

# SURYA HEALTHCARE LIMITED



**ANNUAL REPORT  
2010-2011**

## CONTENTS

1	Corporate Information	11	Profit and Loss Account
2	Notice	12	Schedules
4	Directors' Report	20	Cash Flow Statement
6	Corporate Governance Report	21	Subsidiary Accounts
7	Auditor's Report	38	Consolidated Financial Statements
10	Balance Sheet		



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Rajiv Goyal, *Director*

Ms. Alka Goyal, *Director*

Mr. Rajansh Thukral, *Director*

## BANKERS

- State Bank of India
- Bank of Baroda

## AUDITORS

**M/S. AAD & ASSOCIATES**

Chartered Accountants

#1595, Sector 33D,

Chandigarh -160 034

## REGISTERED OFFICE

**SURYA HEALTHCARE LTD.**

911, 9th Floor, Surya Kiran Building, 19 K.G. Marg,

Connaught Place, New Delhi

Phone No. 011-23733021

Fax No. 011-43561955

Website : [www.vivapharmacy.com](http://www.vivapharmacy.com)

## CORPORATE OFFICE

**SURYA HEALTHCARE LTD.**

SCO 164-165, Sector 9-C, Madhya Marg,

Chandigarh - 160 009

Phone No. 0172-5005000

Fax No. 0172-5076000

## COMPANY SECRETARY

Mrs. Sugandha Kukreja

SURYA HEALTHCARE LTD.

S.C.O. 164-165, Sector 9-C,

Madhya Marg,

Chandigarh-160 009

# NOTICE



Notice is hereby given that the 6th Annual General Meeting of the Shareholders of Surya Healthcare Limited will be held on Friday, the 30th September, 2011 at 3.00 P.M. at the Registered Office of the Company at # 911, 9th Floor, Surya Kiran Building, 19 K.G. Marg, Connaught Place, New Delhi to transact the following business:-

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011, Profit & Loss Account for the year ended on that date and the report of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajiv Goyal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. AAD & Associates, Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

## SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“RESOLVED THAT the consent of the members be and is hereby accorded in terms of Section 293(i)(a) and all other applicable provisions of the Companies Act, 1956 (including statutory modifications or re-enactment thereof for the time being in force), to the Board of Directors (including a committee constituted by the Board for borrowing purposes) to mortgage and/or charge, in such form and manner which the Board may determine on all or any of the movable and/or immovable properties of the Company both present and future and/or the whole or any part of the undertaking of the Company availed/to be availed from the Company's lenders by way of Loan(s) subject to the limits approved under section 293(1)(d) of the Companies Act, 1956 together with interest, liquidated damages, commitment charges, premium and all other charges and expenses in respect of the said loan/borrowings and containing such specific terms & conditions and covenants in respect of enforcement of security as may be stipulated in this behalf and agreed to between Board of Directors or Committee thereof and the lenders(s).

“RESOLVED FURTHER THAT pursuant to the provisions of Section 293(i)(d) and compliance of all other applicable provisions under the Companies Act, 1956 or rules made thereunder and subject to any other statutory approvals, if any, the consent of the members be and is hereby accorded to the Board of Directors/Committee to borrow money, whether secured or unsecured, whether from India or abroad, whether from banks, corporates, public or private financial institutions or any other companies, firms or individuals through public offering or private placement, in any manner, for and on behalf of the Company, from time to time, any sum or sums of money, not exceeding ₹300 crore (apart from working capital & temporary loans obtained from the Company's Bankers in the ordinary course of Business) in Indian or any other equivalent freely convertible currency, on such terms & conditions as the Board may deem fit notwithstanding that the Company exceeds the aggregate of its paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose provided that the total borrowing under Section 293(i)(d) of the Companies Act, 1956 shall not at any time exceed ₹300 crore (Rupees Three Hundred Crore only) over and above the aggregate of paid up capital of the Company and its free reserves.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to finalise, settle and execute such documents/deeds/ writing/ papers/ agreements/ arrangement, as may be required and to do, through authorised Directors/Principal Officers or other authorised officers of the Company, all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creation of mortgages/charges and/or borrow money as aforesaid.”

By order of the Board  
For Surya Healthcare Limited

Sd/-

Rajansh Thukral  
(Director)

Place: Chandigarh  
Date: 13.08.2011

## NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy, in order to be valid, should however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. Members/Proxies are requested to deposit the Attendance Slip duly filled in and signed for attending the meeting.

By order of the Board  
For Surya Healthcare Limited

Place: Chandigarh  
Date: 13.08.2011

Sd/-  
Rajansh Thukral  
(Director)

## ANNEXURE TO NOTICE

Details of Directors seeking appointment or reappointment at the ensuing Annual General Meeting scheduled to be held on 30th September, 2011.

Name of Director	Mr. Rajiv Goyal
Date of Birth	08.07.1963
Date of Appointment	18.01.2005
Existing Position	Director
Expertise in specific functional areas	Managerial

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (II) OF THE COMPANIES ACT, 1956:

The following explanatory Statements set out material facts relating to special business of the accompanying notice dated 13.08.2011.

### ITEM NO. 4

Keeping in view the future plans of the Company, it has been necessitated that wide powers with respect to borrowings are bestowed on the Board of Directors to meet all financial needs of the Company, both present as well as future. Accordingly, the Board of Directors have proposed to increase the borrowing powers from ₹100 crore to ₹300 crore over and above the aggregate of paid up capital of the Company and its free reserves both in Indian or foreign currency to enable the Company to mobilize funds both from Indian or International financing

channels to get the advantage of low cost of funding.

The Board of Directors, therefore, recommends the Resolution set out at Item No. 4 of accompanying Notice for the approval of the members as an Ordinