credit issued by AD Category - I banks are no longer entitled to be rolled over and therefore the entire outstanding amount of buyers' credit are due for repayment within the period of 12 months	Not Applicable	Security as specified for Sr. No. 1 and 2	HDFC Bank Limited
2	EXIM Bank	18.55[2]	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	Pursuant to directions issued by the Reserve Bank of India, the buyers' credit issued by AD Category - I banks are no longer entitled to be rolled over and therefore the entire outstanding amount of buyers' credit are due for repayment within the period of 12 months	Not Applicable	-	EXIM Bank

1 HDFC:-The value in INR has been arrived at based on the exchange rate on March 28, 2018. Accordingly, on March 31, 2018, Outstanding USD were 1.70 Million and exchange rate was 1 USD equal to 65.0441 INR and Outstanding EURO were 0.77 Million and exchange rate was 1 EURO equal to 80.6222 INR.

2 EXIM :- The value in INR has been arrived at based on the exchange rate on March 28, 2018. Accordingly, on March 31, 2018, Outstanding USD were 0.29 and exchange rate was 1 USD equal to 65.0441 INR.

(iii) Vehicle loans

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	Mahindra Bolero	0.23	9.75%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.	The Company may, prepay the whole or any part of the outstanding of respective Loans (including interest, other dues, fees and charges herein) by giving a notice in writing to that effect. The Company would have to give minimum written notice of 30 days expressing his intention to prepay the loan amount, unless the same is waived in writing by the bank. The prepayment shall take effect only when the actual payment is received by the bank and interest and other charges would be levied till the end of the month in which prepayment is actually effected. In such an event the Bank will levy prepayment charges as mentioned in the schedule or any rate which is applicable at that time as per Bank`s policy on the dues outstanding. Prepayment charges: No foreclosure allowed within 6 months from the date of availing car loan. 6% of principal outstanding for pre-closures within 1 year from 7th EMI. 5% of principal Outstanding for pre-closures within 13-24 months from 1st EMI. 3% of principal Outstanding for pre-closures post 24 months from 1st EMI.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/ payment by the company of the loan granted or to be granted to the company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the company to the Bank.	HDFC Bank Limited

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
2	HDFC Bank Limited	Maruti Eco	0.12	9.45%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.			
4	ICICI Bank Limited	Force Ambulance	0.72	9.69%	Loans are repayable in 36 equal monthly installments commencing from February, 2016.	Prepayment charges: The lessor of the following two options plus applicable taxes: (a) 4% of the outstanding amount of the facility, or any other rate as stipulated by ICICI Bank from time to time. OR (b) The total interest amount outstanding as on the date of prepayment.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/ payment by the company of the loan granted or to be granted to the company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the company to the Bank.	ICICI Bank Limited
5	ICICI Bank Limited	Force Ambulance	0.23	10.00%				
6	Daimler Financial Services India Private Limited	Mercedez Benz	3.02	8.76%	Loans are repayable in 36 equal monthly installments commencing from February, 2017.	Prepayment Charges: NA Penalty: 5% per annum plus applicable taxes or statutory levies, if any	First and exclusive charge of the Vehicle	Daimler Financial Services India Private Limited

(iv) Overdraft Facility

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	Kotak Mahindra Bank Limited	-	157.16	-	12 Months	N.A	(1) First pari-passu hypothecation charge to be shared with HDFC bank on all existing and future current assets of Krishna Shalby Hospital belonging to the Company. (2) First and exclusive mortgage charge on immovable properties being land and building of Krishna Shalby Hospital situated at 319 – Green City, Ghuma, Bopal, Ahmedabad belonging to the Company. Additional Security : Fixed deposit of ₹ 20 Crore under lien with Kotak bank	SBICAP Trustee

Notes to the Financial Statements

for the year ended March 31, 2018

Note 23 : Other Financial Liabilities

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- Current			
Deferred leasehold land premium	-	-	15.57
Deposits	2.26	1.87	1.77
Retention money	43.97	20.60	12.12
Total (A):	**46.23**	**22.47**	**29.46**
Current			
Current Maturities of Long Term Borrowings	225.49	164.41	103.82
Interest Accrued but not due on Borrowings	5.49	14.85	21.21
Creditors for capital goods	189.24	346.33	81.66
Deferred leasehold land premium	-	15.57	28.86
Consideration payable	-	-	38.83
Book overdraft	-	3.10	0.03
Retention money	8.44	20.18	11.66
Other Payables			
Employees	16.54	13.06	25.97
Others	0.10	0.30	0.76
Total (B):	**445.30**	**577.80**	**312.80**
Total (A+B):	**491.53**	**600.27**	**342.26**

Note 24 : Provisions

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- Current			
Provision for employee benefits			
Gratuity	0.16	0.80	1.06
Leave obligation	13.55	14.38	6.74
	13.71	**15.18**	**7.80**
Current			
Provision for employee benefits			
Gratuity	3.65	4.99	-
Leave obligation	2.40	2.48	1.32
Other Provision	-	0.04	0.31
	6.05	**7.51**	**1.63**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 25 : Other Non-Current / Current Liabilities

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- Current			
Government grant (Refer Note below)	145.89	100.00	-
Less: Released in the Statement of Profit and Loss	(8.74)	(5.61)	-
Less Disclosed under current	(8.74)	(5.61)	-
Total (A) :	**128.41**	**88.78**	**-**
Current			
Government Grants	8.74	5.61	-
Advance from customers	4.00	7.36	4.30
Statutory Liabilities	32.28	30.54	25.16
Total (B):	**45.02**	**43.51**	**29.46**
Total (A+B):	**173.43**	**132.29**	**29.46**

The Company, having established Super Specialty Hospitals at Indore and Jabalpur both in the State of Madhya Pradesh and at Naroda (Ahmedabad) and Surat both in the State of Gujarat, becomes eligible for one time incentive towards development of Healthcare sector in terms of policies of respective State Government in this regard. The incentive is based on capital investment and therefore is recognised in the form of capital subsidy. The same, being available against the entire capital investment, has been recognised and classified in accordance with Significant Accounting Policy referred at note 4.12 to the financial statements.

Note 26 : Trade Payables

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Micro, Small and Medium Enterprise	-	-	-
Others	479.93	391.78	449.98
	479.93	**391.78**	**449.98**

Trade payables are non interest bearing and are normally settled within 30-45 days.

Note 27 : Current Tax Liabilities

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for tax	239.42	83.50	83.50
Less: Advance Tax	235.88	79.79	79.79
	3.54	**3.71**	**3.71**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 28 : Revenue from Operations

(₹ in Million)

	March 31, 2018	March 31, 2017
Sale of products	108.17	78.21
Sale of services	3 732.03	3 134.66
Other Operating Revenue	15.03	10.99
	3 855.23	**3 223.86**

Break up of sales of product

(₹ in Million)

	March 31, 2018	March 31, 2017
Medicines & Medicare Items	**108.17**	**78.21**

Break up of sales of services

(₹ in Million)

	March 31, 2018	March 31, 2017
Income from Healthcare Services		
In Patient Discharge		
Domestic	3 139.25	2 671.75
Overseas	130.07	138.92
Out Patient Discharge	304.21	206.16
Dental Care Services	30.32	37.05
Diagnostic Services	53.18	50.96
Clinical Trials	6.79	7.18
Training	37.78	0.28
Orthotrend Event	21.78	15.55
Allied Services	8.65	6.81
	3 732.03	**3 134.66**

Break up of other operating revenue

(₹ in Million)

	March 31, 2018	March 31, 2017
Share from Limited Liability Partnership	5.47	4.55
Capital Subsidy, Project Consultancy	9.56	6.44
	15.03	**10.99**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 29 : Other Income

(₹ in Million)

	March 31, 2018	March 31, 2017
Interest Income		
From Banks	26.68	7.67
On loan to subsidiary and other companies	3.99	8.15
On Service Tax Refund	1.52	-
On IT refund	-	6.67
Others	0.19	0.30
	32.38	**22.80**
Rent	3.72	2.63
Dividend	1.01	0.19
Liquidated Damages and Penalty Charges	36.92	-
Profit on sale of assets	-	2.33
Foreign Exchange Fluctuation Gain (net)	-	28.15
Gain / (Loss) on Unwinding of SWAP Contract (Net)	-	2.97
Other Non-Operating Income		
Sundry balances written back (Net)	7.35	0.12
Miscellaneous	5.74	1.24
	13.09	**1.36**
	87.12	**60.43**

Note 30 : Operative Expenses

(₹ in Million)

	March 31, 2018	March 31, 2017
Materials and Consumables	872.55	731.99
Diagnostic Expenses	68.94	52.93
Fees to Doctors and Consultants	898.06	774.76
Power, Fuel and Water Charges	93.24	74.03
Housekeeping and Catering	109.58	84.90
Attendants and Securities	98.34	85.49
Linen & Uniform	9.35	4.87
Other Operative Expenses	18.94	13.34
	2 169.00	**1 822.31**

Note 31 : Purchase of Stock-in-Trade

(₹ in Million)

	March 31, 2018	March 31, 2017
Medicines and Medicare Items	82.36	57.55
	82.36	**57.55**

SHALBY MULTI-SPECIALTY HOSPITALS

Notes to the Financial Statements

for the year ended March 31, 2018

Note 32 : Changes in Inventories

(₹ in Million)

	March 31, 2018	March 31, 2017
Inventory at the end of the year		
Medicine and Medical Items	21.45	14.24
Inventory at the beginning of the year		
Medicine and Medical Items	14.24	9.56
(Increase) / Decrease in stocks	**(7.21)**	**(4.68)**

Note 33 : Employee Benefits Expense

(₹ in Million)

	March 31, 2018	March 31, 2017
Salary, Allowances & Bonus	423.39	359.79
Contribution to Provident & other funds	24.40	16.85
Staff Welfare expenses	0.17	0.25
	447.96	**376.89**

Note 34 : Finance Cost

(₹ in Million)

	March 31, 2018	March 31, 2017
Interest		
To Bank	108.28	70.84
To NBFC	13.20	24.85
Less: Interest subsidy	(1.02)	(6.00)
	120.46	**89.69**
Preference Dividend (Including DDT)	-	3.20
Other Borrowing Cost		
Other ancillary Cost	0.88	1.72
Adjustment to Interest cost on foreign currency translation	-	7.54
	121.34	**102.15**

Note 35 : Depreciation and Amortization

(₹ in Million)

	March 31, 2018	March 31, 2017
Depreciation expense on property, plant and equipment	222.90	157.27
[Net of Capitalisation of ₹ 9.38 mn (P.Y. ₹ 8.36 mn)]		
Amortisation on Intangible assets	1.42	2.81
	224.32	**160.08**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 36 : Other Expenses

(₹ in Million)

	March 31, 2018	March 31, 2017
Advertising and Publicity	71.72	45.54
Auditors' Remuneration	1.62	1.44
Communication	10.82	8.97
Rent, Rates and Taxes	28.33	23.38
Fees and Legal	18.48	21.49
Insurance	5.48	3.15
Stationery and Printing	24.08	11.63
Repairs and Maintenance- Building	4.13	5.54
Repairs and Maintenance- Others	64.83	52.39
Travelling and Conveyance	46.53	55.42
Net loss on foreign exchange fluctuations	16.81	-
Provision for Bad & Doubtful Debts	2.62	3.80
Bank charges	8.77	4.34
Miscellaneous Expenses	15.35	12.70
	319.57	**249.79**
Payment to Auditor		
As Auditors	**1.62**	**1.44**

Note 37 : Earning Per Share

(₹ in Million)

	March 31, 2018	March 31, 2017
Profit attributable to Equity shareholders (₹)	279.81	303.62
[Net of Share Issue Expenses of ₹ 160.34 mn (P.Y. ₹ NIL)]		
Number of equity shares	10 80 09 770	8 74 08 932
Weighted Average number of Equity Shares	9 43 56 355	8 73 58 779
Basic earning per Share (₹)	2.97	3.48
Diluted earning per Share (₹)	2.97	3.48

Note 38 : Contingent Liabilities and Commitments

(₹ in Million)

			As at March 31, 2018	As at March 31, 2017
A	**Contingent Liabilities not provided for in respect of**			
	(i)	Claim against the company not acknowledged as debt	59.38	55.80
	(ii)	Income tax Demand for Assessment Years		
		2010-2011	24.61	24.61
		2011-2012	13.43	13.43
		2012-2013	2.06	2.06

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

		As at March 31, 2018	As at March 31, 2017
	2014-2015	-	13.31
	2015-2016	41.42	-
		81.52	**53.41**
(iii)	Letter of Credit	-	58.93
(iv)	Bank Guarantee	43.30	7.72
(v)	Sales Tax Demand including Interest & Penalty for Assessment Years (Based on expert advice received by client)		
	2009-2010	5.42	5.42
	2010-2011	2.02	2.02
	2011-2012	1.82	1.82
	2012-2013	1.96	1.96
	2013-2014	2.94	2.94
(vi)	Tax Deducted at Sources Demand for Assessment Year 2014-15	2.63	29.97
(vii)	Export Obligation under EPCG Scheme	18.84	46.19
B	**Capital Commitments**		
	Estimated amount of contract remaining to be executed on capital accounts	283.42	951.42

Note 39: Employee Benefits

Note 39.1 Defined Contribution Plan

The Company has defined contribution plan in form of Provident Fund & Pension Scheme and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the Statement of profit and loss under employee benefit expenses in respect of such schemes are given below:

(₹ in Million)

	For the year March 31, 2018	For the year March 31, 2017
Contribution to Provident Fund and Pension Scheme, included under contribution to provident and other funds	20.18	13.58
Contribution to Employee State Insurance Scheme, included under contribution to provident and other funds	3.41	2.23

Note 39.2 Defined Benefit Plan

(a) Gratuity

The Company offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Notes to the Financial Statements

for the year ended March 31, 2018

(b) Defined Benefit Plan

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Gratuity

	Valuation		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	7.60%	7.10%	7.80%
Expected rate(s) of salary increase	6.00%	6.00%	6.00%
Rate of return on plan assets	7.60%	7.10%	7.80%

Leave Encashment

	Valuation		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	7.60%	7.10%	7.80%
Expected rate(s) of salary increase	6.00%	6.00%	6.00%

The following table sets out the status of the amounts recognised in the balance sheet & movements in the net defined benefit obligation as at March 31, 2018

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Changes in the present value of obligation				
1. Present value of obligation (Opening)	11.94	16.87	8.21	8.06
2. Interest cost	0.82	1.11	0.61	0.58
3. Past service cost adjustments/Prior year Charges	0.45	-	-	-
4. Current service cost	4.99	5.09	3.01	7.75
5. Curtailment Cost / (Gain)	-	-	-	-
6. Settlement Cost / (Gain)	-	-	-	-
7. Benefits paid	(1.09)	(3.60)	(1.00)	(1.52)
8. Actuarial (Gain) / Loss arising from change in financial assumptions	(0.66)	(0.47)	0.65	0.67
9. Actuarial (Gain) / Loss arising from change in demographic assumptions	-	-	-	-
10. Actuarial (Gain) / Loss arising from change on account of experience changes	(0.70)	(3.04)	0.46	1.33
11. Present value of obligation (Closing)	15.75	15.96	11.94	16.87

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Changes in the fair value of plan assets				
1. Present value of plan assets (Opening)	6.15	-	7.01	-
2 Past contribution / Adjustment to Opening Fund	-	-	(0.33)	-
3. Expected return on plan assets	(0.68)	-	(0.47)	-
4. Interest Income	0.59	-	0.63	-
5. Actuarial Gain / (Loss)	-	-	-	-
6. Employers Contributions	6.97	-	0.31	-
7. Employees Contributions	-	-	-	-
8. Benefits paid	(1.09)	-	(1.00)	-
9. Expense deducted from the fund	-	-	-	-
10. Fair Value of Plan Assets (Closing)	11.94	-	6.15	-
Percentage of each category of plan assets to total fair value of plan assets at the year end				
1. Bank Deposits	-	-	-	-
2. Debt Instruments	-	-	-	-
3. Administered by Life Insurance Corporation of India	100%	-	100%	-
4. Others	-	-	-	-

Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of funded obligation at the end of the year	15.75	15.96	11.94	16.87
Fair Value of Plan Assets as at the end of the period	11.94	-	6.15	-
Amount not recognised due to asset limit				
Deficit of funded plan	3.81	-	5.79	-
Deficit of unfunded plan	-	15.96	-	16.87
- Current	3.65	2.40	5.00	2.48
- Non current	0.16	13.55	0.80	14.38

Notes to the Financial Statements

for the year ended March 31, 2018

Amount recognized in standalone statement of profit and loss in respect of defined benefit plan are as follows:

(₹ in Million)

Expense recognised in the Statement of Profit and Loss	March 31, 2018		March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	4.99	5.09	3.01	7.75
Past Service Cost	0.45	-	-	-
Adjustment to opening fund	-	-	-	-
Net interest Cost	0.23	1.11	(0.02)	0.58
Net value of re-measurements on the obligation and plan assets	-	(3.51)	-	2.00
Adjustment to Opening Fund	-	-	0.33	-
(Gains)/Loss on Settlement	-	-	-	-
Total Expenses recognized in the Statement of Profit and Loss #	**5.67**	**2.69**	**3.32**	**10.33**

#Included in 'Salary and Wages' under 'Employee benefits expense'

(₹ in Million)

Amount recorded in Other comprehensive Income (OCI)	March 31, 2018		March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Re-measurements during the year due to				
Changes in financial assumptions	(0.66)	(0.47)	0.65	0.67
Changes in demographic assumptions	-	-	-	-
Experience adjustments	(0.70)	(3.04)	0.46	1.33
Return on plan assets excluding amounts included in interest income	0.68	-	0.47	-
Amount recognised in OCI during the year	**(0.68)**	**(3.51)**	**1.58**	**2.00**

(c) Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Gratuity

Impact on defined benefit obligation

	Change in Assumption			Increase in Assumptions			Decrease in Assumptions	
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	Decrease by	4.20%	4.24%	Increase by	3.92%	3.96%
Salary growth rate	0.50%	0.50%	Increase by	4.03%	4.11%	Decrease by	3.72%	3.88%

Notes to the Financial Statements

for the year ended March 31, 2018

Leave Encashment

Impact on defined benefit obligation

	Change in Assumption			Increase in Assumptions			Decrease in Assumptions	
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	Decrease by	2.94%	3.03%	Increase by	2.78%	2.86%
Salary growth rate	0.50%	0.50%	Increase by	2.97%	3.05%	Decrease by	3.00%	2.90%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

(d) Major Category of Plan Asset as a % of total Plan Assets

Category of Assets (% Allocation)	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		%			₹ in Million	
Insurer managed funds	100.00%	100.00%	100.00%	11.94	6.16	7.01
Total	**100.00%**	**100.00%**	**100.00%**	**11.94**	**6.16**	**7.01**

(e) Risk Exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

The gratuity fund is administered through Life Insurance Corporation of India (insurer) under its Group Gratuity Scheme. Accordingly almost the entire plan asset investment is maintained by the insurer. These are subject to interest rate risk which is managed by the insurer.

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets maintained by the insurer.

(f) Defined benefit liability and employer contribution

The Company generally eliminates the deficit in the defined benefit gratuity plan within next one year.

Expected contribution to the post-employment benefit plan (Gratuity) for the year ending March 31, 2019 is ₹ 3.65 Million.

The weighted average duration of the defined benefit obligation is 10.85 years (2016 – 10.6 years, 2015 - 10.53 years).

Notes to the Financial Statements

for the year ended March 31, 2018

The expected maturity analysis of undiscounted post-employment benefit plan (gratuity) is as follows:

(a) Gratuity

(₹ in Million)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)
1st following year	0.92	2.7%	0.79	3.3%	0.88	5.5%
2nd following year	1.16	3.4%	0.83	3.4%	0.62	3.8%
3rd following year	1.28	3.8%	1.09	4.5%	0.88	5.5%
4th following year	1.55	4.6%	1.08	4.5%	0.80	4.9%
5th following year	1.80	5.4%	1.27	5.2%	0.73	4.5%
Sum of year 6 to 10th	8.81	26.2%	5.58	23.0%	3.66	22.6%

(b) Leave Encashment

(₹ in Million)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)
1st following year	2.40	8.7%	2.48	8.7%	1.20	9.1%
2nd following year	2.20	7.9%	2.23	7.9%	1.02	7.7%
3rd following year	2.00	7.2%	2.12	7.5%	1.08	8.2%
4th following year	1.80	6.5%	1.85	6.5%	0.86	6.5%
5th following year	1.70	6.1%	1.72	6.1%	0.76	5.7%
Sum of year 6 to 10th	7.41	26.8%	6.87	24.2%	3.30	24.9%

Note 40: Segment Information

The Company is mainly engaged in the business of setting up and managing hospitals and medical diagnostic services which constitute a single business segment. These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.

Note 41:

1. Related Party Disclosures for the year ended March 31, 2018

(a) Details of Related Parties

Description of Relationship	Sr. No.	Names of Related Parties
Subsidiary Companies & LLPs	1	Shalby (Kenya) Limted
	2	Vrundavan Shalby Hospitals Limited
	3	Yogeshwar Healthcare Limited
	4	Shalby International Limited (Earlier known as Shalby Pune Limited)
	5	Griffin Mediquip LLP (Earlier known as Shalby Orthopedic LLP)
Promoter Company	6	Zodiac Mediquip Limited

Notes to the Financial Statements

for the year ended March 31, 2018

Description of Relationship	Sr. No.	Names of Related Parties
Key Management Personnel (KMP)	7	Dr. Vikram I. Shah
	8	Mr. Ravi Bhandari
Relatives of KMP	9	Dr. Darshini V. Shah
	10	Mr. Shanay V. Shah
Enterprise over which KMP / Relatives of KMP exercise significant influence through controlling interest (Other Related Party)	11	Uranus Medical Devices Limited
	12	Shalby Orthopedic Hospital and Research Center
	13	Friends of Shalby Foundation
	14	Slaney Healthcare Private Limited

(b) Key management personnel compensation

	₹ in Million
Short-term employee benefits	8.96
Termination benefits	1.56
Total Compensation	**10.52**

(c) Details of transactions with related parties for the year ended March 31, 2018 in the ordinary course of business:

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Professional Fees					
	Dr. Vikram I. Shah	-	-	45.23	-	45.23
	Dr. Darshini V. Shah	-	-	22.37	-	22.37
2	Advance towards expenses					
	Shalby International Limited	0.02	-	-	-	0.02
3	Advance received back					
	Shalby International Limited	0.005	-	-	-	0.005
4	Advance for material repaid					
	Shalby International Limited	-	-	-	-	-
5	Advance towards reimbursement of expenditure					
	Vrundavan Shalby Hospitals Limited	0.10	-	-	-	0.10
6	Advances received back towards Reimbursement of Expenditure					
	Vrundavan Shalby Hospitals Limited	0.10	-	-	-	0.10

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
7	Advances given					
	Vrundavan Shalby Hospitals Limited	44.25	-	-	-	44.25
	Yogeshwar Healthcare Limited	0.59	-	-	-	0.59
	Shalby Kenya Limited	0.19	-	-	-	0.19
8	Capital Introduced					
	Griffin Mediquip LLP					
	Fixed	-	-	-	-	-
	Current	3.77	-	-	-	3.77
9	Capital withdrawal					
	Griffin Mediquip LLP	-	-	-	-	-
	Current	-	-	-	-	-
10	Share of Profit/(Loss)					
	Griffin Mediquip LLP	5.47	-	-	-	5.47
11	Purchase of medicines, materials and consumables					
	Griffin Mediquip LLP	374.07	-	-	-	374.07
	Uranus Medical Devices Limited	-	-	-	-	-
12	Rent Expenses					
	Dr. Vikram I. Shah	-	-	8.41	-	8.41
	Shalby Orthopedic Hospital and Research Center	-	-	-	0.62	0.62
	Yogeshwar Healthcare Limited	0.26	-	-	-	0.26
13	Rent Income					
	Griffin Mediquip LLP	0.07	-	-	-	0.07
	Slaney Healthcare Private Limited	-	-	-	0.16	0.16
14	Interest Income					
	Vrundavan Shalby Hospitals Limited	4.00	-	-	-	4.00
15	Salary					
	Ravi Bhandari	-	-	8.96	-	8.96
	Mr. Shanay V. Shah	-	-	4.97	-	4.97

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
16	Commission Expense					
	Zodiac Mediquip Limited	-	0.15	-	-	0.15
17	Guest House Expenses					
	Zodiac Mediquip Limited	-	1.69	-	-	1.69
18	Purchase return of medicines, materials and consumables					
	Slaney Healthcare Private Limited	-	-	-	0.35	0.35
19	Reimbursement of IPO related expenses					
	Dr. Vikram I. Shah	-	-	12.68	-	12.68
20	Purchase of Capital Goods					
	Griffin Mediquip LLP	0.01	-	-	-	0.01
21	Investment made during the year					
	Vrundavan Shalby Hospitals Limited	46.92	-	-	-	46.92

(d) Amount due to / from related parties as at March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Trade Payable					
	Dr. Vikram I. Shah	-	-	5.55	-	5.55
	Dr. Darshini V. Shah	-	-	5.69	-	5.69
	Uranus Medical Devices Limited	-	-	-	0.40	0.40
	Friends of Shalby Foundation	-	-	-	0.01	0.01
	Griffin Mediquip LLP	50.40	-	-	-	50.40
2	Rent Deposit					
	Yogeshwar Healthcare Limited	0.18	-	-	-	0.18
3	Investment					
	Yogeshwar Healthcare Limited	6.96	-	-	-	6.96
	Shalby Kenya Limited	0.06	-	-	-	0.06
	Vrundavan Shalby Hospitals Limited	131.92	-	-	-	131.92
	Shalby International Limited	0.50	-	-	-	0.50

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
4	Loans and Advances					
	Yogeshwar Healthcare Limited	7.41	-	-	-	7.41
	Shalby Kenya Limited	3.32	-	-	-	3.32
	Vrundavan Shalby Hospitals Limited	77.70	-	-	-	77.70
5	Rent Payable					
	Dr. Vikram I. Shah	-	-	0.73	-	0.73
	Zodiac Mediquip Limited	-	0.15	-	-	0.15
	Shalby Orthopedic Hospital and Research Center	-	-	-	0.53	0.53
6	Interest Receivable					
	Vrundavan Shalby Hospitals Limited	19.09	-	-	-	19.09
7	Other Receivables					
	Shalby International Limited	0.01	-	-	-	0.01
	Slaney Healthcare Private Limited	-	-	-	0.08	0.08
9	Other Payable					
	Slaney Healthcare Private Limited	-	-	-	0.40	0.40
10	Capital contribution					
	Griffin Mediquip LLP					
	Fixed	0.48	-	-	-	0.48
	Current	13.54	-	-	-	13.54

2. Related Party Disclosures for the year ended March 31, 2017

(a) Details of Related Parties

Description of Relationship	Sr. No.	Names of Related Parties
Subsidiary companies & LLPs	1	Shalby (Kenya) Limited
	2	Vrundavan Shalby Hospitals Limited
	3	Yogeshwar Healthcare Limited
	4	Shalby International Limited (Earlier known as Shalby Pune Limited)
	5	Griffin Mediquip LLP (Earlier known as Shalby Orthopedic LLP)
Promoter Company	6	Zodiac Mediquip Limited

Notes to the Financial Statements

for the year ended March 31, 2018

Description of Relationship	Sr. No.	Names of Related Parties
Key Management Personnel (KMP)	7	Dr. Vikram I. Shah
	8	Mr. Ravi Bhandari
Relatives of KMP	9	Dr. Darshini V. Shah
	10	Mr. Shanay V. Shah
Enterprise over which KMP / Relatives of KMP exercise significant influence through controlling interest (Other Related Party)	11	Uranus Medical Devices Limited
	12	Shalby Orthopedic Hospital and Research Center
	13	Friends of Shalby Foundation
	14	Slaney Healthcare Private Limited

(b) Key management personnel compensation

Particulars	₹ in Million
Short-term employee benefits	7.92
Termination benefits	1.56
Total Compensation	**9.48**

(c) Details of transactions with related parties for the year ended March 31, 2017 in the ordinary course of business:

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Professional Fees					
	Dr. Vikram I. Shah	-	-	44.73	-	44.73
	Dr. Darshini V. Shah	-	-	26.78	-	26.78
2	Unsecured Loan given					
	Shalby International Limited	0.52	-	-	-	0.52
3	Unsecured Loan received back					
	Shalby International Limited	0.54	-	-	-	0.54
4	Advance for material repaid					
	Shalby International Limited	0.25	-	-	-	0.25
5	Advance towards reimbursement of expenditure					
	Vrundavan Shalby Hospitals Limited	0.14	-	-	-	0.14
	Slaney Healthcare Private Limited	-	-	-	0.09	0.09

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
6	Advances received back towards Reimbursement of Expenditure					
	Vrundavan Shalby Hospitals Limited	0.59	-	-	-	0.59
7	Advances given					
	Shalby Kenya Limited	0.27	-	-	-	0.27
8	Capital Introduced					
	Griffin Mediquip LLP					
	Fixed	0.13	-	-	-	0.13
	Current	5.28	-	-	-	5.28
9	Capital withdrawal					
	Griffin Mediquip LLP					
	Current	5.08	-	-	-	5.08
10	Share of Profit/(Loss)					
	Griffin Mediquip LLP	4.56	-	-	-	4.56
11	Purchase of medicines, materials and consumables					
	Slaney Healthcare Private Limited	-	-	-	0.63	0.63
	Griffin Mediquip LLP	325.04	-	-	-	325.04
	Uranus Medical Devices Limited	-	-	-	0.33	0.33
12	Rent Expenses					
	Dr. Vikram I. Shah	-	-	6.90	-	6.90
	Shalby Orthopedic Hospital and Research Center	-	-	-	0.76	0.76
	Yogeshwar Healthcare Limited	0.26	-	-	-	0.26
13	Rent Income					
	Griffin Mediquip LLP	0.06	-	-	-	0.06
	Slaney Healthcare Private Limited	-	-	-	0.06	0.06
14	Interest Income					
	Vrundavan Shalby Hospitals Limited	5.31	-	-	-	5.31
15	Salary					
	Ravi Bhandari	-	-	7.92	-	7.92
	Mr. Shanay V. Shah	-	-	3.90	-	3.90
16	Commission Expense					
	Zodiac Mediquip Limited	-	0.13	-	-	0.13

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
17	Guest House Expenses					
	Zodiac Mediquip Limited	-	1.75	-	-	1.75
18	Catering Charges Income					
	Slaney Healthcare Private Limited	-	-	-	0.03	0.03

(d) Amount due to / from related parties as at March 31, 2017

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Trade Payable					
	Dr. Vikram I. Shah	-	-	3.53	-	3.53
	Dr. Darshini V. Shah	-	-	3.45	-	3.45
	Uranus Medical Devices Limited	-	-	-	0.40	0.40
	Zodiac Mediquip Limited	-	0.76	-	-	0.76
	Friends of Shalby Foundation	-	-	-	0.01	0.01
	Griffin Mediquip LLP	114.81	-	-	-	114.81
2	Rent Deposit					
	Yogeshwar Healthcare Limited	1.20	-	-	-	1.20
3	Investment					
	Yogeshwar Healthcare Limited	6.96	-	-	-	6.96
	Shalby Kenya Limited	0.06	-	-	-	0.06
	Vrundavan Shalby Hospitals Limited	85.00	-	-	-	85.00
	Shalby International Limited	0.50	-	-	-	0.50
4	Loans and Advances					
	Shalby Kenya Limited	3.13	-	-	-	3.13
	Vrundavan Shalby Hospitals Limited	29.92	-	-	-	29.92
5	Rent Payable					
	Yogeshwar Healthcare Limited	0.49	-	-	-	0.49
	Shalby Orthopedic Hospital and Research Center	-	-	-	0.68	0.68
6	Interest Receivable					
	Vrundavan Shalby Hospitals Limited	19.09	-	-	-	19.09

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
7	Other Receivables					
	Slaney Healthcare Private Limited	-	-	-	0.12	0.12
8	Commission Payable					
	Zodiac Mediquip Limited	-	0.04	-	-	0.04
9	Capital contribution					
	Grififin Mediquip LLP					
	Fixed	0.48	-	-	-	0.48
	Current	4.30	-	-	-	4.30

3. Amount due to / from related parties as at April 1, 2016

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Trade Payable					
	Dr. Vikram I. Shah	-	-	3.60	-	3.60
	Dr. Darshini V. Shah	-	-	5.83	-	5.83
	Uranus Medical Devices Limited	-	-	-	0.12	0.12
	Zodiac Mediquip Limited	-	0.86	-	-	0.86
	Friends of Shalby Foundation	-	-	-	0.01	0.01
	Slaney Healthcare Private Limited	-	-	-	0.35	0.35
2	Rent Deposit					
	Yogeshwar Healthcare Limited	1.20	-	-	-	1.20
3	Investment					
	Yogeshwar Healthcare Limited	6.96	-	-	-	6.96
	Shalby Kenya Limited	0.06	-	-	-	0.06
	Vrundavan Shalby Hospitals Limited	85.00	-	-	-	85.00
	Shalby International Limited	0.50	-	-	-	0.50
4	Loans and Advances					
	Shalby Kenya Limited	2.86	-	-	-	2.86
	Vrundavan Shalby Hospitals Limited	29.92	-	-	-	29.92
5	Rent Payable					
	Yogeshwar Healthcare Limited	0.21	-	-	-	0.21
	Shalby Orthopedic Hospital and Research Center	-	-	-	0.15	0.15

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
6	Interest Receivable					
	Vrundavan Shalby Hospitals Limited	14.31	-	-	-	14.31
7	Other Recoverable					
	Vrundavan Shalby Hospitals Limited	0.45	-	-	-	0.45
8	Capital Contribution					
	Griffin Mediquip LLP					
	Fixed	0.35	-	-	-	0.35
	Current	0.45	-	-	-	0.45
9	Other payables					
	Shalby International Limited	0.24	-	-	-	0.24
10	Short term advances for expenses					
	Uranus Medical Devices Limited	-	-	-	0.04	0.04

Note 42: Business Combinations

Summary of acquisition

Pursuant to scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, the Company on September 7, 2015 acquired Hospital division of Kamesh Bhargava Hospital and Research Centre Limited on a going concern basis. The acquisition has been accounted for using the acquisition method of accounting.

Purchase consideration	₹ in Million
Cash paid	371.38
Total purchase consideration	**371.38**

All the assets and liabilities as at September 7, 2015 of the Hospital division of Kamesh Bhargava Hospital and Research Centre Private Limited have been transferred to the Company at fair value which is summarized below:

	₹ in Million
Assets	
Non-current assets	
Property, plant and equipment	369.72
Other Financial Assets (Non-current)	1.23
Current Assets	
Inventories	0.55
Financial assets (Current)	
Cash and Cash equivalents	1.15
Other financial assets	2.52
Other current assets	0.36
Total (A):	**375.53**

Notes to the Financial Statements

for the year ended March 31, 2018

	₹ in Million
Equity and Liabilities	
Non-current liabilities	
Provisions	1.17
Current liabilities	
Borrowings	79.21
Other financial liabilities (Current)	5.74
Total (B):	**86.12**
Net identifiable assets acquired (A-B)	**289.41**

Consequent to this, financial information in the financial statements are restated to account for the Scheme of Arrangement as per the requirement of Appendix C of Ind AS - 103 "Business Combination".

Calculation of goodwill	₹ in Million
Fair value of net assets acquired	289.41
Less: Purchase consideration	371.38
Goodwill	**81.97**

Note 43: Capital Management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.

(₹ in Million)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Total equity attributable to the equity share holders of the company	7752.46	2585.43	2277.64
As percentage of total capital	88.34%	45.22%	51.92%
Current loans and borrowings	382.65	394.14	168.60
Non-current loans and borrowings	749.83	2854.04	2023.35
Total loans and borrowings	1132.48	3248.18	2191.95
Cash and cash equivalents	108.83	115.82	82.64
Net loans & borrowings	1023.65	3132.36	2109.31
As a percentage of total capital	11.66%	54.78%	48.08%
Total capital (loans and borrowings and equity)	**8776.11**	**5717.79**	**4386.95**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 44: Fair value measurements

A. Financial instruments by category

(₹ in Million)

	March 31, 2018			March 31, 2017			April 1, 2016		
	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI
Financial Assets									
Investments	-	1.10	-	-	1.10	-	-	1.10	-
Loans	77.70	-	-	86.07	-	-	66.67	-	-
Trade and other receivables	601.49	-	-	334.58	-	-	285.45	-	-
Cash and cash Equivalents	108.83	-	-	115.82	-	-	82.64	-	-
Other bank balances	1 042.29	-	-	41.21	-	-	70.96	-	-
Other financial assets	388.31	-	-	172.81	-	-	34.34	-	-
Total Financial Assets	**2 218.62**	**1.10**	**-**	**750.49**	**1.10**	**-**	**540.06**	**1.10**	**-**
Financial Liabilities									
Borrowings	906.99	-	-	3 083.76	-	-	2 088.13	-	-
Trade payables	479.93	-	-	391.78	-	-	449.98	-	-
Other financial liabilities	491.53	-	-	600.27	-	-	342.27	-	-
Total Financial Liabilities	**1 878.45**	**-**	**-**	**4 075.81**	**-**	**-**	**2 880.38**	**-**	**-**

* Excluding investments in subsidiaries, joint control entities and associates measured at cost in accordance with Ind AS-27

Fair value hierarchy

The following section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value through profit or loss. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

B. Fair value hierarchy for assets

Financial assets measured at fair value at March 31, 2018

(₹ in Million)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Membership fees	-	-	1.10	1.10

Financial assets measured at fair value at March 31, 2017

(₹ in Million)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Membership fees	-	-	1.10	1.10

Notes to the Financial Statements

for the year ended March 31, 2018

Financial assets measured at fair value at April 1, 2016

(₹ in Million)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Membership fees	-	-	1.10	1.10

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active market for identical assets that the entity can access at the measurement date. This represents mutual funds that have price quoted by the respective mutual fund houses and are valued using the closing Net asset value (NAV).

Level 2 hierarchy includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active.

Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

There are no transfers between any of these levels during the year. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

C. Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

(i) The use of quoted market prices or mutual fund houses quotes (NAV) for such instruments. This is included in Level 1

D. Fair value of financial assets and liabilities measured at amortized cost

The Management has assessed that fair value of loans, trade receivables, cash and cash equivalents, other bank balances, other financial assets and trade payables approximate their carrying amounts largely due to their short-term nature. Difference between carrying amount of Bank deposits, other financial assets, borrowings and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 45: Financial risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee holds regular meetings and report to board on its activities.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Notes to the Financial Statements

for the year ended March 31, 2018

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management of risk
Credit risk	Cash and cash equivalents, trade receivables, Financial assets measured at amortized cost.	Aging analysis	Diversification of funds to bank deposits, Liquid funds and Regular monitoring of credit limits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of surplus cash, committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level, with option of taking Forward Foreign exchange contracts if deemed necessary.
Price Risk	Investments in mutual funds	Credit ratings	Portfolio diversification and regular monitoring

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer, or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured; the company does not hold any collateral or a guarantee as security. The provision details of the trade receivable are provided in Note 15 of the financial statements.

For trade receivables, provision is provided by the company as per the below mentioned policy:

(₹ in Million)

Particulars	Gross carrying amount (₹)	Expected credit losses rate (%)	Expected credit losses (₹)	Carrying amount of trade receivable (₹)
Considered Good				
0 - 6 months	433.77	-	-	433.77
6 months - 1 year	83.04	-	-	83.04
More than 1 year	87.30	3%	2.62	84.68
Total	**604.11**		**2.62**	**601.49**
Considered Doubtful	**3.79**	**100%**	**3.79**	**-**
Total	**607.90**		**6.41**	**601.49**

Notes to the Financial Statements

for the year ended March 31, 2018

Reconciliation of loss allowance provision

Trade receivables

Particulars	₹ in Million
Loss allowance as on April 1, 2016	-
Changes in loss allowance	3.80
Loss allowance as on March 31, 2017	3.80
Changes in loss allowance	2.61
Loss allowance as on March 31, 2018	6.41

Cash and Cash Equivalents

Credit risk on cash and cash equivalents and other deposits with banks is limited as the Company generally invests in deposits with banks with high credit ratings assigned by external credit rating agencies; accordingly the Company considers that the related credit risk is low. Impairment on these items is measured on the 12-month expected credit loss basis.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury maintains flexibility in funding by maintaining liquidity through investments in liquid funds and other committed credit lines. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The working capital position of the Company is given below:

(₹ in Million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Cash and cash equivalents	108.83	115.82	82.64

Liquidity Table

The Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods is given below. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

As at March 31, 2018

(₹ in Million)

Financial Liabilities	Less than		
	1 year	2-5 years	5 years and above
Non-current financial liabilities			
Borrowings^	225.49	481.73	269.17
	225.49	**481.73**	**269.17**

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Financial Liabilities	Less than		
	1 year	2-5 years	5 years and above
Current financial liabilities			
Borrowings from Banks	157.16	-	-
Trade payables	479.93	-	-
	637.09	**-**	**-**
Total financial liabilities	**862.58**	**481.73**	**269.17**

^ Borrowings are disclosed net of processing charges.

As at March 31, 2017

(₹ in Million)

Financial Liabilities	Less than		
	1 year	2-5 years	5 years and above
Non-current financial liabilities			
Borrowings^	164.42	1 865.68	988.37
	164.42	**1 865.68**	**988.37**
Current financial liabilities			
Borrowings from Banks	229.72	-	-
Trade payables	391.78	-	-
	621.50	**-**	**-**
Total financial liabilities	**785.92**	**1 865.68**	**988.37**

^ Borrowings are disclosed net of processing charges.

As at April 1, 2016

(₹ in Million)

Financial Liabilities	Less than		
	1 year	2-5 years	5 years and above
Non-current financial liabilities			
Borrowings^	103.82	1 313.58	709.77
	103.82	1 313.58	709.77
Current financial liabilities			
Borrowings from Banks	64.78	-	-
Trade payables	449.98	-	-
	514.76	-	-
Total financial liabilities	**618.58**	**1 313.58**	**709.77**

^ Borrowings are disclosed net of processing charges.

(c) Market Risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of the investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

Notes to the Financial Statements

for the year ended March 31, 2018

(i) Currency Risk

The Company is exposed to currency risk on account of foreign currency transactions including recognized assets and liabilities denominated in a currency that is not the Company's functional currency (₹), primarily in respect of US$, and Euro. The Company ensures that the net exposure is kept to an acceptable level and is remain a net foreign exchange earner.

Exposure to currency risk

The currency profile of financial assets and financial liabilities are given below:

(Amount in Million)

Financial Assets	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Amount	Amount (₹)	Amount	Amount (₹)	Amount	Amount (₹)
Trade receivables	USD 0.12	8.35	USD 0.04	2.70	USD 0.19	12.33
Total-Financial assets		**8.35**		**2.70**		**12.33**
Financial liabilities						
Borrowings	USD 20.01	130.26	USD 9.23	598.56	USD 11.05	732.71
	Euro 0.77	62.36	Euro 0.96	66.52	Euro 0.61	45.53
Total financial liabilities		**192.62**		**665.08**		**778.24**

Sensitivity Analysis

Any change with respect to strengthening (weakening) of the Indian Rupee against various currencies as at March 31, 2018 and March 31, 2017 would have affected the measurement of financial instruments denominated in respective currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates.

(₹ in Million)

Particulars	Profit or Loss March 31, 2018		Profit or Loss March 31, 2017	
	Strengthening	Weakening	Strengthening	Weakening
USD (Increase/decrease by 1%, March 31, 2017-3.5%)	1.22	(1.22)	20.86	(20.86)
Euro (Increase/decrease by 5%, March 31, 2017-3.5%)	3.12	(3.12)	2.32	(2.32)
Total	**4.34**	**(4.34)**	**23.18**	**(23.18)**

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments

Most of the Company's borrowings are on a floating rate of interest. The Company has exposure to interest rate risk, arising principally on changes in Marginal Cost of Funds based Lending Rate (MCLR). The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term credit lines besides internal accruals.

Notes to the Financial Statements

for the year ended March 31, 2018

The exposures of the Company's financial assets / liabilities at the end of the reporting period are as follows:

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fixed rate borrowings	4.32	7.27	3.51
Floating rate borrowings	969.12	2539.23	1857.45
	973.44	**2546.50**	**1860.96**

Interest rate risk sensitivity:

The below mentioned sensitivity analysis is based on the exposure to interest rates for floating rate borrowings. For this it is assumed that the amount of the floating rate liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rate had been 50 basis points higher or lower, other variables being held constant, following is the impact on profit.

(₹ in Million)

	March 31, 2018	March 31, 2017
Impact on profit – increase in 50 basis points	(4.85)	(12.70)
Impact on profit – decrease in 50 basis points	4.85	12.70

(iii) Price Risk

Exposure

The Company's exposure to securities price risk arises from investments held in mutual funds and classified in the balance sheet at fair value through profit or loss. To manage its price risk arising from such investments, the Company diversifies its portfolio. Further these are all debt base securities for which the exposure is primarily on account of interest rate risk. Quotes (NAV) of these investments are available from the mutual fund houses.

Profit for the year would increase/decrease as a result of gains/losses on these securities classified as at fair value through profit or loss.

Note 46: Leasing arrangements: The Company being a lessee

Operating lease arrangements

The Company has entered into operating lease arrangements for land and premises. The leases are non-cancellable and are for a period of 5 to 30 years and may be renewed for a further period, based on mutual agreement of the parties.

Payments recognised as an expense in Note 36

(₹ in Million)

	March 31, 2018	March 31, 2017
Minimum lease payments	1.45	0.94

Notes to the Financial Statements

for the year ended March 31, 2018

Non-cancellable operating lease commitments

(₹ in Million)

	March 31, 2018	March 31, 2017	April 1, 2016
Not later than 1 year	1.42	1.59	0.90
Later than 1 year and not later than 5 years	1.00	2.42	4.42
Later than 5 years	-	-	-
	2.42	**4.01**	**5.32**

Note 47: Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as on March 31, 2017

(₹ in Million)

	Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
	Notes	INR	INR	INR
ASSETS				
Non-current assets				
Property, Plant and Equipment	1,2	3 112.02	8.35	3 120.37
Capital work-in progress	1	2 214.40	(7.38)	2 207.02
Goodwill		-	-	-
Intangible Assets		1.61	-	1.61
Intangible assets under development		2.27	-	2.27
Financial Assets			-	
Investments		94.10	-	94.10
Loans		-	-	-
Other Financial Assets		19.12	-	19.12
Deferred tax asset	3	243.24	(171.62)	71.62
Other non current assets		363.69	-	363.69
Current assets				
Inventories		75.58	-	75.58
Financial assets				
Investments		4.30	-	4.30
Trade Receivables	4	376.71	(42.13)	334.58
Cash and Cash Equivalents		115.82	-	115.82
Other Bank Balances		41.21	-	41.21
Loans		86.07	-	86.07
Other Financial Assets	4	161.59	(7.90)	153.69

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

	Reference Notes	Amount as per IGAAP* INR	Effects of transition to Ind AS INR	Amount as per Ind AS INR
Current Tax Assets (Net)		81.30	-	81.30
Other Current Assets		47.59	-	47.59
Assets classified as held for sale		-	-	-
Total Assets		**7041.62**	**(220.68)**	**6891.13**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		874.09	-	874.09
Other Equity	2 to 4	1 935.09	(223.75)	1711.34
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings		2 854.04	-	2 854.04
Other Financial Liabilities		22.47	-	22.47
Provisions		15.18	-	15.18
Other Non-current Liabilities		88.77	-	88.77
Current liabilities				
Financial Liabilities				
Borrowings		229.72	-	229.72
Trade Payables		388.72	3.06	391.78
Other Financial Liabilities	4	577.81	-	577.81
Other Current liabilities		43.51	-	43.51
Provisions		7.51	-	7.51
Current tax liabilities		3.71	-	3.71
Total Equity and Liabilities		**7 040.62**	**(220.68)**	**6 819.94**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

1. Reference is invited to note 4.3 to the financial statements. Leasehold land with lease term of 99 years or more and renewable with mutual consent are considered as finance leases with perpetual lease term and the same are not amortized with effect from April 1, 2016. Accordingly, for the amortization provided on such leasehold land during the year amounting to ₹ 7.38 Million have been given effect in the value of Property, Plant and Equipment and corresponding effect has been given in Capital work in progress.

2. Prior period depreciation income (Net) amounting to ₹ 0.97 Million have been credited to profit and loss account against depreciation expense and corresponding effects has been given in Property, Plant and Equipment.

3. Reference is invited to note 54 to the financial statements. In view of the same, deferred tax liability has been restated to the extent of ₹ 171.62 Million.

4. Prior period adjustments have been given effect.

Notes to the Financial Statements

for the year ended March 31, 2018

Reconciliation of total equity as at March 31, 2017 and April 1, 2016

(₹ in Million)

	Notes	As at March 31, 2017	As at April 1, 2016
Total equity (Shareholders' funds) under previous GAAP		2 806.45	2 137.64
(Including Share Application Money)			
Ind AS adjustments:			
Effect of amortised cost of financial liabilities		-	(14.54)
Prior period expenses		(54.55)	(23.76)
Prior period income		2.42	-
Share application money pending allotment		2.73	-
Deferred Tax adjustments		(171.62)	(11.70)
MAT Credit recognised		-	190.00
		2 585.43	**2 277.64**

Reconciliation of equity as on April 1, 2016

(₹ in Million)

	Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
	Notes	INR	INR	INR
ASSETS				
Non-current assets				
Property, Plant and Equipment	2	3 086.73	(4.10)	3082.63
Capital work-in progress		817.77	4.10	821.87
Goodwill		-	-	-
Intangible Assets		3.51	-	3.51
Intangible assets under development		0.06	-	0.06
Financial Assets		-	-	-
Investments		93.97	-	93.97
Loans		-	-	-
Other Financial Assets		12.50	-	12.50
Deferred tax asset	1	(7.86)	178.31	170.45
Other non current assets		275.30	-	275.30
Current assets				
Inventories		73.37	-	73.37
Financial assets		-	-	-
Investments		-	-	-
Trade Receivables	2	306.69	(21.24)	285.45

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in Million)

	Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
	Notes	INR	INR	INR
Cash and Cash Equivalents		82.64	-	82.64
Other Bank Balances		70.96	-	70.96
Loans		66.67	-	66.67
Other Financial Assets	2	24.02	(2.17)	21.85
Current Tax Assets (Net)		91.31	-	91.31
Other Current Assets		48.09	-	48.09
Assets classified as held for sale		-	-	-
Total Assets		**5045.74**	**154.90**	**5 200.63**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	3	878.88	(5.33)	873.55
Other Equity		1 258.76	145.34	1404.10
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings	3	2 010.72	12.63	2 023.35
Other Financial Liabilities		29.46	-	29.46
Provisions		7.79	-	7.79
Other Non-current Liabilities		-	-	-
Current liabilities				
Financial Liabilities				
Borrowings		64.78	-	64.78
Trade Payables	2	447.73	2.25	449.98
Other Financial Liabilities		312.81	-	312.81
Other Current liabilities		29.46	-	29.46
Provisions		1.63	-	1.63
Current tax liabilities		3.71	-	3.71
Total Equity and Liabilities		**5045.73**	**1548.89**	**5200.63**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

1. Reference is invited to note 54 to the financial statements. In view of the same, deferred tax liability has been restated to the extent of ₹ 11.70 Million and MAT credit amounting to ₹ 190.00 Million is recognised.
2. Prior period adjustments have been given effect.
3. Reference is invited to note 20.4 to the financial statements.

Notes to the Financial Statements

for the year ended March 31, 2018

Reconciliation of total comprehensive income for the period March 31, 2017

(₹ in Million)

	Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
	Notes	INR	INR	INR
INCOME				
Revenue from Operations	1	3 244.76	(20.89)	3 223.87
Other Income	1	63.02	(2.60)	60.42
Total Income		**3307.78**	**(23.49)**	**3 284.29**
EXPENSES				
Operative and other expenses	1	1 822.44	(0.13)	1 822.31
Purchase of stock in trade		57.56	-	57.55
Changes in inventories		(4.68)	-	(4.68)
Employee benefits expense	2	380.47	(3.58)	376.89
Finance Cost	1	94.06	8.09	102.15
Depreciation and Amortization	1	161.05	(0.97)	160.08
Other Expenses	1	250.61	(0.82)	249.80
Total expenses		**2761.51**	**2.59**	**2764.10**
Profit before exceptional items and tax		**546.27**	**(26.08)**	**520.19**
Exceptional Items		-	-	-
Profit Before Tax		**546.27**	**(26.08)**	**520.19**
Tax expense				
Current tax		116.50	-	116.50
Deferred tax	3	(251.09)	351.17	100.08
Total tax expense		**(134.59)**	**351.17**	**216.58**
Profit for the year from continuing operations		**680.86**	**(377.24)**	**303.61**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement of the defined benefit plans	2	-	(3.58)	(3.58)
Tax relating to re-measurement of the defined benefit plans	3	-	1.24	1.24
		-	**(2.34)**	**(2.34)**
Total comprehensive income for the year, net of tax		**680.86**	**(379.59)**	**301.27**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

1. Prior period adjustments have been given effect.
2. Being actuarial gains / (losses) have been reclassified to other comprehensive income.
3. Reference is invited to note 54 to the financial statements. In view of the same, deferred tax liability has been restated to the extent of ₹ 159.92 Million MAT credit had been carried to earlier years amounting to ₹ 190.00 Million. Further deferred tax liability is created on reclassification of actuarial gains and losses amounting to ₹ 1.24 Million.

Notes to the Financial Statements

for the year ended March 31, 2018

Note 48: Regulation 34(3) read with para A of Schedule V to Securities And Exchange Board of India (Listing Obligations And Disclosures Requirements) Regulations, 2015:

(₹ in Million)

	March 31, 2018	March 31, 2017	April 1, 2016
Loans and advances in the nature of loans to subsidiaries			
Advance to Subsidiary – Vrundavan Shalby Hospitals Limited			
Balance at the year end	77.69	29.92	29.92
Maximum amount outstanding at any time during the year	-	-	-
Advance to Subsidiary – Shalby Kenya Limited			
Balance at the year end	-	-	-
Maximum amount outstanding at any time during the year	-	-	-

Note 49: Due to Micro, Small and Medium Enterprise and confirmations

(a) Due to Micro, Small and Medium Enterprise

(₹ in Million)

Sr. No.		March 31, 2018	March 31, 2017
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	NIL	NIL

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

(b) Confirmations

The company has circulated letters of Balance Confirmation to Sundry Debtors, Sundry Creditors and the parties to whom loans and advances have been granted. Confirmations were received in some cases.

Notes to the Financial Statements

for the year ended March 31, 2018

Note 50: Corporate social Responsibility

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

(₹ in Million)

	March 31, 2018	March 31, 2017
Opening unspent Amount	24.08	14.55
Amount required to be spent	9.38	9.53
Amount spent during the year	-	-
Closing Unspent amount	33.46	24.08

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

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

Note 51: Expenditures / Earnings in foreign currency

(₹ in Million)

Sr. No.		March 31, 2018	March 31, 2017
A	Import on CIF		
	- Capital Goods and Components	26.84	309.35
B	Expenses in Foreign Currency		
	- Currency Swap Loss	1.01	10.28
	- Interest	8.08	25.76
	- Travelling	1.24	5.11
	- Advertisement and Business Promotion	0.21	0.79
	- Salary	0.55	0.19
	- Doctor Fees (Follow Fees)	0.26	-
	- Legal and Professional Fees	0.36	-
	- Others	0.12	1.41
C	Remittances in Foreign Currency		
	- Dividend	-	-
D	Earnings in Foreign Currency		
	- Export of Services	134.75	139.00

Notes to the Financial Statements

for the year ended March 31, 2018

Note 52 : IPO disclosure

The Company during the financial year 2017-18, has made an Initial Public Offer (IPO) of ₹ 5,048 Million, comprising of fresh issue of ₹ 4,800 Million and offer for sale of ₹ 248 Million by one of the promoters.

The net proceeds of ₹ 4,564.28 (net off issue related expenses) have been utilized in the following manner:

(₹ in Million)

	Funds raised from IPO	**Utilized up to March 31,2018**	**Unutilized as at March 31,2018**
Repayment of prepayment in full or in part of certain loans availed by the Company	3,000.00	3,000.00	-
Purchase of Medical equipments for existing, recently set up and upcoming hospitals	635.80	147.22	488.58
Purchase of interior, furniture and allied infrastructure for upcoming hospitals	111.84	-	111.84
General Corporate purposes	816.64	426.69	389.95
Net Proceeds of the Issue	4,564.28	3,573.91	990.37*
Issue Expenses			
(net off recovery from promoters)	235.72	232.53	3.19
Gross Proceeds	4,800.00	3,806.44	993.56

*Unutilized amount of net issue proceeds of ₹ 990.37 million have been invested as Bank Fixed Deposit.

The Company has incurred ₹ 245.20 Mn. (exclusive of recovery from promoters) towards the offer related expenses as tabulated below. These expenses have been incurred in connection with raising of fresh equity capital and the same has been appropriated out of "Securities Premium Account". However, for Income Tax purpose the same will be claimed in five equal installments under section 35D of Income Tax Act, 1961.

Sr. No.		₹ in Million
1	Payment to BRLMs (including brokerage, selling commission, and Bidding fees)	111.56
2	Brokerage and selling commission, processing / uploading charges to Syndicate Members, RTAs and CDPs; Processing / uploading charges for Registered Brokers; Commission and processing fees for SCSBs(2)(4)	17.28
3	Fees to the Registrar to the Offer	0.23
4	SEBI, BSE, and NSE processing fees, other regulatory expenses and listing fees	20.82
5	Printing and stationery expenses	6.04
6	Advertising, Publicity and Miscellaneous expenses	89.27
	Total Expense	**245.20**

Notes to the Financial Statements

for the year ended March 31, 2018

Note 53: Un-hedged Foreign Currency Exposure

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

The foreign currency exposure not hedged as at March 31, 2018 are as under:

(Amount in Million)

Currency	Payable (In Foreign Currency)		Receivable (In Foreign Currency)		Payable (In Indian Rupee)		Receivable (In Indian Rupee)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	2.01	9.23	0.12	0.04	130.26	598.56	8.35	2.70
EUR	0.77	0.96		-	62.36	66.52	-	-

Note 54: MAT Credit Entitlement and Deferred Tax assets / Liabilities

During the financial year ending on March 31, 2017, the Company recognized MAT credit entitlement aggregate amounting to ₹ 300.03 million in respect of financial year 2016-17 and also in respect of earlier financial years. The Company while compiling the financial statements for the year under review in accordance with the provisions of Ind AS has restated the amounts of MAT credit entitlement under the respective financial years in order to normalize the tax impact.

Similarly, the Company has also restated the amounts of Deferred Tax recognized during the financial year under review, under respective financial years in order to normalize the tax impact.

Note 55: Statement of Management

(a) The non current financial assets, current financial assets and other current assets are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.

(b) Balance Sheet, Statement of Profit and Loss, cash flow statement and change in equity read together with Notes to the accounts thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and financial performance of the Company for the year under review.

Note 56: The figures for the previous year have been regrouped / reclassified, wherever necessary, to make them comparable with the figures for the current year. Figures are rounded off to nearest millions.

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Independent Auditor's Report

To,
The Members,
SHALBY LIMITED,
Ahmedabad.

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of SHALBY LIMITED ("the Parent Company") and its Subsidiaries (the Parent and its subsidiaries together referred as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Change in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rules issued thereunder.

This respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the Consolidated financial position of the Group as at March 31, 2018 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Emphasis of Matters

We draw your attention to Note 20 with regard to preparation of the Ind AS financial statements of one the Subsidiary companies. i.e. Vrundavan Shalby Hospitals Limited ("Such subsidiary company") on the assumption that the Such subsidiary company is no longer a going concern in view of the resolution passed by the Board of Directors of such subsidiary company on January 9, 2018 resolving to cease the business operations with immediate effect at both the hospitals located at Mapusa and Panjim since the same is financially not viable.

Our opinion is not modified in respect of the said matter.

Other Matters

We did not audit financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 2.20 million as at March 31, 2018, total revenue of ₹ 0.74 million and net cash inflow amounting to ₹ 0.48 million for the year ended on that date, as considered in consolidated Ind AS financial statements. This financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of clause (i) of sub sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary are based solely on the reports of the other auditor.

We did not audit financial statements of one subsidiary, whose Ind AS financial statements reflect total assets of ₹ 20.05 million as at March 31, 2018, total revenue of ₹ 0.54 million and net cash inflow amounting to ₹ NIL for the year ended on that date, as considered in consolidated Ind AS financial statements. This Ind AS financial statements have been unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of clause (i) of sub sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary are based solely on such unaudited Ind AS financial Statements.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and Management.

Report on Other Legal and Regulatory Requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial Statements have been kept so far as it appears from our examination of those books.

(c) The consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements

(d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the India Accounting Standards specified under Section 133 of the Act, read with Rules issued thereunder.

(e) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors of the Parent Company and the report of the statutory auditors of the its subsidiary companies incorporated in the India, none of the directors of Group Companies is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A", which is based on the auditors' reports of the Parent Company and subsidiary companies incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us :

   (i) The Consolidated Ind AS financial statements disclose impact of pending litigations on its Consolidated financial position of the Group - Refer note 39 to the Consolidated Ind AS financial statements.

   (ii) The Group did not have any material foreseeable loss on long-term contracts including derivatives contracts.

   (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

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

J. D. PATEL
Partner
Mem. No. 32780

Place : Ahmedabad
Date : May 7, 2018

Annexure - A to the Independent Auditors' Report of even date on the Consolidated Ind AS financial Statements of SHALBY LIMITED

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

In Conjunction with our audit of the consolidated Ind AS financial statements of the company as of end for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting SHALBY LIMITED ("the Parent Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of Parent Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the parent Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

J. D. PATEL
Partner
Mem. No. 32780

Place : Ahmedabad
Date : May 7, 2018

SHALBY MULTI-SPECIALTY HOSPITALS

Consolidated Balance Sheet

as at March 31, 2018

(₹ in Million)

	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	6	6 398.73	3 208.85	3 177.83
Capital work-in progress	7	464.03	2 207.03	821.87
Goodwill		101.55	19.58	19.58
Other Intangible assets	8	2.96	1.66	3.68
Intangible assets under development	9	3.82	2.27	0.06
Financial Assets				
Investments	10	1.10	1.10	1.10
Other Financial Assets	11	229.42	19.17	12.66
Deferred Tax assets (Net)	12	113.36	71.70	170.85
Other non current assets	13	74.79	363.69	275.30
		7 389.76	**5 895.05**	**4 482.93**
Current Assets				
Inventories	14	120.53	76.47	74.89
Financial assets				
Trade receivables	15	606.45	336.31	292.77
Cash and cash equivalents	16	116.69	116.97	89.15
Other Bank Balances	17	1 042.29	41.53	71.76
Loans	18	-	56.15	33.44
Other Financial Assets	11	129.05	130.44	7.26
Current tax assets (Net)	19	104.06	84.50	97.75
Other Current Assets	13	115.95	47.69	48.44
		2 235.02	**890.06**	**715.46**
Assets classified as held for sale	20	71.51	-	-
		2 306.53	**890.06**	**715.46**
Total Assets:		**9 696.29**	**6 785.11**	**5 198.39**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	21	1 080.10	874.09	873.55
Other Equity	22	6 534.34	1 639.96	1 339.46
		7 614.44	2 514.05	2 213.01
Non-Controlling Interest		0.58	(6.22)	3.69
		7 615.02	**2 507.83**	**2 216.70**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	23	749.82	2 854.04	2 023.35
Other Financial Liabilities	24	46.23	22.47	29.46
Provisions	25	13.71	15.18	8.96
Deferred tax liabilities (Net)	12	0.01	0.01	1.67
Other Non-current Liabilities	26	128.41	88.78	-
		938.18	**2 980.48**	**2 063.44**
Current Liabilities				
Financial Liabilities				
Borrowings	23	157.16	260.67	93.18
Trade Payables	27	478.45	392.31	468.62
Other Financial Liabilities	24	445.30	588.56	320.21
Other Current liabilities	26	49.12	44.04	30.79
Provisions	25	6.05	7.51	1.74
Current tax liabilities	28	5.04	3.71	3.71
		1 141.12	**1 296.80**	**918.25**
Liabilities directly associated with assets classified as held for sale	20	1.97	-	-
		1 143.09	**1 296.80**	**918.25**
Total Equity and Liabilities:		**9 696.29**	**6 785.11**	**5 198.39**

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Million)

	Note No.	March 31, 2018	March 31, 2017
INCOME			
Revenue from Operations	29	3 832.31	3 237.66
Other Income	30	90.93	67.45
Total Income:		**3 923.24**	**3 305.11**
EXPENSES			
Operative expenses	31	1 827.89	1 514.54
Purchase of stock in trade	32	396.75	366.96
Changes in inventories	33	(8.04)	(4.67)
Employee benefits expense	34	450.80	388.98
Finance Cost	35	123.56	106.02
Depreciation and Amortization	36	228.57	167.02
Other Expenses	37	330.97	261.29
Total Expenses:		**3 350.50**	**2 800.14**
Profit before exceptional items and tax		**572.74**	**504.97**
Exceptional Items		-	-
Profit Before Tax		**572.74**	**504.97**
Tax Expense	12		
Current tax		103.84	119.22
Deferred tax		41.75	98.73
Total Tax Expense:		**145.59**	**217.95**
Profit for the year from continuing operations		**427.15**	**287.02**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		4.19	(3.58)
Tax relating to remeasurement of the defined benefit plans		(1.45)	1.24
Items that will be reclassified to profit or loss			
Loss arising from translating the financial statement of foreign operation		0.07	(0.06)
Tax relating to Loss arising from translating the financial statement of foreign operation		-	-
		2.81	**(2.40)**
Total comprehensive income for the year, net of tax		**429.96**	**284.62**
Profit for the year attributable to			
Shareholders of the Company		429.23	296.93
Non-Controlling Interest		(2.08)	(9.91)
		427.15	**287.02**
Other comprehensive income attributable to			
Shareholders of the Company		2.81	(2.40)
Non-Controlling Interest		-	-
		2.81	**(2.40)**
Total comprehensive income for the year attributable to			
Shareholders of the Company		432.04	294.53
Non-Controlling Interest		(2.08)	(9.91)
		429.96	**284.62**
Earning per Equity Share	38		
Basic		2.85	3.40
Diluted		2.85	3.40

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

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

J. D. PATEL
Partner
Mem. No. 32780

Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

(₹ in Million)

			March 31, 2018	March 31, 2017
A.	**Cash flow from operating activities**			
	Profit/(Loss) for the year before taxation		572.74	504.97
	Adjustments for			
	Depreciation and amortisation		228.57	167.02
	Finance cost		123.56	106.02
	Interest Income from financial assets measured at amortised cost		(28.40)	(18.02)
	Profit on sale of assets (Net)		(0.06)	(2.33)
	Fixed assets written off		1.17	0.17
	Impairment of Assets		7.10	-
	Provision for Bad & Doubtful Debts		2.62	8.29
	Foreign Currency Translation Reserve		0.07	(0.06)
	Operating profit before working capital changes		**907.37**	**766.06**
	Adjustments for Changes in Working Capital			
	Decrease / (Increase) in Inventories		(43.51)	(1.58)
	Decrease / (Increase) in Trade receivables		(272.76)	(51.83)
	Decrease / (Increase) in Other Non current financial assets		(210.21)	(6.63)
	Decrease / (Increase) in Other current financial asset		11.37	(123.01)
	Decrease / (Increase) in Other non current asset		(82.48)	(88.39)
	Decrease / (Increase) in Other current assets		(68.60)	0.75
	Decrease / (Increase) in Loan		56.15	(22.71)
	Increase / (Decrease) in Trade payables		87.61	(76.31)
	Increase / (Decrease) in Provisions		0.09	8.41
	Increase / (Decrease) in Other Non current financial liabilities		23.76	(6.99)
	Increase / (Decrease) in Other current financial liabilities		(189.32)	210.63
	Increase / (Decrease) in Other Non current liabilities		39.63	88.78
	Increase / (Decrease) in Other current liabilities		5.58	13.25
	Cash generated from operations		**264.69**	**710.43**
	Direct taxes Refund/(paid)		(125.35)	(105.97)
	Net Cash from Operating Activities	**[A]**	**139.34**	**604.46**
B.	**Cash flow from investing activities**			
	Purchase of property, plant and equipment / Intangible assets		(1383.59)	(1 581.23)
	Other Bank Balance		(1 001.24)	30.23
	Interest received		19.75	17.97
	Net Cash from / (used in) investing activities	**[B]**	**(2365.08)**	**(1 533.03)**

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

(₹ in Million)

			March 31, 2018	March 31, 2017
C.	**Cash flow from financing activities**			
	Proceeds from issued / allotment of shares		203.28	0.54
	Securities premium received		4 681.21	3.24
	Proceeds from borrowings		(2 286.95)	998.18
	Payment for acquisition of Non-controlling Interest in Subsidiary Company		(46.92)	-
	Share Issued Expenditure		(245.20)	-
	Proceed from share application money pending allotment		-	2.73
	Interest paid		(83.24)	(48.30)
	Net cash flow from financial activities	**[C]**	**2 222.19**	**956.39**
	Net Increase/(Decrease) in cash & cash equivalents	**[A+B+C]**	**(3.55)**	**27.82**
	Cash and cash equivalents opening		116.97	89.15
	Add: On account of Business Combination		3.67	-
	Cash and cash equivalents closing		**117.09**	**116.97**
	Components of Cash and cash equivalent			
	Balances with scheduled banks		69.39	52.28
	Fixed Deposits with maturity less than 3 months		38.90	48.74
	Cash in hand		8.40	15.95
	Cash and cash equivalents classified as held for sale		0.40	-
			117.09	**116.97**

Explanatory Notes to Cash Flow Statement

1 The Statement of Cash Flow is prepared by using indirect method in accordance with the format prescribed by Indian Accounting Standard 7.

2 In Part A of the Cash Flow Statements, figures in brackets indicates deductions made from the net profit for deriving the cash flow from operating activities. In part B & part C, figures in brackets indicates cash outflows.

3 Figures of the previous year have been regrouped wherever necessary, to confirm to current years presentation.

As per our report of even date attached

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Consolidated Statement of changes in Equity

for the year ended March 31, 2018

A. Equity share capital

(₹ in Million)

As at April 1, 2016	**873.55**
Issue of Equity Share capital	0.54
As at March 31, 2017	**874.09**
Issue of Equity Share capital	206.01
As at March 31, 2018	**1 080.10**

B. Other equity

(₹ in Million)

Particulars	Reserves and Surplus						Equity attributable to the shareholders of Company	Non-Controlling Interest	Total Equity
	Securities Premium	Capital Redemtion Reserve	Retained Earnings	Share Application Money Pending allotment	Capital Reserve on Consolidation	Other Comprehensive Income			
Balance as at April 1, 2016	**-**	**-**	**1 330.28**	**-**	**9.18**	-	**1 339.46**	**3.69**	**1 343.15**
Profit for the year	-	-	296.93	-	-	-	296.93	(9.91)	287.02
Received during the year	3.24	-	-	2.73	-	-	5.97	-	5.97
Addition during the year	-	5.33	(5.33)	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	(2.40)	(2.40)	-	(2.40)
Balance as at March 31, 2017	**3.24**	**5.33**	**1 621.88**	**2.73**	**9.18**	**(2.40)**	**1 639.96**	**(6.22)**	**1 633.74**
Profit for the year	-	-	429.23	-	-	-	429.23	(2.08)	427.15
Received during the year	4 681.21	-	-	-	-	-	4 681.21	-	4 681.21
Share Issue Expenses (Net of Taxes)	(160.34)	-	-	-	-	-	(160.34)	-	(160.34)
Addition during the year	-	-	-	-	-	-	-	-	-
Deduction during the year	-	-	-	(2.73)	-	-	(2.73)	-	(2.73)
Adjustment on acquisition of Non-controlling Interest in Subsidiary Company	-	-	(55.80)	-	-	-	(55.80)	8.88	(46.92)
Other comprehensive income for the year	-	-	-	-	-	2.81	2.81	-	2.81
Balance as at March 31, 2018	**4 524.11**	**5.33**	**1 995.31**	**0.00**	**9.18**	**0.41**	**6 534.34**	**0.58**	**6 534.92**

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

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

J. D. PATEL
Partner
Mem. No. 32780

Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 1: Corporate Information

Shalby Limited (the Parent Company) is a company engaged in healthcare delivery space and listed with bourses in India. The registered office of the Company is located at Opposite Karnavati Club, Sarkhej Gandhinagar Highway, Near Prahladnagar Garden, Ahmedabad – 380 015. The company operates as a chain of multi-specialty hospitals across India. The business of the company is to offer tertiary and quaternary healthcare services to patients in various areas of specialization such as orthopedics, complex joint replacements, cardiology, neurology, oncology, renal transplantations etc.

Following subsidiary entities have been considered in the preparations of the consolidated financial statements.

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

(*) Parent Company has acquired additional 45% stake from outsider during the year. Consequent to this, said subsidiary became wholly owned subsidiary of Parent Company.

The consolidated Ind AS financial statements for the year ended March 31, 2018 were authorized for issue in accordance with resolution passed by the Board of Directors of the company on May 7, 2018.

Note 2: Basis of Preparation

These consolidated Ind AS financial statements of the Parent Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For all periods up to and including the year ended March 31, 2017, the Parent Company prepared its Consolidated financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). These Consolidated financial statements for the year ended March 31, 2018 are the first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. The comparative figures in the Consolidated Balance Sheet as at March 31, 2017 and April 1, 2016 and Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended March 31, 2017 have been restated accordingly. Accounting Policies have been consistently applied except where newly issued accounting standard is initially adopted or revision to the existing standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

Refer Note 5.21 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Parent Company.

2.1 Statement of Compliance

The consolidated Ind AS financial statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement, together with notes for the year ended March 31, 2018 have been prepared in accordance with Ind AS as notified under section 133 of the Companies' Act, 2013 ("the Act") duly approved by the Board of Directors at its meeting held on May 7, 2018.

2.2 Basis of Measurement

The consolidated Ind AS financial statements of the Parent Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for certain Assets and Liabilities as stated below:

(a) Financial instruments (assets / liabilities) classified as Fair Value through profit or loss or Fair Value through Other Comprehensive Income are measured at Fair Value.

(b) The defined benefit asset / liability is recognised as the present value of defined benefit obligation less fair value of plan assets.

(c) Assets held for sale measured at fair value less cost to sales

The above items have been measured at Fair Value and the methods used to measure Fair Values are discussed further in Note 5.18.

2.3 Functional and Presentation Currency

Items included in the consolidated financial statements of the Parent Company are measured using the currency of

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for the year ended March 31, 2018

the primary economic environment in which the Parent Company operates ("the functional currency"). Indian Rupee is the functional currency of the Parent Company.

The consolidated financial statements are presented in Indian Rupees (₹) which is the Parent company's presentation currency, and all values are rounded to the nearest million, except otherwise stated.

2.4 Standard issued but not yet effective

Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, ('the Rules') on March 28, 2018. The rules notify the new Revenue Standard Ind AS 115 'Revenue from Contracts with Customers' and also bring in amendments to existing Ind AS. The rules shall be effective from reporting period beginning on or after April 1, 2018 and cannot be reported early. Hence, the same not applied in the preparation of these financial statements.

Note 3: Consolidation of Financial Statements

Note 3.1: Principle of Consolidation

(a) The consolidated financial statements relate to Shalby Limited and its subsidiary entities. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Consolidation of an entity begins when the Company obtains control over the entity and ceases when Company loses control of the entity. Specifically, income and expenses of an entity acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control or until the date when the Company ceases to control the entity, respectively.

(b) The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transaction between group companies are eliminated. Ind AS -12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(c) Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on March 31.

(d) Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(e) Non-Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Parent Company.

(f) Consolidated financial statements includes Limited Liability partnership in which Shalby Limited holds pertinent interest are also consolidated with same effects and treatments as given to the corporate subsidiaries in compliance with Indian Accounting Standard 110.

Note 3.2: Consolidation Procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(d) A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

   (a) Derecognises the assets (including goodwill) and liabilities of the subsidiary;

   (b) Derecognises the carrying amount of any non-controlling interests;

   (c) Derecognises the cumulative translation differences recorded in equity;

   (d) Recognises the fair value of any investment retained;

   (e) Recognises any surplus or deficit in profit or loss, and

   (f) Reclassifies the parent's share of components, previously recognised in OCI, to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(e) The notes and the significant accounting policies to the consolidated financial statements are intended to serve as a guide for better understanding of the group's position. In this respect, the company has disclosed such notes and policies, which represent the needed disclosures.

(f) In case of foreign subsidiaries, revenue and expenses items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve through Other Comprehensive Income.

Note 4: Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of consolidated financial statements, income and expense during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the periods in which the estimates are revised and in future periods which are affected.

In the process of applying the Group's accounting policies, management has made the following judgments and estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1 Revenue recognition

Revenue from fees charged for inpatient and outpatient hospital/clinical services rendered to insured, Government schemes and corporate patients are subject to approvals from the insurance companies and corporates. Accordingly, the Group estimates the amounts likely to be disallowed by such companies based on past trends and necessary provisions are made.

4.2 Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

4.3 Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4.4 Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

4.5 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Consolidated Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

4.6 Allowance for uncollectible trade receivables

Trade receivables, predominantly from Government schemes/ insurance companies and corporates which enjoy high credit ratings are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Individual trade receivables are written off when management deems it not to be collectible.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix considering the nature of receivables and the risk characteristics. The provision matrix takes into accounts historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the day of the receivables are due and the rates as given in the provision matrix.

4.7 Impairment of Property, Plant & Equipment

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss which is material in nature is accounted for.

4.8 Litigations

The provision is recognized based on the best estimate of the amount desirable to settle the present obligation arising at the reporting period and of the income is recognized in the cases involving high degree of certainty as to realization.

Note 5: Significant Accounting Policies

5.1 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

(a) Financial Assets

Financial Assets comprises of investments in equity instruments, trade receivables, cash and cash equivalents and other financial assets.

Initial Recognition:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit or Loss, transaction costs that are attributable to the acquisition of financial assets. Purchases or sales of financial assets that requires delivery of assets within a period of time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group committed to purchase or sell the asset.

Subsequent Measurement:

(i) Financial assets measured at amortized Cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and where contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI):

Financial Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair Value movements in financial assets at FVTOCI are recognized in Other Comprehensive Income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the Group classifies the same as FVTOCI. The classification is made on initial recognition and is irrevocable. Fair Value changes on equity instruments at FVTOCI, excluding dividends are recognized in Other Comprehensive Income (OCI).

(iii) Fair Value through Profit or Loss (FVTPL):

Financial Assets are measured at FVTPL if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Statement of Profit and Loss.

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De-recognition of Financial Assets:

Financial Assets are derecognized when the contractual rights to cash flows from the financial assets expire or the financial asset is transferred and the transfer qualifies for de-recognition. On de-recognition of the financial assets in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the Statement of Profit and Loss.

(b) Financial Liabilities

Initial Recognition and Measurement

Financial Liabilities are initially recognized at fair value plus any transaction costs, (if any) which are attributable to acquisition of the financial liabilities.

Subsequent Measurement:

Financial Liabilities are classified for subsequent measurement into following categories:

(i) Financial liabilities at Amortized Cost:

The Group is classifying the following under amortized cost:

- Borrowing from Banks
- Borrowing from Others
- Trade Payables
- Other Financial Liabilities

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus cumulative amortization using the effective interest method of any differences between the initial amount and maturity amount.

(ii) Financial liabilities at Fair Value through Profit or Loss:

Financial liabilities held for trading are measured at Fair Value through Profit or Loss

De-recognition of Financial Liabilities:

Financial liabilities shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(c) Offsetting of Financial assets and Financial Liabilities

Financial assets and Financial Liabilities are offset and the net amount is presented in Balance Sheet when, and only when, the Group has legal right to offset the recognized amounts and intends either to settle on the net basis or to realize the assets and liabilities simultaneously.

(d) Reclassification of Financial Assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorized as equity instruments at FVTOCI, and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines the change in a business model as a result of external or internal changes which are significant to the Group's Operations. A Change in business occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively effective from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

5.2 Share Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from equity, net of any tax effects.

5.3 Property, Plant and Equipment

Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Properties in the course of construction for supply of services or administrative purpose are carried at cost, less any recognised impairment loss. Cost includes professional fees and other directly attributable cost and for qualifying

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assets, borrowing cost capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of Property Plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives as prescribed under Part C of Schedule II to the Companies Act 2013, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Leasehold land with lease term of 99 years or more and renewable with mutual consent are considered as finance leases with perpetual lease term and the same are not amortised with effect from April 1, 2016.

Estimated useful lives of the assets are as follows:

Type of Asset	Useful Life
Buildings*	30 years and 60 years
Plant and Machinery	15 years
Medical Equipment	13 years and 15 years
Electrical Installations	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years and 10 years
Servers and Computers	3 years and 6 years

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

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

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

However, the carrying values of fixed assets of aforesaid subsidiary and depreciation thereon being non-significant, the depreciation is not recomputed to fall in line with the method of Depreciation adopted by the Parent Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised net within "other income / other expenses" in the Statement of profit and loss.

Transition to Ind AS

For transition to Ind AS, the Group has opted to adopt the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

5.4 Intangible assets

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Goodwill generated on business combination is tested for impairment.

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Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is de-recognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Type of Asset	Useful Life
Computer software and data processing software	3 years

Transition to Ind AS

For transition to Ind AS, the Group has opted to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

5.5 Inventories

Inventories of all medicines, medicare items traded and dealt with by the Group are measured at the lower of weighted average cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT/GST wherever applicable.

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

5.6 Impairment

(a) Financial assets (other than at fair value)

The Group assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured though a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

(b) Non-financial assets

Tangible and Intangible assets

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to it's recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

5.7 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rates that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contract is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with the contract.

Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

5.8 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

(a) Rendering of Services

Healthcare Services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to Patients. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the amounts due from patients and/or medical funding entities. Unbilled revenue is recorded for the service where the patients are not discharged and invoice is not raised for the service.

Other Services

Income from Clinical trials on behalf of Pharmaceutical Companies is recognized on completion of the service, based on the terms and conditions specified to each contract.

Other services fee is recognized on basis of the services rendered and as per the terms of the agreement.

(b) Sale of Goods

Pharmacy Sales are recognised when the significant risks and rewards of ownership is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates granted upon purchase and are stated net of returns and discounts wherever applicable. Sales are adjusted for Value Added Tax/GST wherever applicable.

(c) Dividend and Interest Income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

5.9 Leases

Leases are classified as finance leases whenever the (substantial value of the assets is initially paid as non-refundable lease premium) and terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the Company at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet and the lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease.

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Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefit accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

5.10 Foreign Currency Translation

The functional currency of the Group is the Indian Rupee (₹)

Exchange differences on monetary items are recognised in the Consolidated Statement of profit and loss in the period in which they arise except for:

(i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(ii) exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Group for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2016), as per the previous GAAP, pursuant to the Group's choice of availing the exemption as permitted by Ind AS 101.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

5.11 Borrowing Costs

Borrowing costs include

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

5.12 Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in statement of profit and loss in the period in which they become receivable.

5.13 Employee benefits

(a) Short-term obligations

Liabilities for salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

The Parent Company operates the following post-employment schemes: a) defined contribution plans - provident fund b) defined benefit plans - gratuity plans

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(i) Defined contribution plans

The Parent Company has defined contribution plan for the post-employment benefits namely Provident Fund, Employees Death Linked Insurance and Employee State Insurance and the contributions towards such funds and schemes are recognised as employee benefits expense and charged to the Statement of Profit and Loss when they are due. The Company does not carry any further obligations with respect to this, apart from contributions made on a monthly basis.

(ii) Defined benefit plans

The Parent Company has defined benefit plan, namely gratuity for eligible employees in accordance with the Payment of Gratuity Act, 1972 the liability for which is determined on the basis of an actuarial valuation (using the Projected Unit Credit method) at the end of each year.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the tenor of the related obligation. The liability or asset recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of profit and loss in the line item 'Employee benefits expense'.

Remeasurements of the net defined liability, comprising of actuarial gains and losses, return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and any change in the effect of asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Change in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(c) Compensated Absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

5.14 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

No Deferred tax asset is recognized for goodwill arising on business combination.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5.15 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

(a) fair values of the assets transferred;

(b) liabilities incurred to the former owners of the acquired business;

(c) equity interests issued by the Company; and

(d) fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

5.16 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

5.17 Earnings per share

The Parent Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

5.18 Fair Value Measurement

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

(a) Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

(c) Level 3 - unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investment in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques.

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for the year ended March 31, 2018

(b) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However in respect of such financial instruments, fair value generally approximates the carrying amount due to short term nature of such assets. This fair value is determined for disclosure purposes or when acquired in a business combination.

(c) Non derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

5.19 Current / non- current classification

An asset is classified as current if:

(a) it is expected to be realized or sold or consumed in the Group's normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be realized within twelve months after the reporting period; or

(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

(a) it is expected to be settled in normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be settled within twelve months after the reporting period;

(d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between acquisition of assets for processing / trading / assembling and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

5.20 Cash and cash equivalent

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

5.21 First Time Adoption of Ind AS

The Group has prepared the opening standalone balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain mandatory exceptions under Ind AS 101 and certain optional exemptions permitted under Ind AS 101 availed by the Group as detailed below:

1. Mandatory exceptions to retrospective application of other Ind AS

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) unless there is an objective evidence that those estimates were in error.

The Group has not made any changes to estimates made in accordance with Previous GAAP.

(b) Ind AS 109 - Financial Instruments (Derecognition of previously recognized Financial Assets / Financial Liabilities)

An entity shall apply the derecognition requirements in Ind AS 109 prospectively for the transactions occurring on or after date of transition to Ind AS.

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The Group has applied the derecognition requirements prospectively.

(c) Ind AS 109 "Financial Instruments" (Classification and Measurement of Financial Assets / Financial Liabilities)

Classification and measurement of Financial Assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

The Group has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of Financial Assets and accordingly has classified and measured financial assets on the date of transition.

(d) Ind AS 109 "Financial Instruments" (Impairment of Financial Assets): Impairment requirements under Ind AS 109 should be applied retrospectively based on reasonable and supportable information that is available on the date of transition without undue cost or effort.

The borrowings of the Parent Company outstanding as at the transition date, consists of loans whose disbursements have taken place in multiple tranches in different financial years with varying interest rates. In some cases, the rate of interest on the loans are variable in nature and drawal of the loans have been made in multiple installments with each drawal to be treated as a separate transaction for the purpose of computing the amortised cost. Implementing the requirement of amortised cost retrospectively is impracticable and also the amount is expected to be immaterial and hence the Parent Company has considered the fair value of the financial liability at the date of transition to Ind AS as new amortised cost of that financial liability at the date of transition to Ind AS i.e. April 1, 2016.

2. Optional exemptions

(a) Deemed cost for property, plant and equipment, and intangible assets

Ind AS 101 permits a first-time adopter to opt to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets".

Accordingly, the Group has opted to measure all of its property, plant and equipment, and intangible assets at their previous GAAP carrying value.

(b) Past Business Combinations

Ind AS 101 allows a first-time adopter to opt not to apply Ind AS 103 "Business Combinations" retrospectively to past business combinations that occurred before the date of transition to Ind AS.

The Group has opted not to apply Ind AS 103 retrospectively to past business combinations that occurred before the transition date of April 1, 2016.

(d) Determining whether an arrangement contains a lease

The Group has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement contains a lease on the basis of facts and circumstances existing at the transition date.

The Group has leases of land. The classification of each land as finance lease or operating lease at the date of transition to Ind AS is done based on the basis of facts and circumstances existing as at that date.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 6 : Property, Plant and Equipment

Note 6.1 : As at March 31, 2018

(₹ in Million)

Particulars	Gross Block					Accumulated Depreciation					Net carrying amount
	As at April 1, 2017	Additions	Adjustments: On acquisition	Adjustments: Deductions / Others (*)	As at March 31, 2018	Upto March 31, 2017	For the year	Adjustments: On acquisition	Adjustments: Deductions / Others (*)	Upto March 31, 2018	As at March 31, 2018
Owned Assets											
Free hold land	157.22	1.00	241.42	(0.35)	399.29	-	-	-	-	-	399.29
Buildings	1 172.22	1 470.49	-	(64.90)	2 577.81	43.21	47.56	-	(3.76)	87.01	2 490.80
Medical Equipments and Surgical Instruments	928.87	1 011.43	5.33	(11.75)	1 933.88	69.71	104.21	-	(1.67)	172.25	1 761.63
Plant & Machinery	159.43	249.31	15.50	(5.30)	418.94	10.81	19.24	3.79	(0.41)	33.43	385.51
Electrical Installation	39.25	159.95	-	(1.91)	197.29	5.24	6.89	-	(0.38)	11.75	185.54
Office Equipments	28.14	38.35	1.83	(0.04)	68.28	8.28	10.10	1.34	(0.03)	19.69	48.59
Computers and Printers	28.07	15.84	-	(0.23)	43.68	9.38	11.74	-	(0.05)	21.07	22.61
Furniture and Fixtures	87.86	280.76	-	(5.69)	362.93	7.97	13.52	-	(0.30)	21.19	341.74
Vehicles	50.48	20.22	0.48	(0.87)	70.31	5.12	8.26	0.22	(0.39)	13.21	57.10
Leasehold Assets											
Land	729.85	3.88	-	-	733.73	12.82	14.99	-	-	27.81	705.92
	3 381.39	**3 251.23**	**264.56**	**(91.04)**	**6 806.14**	**172.54**	**236.51**	**5.35**	**(6.99)**	**407.41**	**6 398.73**

Notes:

The following adjustments have been made in respect of Property, Plant and Equipments of one of the subsidiary companies i.e. Vrundavan Shalby Hospitals Limited. (Refer Note 20)

(₹ In Million)

Particulars	Gross Block	Accumulated Depreciation and Impairment
Assets reclassified as held for sale	80.79	14.05
Assets discarded	1.17	-
Provision for Impairment of assets	-	7.10

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 5.1 : As at March 31, 2017

(₹ in Million)

Particulars	Gross Block					Accumulated Depreciation					Net carrying amount
	As at April 1, 2016	Additions	Adjustments On acquisition	Adjustments Deductions / Others	As at March 31, 2017	Upto March 31, 2016	For the year	Adjustments On acquisition	Adjustments Deductions / Others	Upto March 31, 2017	As at March 31, 2017
Owned Assets											
Free hold land	310.53	-	-	(153.31)	157.22	-	-	-	-	-	157.22
Buildings	1 168.67	11.06	-	(7.51)	1 172.22	-	43.21	-	-	43.21	1 129.01
Medical Equipments and Surgical Instruments	778.69	151.53	-	(1.35)	928.87	-	69.74	-	(0.03)	69.71	859.16
Plant & Machinery	149.67	2.25	-	7.51	159.43	-	10.81	-	-	10.81	148.62
Electrical Installation	37.31	1.94	-	-	39.25	-	5.24	-	-	5.24	34.01
Office Equipments	24.44	3.70	-	-	28.14	-	8.28	-	-	8.28	19.86
Computers and Printers	19.84	8.28	-	(0.05)	28.07	-	9.37	-	0.01	9.38	18.69
Furniture and Fixtures	80.17	7.61	-	0.08	87.86	-	7.97	-	-	7.97	79.89
Vehicles	32.31	18.38	-	(0.21)	50.48	-	5.13	-	(0.01)	5.12	45.36
Leasehold Assets											
Land	576.20	0.34	-	153.31	729.85	-	12.82	-	-	12.82	717.03
	3 177.83	**205.09**	**-**	**(1.53)**	**3 381.39**	**-**	**172.57**	**-**	**(0.03)**	**172.54**	**3 208.85**

Note

The Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Details of gross block, accumulated depreciation and net block as per Indian GAAP are given in note 6.3

Note 6.3 : Gross block, accumulated depreciation and net block as per Indian GAAP as at April 1, 2016

(₹ in Million)

Particulars	Gross carrying amount	Accumulated Depreciation	Net carrying amount
Owned Assets			
Free hold land	310.53	-	310.53
Buildings	1 287.18	118.51	1 168.67
Medical Equipments and Surgical Instruments	1 328.05	549.36	778.69
Plant & Machinery	248.93	99.26	149.67
Electrical Installation	86.00	48.69	37.31
Office Equipments	87.79	63.35	24.44
Computers and Printers	59.20	39.36	19.84
Furniture and Fixtures	153.02	72.85	80.17
Vehicles	58.27	25.96	32.31
Leasehold assets			
Land	626.35	50.15	576.20
	4 245.32	**1 067.49**	**3 177.83**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 7 : Capital work in progress

Note 7.1 : As at March 31, 2018

(₹ in Million)

Particulars	As at April 1, 2017	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2018
Projects Under Development	2 207.03	1 410.27	-	(3 153.27)	464.03

Note 7.2 : As at March 31, 2017

(₹ in Million)

Particulars	As at April 1, 2016	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2017
Projects Under Development	821.87	1 402.77	(16.56)	(1.05)	2 207.03

Note:

The Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Note 7.3 : As at April 1, 2016

(₹ in Million)

Particulars	As at April 1, 2016
Projects Under Development	821.87

Note 8 : Other Intangible Assets

Note 8.1 : As at March 31, 2018

(₹ in Million)

Particulars	Gross Block				Accumulated Depreciation				Net carrying amount
	As at April 1, 2017	Additions	Deductions/ Adjustment (*)	As at March 31, 2018	Upto March 31, 2017	For the year	Deductions/ Adjustment	Upto March 31, 2018	As at March 31, 2018
Owned Assets									
Softwares	4.52	2.73	(0.05)	7.20	2.86	1.42	-	4.28	2.92
Trademark	-	0.06	-	0.06	-	0.02	-	0.02	0.04
	4.52	**2.79**	**(0.05)**	**7.26**	**2.86**	**1.44**	**-**	**4.30**	**2.96**

(*) Includes Intangible Assets of one of the subsidiary companies i.e. Vrundavan Shalby Hospitals Limited amounting to ₹ 0.05 million reclassified under the head Asset held for sale. (Refer Note 20)

Note 8.2 : As at March 31, 2017

(₹ in Million)

Particulars	Gross Block				Accumulated Depreciation				Net carrying amount
	As at April 1, 2016	Additions	Deductions/ Adjustment	As at March 31, 2017	Upto March 31, 2016	For the year	Deductions/ Adjustment	Upto March 31, 2017	As at March 31, 2017
Owned Assets									
Softwares	3.68	1.01	(0.17)	4.52	-	2.81	0.05	2.86	1.66

Note

The Group has elected to continue with the carrying value of all of its Intangible Assets recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Details of gross block, accumulated depreciation and net block as per Indian GAAP are given in note 8.3

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 8.3 : Gross block, accumulated depreciation and net block as per Indian GAAP as at April 1, 2016

(₹ in Million)

Particulars	Gross carrying amount	Accumulated Depreciation	Net carrying amount
Owned Assets			
Softwares	22.06	18.38	3.68

Note 9 : Intangible Assets under development

Note 9.1 : As at March 31, 2018

(₹ in Million)

Particulars	As at April 1, 2017	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2018
Trademark	0.06	-	-	(0.06)	-
Computer Software	2.21	1.61	-	-	3.82
	2.27	**1.61**	**-**	**(0.06)**	**3.82**

Note 9.2 : As at March 31, 2017

(₹ in Million)

Particulars	As at April 1, 2016	Additions	(Deductions)/ Adjustment	Capitalised	As at March 31, 2017
Trademark	0.06	-	-	-	0.06
Computer Software (ERP)	-	1.01	1.20	-	2.21
	0.06	**1.01**	**1.20**	**-**	**2.27**

Note

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

2 The Group has elected to continue with the carrying value of all of its Intangible Assets under Development recognised as of April 1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Note 9.3 : As at April 1, 2016

(₹ in Million)

Particulars	As at April 1, 2016
Trademark	0.06

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 10 : Investments

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non current			
Financial instruments at FVTPL			
Membership	1.10	1.10	1.10
Total:	**1.10**	**1.10**	**1.10**

Note 11 : Other Financial Assets

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- current			
Security deposits	16.64	16.43	11.05
Fixed Deposit with Original Maturity of more than 12 months (*)	2.70	2.70	1.45
Interest accrued but not due on fixed deposit	0.08	0.04	0.16
Business Advances	210.00	-	-
	229.42	**19.17**	**12.66**
Current			
Notice period recovery receivable (Doctors)	19.72	20.47	-
Government Grant Receivable	58.52	106.00	-
Security deposits	29.07	0.56	0.44
Interest accrued on loans	11.42	2.81	2.64
Other Recoverables	10.32	0.60	4.18
	129.05	**130.44**	**7.26**
Total	**358.47**	**149.61**	**19.92**

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

Note 12 : Tax Expenses

Note 12.1 : Deferred tax liabilities (Net)

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening balance	0.01	1.67	1.67
Adjustment for the current year			
Charged / (Credited) through Statement Profit & Loss	-	(1.66)	-
Charged / (Credited) through OCI	-	-	-
Deferred tax created directly through Reserves	-	-	-
Closing balance	**0.01**	**0.01**	**1.67**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 12.2 : Deferred tax assets (Net)

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening balance	71.70	170.85	170.85
Adjustment for the current year			
(Charged) / Credited through Statement Profit & Loss	(41.75)	(100.39)	-
(Charged) / Credited through OCI	(1.45)	1.24	-
(Charged) / Credited directly through Reserves	84.86	-	-
Closing balance	**113.36**	**71.70**	**170.85**

Note 12.3 : Significant components of deferred tax are shown in the following table:

(₹ in Million)

Particulars	As at March 31, 2018	(Charged) / Credited through P & L and OCI and directly in reserves	As at March 31, 2017	(Charged) / Credited through P & L and OCI and directly in reserves	As at April 1, 2016
Deferred tax liabilities					
Difference of book depreciation and tax depreciation	1 540.27	1 025.80	514.47	25.23	489.24
Deferred tax assets					
Provision for leave obligation and gratuity	1.32	(6.54)	7.86	1.51	6.35
Unabsorbed business loss and depreciation	1 166.84	888.54	278.30	(183.77)	462.07
MAT Credit entitlement	400.60	100.60	300.00	110.00	190.00
Share Issue Expenses	84.86	84.86	-	-	-
	1 653.62	**1 067.46**	**586.16**	**(72.26)**	**658.42**
Deferred tax Liabilities / (Assets) (Net)	**113.35**	**41.66**	**71.69**	**(97.49)**	**169.18**

Note 12.4 : Income tax expense has been allocated as follows:

(₹ in Million)

	March 31, 2018	March 31, 2017
Income tax expense recognised in the Statement of Profit and loss		
Current tax on profits for the year	103.84	119.22
Deferred tax recognised through Statement of Profit and Loss		
Decrease / (increase) in deferred tax assets	(981.66)	67.98
(Decrease) / increase in deferred tax liabilities	1 024.86	29.51
Deferred tax recognised in Other Comprehensive Income	(1.45)	1.24
	41.75	**98.73**
Income tax expense / (income) attributable to continuing operations	**145.59**	**217.95**
Deferred tax recognised through other comprehensive income		
Decrease / (increase) in deferred tax liabilities	**(1.45)**	**1.24**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 13 : Other Non - Current / Current Assets

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- current			
Capital advances	74.79	43.20	8.89
Advances for Acquisition of Hospital	-	320.49	266.41
	74.79	**363.69**	**275.30**
Current			
Balance with excise, customs and other authorities	29.14	26.47	11.61
Pre-paid expenses	6.58	6.16	3.39
Advance to suppliers	15.88	5.44	3.29
Advance to staff and doctors	3.82	6.16	5.93
Unbilled revenue (Net)	58.09	-	23.65
Other recoverable	2.44	3.46	0.57
	115.95	**47.69**	**48.44**
Total:	**190.74**	**411.38**	**323.74**

Note 14 : Inventories

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Medicines and Medicare Items	23.17	33.78	24.15
Materials and Consumables	87.59	35.31	42.64
General Stores	9.77	7.38	8.10
Total:	**120.53**	**76.47**	**74.89**

Note 15 : Trade Receivables

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered good	609.07	336.31	292.77
Considered Doubtful	3.79	21.53	13.24
	612.86	**357.84**	**306.01**
Less: Allowance for expected credit loss / Provision for excepted credit losses and doubtful debts	(6.41)	(21.53)	(13.24)
Total:	**606.45**	**336.31**	**292.77**
Included in the financial statement as follows:			
Non-current	-	-	-
Current	606.45	336.31	292.77
Total:	**606.45**	**336.31**	**292.77**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 16 : Cash and Cash Equivalents

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance with Bank			
Current accounts	69.39	52.28	40.59
Fixed Deposits with maturity less than 3 months (*)	38.90	48.74	39.15
Cash on hand	8.40	15.95	9.41
Total:	**116.69**	**116.97**	**89.15**

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

Note 17 : Other Bank Balances

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fixed Deposits with Original Maturity for more than 3 months but less than 12 months (*)	1 042.29	41.53	71.76

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

Note 18 : Loans

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured considered good)			
Current			
Loans to other entities	-	56.15	33.44

Note 19 : Current Tax Assets (Net)

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Advance Tax	666.19	701.15	595.75
Less : Provision for tax	562.13	616.65	498.00
	104.06	**84.50**	**97.75**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 20 : Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale

Note 20.1 Assets classified as held for sale

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current assets			
Property, Plant and Equipment	80.79	-	-
Intangible assets	0.05	-	-
Less : Accumulated Depreciation and amortisation	(14.05)	-	-
	66.79	**-**	**-**
Current assets			
Cash and cash equivalents	0.40	-	-
Other Bank Balances	0.48	-	-
Trade receivable			
Considered Doubtful	17.47	-	-
	(17.47)	**-**	**-**
	-	**-**	**-**
Other Financial Assets	0.22	-	-
Current tax assets (Net)	3.28	-	-
Other Current Assets	0.34	-	-
	4.72	**-**	**-**
	71.51	**-**	**-**

Note 20.2 Liabilities directly associated with assets classified as held for sale

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current Liabilities			
Trade Payables	1.47	-	-
Other Current Liabilities	0.50	-	-
Total:	1.97	-	-
Net Carrying Value:	**69.54**	**-**	**-**

Note:

1 In case of one of the subsidiary company i.e. Vrundavan Shalby Hospitals Limited ("such subsidiary company"), the proceeding u/s. 397-398 of the Companies Act, 1956, instituted by two shareholders of the company vide company petition no. 18/2015 (CA 14/2017) before Company Law Board and later upon order of Hon'ble High Court of Mumbai at Goa remanded back to Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, has been disposed off vide order dated August 18, 2017 in pursuance of final settlement arrived at between the parties to the dispute post filing the consent terms dated July 14, 2017 before the appropriate authorities.

2 Pursuant to aforesaid settlement and consent terms dated July 14, 2017 filed before NCLT, the two shareholders, i.e. Dr. Digambar Naik and Mrs. Mangala Naik, agreed to transfer their balance entire 45% shareholding in such subsidiary company i.e. 40,500

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

shares owned by Dr. Digambar Naik and 40,500 shares owned by Mrs. Mangala Naik, in favour of Parent Company, at agreed total consideration of ₹ 46.80 million to be paid by Parent Company. Such subsidiary company, by virtue of such settlement and upon transfer of aforesaid shares, became wholly owned subsidiary company of Parent Company. Further by virtue of settlement, the aforesaid two shareholders i.e. Dr. Digambar Naik and Mrs. Mangala Naik have agreed to settle all their rights, claims, entitlement as shareholders, directors or in any other capacity at a consideration referred above as full and final settlement. In view of such full and final settlement the amount of outstanding unsecured loan along with interest payable thereon by the company is no longer payable to Dr. Digambar Naik and accordingly the same has been transferred to Consolidated Statement of Profit and Loss for the current financial year under the head "Sundry balances written back".

3 Pursuant to settlement referred above note 20.2, the Such subsidiary company, in an attempt to resume the operations at hospitals, could not find it financial viable and therefore the Board of Directors of the company, vide Board resolution passed on January 9, 2018, consented to cease the entire operations with immediate effect. Consequent to such resolution, the Ind AS financial statements of the company for the current financial year have been prepared on assumption that the such subsidiary company henceforth is non-going concern.

4 Further, The Board of Directors of the Parent company in its meeting held on January 9, 2018 had decided to sale its Investment of such subsidiary company. Therefore, assets and liabilities of such subsidiary company has been classified as assets held for sale. The Net carrying value of assets and liabilities of such subsidiary company as at March 31, 2018 amounts to ₹ 69.54 million. Based on the circle rates prevailing currently, the management expects to realise the consideration higher than the Investment of such subsidiary company. Management expects the process of sale to be completed within 12 months from March 31, 2018.

Note 21 : Equity share capital

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised share capital			
11,77,50,000 (March 31, 2017: 11,12,50,000; April 1, 2016: 9,92,50,000) Equity Shares of ₹ 10 each	1 177.50	1 112.50	992.50
NIL (March 31, 2017: NIL; April 1, 2016: 20,00,000) Convertible / Redeemable Preference Shares of ₹ 10 each	-	-	20.00
	1 177.50	**1 112.50**	**1 012.50**
Issued share capital			
10,80,09,770 (March 31, 2017: 8,74,47,932; April 1, 2016: 8,73,54,932) Equity Shares of ₹ 10 each	1 080.10	874.48	873.55
Subscribed and fully paid up			
10,80,09,770 (March 31, 2017: 8,74,08,932; April 1, 2016: 8,73,54,932) Equity Shares of ₹ 10 each	1 080.10	874.09	873.55

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 21.1 Reconciliation of number of shares outstanding at the beginning and at the end of the Reporting Year

	As at March 31, 2018	As at March 31, 2017
At the beginning of the year	8 74 08 932	8 73 54 932
Add:		
Shares issued for Cash or Right Issue	2 06 00 838	54 000
	10 80 09 770	8 74 08 932
Less:		
Shares bought back / Redemption	-	-
At the end of the year	**10 80 09 770**	**8 74 08 932**

Note 21.2 Rights, Preferences and Restrictions

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

The equity shareholders shall have:

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

(ii) a right to receive dividend in proportion to the amount of capital paid up on the shares held.

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

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

Note 21.3 Details of shareholders holding more than 5% Shares in the company

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Shah Family Trust	4 33 27 132	40.11	-	-	-	-
Dr. Vikram I. Shah	77 35 493	7.16	5 20 62 625	59.56	5 20 62 625	59.60
Zodiac Mediquip Limited	3 15 45 448	29.21	3 15 61 048	36.11	3 19 39 348	36.56

Note 21.4 Preference Shares

The Preference Share Capital comprising of 5,33,100 convertible / redeemable Preference Shares of ₹ 10 each issued at premium have been considered and classified as Borrowings and accordingly disclosed under the head non current borrowings at amortised cost and the difference between the value of Preference Shares and the amortised cost has been adjusted against the opening reserves.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 22 : Other Equity

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities Premium	4 524.11	3.24	-
Capital Redemption Reserve	5.33	5.33	-
Retained Earnings	1 995.72	1 619.48	1 330.28
Share Application money pending allotment	-	2.73	-
Capital Reserve on Consolidation	**9.18**	**9.18**	**9.18**
Total:	**6 534.34**	**1 639.96**	**1 339.46**

Note 22.1 : Reconciliation of Other Equity

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities Premium			
Balance as per previous financial statements	3.24	-	-
Add : Additions during the year	4 681.21	3.24	-
Less: Share Issue Expenses (Net of Taxes)	160.34	-	-
Balance at the end of the year	**4 524.11**	**3.24**	**-**
Capital Redemption Reserve			
Balance as per previous financial statements	5.33	-	-
Add : Additions during the year	-	5.33	-
(Refer Note Below)			
Balance at the end of the year	5.33	5.33	-
Retained Earnings			
Balance as per previous financial statements	1 619.48	1 330.28	1 330.28
Add : Profit for the year	429.23	296.93	-
Add / (Less): OCI for the year	2.81	(2.40)	-
Less: Adjustment on acquisition of Non-controlling Interest in Subsidiary Company	(55.80)	-	-
Balance available for appropriation	1 995.72	1 624.81	1 330.28
Less: Appropriation			
Transfer to Capital Redemption Reserve	-	5.33	-
(Refer Note Below)			
	1 995.72	**1 619.48**	**1 330.28**
Share Application money pending allotment			
Balance as per previous financial statements	2.73	-	-
Add : Additions during the year	-	2.73	-
Less: Allotment during the year	2.73	-	-
Balance at the end of the year	-	2.73	-
Capital Reserve on Consolidation	**9.18**	**9.18**	**9.18**
Total:	**6 534.34**	**1 639.96**	**1 339.46**

Note:

In terms of provisions contained in Section 55 of the Companies Act 2013, the Company has, upon redemption of Preference Shares pursuant to resolution passed at the meeting held on December 20, 2016, transferred the amount equivalent to the face value of Preference Shares from the accumulated profits to Capital Redemption Reserve.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 23 : Borrowings

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- current			
Secured loans			
Term loans from bank			
(Refer Note 1 below)			
HDFC Bank Limited			
In Foreign Currency	68.12	131.19	417.51
In Indian Currency	481.35	630.62	497.43
Bank of Maharastra	-	633.22	170.57
Exim bank	-	483.23	170.57
IDFC Bank	198.92	-	-
Buyers' credit			
(Refer Note 2 below)			
In Foreign Currency			
HDFC Bank Limited	-	305.65	253.58
EXIM Bank	-	166.31	-
Vehicle loans			
HDFC Bank Limited	-	0.35	1.08
ICICI Bank limited	-	0.95	0.48
Daimler Financial services India Pvt. Ltd.	1.43	3.02	-
Unsecured			
Barclays Bank	-	-	499.50
From NBFC			
Barclays Investment & Loans (India) Ltd.	-	499.50	-
Preference Share Capital (Including Premium)	-	-	12.63
(Refer Note Below No. 3)			
	749.82	**2 854.04**	**2 023.35**
Current			
Secured			
Bank overdraft			
Kotak Mahindra Bank	157.16	43.55	4.27
Yes Bank Ltd.	-	36.17	-
Unsecured			
Working capital demand loan			
HDFC Bank Limited	-	150.00	-
Repayable on demand			
Inter corporate deposit	-	30.95	88.91
	157.16	**260.67**	**93.18**
	906.98	**3 114.71**	**2 116.53**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long term debts			
Secured			
Term loans from bank			
HDFC Bank Limited			
In Foreign Currency	16.25	23.31	101.87
In Indian Currency	15.55	105.49	-
Buyers' credit	190.80	32.67	-
Vehicle loans			
HDFC Bank Limited	0.35	0.72	1.72
ICICI Bank limited	0.95	0.77	0.23
Daimler Financial services India Private Limited	1.59	1.45	-
	225.49	**164.41**	**103.82**

Note:

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

2 Pursuant to directions issued by the Reserve Bank of India, the buyers' credit issued by AD Category - I banks are no longer entitled to be rolled over and therefore the entire outstanding amount of buyers' credit are due for repayment within the period of 12 months. Accordingly, the same has been classified under the head " Current Financial Liabilities."

3 Reference is invited to note 21.4 with regard to disclosure of preference share capital.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

4. Principal Terms and Conditions of borrowings as at March 31, 2018

(a) Secured

(i) Term loans

(₹ in Million)

Sr. No.	Name of Lender	Units	Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	Jabalpur, S.G. Highway	165.85	7.25%	Loans are repayable in 20 equal quarterly installments commencing from February, 2017.	Within 30 days of interest reset date, the Company has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. However, if prepayment is made by the borrower from fresh equity or internal accruals, no prepayment penalty shall be payable. Should the Company choose to exercise the prepayment option, the lender(s) must be intimated in writing at least 15 working days before the date of exercising of the prepayment option. In case of part prepayments, such prepayment shall be applied proportionately on the balance repayments pertaining to the facility. Penalty: Default interest of 2% p.a. over and above the applicable Interest Rate till such time such default / non compliance is cured to the Lender`s satisfaction.	(i) Exclusive charge by way of Equitable Mortgage of existing hospital situated at Survey no 976, TP scheme no 6, plot no - 118, Opp. Karnavati Club, S G Highway, Ahmedabad - 380005 with total land area admeasuring 6880 sq.mtrs and total constructed building area of 12053.56 sq.mtrs. (ii) Exclusive charge by way of hypothecation of all movable assets including plant and machinery, machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future of hospitals at S.G. Highway & Jabalpur. (iii) Personal guarantee of Director Dr. Vikram I. Shah to the extent of value of land situated at S.G.Highway Hospital owned by him and mortgaged under Security. (iv) Second pari-passu charge on the entire current assets, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, uncalled capital (if any), present and future of the Borrower. First pari-passu charge on the current assets shall be with the working capital lenders. (v) Exclusive charge by way of equitable mortgage of the land and building pertaining to the proposed hospital of Jabalpur. (vi) Additional Security : Fixed deposit of ₹ 54.04 Crores under lien with HDFC bank	HDFC Bank Limited (on behalf of SBICAP Trustee)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Name of Lender	Units	Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
2	HDFC Bank Limited	Jaipur, Indore, Naroda	415.43	7.50%	Loans are repayable in 24 equal quarterly installments commencing from June, 2019.	Within 45 days of interest reset date, the borrower has the option to prepay the amount of principal outstanding against the facility, in part or in full without any prepayment penalty. Prepayment on any other dates, other than mandatory prepayment event, shall be subject to a prepayment penalty of 2% of the principal amount being prepaid for the residual maturity of the facility. Penalty: Default interest of 2%p.a. over and above the applicable interest Rate till such time such default / non-compliances cured to the Lender's satisfaction.	(i) First pari-passu charge by way of equitable mortgage over land & building pertaining to hospital at Jaipur and Indore. (ii) First pari-passu charge by way of equitable mortgage over land and building pertaining to hospital at Naroda. (iii) First ranking Security by way of hypothecation of all the present and future tangible movable assets including plant and machinery spares, medical equipment (excluding those hypothecated to equipment financiers), tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future of hospitals at Jaipur, Indore and Naroda. (iv) Personal guarantee of Director Dr. Vikram I. Shah to the extent of 50 % of Naroda Land offered under security. (v) Second ranking security by way of hypothecation on the entire current asset, operating cash flows, receivables, commissions, revenues of what so ever nature and wherever arising, present and future uncalled capital (if any) present and future, of the company. (vi) Additional Security : Fixed deposit of ₹ 54.04 Crores under lien with HDFC bank	SBICAP Trustee
3	IDFC Bank	Surat	198.92	F.D rate + 0.7% p.a till Loan is backed by F.D 6.85 + 0.7 = 7.55%	The loan is repayable in 28 structured quarterly installments starting from June 30, 2019 & ending on March 31, 2026.	Except as given in (i) and (ii) below, any prepayment of the loan made by the borrower shall be with a prepayment premium of 2% of the principal amount being prepaid. i) The borrower shall have a right to prepay the loan in full but not in part within 30 days of the reset date without any prepayment premium ii) The borrower shall have to mandatory prepay the loan to the extent of atleast 30% of the outstanding amount from IPO proceeds without any prepayment premium.	i) Hypothecation of Surat facility current assets (including cashflows) and all movable assets including plant and machinery, medical equipment etc. present and future and exclusive mortgage of leasehold rights (of land) together with building ii) First pari-passu hypothecation of SG highway unit receivable and cash flows. Pari-passu charge to be shared with HDFC bank term loan sanction amount of ₹ 150 crore. Additional Security : Fixed deposit of ₹ 20 Crores under lien with IDFC bank	IDFC Bank

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(ii) Buyer's Credit

(₹ in Million)

Sr. No.	Name of Lender	Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	172.25[1]	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	Pursuant to directions issued by the Reserve Bank of India, the buyers' credit issued by AD Category - I banks are no longer entitled to be rolled over and therefore the entire outstanding amount of buyers' credit are due for repayment within the period of 12 months	Not Applicable	Security as specified for Sr. No. 1 and 2	HDFC Bank Limited
2	EXIM Bank	18.55[2]	Ranges between 6M LIBOR + 15 BPS to 6M LIBOR + 175 BPS	Pursuant to directions issued by the Reserve Bank of India, the buyers' credit issued by AD Category - I banks are no longer entitled to be rolled over and therefore the entire outstanding amount of buyers' credit are due for repayment within the period of 12 months	Not Applicable	-	EXIM Bank

1 HDFC:-The value in INR has been arrived at based on the exchange rate on March 28, 2018. Accordingly, on March 31, 2018, Outstanding USD were 16,95,321 and exchange rate was 1 USD equal to 65.0441 INR and Outstanding EURO were 768776.17 and exchange rate was 1 EURO equal to 80.6222 INR

2 EXIM :- The value in INR has been arrived at based on the exchange rate on March 28, 2018. Accordingly, on March 31, 2018, Outstanding USD were 2,85,000 and exchange rate was 1 USD equal to 65.0441 INR.

(iii) Vehicle loans

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	HDFC Bank Limited	Mahindra Bolero	0.23	9.75%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.	The Company may, prepay the whole or any part of the outstanding of respective Loans (including interest, other dues, fees and charges herein) by giving a notice in writing to that effect. The Company would have to give minimum written notice of 30 days expressing his intention to prepay the loan amount, unless the same is waived in writing by the bank. The prepayment shall take effect only when the actual payment is received by the bank and interest and other charges would be leviable till the end of the month in which prepayment is actually effected. In such an event the Bank will levy prepayment charges as mentioned in the schedule or any rate which is applicable at that time as per Bank`s policy on the dues outstanding. Prepayment charges: No foreclosure allowed within 6 months from the date of availing car loan. 6% of principal outstanding for preclosures within 1 year from 7th EMI. 5% of principal Outstanding for preclosures within 13-24 months from 1st EMI. 3% of principal Outstanding for pre-closures post 24 months from 1st EMI.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/ payment by the company of the loan granted or to be granted to the company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the company to the Bank.	HDFC Bank Limited
2	HDFC Bank Limited	Maruti Eco	0.12	9.45%	Loans are repayable in 36 equal monthly installments commencing from March, 2016.			

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
4	ICICI Bank Limited	Force Ambulance	0.72	9.69%	Loans are repayable in 36 equal monthly installments commencing from February, 2016.	Prepayment charges: The lessor of the following two options plus applicable taxes: (a) 4% of the outstanding amount of the facility, or any other rate as stipulated by ICICI Bank from time to time. OR (b) The total interest amount outstanding as on the date of prepayment.	The Company hypothecates to and charges in favor of the Bank by way of first and exclusive charge of the Vehicle as security for the repayment/ payment by the company of the loan granted or to be granted to the company by the Bank together with all fees, interest, costs and expenses incurred/to be incurred by the Bank and all other monies payable or to become payable by the company to the Bank.	ICICI Bank Limited
5	ICICI Bank Limited	Force Ambulance	0.23	10.00%				
6	Daimler Financial Services India Private Limited	Mercedez Benz	3.02	8.76%	Loans are repayable in 36 equal monthly installments commencing from February, 2017.	Prepayment Charges: NA Penalty: 5% per annum plus applicable taxes or statutory levies, if any	First and exclusive charge of the Vehicle	Daimler Financial Services India Private Limited

(iv) Overdraft Facility

(₹ in Million)

Sr. No.	Name of Lender	Units	Amount Outstanding as at March 31, 2018	Rate of Interest	Repayment Term	Re-schedulement/ Prepayment Terms, and related penalty, if any	Security	In favor of
1	Kotak Mahindra Bank Limited	-	15 7.16	-	12 Months	N.A	(1) First pari-passu hypothecation charge to be shared with HDFC bank on all existing and future current assets of Krishna Shalby Hospital belonging to the Company. (2) First and exclusive mortgage charge on immovable properties being land and building of Krishna Shalby Hospital situated at 319 – Green City, Ghuma, Bopal, Ahmedabad belonging to the Company. Additional Security : Fixed deposit of ₹ 20 Crore under lien with Kotak bank	SBICAP Trustee

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 24 : Other Financial Liabilities

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- Current			
Deferred leasehold land premium	-	-	15.57
Deposits	2.26	1.87	1.77
Retention money	43.97	20.60	12.12
	46.23	**22.47**	**29.46**
Current			
Current Maturities of Long Term Borrowings	225.49	164.41	103.82
Interest Accrued but not due on Borrowings	5.49	20.51	23.38
Creditors for capital goods	189.24	346.33	81.66
Deferred leasehold land premium	-	15.57	28.87
Consideration payable	-	-	38.83
Book overdraft	-	3.10	0.03
Retention money	8.44	20.18	11.66
Other Payables			
Employees	16.54	13.47	27.20
Others	0.10	4.99	4.76
	445.30	**588.56**	**320.21**
Total	**491.53**	**611.03**	**349.67**

Note 25 : Provisions

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- Current			
Provision for employee benefits			
Gratuity (Net of Plan asset)	0.16	0.80	1.05
Gratuity (Unfunded)	-	-	0.91
Leave obligation	13.55	14.38	7.00
	13.71	**15.18**	**8.96**
Current			
Provision for employee benefits			
Gratuity (Net of Plan asset)	3.65	4.99	-
Gratuity (Unfunded)	-	-	0.07
Leave obligation	2.40	2.48	1.36
Other Provisions	-	0.04	0.31
	6.05	**7.51**	**1.74**
	19.76	**22.69**	**10.70**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 26 : Other non-current / current liabilities

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non- Current			
Government Grant (Refer Note Below)	145.89	100.00	-
Less: Released in the statement of Profit and Loss	(8.74)	(5.61)	-
Less: Amount Disclosed under Current Liabilities	(8.74)	(5.61)	-
	128.41	**88.78**	**-**
Current			
Government Grants	8.74	5.61	-
Advance towards Customers	4.00	7.36	4.41
Statutory Liabilities	32.77	31.02	26.23
Other Payable	3.61	0.05	0.15
	49.12	**44.04**	**30.79**
Total:	**177.53**	**132.82**	**30.79**

Note:

The Parent Company, having established Super Specialty Hospitals at Indore and Jabalpur both in the State of Madhya Pradesh and at Naroda(Ahmedabad) and Surat both in the state of Gujarat, becomes eligible for one time incentive towards development of Healthcare sector in terms of Policies of respective State Governments in this regard. The incentive is based on capital investment and therefore is recognised in the form of capital subsidy. The same, being available against the entire capital investment, has been recognised and classified in accordance with Significant Accounting Policy referred at note 5.12 to the consolidated financial statements.

Note 27 : Trade Payables

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Micro, Small and Medium Enterprise	-	-	-
Others	478.45	392.31	468.62
Total:	**478.45**	**392.31**	**468.62**

Trade payables are not-interest bearing and are normally settled within 30-45 days.

Note 28 : Current tax liabilities

(₹ in Million)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Provision for tax	241.92	83.50	83.50
Less: Advance Tax	236.88	79.79	79.79
	5.04	**3.71**	**3.71**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 29 : Revenue from Operations

(₹ in Million)

	March 31, 2018	March 31, 2017
Sale of products	89.98	79.27
Sale of services	3 732.77	3 151.95
Other Operating Revenue	9.56	6.44
Total:	**3 832.31**	**3 237.66**

Break up of sales of product

(₹ in Million)

	March 31, 2018	March 31, 2017
Medicines & Medicare Items	**89.98**	**79.27**

Break up of sales of services

(₹ in Million)

	March 31, 2018	March 31, 2017
Income from Healthcare Services		
In Patient Discharge		
Domestic	3 139.25	2 680.75
Overseas	130.81	138.92
Out Patient Discharge	304.21	213.13
Dental Care Services	30.32	37.05
Diagnostic Services	53.18	52.25
Clinical Trials	6.79	7.18
Training	37.78	0.28
Orthotrend Event	21.78	15.55
Allied Service	8.65	6.84
Total:	**3 732.77**	**3 151.95**

Break up of of other operating revenue

(₹ in Million)

	March 31, 2018	March 31, 2017
Capital Subsidy, Project Consultancy	9.56	6.44

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 30 : Other Income

(₹ in Million)

	March 31, 2018	March 31, 2017
Interest Income		
From Banks	26.69	7.72
On loans	-	2.84
On Service refund	1.52	-
On IT refund	-	7.16
Others	0.19	0.30
	28.40	**18.02**
Rent	3.65	2.59
Dividend	1.01	0.19
Liquidated Damages and Penalty Charges	36.92	-
Profit on sale of assets (Net)	0.06	2.33
Foreign Exchange Fluctuation Gain (Net)	-	28.15
Gain / (Loss) on Unwinding of SWAP Contract (Net)	-	2.97
Other Non-Operating Income		
Sundry balances written back (Net)	14.89	6.76
Provision no longer required	0.25	5.14
Miscellaneous	5.75	1.30
	20.89	**13.20**
Total:	**90.93**	**67.45**

Note 31 : Operative expenses

(₹ in Million)

	March 31, 2018	March 31, 2017
Materials and Consumables	534.06	417.73
Diagnostic Expenses	68.94	53.48
Fees to Doctors and Consultants	898.07	780.33
Power, Fuel and Water Charges	94.24	75.88
Housekeeping and Catering	109.58	84.90
Attendants and Securities	98.34	85.49
Linen & Uniform	5.72	3.22
Other Operative Expenses	18.94	13.51
Total:	**1 827.89**	**1 514.54**

Note 32 : Purchase of Stock-in-trade

(₹ in Million)

	March 31, 2018	March 31, 2017
Medicines and Medicare Items	396.75	366.96

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 33 : Changes in inventories

(₹ in Million)

	March 31, 2018	March 31, 2017
Inventory at the end of the year		
Medicine and Medical Items	23.17	15.13
Inventory at the beginning of the year		
Medicine and Medical Items	15.13	10.46
(Increase) / Decrease in stocks:	**(8.04)**	**(4.67)**

Note 34 : Employee benefits expense

(₹ in Million)

	March 31, 2018	March 31, 2017
Salary, Allowances & Bonus	426.11	370.90
Contribution to Provident & other funds	24.50	17.83
Staff Welfare expenses	0.19	0.25
Total:	**450.80**	**388.98**

Note 35 : Finance Cost

(₹ in Million)

	March 31, 2018	March 31, 2017
Interest		
To Bank	108.27	70.84
To NBFC	13.20	24.85
Others	2.23	3.87
Less: Interest subsidy	(1.02)	(6.00)
	122.68	**93.56**
Preference Dividend (Including DDT)	-	3.20
Other Borrowing Cost		
Other ancillary Cost	0.88	1.72
Adjustment to Interest cost on foreign currency translation	-	7.54
Total:	**123.56**	**106.02**

Note 36 : Depreciation and Amortization

(₹ in Million)

	March 31, 2018	March 31, 2017
Depreciation on property, plant and equipment	227.13	164.21
[Net of Capitalisation of ₹ 9.38 Million (P. Y. ₹ 8.36 Million)]		
Amortization on intangible assets	1.44	2.81
Total:	**228.57**	**167.02**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 37 : Other expenses

(₹ in Million)

	March 31, 2018	March 31, 2017
Advertising and Publicity	71.77	45.71
Auditors' Remuneration	1.83	1.94
Communication	10.90	9.22
Rent, Rates and Taxes	28.59	23.86
Fees and Legal	19.21	22.51
Insurance	5.53	3.27
Stationery and Printing	24.11	12.04
Repairs and Maintenance - Building	4.13	5.60
Repairs and Maintenance - Others	64.89	53.42
Travelling and Conveyance	46.68	56.12
Security expenses	0.56	1.13
Impairment of Assets	7.10	-
Fixed Assets written off / discarded	1.17	0.17
Foreign exchange fluctuations (Net)	16.81	-
Provision for Bad and Doubtful Debts	2.62	8.29
Bank charges	8.85	4.35
Others Expenses	16.22	13.66
Total:	**330.97**	**261.29**
Payment to Auditor		
As Auditors	**1.83**	**1.94**

Note 38 : Earning per Share

	March 31, 2018	March 31, 2017
Profit attributable to equity shareholders of the Company (₹ in Million)	268.89	296.93
[Net of Shares issue expenses of ₹ 160.34 Million (P. Y. ₹ NIL)]		
Number of Equity Shares	108,009,770	87,408,932
Weighted Average number of Equity Shares	94,356,355	87,358,779
Basic earning per Share (₹)	2.85	3.40
Diluted earning per Share (₹)	2.85	3.40

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 39 : Contingent Liabilities and Commitments

(₹ in Million)

			As at March 31, 2018	As at March 31, 2017
A	**Contingent Liabilities not provided for in respect of**			
	(i)	Claim against the company not acknowledged as debt	59.38	55.80
	(ii)	Income tax Demand for Assessment Years		
		2010-2011	24.61	24.61
		2011-2012	13.43	13.43
		2012-2013	2.06	2.06
		2014-2015	-	13.31
		2015-2016	41.42	-
			81.52	**53.41**
	(iii)	Letter of Credit	-	58.93
	(iv)	Bank Guarantee	43.30	7.72
	(v)	Sales Tax Demand including Interest & Penalty for Assessment Years (Based on expert advice received by client)		
		2009-2010	5.42	5.42
		2010-2011	2.02	2.02
		2011-2012	2.91	2.91
		2012-2013	1.96	1.96
		2013-2014	5.20	5.20
	(vi)	Tax Deducted at Sources Demand for Assessment Year		
		2014-2015	2.63	29.97
		2008-2009 to 2016-2017	0.52	1.04
	(vii)	Export Obligation under EPCG Scheme	18.84	46.19
B	**Capital Commitments**			
	Estimated amount of contract remaining to the executed on capital accounts		283.42	951.42

Note 40: Employee Benefits

Note 40.1 Defined contribution plan

The Parent Company has defined contribution plan in form of Provident Fund & Pension Scheme and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the Parent Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the Statement of profit and loss under employee benefit expenses in respect of such schemes are given below:

(₹ in Million)

	March 31, 2018	March 31, 2017
Contribution to Provident Fund and Pension Scheme, included under contribution to provident and other funds	20.21	14.07
Contribution to Employee State Insurance Scheme, included under contribution to provident and other funds	3.41	2.45

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 40.2 Defined benefit plan

(a) Gratuity

The Parent Company offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

(b) Defined Benefit Plan

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Gratuity

	Valuation		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	7.60%	7.10%	7.80%
Expected rate(s) of salary increase	6.00%	6.00%	6.00%
Rate of return on plan assets	7.60%	7.10%	7.80%

Leave Encashment

	Valuation		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	7.60%	7.10%	7.80%
Expected rate(s) of salary increase	6.00%	6.00%	6.00%

The following table sets out the status of the amounts recognised in the balance sheet and movements in the net defined benefit obligation as at March 31, 2018

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Changes in the present value of obligation				
1. Present value of obligation (Opening)	11.94	16.86	9.19	8.36
2. Interest cost	0.82	1.11	0.61	0.58
3. Past service cost adjustments/Prior year Charges	0.45	-	-	-
4. Current service cost	4.99	5.09	3.01	7.75
5. Curtailment Cost / (Gain)	-	-	-	-
6. Settlement Cost / (Gain)	-	-	-	-
7. Benefits paid	(1.09)	(3.60)	(1.98)	(1.56)
8. Actuarial (Gain) / Loss arising from change in financial assumptions	(0.66)	(0.47)	0.65	0.67
9. Actuarial (Gain) / Loss arising from change in demographic assumptions	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
10. Actuarial (Gain) / Loss arising from change on account of experience changes	(0.70)	(3.04)	0.46	1.06
11. Present value of obligation (Closing)	15.75	15.95	11.94	16.86
Changes in the fair value of plan assets				
1. Present value of plan assets (Opening)	6.16	-	7.16	-
2 Past contribution / Adjustment to Opening Fund	-	-	(0.48)	-
3. Expected return on plan assets	0.59	-	0.63	-
4. Interest Income	-	-	-	-
5. Actuarial Gain / (Loss)	(0.68)	-	(0.16)	-
6. Employers Contributions	6.96	-	0.31	-
7. Employees Contributions	-	-	-	-
8. Benefits paid	(1.09)	-	(1.00)	-
9. Expense deducted from the fund	-	-	(0.31)	-
10. Fair Value of Plan Assets (Closing)	11.94	-	6.15	-
Percentage of each category of plan assets to total fair value of plan assets at the year end				
1. Bank Deposits	-	-	-	-
2. Debt Instruments	-	-	-	-
3. Administered by Life Insurance Corporation of India	100%	-	100%	-
4. Others	-	-	-	-

Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of funded obligation at the end of the year	15.75	-	11.94	-
Fair Value of Plan Assets as at the end of the period	11.94	-	6.15	-
Amount not recognised due to asset limit	-	-	-	-
Deficit of funded plan	3.81	-	5.79	-
Deficit of unfunded plan	-	15.95	-	16.86
- Current	3.65	2.40	4.99	2.48
- Non current	0.16	13.55	0.80	14.38

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Amount recognized in statement of profit and loss in respect of defined benefit plan are as follows:

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	4.99	5.09	3.01	7.75
Past Service Cost	0.45	-	-	-
Adjustment to opening fund	-	-	-	-
Net interest Cost	0.23	1.11	(0.02)	0.58
Adjustment to Opening Fund	-	-	0.33	-
Net value of remeasurements on the obligation and plan assets	-	(3.51)	-	2.00
(Gains)/Loss on Settlement	-	-	-	-
Total Expenses recognized in the Statement of Profit and Loss #	**5.67**	**2.69**	**3.32**	**10.33**

Included in 'Salary and Wages' under 'Employee benefits expense'

Amount recognized in Other Comprehensive Income (OCI) in respect of defined benefit plan are as follows:

(₹ in Million)

	March 31, 2018		March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Re-measurements during the year due to				
Changes in financial assumptions	(0.66)	(0.47)	0.65	0.67
Changes in demographic assumptions	-	-	-	-
Experience adjustments	(0.70)	(3.04)	0.46	(1.33)
Return on plan assets excluding amounts included in interest income	0.68	-	(0.47)	-
Amount recognised in OCI during the year	**(0.68)**	**(3.51)**	**0.64**	**2.00**

(c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Gratuity

Impact on defined benefit obligation

	Change in Assumption			Increase in Assumptions			Decrease in Assumptions	
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	Decrease by	4.20%	4.24%	Increase by	3.92%	3.96%
Salary growth rate	0.50%	0.50%	Increase by	4.03%	4.11%	Decrease by	3.72%	3.88%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Leave Encashment

Impact on defined benefit obligation

	Change in Assumption			Increase in Assumptions			Decrease in Assumptions	
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	Decrease by	2.94%	3.03%	Increase by	2.78%	2.86%
Salary growth rate	0.50%	0.50%	Increase by	2.97%	3.05%	Decrease by	3.00%	2.90%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the consolidated balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

(d) Major Category of Plan Asset as a % of total Plan Assets

Category of Assets (% Allocation)	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		%			₹ in Million	
Insurer managed funds	100.00%	100.00%	100.00%	11.94	6.16	7.01
Total	**100.00%**	**100.00%**	**100.00%**	**11.94**	**6.16**	**7.01**

(e) Risk exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

The gratuity fund is administered through Life Insurance Corporation of India (insurer) under its group gratuity scheme. Accordingly almost the entire plan asset investment is maintained by the insurer. These are subject to interest rate risk which is managed by the insurer.

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets maintained by the insurer.

(f) Defined benefit liability and employer contribution

The Parent Company generally eliminates the deficit in the defined benefit gratuity plan with in next one year.

Expected contribution to the post -employment benefit plan (Gratuity) for the year ending March 31, 2019 is ₹ 3.65 Million.

The weighted average duration of the defined benefit obligation is 10.85 years (2016 – 10.6 years, 2015- 10.53 years).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

The expected maturity analysis of undiscounted post -employment benefit plan (gratuity) is as follows:

(a) Gratuity

(₹ in Million)

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)
1st following year	0.92	2.7%	0.79	3.3%	0.88	5.5%
2nd following year	1.16	3.4%	0.83	3.4%	0.62	3.8%
3rd following year	1.28	3.8%	1.09	4.5%	0.88	5.5%
4th following year	1.55	4.6%	1.08	4.5%	0.80	4.9%
5th following year	1.80	5.4%	1.27	5.2%	0.73	4.5%
Sum of year 6 to 10th	8.81	26.2%	5.58	23.0%	3.66	22.6%

(b) Leave Encashment

(₹ in Million)

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)	Cash Flow (₹)	(%)
1st following year	2.40	8.7%	2.48	8.7%	1.20	9.1%
2nd following year	2.20	7.9%	2.23	7.9%	1.02	7.7%
3rd following year	2.00	7.2%	2.12	7.5%	1.08	8.2%
4th following year	1.80	6.5%	1.85	6.5%	0.86	6.5%
5th following year	1.70	6.1%	1.72	6.1%	0.76	5.7%
Sum of year 6 to 10th	7.41	26.8%	6.87	24.2%	3.30	24.9%

Note 41: Segment Information

The Group is mainly engaged in the business of setting up and managing hospitals and medical diagnostic services which constitute a single business segment. These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.

Note 42: Related Party Disclosures

1. Related Party Disclosures for the year ended March 31, 2018

(a) Details of Related Parties

Description of Relationship	Sr. No.	Names of Related Parties
Promoter Company	1	Zodiac Mediquip Limited
Key Management Personnel (KMP)	2	Dr. Vikram I. Shah
	3	Mr. Ravi Bhandari
Relatives of KMP	4	Dr. Darshini V. Shah
	5	Mr. Shanay V. Shah

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Description of Relationship	Sr. No.	Names of Related Parties
Enterprise over which KMP / Relatives of KMP exercise significant influence through controlling interest (Other Related Party)	6	Uranus Medical Devices Limited
	7	Shalby Orthopedic Hospital and Research Center
	8	Friends of Shalby Foundation
	9	Slaney Healthcare Private Limited

(b) Key management personnel compensation

(₹ in Million)

Short-term employee benefits	8.96
Termination benefits	1.56
Total Compensation	**10.52**

(c) Details of transactions with related parties for the year ended March 31, 2018 in the ordinary course of business:

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Professional Fees				
	Dr. Vikram I. Shah	-	45.23	-	45.23
	Dr. Darshini V. Shah	-	22.37	-	22.37
2	Rent Expenses				
	Dr. Vikram I. Shah	-	8.41	-	8.41
	Shalby Orthopedic Hospital and Research Center	-	-	0.62	0.62
3	Rent Income				
	Slaney Healthcare Private Limited	-	-	0.16	0.16
4	Salary				
	Ravi Bhandari	-	8.96	-	8.96
	Mr. Shanay V. Shah	-	4.97	-	4.97
5	Commission Expense				
	Zodiac Mediquip Limited	0.15	-	-	0.15
6	Guest House Expenses				
	Zodiac Mediquip Limited	1.69	-	-	1.69
7	Purchase return of medicines, materials and consumables				
	Slaney Healthcare Private Limited	-	-	0.35	0.35

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Subsidiary Companies	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
8	Reimbursement of IPO related expenses				
	Dr. Vikram I. Shah	-	12.68	-	12.68
9	Unsecured loan repaid				
	Zodiac Mediquip Limited	30.95	-	-	30.95
21	Interest Expenses				
	Zodiac Mediquip Limited	2.22	-	-	2.22

(d) Amount due to / from related parties as at March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Trade Payable				
	Dr. Vikram I. Shah	-	5.55	-	5.55
	Dr. Darshini V. Shah	-	5.69	-	5.69
	Uranus Medical Devices Limited	-	-	0.40	0.40
	Friends of Shalby Foundation	-	-	0.01	0.01
2	Rent Payable				
	Dr. Vikram I. Shah	-	0.73	-	0.73
	Zodiac Mediquip Limited	0.15	-	-	0.15
	Shalby Orthopedic Hospital and Research Center	-	-	0.53	0.53
3	Other Receivables				
	Slaney Healthcare Private Limited	-	-	0.08	0.08
4	Other Payable				
	Slaney Healthcare Private Limited	-	-	0.40	0.40

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

2. Related Party Disclosures for the year ended March 31, 2017

(a) Details of Related Parties

Description of Relationship	Sr. No.	Names of Related Parties
Promoter Company	1	Zodiac Mediquip Limited
Key Management Personnel (KMP)	2	Dr. Vikram I. Shah
	3	Mr. Ravi Bhandari
Relatives of KMP	4	Dr. Darshini V. Shah
	5	Mr. Shanay V. Shah
Enterprise over which KMP / Relatives of KMP exercise significant influence through controlling interest (Other Related Party)	6	Uranus Medical Devices Limited
	7	Shalby Orthopedic Hospital and Research Center
	8	Friends of Shalby Foundation
	9	Slaney Healthcare Private Limited

(b) Key management personnel compensation

(₹ in Million)

Particulars	
Short-term employee benefits	7.92
Termination benefits	1.56
Total Compensation	**9.48**

(c) Details of transactions with related parties for the year ended March 31, 2017 in the ordinary course of business:

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Professional Fees				
	Dr. Vikram I. Shah	-	44.73	-	44.73
	Dr. Darshini V. Shah	-	26.78	-	26.78
2	Unsecured Loan taken				
	Zodiac Mediquip Limited	2.55	-	-	2.55
3	Advance towards reimbursement of expenditure				
	Slaney Healthcare Private Limited	-	-	0.09	0.09
4	Purchase of medicines, materials and consumables				
	Slaney Healthcare Private Limited	-	-	0.63	0.63
	Uranus Medical Devices Limited	-	-	0.33	0.33

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
5	Rent Expenses				
	Dr. Vikram I. Shah	-	6.90	-	6.90
	Shalby Orthopedic Hospital and Research Center	-	-	0.76	0.76
6	Rent Income				
	Slaney Healthcare Private Limited	-	-	0.06	0.06
7	Salary				
	Ravi Bhandari	-	7.92	-	7.92
	Mr. Shanay V. Shah	-	3.90	-	3.90
8	Commission Expense				
	Zodiac Mediquip Limited	0.13	-	-	0.13
9	Guest House Expenses				
	Zodiac Mediquip Limited	1.75	-	-	1.75
10	Interest Expenses				
	Zodiac Mediquip Limited	1.09	-	-	1.09

(d) Amount due to / from related parties as at March 31, 2017

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Trade Payable				
	Dr. Vikram I. Shah	-	3.53	-	3.53
	Dr. Darshini V. Shah	-	3.45	-	3.45
	Uranus Medical Devices Limited	-	-	0.40	0.40
	Zodiac Mediquip Limited	0.76	-	-	0.76
	Friends of Shalby Foundation	-	-	0.01	0.01
2	Rent Payable				
	Shalby Orthopedic Hospital and Research Center	-	-	0.68	0.68
3	Other Receivables				
	Slaney Healthcare Private Limited	-	-	0.12	0.12
4	Commission Payable				
	Zodiac Mediquip Limited	0.04	-	-	0.04

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(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
5	Short term borrowing				
	Zodiac Mediquip Limited	30.95	-	-	30.95
6	Interest Payable				
	Zodiac Mediquip Limited	5.13	-	-	5.13

3. Amount due to / from related parties as at April 1, 2016

(₹ in Million)

Sr. No.	Nature of Relationship / Transaction	Promoter Company	KMP & Relatives	Enterprise over which KMP and Relatives have significant influence	Total
1	Trade Payable				
	Dr. Vikram I. Shah	-	3.60	-	3.60
	Dr. Darshini V. Shah	-	5.83	-	5.83
	Uranus Medical Devices Limited	-	-	0.12	0.12
	Zodiac Mediquip Limited	0.86	-	-	0.86
	Friends of Shalby Foundation	-	-	0.01	0.01
	Slaney Healthcare Private Limited	-	-	0.35	0.35
2	Rent Payable				
	Shalby Orthopedic Hospital and Research Center	-	-	0.15	0.15
3	Short term advances				
	Uranus Medical Devices Limited	-	-	0.04	0.04
4	Unsecured Loan taken				
	Zodiac Mediquip Limited	28.40	-	-	28.40
5	Interest Payable				
	Zodiac Mediquip Limited	1.64	-	-	1.64

Note 43: Business Combinations

Summary of acquisition

Pursuant to scheme of Arrangement under section 391 to 394 of the Companies Act, 1956, the Parent Company on date September 7, 2015 acquired Hospital division of Kamesh Bhargava Hospital and Research Centre Limited on a going concern basis. The acquisition has been accounted for using the acquisition method of accounting.

(₹ in Million)

Purchase consideration	
Cash paid	371.37
Total purchase consideration	**371.37**

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All the assets and liabilities as at September 7, 2015 of the Hospital division of Kamesh Bhargava Hospital and Research Centre Private Limited have been transferred to the Parent Company at fair value which is summarized below:

(₹ in Million)

Particulars	
Assets	
Non-current assets	
Property, plant and equipment	369.72
Other Financial Assets (Non-current)	1.23
Current Assets	
Inventories	0.55
Financial assets (Current)	
Cash and Cash equivalents	1.15
Other financial assets	2.52
Other current assets	0.36
Total (A):	**375.53**
Equity and liabilities	
Non-current liabilities	
Provisions	1.17
Current liabilities	
Borrowings	79.22
Other financial liabilities (Current)	5.74
Total (B):	**86.13**
Net identifiable assets acquired (A-B)	**289.40**

Consequent to this, financial information in the Consolidated financial statements are restated to account for the Scheme of arrangement as per the requirement of Appendix C of Ind AS - 103 “Business Combination”.

(₹ in Million)

Calculation of goodwill	
Fair value of net assets acquired	289.40
Less: Purchase consideration	371.37
Goodwill	**81.97**

Note 44: Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and total equity of the Group.

(₹ in Million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total equity attributable to the equity share holders of the company	7 614.43	2 514.05	2 213.01
As percentage of total capital	88.23%	45.22%	51.92%
Current loans and borrowings	382.65	425.08	197.00
Non-current loans and borrowings	749.82	2 854.04	2 023.55
Total loans and borrowings	1 132.47	3 279.12	2220.55

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and cash equivalents	116.69	116.97	89.15
Net loans & borrowings	1 015.78	3 162.15	2 131.40
As a percentage of total capital	11.77%	55.71%	49.06%
Total capital (loans and borrowings and equity)	**8630.21**	**5676.20**	**4344.41**

Note 45: Fair value measurements

A. Financial instruments by category

(₹ in Millions]

	March 31, 2018			March 31, 2017			April 1, 2016		
	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI
Financial Assets									
Investments	-	1.10	-	-	1.10	-	-	1.10	-
Loans	-	-	-	56.15	-	-	33.44	-	-
Trade and other receivables	606.45	-	-	336.31	-	-	292.77	-	-
Cash and cash Equivalents	116.69	-	-	116.97	-	-	89.15	-	-
Other bank balances	1 042.29	-	-	41.53	-	-	71.76	-	-
Other financial assets	358.45	-	-	149.59	-	-	19.90	-	-
Total Financial Assets	**2 123.88**	**1.10**	**-**	**700.55**	**1.10**	**-**	**507.02**	**1.10**	**-**
Financial Liabilities									
Borrowings	906.98	-	-	3 114.71	-	-	2 116.53	-	-
Trade payables	478.45	-	-	392.31	-	-	468,.62	-	-
Other financial liabilities	491.53	-	-	611.03	-	-	349.67	-	-
Total Financial Liabilities	**1 876.96**	**-**	**-**	**4 118.05**	**-**	**-**	**2 934.82**	**-**	**-**

Fair value hierarchy

The following section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value through profit or loss. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

B. Fair value hierarchy for assets

Financial assets measured at fair value at March 31, 2018

(₹ in Million)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Membership fees	-	-	1.10	1.10

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Financial assets measured at fair value at March 31, 2017

(₹ in Million)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Membership fees	-	-	1.10	1.10

Financial assets measured at fair value at April 1, 2016

(₹ in Million)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Membership fees	-	-	1.10	1.10

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active market for identical assets that the entity can access at the measurement date. This represents mutual funds that have price quoted by the respective mutual fund houses and are valued using the closing Net asset value (NAV).

Level 2 hierarchy includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active.

Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

There are no transfers between any of these levels during the year. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

C. Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

(i) The use of quoted market prices or mutual fund houses quotes (NAV) for such instruments. This is included in Level 1

D. Fair value of financial assets and liabilities measured at amortized cost

The Management has assessed that fair value of loans, trade receivables, cash and cash equivalents, other bank balances, other financial assets and trade payables approximate their carrying amounts largely due to their short-term nature. Difference between carrying amount of Bank deposits, other financial assets, borrowings and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 46: Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee holds regular meetings and report to board on its activities.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and

Notes to the Consolidated Financial Statements

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procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management of risk
Credit risk	Cash and cash equivalents, trade receivables, Financial assets measured at amortized cost.	Aging analysis	Diversification of funds to bank deposits, Liquid funds and Regular monitoring of credit limits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of surplus cash, committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level, with option of taking Forward Foreign exchange contracts if deemed necessary.
Price Risk	Investments in mutual funds	Credit ratings	Portfolio diversification and regular monitoring

(a) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured; the group does not hold any collateral or a guarantee as security. The provision details of the trade receivable are provided in Note 15 of the consolidated financial statements.

For trade receivables, provision is provided by the group as per the below mentioned policy:

(₹ in Million)

Particulars	Gross carrying amount (₹)	Expected credit losses rate (%)	Expected credit losses (₹)	Carrying amount of trade receivable (₹)
Considered Good				
0 - 6 months	433.77	-	-	433.77
6 months - 1 year	83.04	-	-	83.04
More than 1 year	87.30	3%	2.62	84.68
Total	**604.11**		**2.62**	**601.49**
Considered Doubtful	**21.26**	**100%**	**21.26**	**-**
Total	**625.37**		**23.88**	**601.49**

Reconciliation of loss allowance provision

Trade receivables

(₹ in Million)

Particulars	
Loss allowance as on April 1, 2016	13.24
Changes in loss allowance	8.29
Loss allowance as on March 31, 2017	21.53
Changes in loss allowance	2.35
Loss allowance as on March 31, 2018	23.88

Cash and Cash Equivalents

Credit risk on cash and cash equivalents and other deposits with banks is limited as the Group generally invests in deposits with banks with high credit ratings assigned by external credit rating agencies; accordingly the Group considers that the related credit risk is low. Impairment on these items is measured on the 12-month expected credit loss basis.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury maintains flexibility in funding by maintaining liquidity through investments in liquid funds and other committed credit lines. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Financing arrangements

The working capital position of the Group is given below:

(₹ in Million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Cash and cash equivalents	116.69	116.97	89.15

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Liquidity Table

The Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods is given below. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

As at March 31, 2018

(₹ in Million)

Financial Liabilities	Less than 1 year	2-5 years	5 years and above
Non-current financial liabilities			
Borrowings^	225.49	481.73	269.17
	225.49	**481.73**	**269.17**
Current financial liabilities			
Borrowings from Banks	157.16	-	-
Trade payables	478.45	-	-
	635.61	**-**	**-**
Total financial liabilities	**861.10**	**481.73**	**269.17**

^ Borrowings are disclosed net of processing charges.

As at March 31, 2017

(₹ in Million)

Financial Liabilities	Less than 1 year	2-5 years	5 years and above
Non-current financial liabilities			
Borrowings^	164.41	1865.67	988.37
	164.41	**1 865.67**	**988.37**
Current financial liabilities			
Borrowings from Banks	229.72	-	-
Inter corporate Deposits	30.95	-	-
Trade payables	392.31	-	-
	652.98	**-**	**-**
Total financial liabilities	**817.40**	**1 865.67**	**988.37**

^ Borrowings are disclosed net of processing charges.

As at April 1, 2016

(₹ in Million)

Financial Liabilities	Less than 1 year	2-5 years	5 years and above
Non-current financial liabilities			
Borrowings^	103.82	1 313.58	709.77
	103.82	**1 313.58**	**709.77**
Current financial liabilities			
Borrowings from Banks	4.27	-	-
Inter Corporate Deposits	88.91	-	-
Trade payables	468.62	-	-
	561.80	**-**	**-**
Total financial liabilities	**665.62**	**1 313.58**	**709.77**

^ Borrowings are disclosed net of processing charges.

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for the year ended March 31, 2018

(c) Market Risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of the investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

(i) Currency Risk

The Group is exposed to currency risk on account of foreign currency transactions including recognized assets and liabilities denominated in a currency that is not the Group's functional currency (₹), primarily in respect of US$, and Euro. The Group ensures that the net exposure is kept to an acceptable level and is remain a net foreign exchange earner.

Exposure to currency risk

The currency profile of financial assets and financial liabilities are given below:

Financial Assets	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Amount	Amount ₹ in Million	Amount	Amount ₹ in Million	Amount	Amount ₹ in Million
Trade receivables	USD 120468	8.35	USD 46 651	2.70	USD 1 85 843	12.33
Total-Financial assets		**8.35**		**2.70**		**12.33**
Financial liabilities						
Borrowings	USD 2005515.13	130.26	USD 92 31 558	598.56	USD 11045997	732.71
	Euro 773479.55	62.36	Euro 9 60 577	66.52	Euro 6 06 234	45.53
Total financial liabilities		**192.62**		**665.08**		**778.24**

Sensitivity Analysis

Any change with respect to strengthening (weakening) of the Indian Rupee against various currencies as at March 31, 2018 and March 31, 2017 would have affected the measurement of financial instruments denominated in respective currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates.

(₹ in Million)

Particulars	Profit or Loss March 31, 2018		Profit or Loss March 31, 2017	
	Strengthening	Weakening	Strengthening	Weakening
USD (Increase/decrease by 1%, March 31, 2017-3.5%)	1.22	(1.22)	20.86	(20.86)
Euro (Increase/decrease by 5%, March 31, 2017-3.5%)	3.12	(3.12)	2.33	(2.33)
Total	**4.34**	**(4.34)**	**23.19**	**(23.19)**

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments

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Most of the Group's borrowings are on a floating rate of interest. The Group has exposure to interest rate risk, arising principally on changes in Marginal Cost of Funds based Lending Rate (MCLR). The Group uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term credit lines besides internal accruals.

The exposures of the Group's financial assets / liabilities at the end of the reporting period are as follows:

(₹ in Million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fixed rate borrowings	4.32	38.22	31.91
Floating rate borrowings	969.12	2539.23	1857.45
	973.44	**2577.45**	**1889.36**

Interest rate risk sensitivity:

The below mentioned sensitivity analysis is based on the exposure to interest rates for floating rate borrowings. For this it is assumed that the amount of the floating rate liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rate had been 50 basis points higher or lower, other variables being held constant, following is the impact on profit.

(₹ in Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Impact on profit – increase in 50 basis points	(4.85)	(12.70)
Impact on profit – decrease in 50 basis points	4.85	12.70

(iii) Price Risk

Exposure

The Group's exposure to securities price risk arises from investments held in mutual funds and classified in the balance sheet at fair value through profit or loss. To manage its price risk arising from such investments, the Group diversifies its portfolio. Further these are all debt base securities for which the exposure is primarily on account of interest rate risk. Quotes (NAV) of these investments are available from the mutual fund houses.

Profit for the year would increase/decrease as a result of gains/losses on these securities classified as at fair value through profit or loss.

Note 47: Leasing arrangements: The Parent Company being a lessee

Operating lease arrangements

The Parent Company has entered into operating lease arrangements for land and premises. The leases are non-cancellable and are for a period of 5 to 30 years and may be renewed for a further period, based on mutual agreement of the parties.

Payments recognised as an expense in Note 37

(₹ in Million)

Particulars	March 31, 2018	March 31, 2017
Minimum lease payments	1.45	0.94

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Non-cancellable operating lease commitments

(₹ in Million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Not later than 1 year	1.42	1.59	0.90
Later than 1 year and not later than 5 years	1.00	2.42	4.42
Later than 5 years	-	-	-
	2.42	**4.01**	**5.32**

Note 48 : Reconciliation between Previous GAAP and IND AS

Note 48.1 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

(₹ in Million)

	As at March 31, 2017	As at April 1, 2016
Total equity (Shareholders' funds) under previous GAAP	2 731.05	2 076.54
(Including Share Application Money)		
Ind AS adjustments:		
Effect of amortised cost of financial liabilities	-	(14.54)
Prior period expenses	(54.60)	(23.76)
Prior period income	2.42	-
Deferred Tax adjustments	(171.62)	(11.70)
MAT Credit recognised	-	190.00
Non-controlling Interest	6.80	(3.33)
Translation of Overseas Subsidiary	-	(0.20)
Total equity under Ind AS	**2 514.05**	**2 213.01**

Note 48.2 Reconciliation of equity as on April 1, 2016

(₹ In Million)

Particulars	Notes	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipments		3 177.83	-	3 177.83
Capital Work-in progress		821.87	-	821.87
Goodwill		19.58	-	19.58
Other Intangible assets		3.68	-	3.68
Intangible asset under development		0.06	-	0.06
Financial Assets				
Investments		1.10	-	1.10
Other Financial Assets		12.66	-	12.66
Deferred tax asset (Net)	1	(7.45)	178.30	170.85
Other Non-current assets		275.30	-	275.30
		4 304.63	**178.30**	**4 482.93**

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(₹ In Million)

Particulars	Notes	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
Current assets				
Inventories		74.89	-	74.89
Financial assets				
Trade receivables	2	314.01	(21.24)	292.77
Cash and cash equivalents		89.15	-	89.15
Other Bank Balances		71.76	-	71.76
Loans		33.44	-	33.44
Other Financial Assets		7.26	-	7.26
Current tax assets (Net)		97.75	-	97.75
Other Current Assets	2	50.61	(2.17)	48.44
Assets classified as held for sale		-	-	-
		738.87	**(23.41)**	**715.46**
TOTAL ASSETS		**5 043.50**	**154.89**	**5 198.39**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	3	878.88	(5.33)	873.55
Other Equity	2 & 4	1 197.66	141.80	1 339.46
		2 076.54	**136.47**	**2 213.01**
Non-Controlling Interest		0.36	3.33	3.69
		2 076.90	**139.80**	**2 216.70**
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings	3	2 010.72	12.63	2 023.35
Other Financial Liabilities		29.46	-	29.46
Provisions		8.96	-	8.96
Deferred tax liabilities (Net)		1.67	-	1.67
Other Non-current Liabilities		-	-	-
		2 050.81	**12.63**	**2 063.44**
Current liabilities				
Financial Liabilities				
Borrowings		93.18	-	93.18
Trade payables	2	466.16	2.46	468.62
Other Financial Liabilities		320.21	-	320.21
Provisions		1.74	-	1.74
Current tax liabilities(Net)		3.71	-	3.71
Other Current Liabilities		30.79	-	30.79

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(₹ In Million)

Particulars	Notes	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
Liabilities associated with assets classified as held for sale		-	-	-
		915.79	**2.46**	**918.25**
TOTAL EQUITY AND LIABILITIES		**5 043.50**	**154.89**	**5 198.39**

* The previous GAAP figures have been reclassifed / reworked to conform to Ind AS presentation requirements for the purposes of this note.

1 Deferred tax liability has been restated to the extent of ₹ 11.70 Million and MAT credit amounting to ₹ 190 Million is recognised. (Refer Note 54)

2 Prior period adjustments have been given effect.

3 Reference is invited to note 21.4 to the Consolidated financial statements.

4 Translation reserve generated on conversion of financial statements of Oversea subsidiary from foreign currency to INR.

Note 48.3 Reconciliation of equity as on March 31, 2017

(₹ In Million)

Particulars	Notes	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipments	1 & 2	3 200.50	8.35	3 208.85
Capital Work-in progress	1	2 214.41	(7.38)	2 207.03
Goodwill	5	19.58	-	19.58
Other Intangible assets		1.66	-	1.66
Intangible asset under development		2.27	-	2.27
Financial Assets				
Investments		1.10	-	1.10
Other Financial Assets		19.17	-	19.17
Deferred tax asset (Net)	3	243.32	(171.62)	71.70
Other Non-current assets		363.69	-	363.69
		6 065.70	(170.65)	5 895.05
Current assets				
Inventories		76.47	-	76.47
Financial assets				
Trade receivables	4	378.44	(42.13)	336.31
Cash and cash equivalents		116.97	-	116.97
Other Bank Balances		41.53	-	41.53
Loans		56.15	-	56.15
Other Financial Assets	4	138.34	(7.90)	130.44
Current tax assets (Net)		84.50	-	84.50
Other Current Assets		47.69	-	47.69
Assets classified as held for sale		-	-	-
		940.09	**(50.03)**	**890.06**
TOTAL ASSETS		**7 005.79**	**(220.68)**	**6 785.11**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ In Million)

Particulars	Notes	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		874.09	-	874.09
Other Equity	2 to 4,5	1 856.96	(217.00)	1 639.96
		2 731.05	**(217.00)**	**2 514.05**
Non-Controlling Interest	5	0.58	(6.80)	(6.22)
		2 731.63	**(223.80)**	**2 507.83**
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings		2 854.04	-	2 854.04
Other Financial Liabilities		22.47	-	22.47
Provisions		15.18	-	15.18
Deferred tax liabilities (Net)		0.01	-	0.01
Other Non-current Liabilities		88.78	-	88.78
		2 980.48	**-**	**2 980.48**
Current liabilities				
Financial Liabilities				
Borrowings		260.67	-	260.67
Trade payables	4	389.19	3.12	392.31
Other Financial Liabilities		588.56	-	588.56
Provisions		7.51	-	7.51
Current tax liabilities(Net)		3.71	-	3.71
Other Current Liabilities		44.04	-	44.04
Liabilities associated with assets classified as held for sale		-	-	-
		1 293.68	**3.12**	**1 296.80**
TOTAL EQUITY AND LIABILITIES		**7 005.79**	**(220.68)**	**6 785.11**

* The previous GAAP figures have been reclassifed / reworked to conform to Ind AS presentation requirements for the purposes of this note.

1 Reference is invited to note 5.3 to the Consolidated financial statements. Leasehold land with lease term of 99 years or more and renewable with mutual consent are considered as finance leases with perpetual lease term and the same are not amortized with effect from April 1, 2016. Accordingly, for the amortization provided on such leasehold land during the year amounting to ₹ 7.38 Million have been given effect in the value of Property, Plant and Equipment and corresponding effect has been given in Capital work in progress.

2 Prior period depreciation income (Net) amounting to ₹ 0.97 Million have been credited to Statement profit and loss account against depreciation expense and corresponding effects has been given in Property, Plant and Equipment.

3 Deferred tax liability has been restated to the extent of ₹ 171.62 Million. (Refer Note 54)

4 Prior period adjustments have been given effect.

5 Reclassification of Debit Balance of Non-controlling Interest duly absorbed by Parent Company.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 48.4 Reconciliation of total comprehensive income for the year March 31, 2017

(₹ In Million)

Particulars	Notes	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
INCOME				
Revenue From Operations	1	3 258.55	(20.89)	3 237.66
Other Income	1 & 4	69.77	(2.32)	67.45
TOTAL INCOME		**3 328.32**	**(23.21)**	**3 305.11**
EXPENSES				
Operative Expenses	1	1 514.67	(0.13)	1 514.54
Purchase of Traded Goods		366.96	-	366.96
Changes in Inventories		(4.67)	-	(4.67)
Employee Benefits Expenses	2	392.56	(3.58)	388.98
Finance Cost	1	97.94	8.08	106.02
Depreciation and Amortization	1	167.99	(0.97)	167.02
Other Expenses	1	262.04	(0.75)	261.29
TOTAL EXPENSES		**2 797.49**	**2.65**	**2 800.14**
Profit before exceptional items and tax		**530.83**	**(25.86)**	**504.97**
Exceptional Items		-	-	-
Profit Before Tax		**530.83**	**(25.86)**	**504.97**
TAX EXPENSE				
Current tax		119.22	-	119.22
Deferred tax	3	(252.43)	351.16	98.73
TOTAL TAX EXPENSE		**(133.21)**	**351.16**	**217.95**
Profit for the year from continuing operations		**664.04**	**(377.02)**	**287.02**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of the defined benefit plans	2	-	(3.58)	(3.58)
Tax relating to remeasurement of the defined benefit plans	3	-	1.24	1.24
Items that will be reclassified to profit or loss				
Loss arising from translating the financial statement of foreign operation		-	(0.06)	(0.06)
Tax relating to Loss arising from translating the financial statement of foreign operation		-	-	-
		-	**(2.40)**	**(2.40)**
Total comprehensive income for the year, net of tax		**664.04**	**(379.42)**	**284.62**

* The previous GAAP figures have been reclassifed / reworked to conform to Ind AS presentation requirements for the purposes of this note.

1 Prior period adjustments have been given effect.

2 Being actuarial gains / (losses) have been reclassified to other comprehensive income.

3 Deferred tax liability has been restated to the extent of ₹ 159.93 million, MAT credit had been carried to earlier years amounting to ₹ 190 million Further deferred tax liability is created on reclassification of actuarial gains and losses amounting to ₹ 1.24 million (Refer Note 54)

4 Translation reserve generated on conversion of financial statements of Oversea subsidiary from foreign currency to INR.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 49:

(a) Due to Micro, Small and Medium Enterprise

(₹ in Million)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	NIL	NIL

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

(b) The Parent company has circulated letters of Balance Confirmation to Sundry Debtors, Sundry Creditors and the parties to whom loans and advances have been granted. Confirmations were received in some cases.

Note 50: Corporate social Responsibility

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

(₹ in Million)

Particulars	March 31, 2018	March 31, 2017
Opening unspent Amount	24.08	14.55
Amount required to be spent	9.38	9.53
Amount spent during the year	-	-
Closing Unspent amount	33.46	24.08

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

(₹ in Million)

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 51: Expenditures / Earnings in foreign currency

(₹ in Million)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
A	Import on CIF		
	- Capital Goods and Components	27.58	314.64
B	Expenses in Foreign Currency		
	- Currency Swap Loss	1.01	10.28
	- Interest	8.08	25.76
	- Travelling	1.24	5.11
	- Advertisement and Business Promotion	0.21	0.79
	- Salary	0.55	0.19
	- Doctor Fees (Follow Fees)	0.26	-
	- Legal and Professional Fees	0.36	-
	- Others	1.79	4.51
C	Remittances in Foreign Currency		
	- Dividend	-	-
D	Earnings in Foreign Currency		
	- Export of Services	134.75	139.00

Note 52 : IPO disclosure

The Parent Company during the financial year 2017-18, has made an Initial Public Offer (IPO) of ₹ 5,048 Million, comprising of fresh issue of ₹ 4,800 Million and offer for sale of ₹ 248 Million by one of the promoters.

The net proceeds of ₹ 4,564.28 (net off issue related expenses) have been utilized in the following manner:

(₹ in Million)

Particulars	Funds raised from IPO	Utilized up to March 31, 2018	Unutilized as at March 31, 2018
Repayment of prepayment in full or in part of certain loans availed by the Company	3,000.00	3,000.00	-
Purchase of Medical equipments for existing, recently set up and upcoming hospitals	635.80	147.22	488.58
Purchase of interior, furniture and allied infrastructure for upcoming hospitals	111.84	-	111.84
General Corporate purposes	816.64	426.69	389.95
Net Proceeds of the Issue	4,564.28	3,573.91	990.37*
Issue Expenses			
(net off recovery from promoters)	235.72	232.53	3.19
Gross Proceeds	4,800.00	3,806.44	993.56

*Unutilized amount of net issue proceeds of ₹990.37 million have been invested as Bank Fixed Deposit.

The Parent Company during the financial year 2017-18, has made an Initial Public Offer (IPO) of ₹ 5,048 Million, comprising of fresh issue of ₹ 4,800 Million and offer for sale of ₹ 248 Mn. by one of the promoters. The Company has incurred ₹ 244.44 Million. (net of recovery from promoters) towards the offer related expenses as tabulated below. These expenses have been incurred in connection with raising of fresh equity capital and the same has been appropriated out of "Securities Premium Account". However, for Income Tax purpose the same will be claimed in five equal installments under section 35D of Income Tax Act, 1961.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in Million)

Sr. No.	Particulars	
1	Payment to BRLMs (including brokerage, selling commission, and Bidding fees)	111.56
2	Brokerage and selling commission, processing / uploading charges to Syndicate Members, RTAs and CDPs; Processing / uploading charges for Registered Brokers; Commission and processing fees for SCSBs(2)(4)	17.28
3	Fees to the Registrar to the Offer	0.23
4	SEBI, BSE, and NSE processing fees, other regulatory expenses and listing fees	20.82
5	Printing and stationery expenses	6.04
6	Advertising, Publicity and Miscellaneous expenses	89.27
	Total Expense	**245.20**

Note 53: Un-hedged Foreign Currency Exposure

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

The foreign currency exposure not hedged as at March 31, 2018 are as under:

(₹ in Million)

Currency	Payable (In Foreign Currency)		Receivable (In Foreign Currency)		Payable (In Indian Rupee)		Receivable (In Indian Rupee)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	2.01	9.23	0.12	0.04	130.26	598.56	8.35	2.70
EUR	0.77	0.96		-	62.36	66.52	-	-

Note 54: MAT Credit Entitlement and Deferred Tax assets / Liabilities

During the financial year ending on March 31, 2017, the Parent Company recognized MAT credit entitlement aggregate amounting to ₹ 300.03 million in respect of financial year 2016-17 and also in respect of earlier consolidated financial years. The Parent Company while compiling the consolidated financial statements for the year under review in accordance with the provisions of Ind AS has restated the amounts of MAT credit entitlement under the respective financial years in order to normalize the tax impact.

Similarly, the Parent Company has also restated the amounts of Deferred Tax recognized during the financial year under review, under respective financial years in order to normalize the tax impact.

Note 55: Statement of Management

(a) The non-current financial assets, current financial assets and other current assets are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.

(b) Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated cash flow statement and change in equity read together with Notes to the accounts thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Group as at the end of the year and financial performance of the Group for the year under review.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 56: Additional Information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary.

Name of Entities	Net Assets i.e. Total Assets minus Total Liabilities		Statement in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
	As a % of consolidation net assets	Amount (₹ in million)	As a % of consolidation net assets	Amount (₹ in million)	As a % of consolidation net assets	Amount (₹ in million)	As a % of consolidation net assets	Amount (₹ in million)
Parent								
Shalby Limited	101.81	7 752.46	103.03	440.12	97.51	2.74	103.00	442.86
Subsidiary								
Indian								
Vrundavan Shalby Hospitals Limited	(0.36)	(27.24)	(2.84)	(12.13)	-	-	(2.82)	(12.13)
Yogeshwar Healthcare Limited	0.14	10.98	0.03	0.11	-	-	0.03	0.11
Shalby International Limited	0.00	0.16	(0.01)	(0.04)	-	-	(0.01)	(0.04)
Griffin Mediquip LLP	0.19	14.57	1.35	5.76	-	-	1.34	5.76
Foreign								
Shalby Kenya Limited	(0.02)	(1.49)	(0.22)	(0.93)	2.49	0.07	(0.20)	(0.86)
	101.76	7 749.44	101.34	432.89	100.00	2.81	101.34	435.70
Inter Company Elimination & Consolidation Adjustments	(1.77)	(135.01)	(0.86)	(3.68)	-	-	(0.86)	(3.68)
	99.99	7614.43	100.48	429.21	100.00	2.81	100.48	432.02
Non-Controlling Interest	0.01	0.58	(0.48)	(2.07)	-	-	(0.48)	(2.07)
Grand Total	**100.00**	**7,615.01**	**100.00**	**427.14**	**100.00**	**2.81**	**100.00**	**429.95**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Note 57: Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies/Entity

(₹ In Million)

Name of Subsidiary	Griffin Mediquip LLP	Vrundavan Shalby Hospitals Limited	Shalby International Limited	Shalby Kenya Limited	Yogeshwar Healthcare Limited
Country	India	India	India	Kenya	India
Reporting Currency	INR	INR	INR	KSH	INR
Exchange Rate	1.00	1.00	1.00	0.65	1.00
Share capital /Partner capital	8.81	18.00	0.50	0.06	7.35
Reserves and Surplus	5.76	(45.24)	(0.34)	(1.54)	3.62
Total Assets	68.69	98.75	0.02	3.68	9.08
Total Liabilities	54.12	71.51	0.18	2.20	20.05
Turnover/Total Income	355.89	7.87	-	0.74	0.54
Profit / (Loss) Before Tax	8.26	(12.11)	(0.04)	(1.32)	(1.29)
Tax Expense / (Credit)	2.50	0.02	-	(0.39)	(1.40)
Profit / (Loss) after tax	5.76	(12.13)	(0.04)	(0.93)	0.11
Proposed dividend and tax thereon	-	-	-	-	-
Investments (except in case of investment in the subsidiaries)	-	-	-	-	-
% of shareholding	95.00	100.00	100.00	100.00	94.68

Note 58: The figures for the previous year have been regrouped / reclassified, wherever necessary, to make them comparable with the figures for the current year. Figures are rounded off to nearest million.

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

J. D. PATEL
Partner
Mem. No. 32780
Place : Ahmedabad
Date : May 7, 2018

For and on behalf of the Board

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

SHYAMAL S. JOSHI
Director
DIN: 00005766

RAVI S. BHANDARI
Chief Executive Officer

S L KOTHARI
Chief Financial Officer

JAYESH R. PATEL
Company Secretary

Place : Ahmedabad
Date : May 7, 2018

SHALBY
MULTI-SPECIALTY
HOSPITALS

Shalby Limited

Regd.& Corp. Off: Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015
Tel: +91 79 4020 3000, Website: www.shalby.org Email: companysecretary@shalby.in CIN:L85110GJ2004PLC044667

Notice

Notice is hereby given that the 14th Annual General Meeting ('AGM') of the Members of Shalby Limited will be held on Monday, September 17, 2018 at 9:30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad 380015, to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To receive, consider and adopt

(a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon; and

(b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018, together with the Report of the Auditors thereon.

2. Appointment of Mr. Shyamal Joshi, a Director retire by rotation

To appoint a Director in place of Mr. Shyamal Joshi (DIN: 00005766), who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of New Auditors and to authorize the Board of Directors to fix their remuneration

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014, as may be applicable (including any statutory modification, variation or re-enactment thereof), approval of members of the Company be and is hereby accorded to the appointment of M/s. T R Chadha & Co. LLP, Chartered Accountants (Firm Registration No. 006711N) as the Statutory Auditors of the Company in place of retiring auditors M/s. G K Choksi & Co., Chartered Accountants (Firm Registration No. 101895W), to hold the office for a term of five years from the conclusion of this 14th Annual General Meeting of the Company until the conclusion of 19th Annual General Meeting for the audit of the financial statement(s) of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration based on the recommendation of Audit committee including reimbursement of actual out of pocket expenses."

SPECIAL BUSINESS

4. Appointment of Mr. Ashok Bhatia as Non Executive non Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 152, 161 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Ashok Bhatia (DIN: 02090239), who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 23, 2017 pursuant to Article 38 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and being eligible, has offered himself for appointment as Non-Executive Non-Independent Director and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013 has been received from a member proposing his candidature for the office of Director be and is hereby appointed as a Director in the category of Non-Executive Non-Independent Director of the Company whose terms of office is liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and take such steps which may be considered necessary, desirable or expedient in order to give effect to the above resolution."

5. **Appointment of Mrs. Sujana Shah as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Sujana Shah (DIN: 08100410), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 7, 2018 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period 5 (five) consecutive years up to May 7, 2023.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and take such steps which may be considered necessary, desirable or expedient in order to give effect to the above resolution."

6. **To ratify the remuneration payable to Cost Auditors of the Company**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration, as approved by the Board of Directors and set out in the statement annexed to the notice convening 14th AGM, to be paid to M/s. Borad Sanjay B & Associates, Cost Accountants (Firm Registration No. 102408), appointed as the Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2019, be and is hereby ratified."

By Order of the Board of Directors
For, **Shalby Limited**

Place : Ahmedabad — **Jayesh Patel**
Date : May 7, 2018 — **Company Secretary**

Regd. Office: Shalby Hospitals,
Opp. Karnavati Club
S. G. Road, Ahmedabad 380015

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   The instrument appointing Proxy, duly completed, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting, either in person or through post. A proxy form is appended with the attendance slip. The proxy holder shall produce his/ her identity card at the time of attending the meeting.

   As per provisions of section 105 of the Companies Act, 2013 ('the Act'), a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Member holding more than ten percent of the total share capital of the Company may appoint single person as proxy who shall not act as proxy for any other person or shareholder. If shares are held jointly, proxy form must be signed by all the members.

2. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the Meeting.

3. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 setting out facts concerning the business under Item No. 3 to 6 of the Notice is annexed hereto. The relevant details of the Director seeking appointment/ re-appointment at this AGM, pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Paragraph 1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are also annexed hereto. Requisite declarations have been received from the Directors for seeking his/her appointment/ re-appointment.

4. **Book Closure:** The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, September 11, 2018 to Monday, September 17, 2018 (both days inclusive) in connection with Annual General Meeting of the Company.

5. Members / proxy holders / authorized representatives are requested to bring duly completed and signed attendance slip while attending the meeting and the same be handed over at the venue of AGM. Members who hold shares in dematerialized form are requested to bring details of their demat account (DP ID and client ID) for speedy and easier identification of attendance at the meeting.

6. A route map giving directions to reach the venue of AGM of the Company is annexed at the end of this Notice.

7. Relevant documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection by the members at the Registered Office of the Company on all working days between 2:00 p.m. to 4:00 p.m. prior to the meeting and will also be made available at the meeting.

8. Members desirous in seeking any information with regard to accounts / financial statements are requested to send their queries to the Company at its Registered Office address at least ten days before the meeting so as to enable the management to keep the relevant information ready and answer them in the meeting.

9. Members holding shares in physical mode

   (a) are required to submit their Permanent Account Number (PAN) and bank details to the Karvy, R & T Agent of the Company, if not registered with the Company as mandated by SEBI

   (b) are requested to register/update their email address with the Karvy / Company for receiving all communication from the Company electronically.

   (c) are requested to dematerialize their shares in view of discontinuation of transfer of shares in physical mode with effect from December 5, 2018 as per amended Regulation 40 of SEBI (LODR) Regulations, 2015

10. Members holding shares in electronic mode

    (a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts, if not submitted to their DPs.

    (b) are advised to contact their respective DPs for registering the nomination.

    (c) are requested to register/update their email address with their respective DPs for receiving all communication from the Company electronically.

11. GO GREEN! SWITCH TO EMAIL COMMUNICATION

We all human beings are children of Mother Nature. It is only when Mother Nature is respected, can her children remain healthy. Respect and proper care for Mother Nature is everyone's prime responsibility. We all must maintain and protect ecological balance of the earth by preserving and growing more trees for avoiding catastrophic global warming situation on the earth.

In order to protect the environment, we, as a responsible citizen, can contribute in every possible manner. Considering this object in mind, members who have not registered their email id, are requested to register his / her e-mail id to receive all communication electronically from the Company. This would also be in conformity with the regulatory requirements.

Members may note that the Company would communicate and send notices, intimation, circulars, annual reports, any event based disclosure etc. in electronic form to the e-mail ID of the respective members. Further, as per the statutory requirement, the above stated documents are also disseminated on the Company's website www.shalby.org

This initiative would enable the members to receive communication promptly besides paving way for reduction in paper consumption and wastage. You would appreciate this initiative taken by the Ministry of Corporate Affairs (MCA) and your Company's desire to participate in the initiative. If there is any change in e-mail ID, shareholder can update his/ her e-mail ID in the same manner as mentioned above.

12. PROCEDURE OF VOTING AT AGM :

In addition to the remote e-voting facility as described below, the Company shall arrange voting facility at the venue of AGM through Ballot Paper and the members attending the meeting, who have not already cast their votes by remote e-voting, will be able to exercise their right at the meeting. Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again. Members will need to write on the ballot paper, inter alia, relevant Folio no., DP ID & Client ID and number of shares held etc.

13. E-VOTING FACILITY :

a) In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, as amended, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the ICSI, as amended, the Company is pleased to provide to the Members facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 14th AGM and accordingly, business as mentioned in this Notice shall be transacted through e-voting. Necessary arrangements have been made by the Company with Karvy Computershare P. Ltd, our RTA to facilitate e-voting. The Company has appointed Mr. Shambhu J Bhikadia, Practicing Company Secretary (Membership no. 8024) to act as Scrutinizer for conducting the voting and e-voting process in a fair and transparent manner.

b) The remote e-voting period commences on September 14, 2018 (9:00 am) and ends on September 16, 2018 (5:00 pm). During this period, the members of the Company, holding shares either in physical form or dematerialised form, as on the cut-off date i.e. September 10, 2018, may cast their votes by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.

c) Once the vote on a resolution is cast by the member, such member shall not be allowed to change it subsequently.

d) A person who is not a member as on cut-off date should treat this Notice for information purpose only.

14. PROCESS AND MANNER FOR REMOTE E-VOTING

A. Members whose email IDs are registered with the Company/Karvy/DPs will receive an email from Karvy informing them of their User-ID and Password. Once the Member receives the email, he or she will need to go through the following steps to complete the remote e-voting process:

i. Use this URL https://evoting.karvy.com for e-voting:

ii. Enter the login credentials (user id and password) which will be sent separately. However, if you are already registered with Karvy for e-voting, you can use your existing user id and password for casting your votes.

iii. After entering the details appropriately, click on LOGIN.

iv. You will reach the password change menu, wherein **you are required to mandatorily change your password.** The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the remote e-voting for **Shalby Limited.**

vii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, then enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. **Once you confirm, you will not be allowed to modify your vote subsequently.** During the voting period, you can login multiple times for voting, till you have confirmed that you have voted on the resolution.

x. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutinizer through email at helishah286@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format "Shalby Limited_EVENT No."

xi. Remote e-voting facility where members can cast their vote online shall be open from **September 14, 2018 (9.00 a.m.) till September 16,2018 (5.00 p.m.)**

xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) section for shareholders and e-voting User Manual available at the "Downloads" section of https://evoting.karvy.com or contact Karvy on 1800 345 4001 (toll free).

B. In case, a member receives physical copy of the Notice of AGM [for members whose email IDs are not registered]:

a) User ID and initial password is provided alongwith annual report :

b) Please follow all steps from Sl. No. (i) to Sl. No. (xii) above to cast vote.

C. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 10, 2018, may obtain the User ID and password in the manner as mentioned below:

i. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

ii. Member may send an e-mail request to evoting@karvy.com. If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

iii. Member may call Karvy's toll free number 1-800-3454-001.

iv. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space>E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399

Example for NSDL: MYEPWD <SPACE>

IN12345612345678

Example for CDSL :MYEPWD <SPACE>

1402345612345678

Example for Physical :MYEPWD <SPACE>

XXXX1234567890

v. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. September 10, 2018, only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

Please note -

- Keep your most updated email id registered with the Company / your DP, to receive timely communications.
- Notify change of address, or particulars of your bank account details, to the respective Depository Participant in case of shares held in demat mode / to the Karvy R &T Agent of the Company in case of shares held in physical mode.

15. The Scrutinizer after conclusion of voting at the AGM, first count the votes cast at the meeting and unblock the votes cast through remote e-voting in presence of at least two witnesses not in the employment of the company and shall make not later than three days of the conclusion of the AGM a Consolidated Scrutinizer's Report of the total votes cast in favour or against or invalid votes, if any, forthwith to the Chairman of the Company or any other director or person authorized, who shall countersign the same and declare the result of the voting forthwith.

16. The results so declared along with Scrutinizer's Report shall be placed on the Company's website www.shalby.org and on the website of Karvy and shall also be disseminated on the website of Stock Exchanges, where the Company's shares are listed.

17. Non-Resident Indian members are requested to inform Karvy / respective DPs, immediately of

    a. Change in their residential status on return to India for permanent settlement.

    b. Particulars of their bank account maintaining in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

18. Members holding shares in electronic form must inform about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Transfer Agent.

19. Members are requested to bring their copy of Annual Report at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Pursuant to provision of Section 139 (2) of the Companies Act, 2013 ("the Act"), a listed Company shall not appoint an audit firm as auditor for more than two terms of five consecutive years.

M/s. G K Choksi & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company at the Annual General Meeting ("AGM) of the Company held on September 30, 2008 and in compliance with the aforesaid requirement of the Act, M/s. G K Choksi & Co., existing auditors of the Company will retire at the forthcoming AGM.

Based on the recommendation of Audit and Risk Management Committee, the Board of Directors of the Company has considered and recommended to appoint M/s. T R Chadha & Co. LLP, Chartered Accountants (Firm Registration No. 006711N) as a Statutory Auditors of the Company for a period of five years, commencing from conclusion of 14th AGM till the conclusion of 19th AGM of the Company, in place of retiring auditor M/s. G K Choksi & Co.

Brief profile of M/s. T R Chadha & Co. LLP

M/s. T R Chadha & Co. LLP, Chartered Accountants, was established in the year 1946 by Late Mr. T R Chadha and is having currently 9 branches across pan India supported by 17 experienced partners, who have experience of statutory audit, tax audit and internal audit assignments of various entities. They have experience in the Ind AS requirements and implementation. M/s. T R Chadha & Co. LLP holds Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

M/s. T R Chadha & Co. LLP, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as independent auditors in terms of the provisions of the Section 139 and Section 141 of the Act read with the provisions of the Companies (Audit and Auditors) Rules, 2014. M/s. T R Chadha & Co, LLP were associated with our Company as internal auditors of the Company before their appointment as Statutory Auditors of the Company.

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution set out at item No. 3 of the notice.

The Board recommends the Resolution set forth in item No. 3 of the notice for approval of the Members.

Item No. 4

Mr. Ashok Bhatia (DIN: 02090239) was appointed as Additional Independent Director through a circular resolution passed by the Directors effective from October 23, 2017. As Mr. Bhatia has more than 37 years of rich professional experience, he can enhance the value and the growth of business development of the Company.

The Board of Directors in their meeting held on May 7, 2018 has changed the category from Independent to Non independent director. The Board, based on performance evaluation and as per the recommendation of NRC, considers that, given his background and experience, the continued association of Mr. Bhatia would be beneficial to the Company. Accordingly it is proposed to re-appoint Mr. Bhatia as Non executive non independent director of the Company whose office is liable to retire by rotation.

Mr. Ashok Bhatia is interested in the resolution set out in item No 4 of the notice with regard to his re-appointment. Relatives of Mr. Ashok Bhatia may be deemed to be interested in the resolution to the extent of their shareholding interest, if any in the Company. Details of Mr. Bhatia are annexed herewith.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Act and the Listing regulations.

The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by members.

Item No. 5

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Mrs. Sujana Shah (DIN: 08100410) as an Additional Director in the category of Independent Director of the Company for a period of 5 (Five) years with effect from May 7, 2018 under Section 149, 161(1) of the Companies Act, 2013 ("the Act") read with Article 38 and 40 of the Articles of Association of the Company. Pursuant to Section 161 of the Act, Mrs. Sujana Shah holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member proposing her candidature for the office of Director of the Company.

In the opinion of the Board, Mrs. Sujana Shah fulfills the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for her appointment as an Independent Director of the Company. The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Sujana Shah as an Independent Director.

Mrs. Sujana Shah is interested in the resolution set out in item No 5 of the notice with regard to her re-appointment. Relatives of Mrs. Sujana Shah may be deemed to be interested in the resolution to the extent of their shareholding interest, if any in the Company. Details of Mrs. Shah are Annexed herewith.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by members.

Item No. 6

The Board, on the recommendation of the Audit and Risk Management Committee, has approved the appointment of M/s. Borad Sanjay B & Associates, Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost records of the Company for the financial year ending on March 31, 2019 at a remuneration of ₹ 1,00,000/- (Rupees One Lakh Only) plus applicable taxes and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the shareholders.

By Order of the Board of Directors
For, **Shalby Limited**

Place : Ahmedabad
Date : May 7, 2018

Jayesh Patel
Company Secretary

Regd. Office: Shalby Hospitals,
Opp. Karnavati Club
S. G. Road, Ahmedabad 380015

Information required pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), in respect of Directors seeking appointment / re-appointment at the 14th Annual General Meeting

Name of Director	Mr. Shyamal Joshi [DIN: 00005766]	Mr. Ashok Bhatia [DIN: 02090239]	Mrs. Sujana Shah [DIN: 08100410]
Age in completed years (as on March 31, 2018)	68	64	40
Date of first appointment on the Board	June 1, 2010	October 23, 2017	May 7, 2018
Qualification / Brief Resume / Expertise in specific functional area / experience	Mr. Shyamal Joshi holds a bachelors' degree in commerce from Gujarat University. He is also a member of the Institute of Chartered Accountants of India. He has vast experience in various areas including corporate strategy and fund raising.	Mr. Ashok Bhatia holds a bachelors' degree in science from Punjab University, and a masters' degree in business administration, with a specialization in marketing management from the Adam Smith University of America, United States of America. He has more than 37 years of professional experience. In the past, he has been associated with Indo-Pharma Pharmaceutical Works Limited and Cadila Healthcare Limited.	Mrs. Sujana Shah is a commerce graduate from Gujarat University and member of Institute of Chartered Accounts of India. She is practicing Chartered Accountant and has vast experience over 17 Years in the fields of finance, accounts, audit, direct - indirect taxes, banking, treasury etc. She is presently associated with V.R. Shah & Associates as a partner. She has been the statutory and internal auditor for most reputed public Banks of India.
No. of Shares held in the Company	2006 equity shares	1755 equity shares	Nil
Relationship with other Directors and Key Managerial Personnel	None	None	None
No of meetings of the Board attended during the year	4	2	Not Applicable
Other Directorships	1. Nila Infrastructure Limited 2. Adani Wilmar Limited 3. Vrundavan Shalby Hospitals Limited 4. Parsa Kente Coilleries Limited 5. CSPGCL Ael Parsa Collieries Limited	None	None

Chairmanship / Membership of Committees of other companies

	Mr. Shyamal Joshi			Mr. Ashok Bhatia			Mrs. Sujana Shah		
	Name of Company	Name of * Committee	Chairman/ Member	Name of Company	Name of * Committee	Chairman/ Member	Name of Company	Name of * Committee	Chairman/ Member
	Nila Infrastructure Limited	AC	Chairman	None	None	None	None	None	None
		NRC	Chairman						
		CSR	Chairman						
		CC	Chairman						
	Parsa Kente Coilleries Limited	AC	Member						

*Abbreviation
AC – Audit Committee
SRC – Stakeholders Relationship Committee
NRC – Nomination and Remuneration Committee
CSR – Corporate Social Responsibility Committee
CC – Compensation Committee

SHALBY
MULTI-SPECIALTY
HOSPITALS

Shalby Limited

Regd. Off. Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015, Gujarat India
Phone +91 79 40203000 Fax : +91 79 40203109 email: companysecretary@shalby.in
CIN: L85110GJ2004PLC044667

ATTENDANCE SLIP

14th Annual General Meeting –September 17, 2018 at 9:30 a.m.

I hereby certify that I am a registered member / proxy for the registered member of the company.

I hereby record my presence at the fourteenth Annual General Meeting of the Company being held on Monday, September 17, 2018 at 9:30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad 380015.

Regd. Folio No. / DP ID and Client ID	
Name & Address of the Member	
Joint holder 1	
Joint holder 2	
No. of equity shares held	

Signature of Member

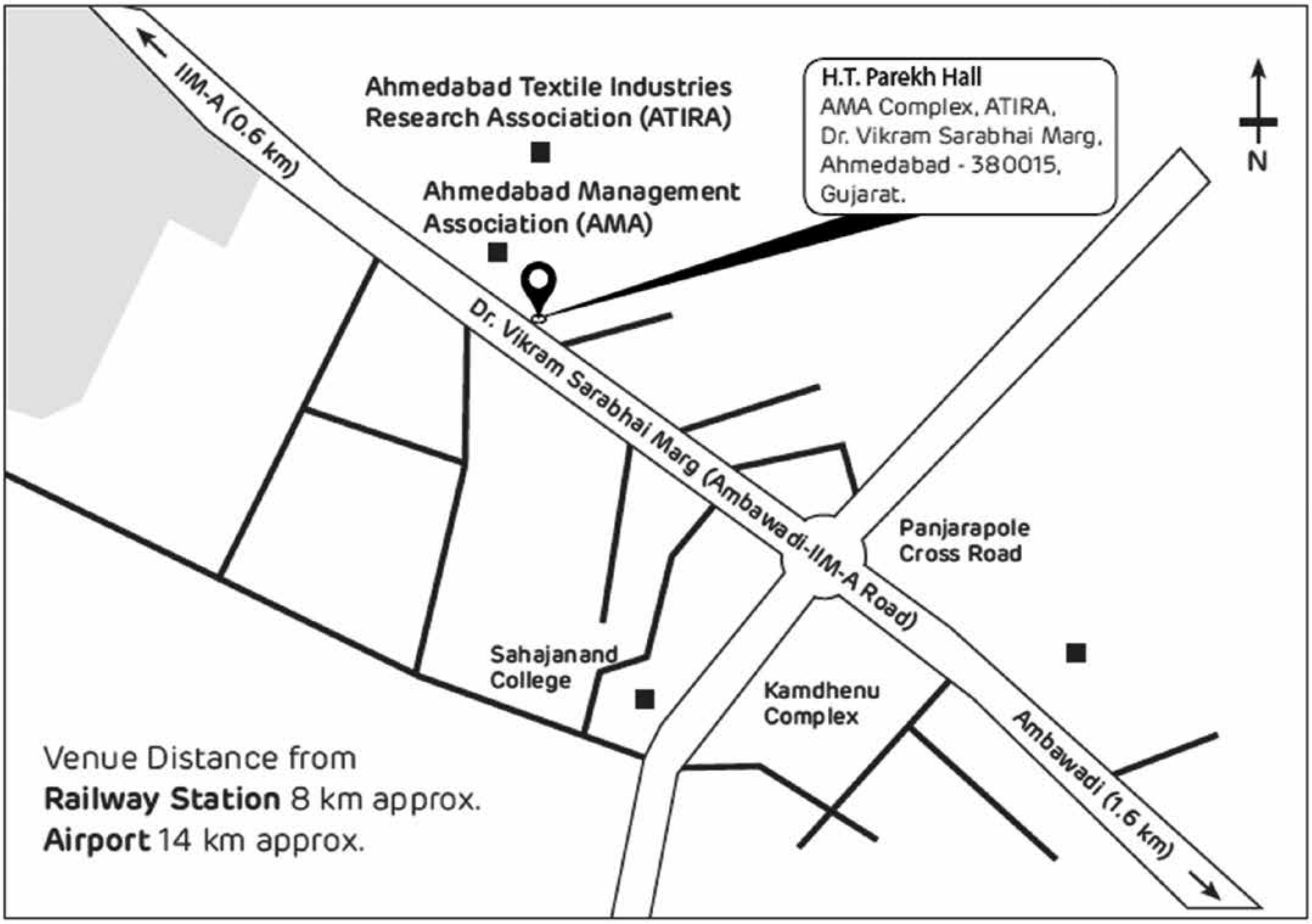
Signature of Proxy

Note: Please complete this slip in legible writing and hand it over at the entrance of meeting venue.

Members may please note the user id and password given below for the purpose of e-voting in terms of Section 108 and applicable provisions of the Companies Act, 2013 and rules.

Electronic Voting Particulars		
EVSN (Electronic Voting Sequence No.)	**User ID**	**Password**

Route Map


IIM-A (0.6 km)
Ahmedabad Textile Industries
Research Association (ATIRA)
Ahmedabad Management
Association (AMA)
H.T. Parekh Hall
AMA Complex, ATIRA,
Dr. Vikram Sarabhai Marg,
Ahmedabad - 380015,
Gujarat.
N
Dr. Vikram Sarabhai Marg (Ambawadi-IIM-A Road)
Panjarapole
Cross Road
Sahajanand
College
Kamdhenu
Complex
Ambawadi (1.6 km)
Venue Distance from
Railway Station 8 km approx.
Airport 14 km approx.

SHALBY
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Shalby Limited

Regd. Off. Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015, Gujarat India
Phone +91 79 40203000 Fax : +91 79 40203109 email: companysecretary@shalby.in
CIN: L85110GJ2004PLC044667

Form no. MGT-11
PROXY FORM

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

CIN	L85110GJ2004PLC044667
Name of Company	Shalby Limited
Registered office	Shalby Hospitals, Opp. Karnavati Club, S. G. Road, Ahmedabad 380015, Gujarat India
Name of Member	
Registered Address	
Email ID	
Folio No. / DP ID & Client ID	
No. of Shares held	

I / We, being the member(s) of above Company holding __________ shares, hereby appoint below at Sr. No. 1 or failing him Sr. No. 2 or failing him Sr. No. 3.

Sr.	Name of Proxy(ies)	Address & Email ID	Signature
1			
2			
3			

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the Company, to be held on Monday, September 17, 2018 at 9:30 a.m. at H. T. Parekh Hall, The Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad 380015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	For	Against
1	Receive, consider and adopt the Audited Financial Statements (standalone and consolidated), the reports of Board of Directors and Auditors thereon		
2	Appointment of Mr. Shyamal Joshi, a Director retire by rotation		
3.	Appointment of M/s. T R Chadha & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company in place of existing Auditors.		
4.	Appointment of Mr. Ashok Bhatia as Non-Executive Non-Independent Director		
5.	Appointment of Mrs. Sujana Shah as Non-Executive Independent Director		
6.	Ratifying remuneration of Cost Auditor for the FY 2018-19		

Signed this ______________________________ day of ______________________________ 2018

Affix revenue stamp

______________________________ ______________________________

Signature of Proxy holder **Signature of Member**

Notes:

1. The form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not later than 48 hours before the commencement of the Meeting.
2. It is optional to put 'x' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details including details of Member(s) before submission.

SHALBY LIMITED
CIN: L85110GJ2004PLC044667
REGISTERED AND CORPORATE OFFICE

Shalby Hospitals, Opp. Karnavati Club, S. G. Road,
Ahmedabad 380015, Gujarat, India.

Tel: +91 79 4020 3000 | **Fax:** +91 79 4020 3109 | **Email:** info@shalby.org | **Web:** www.shalby.org
Emergency: +91 79 4020 3111, +91 99240 23456

Concept, Content & Design
WYATT Prism COMMUNICATIONS (info@wyatt.co.in)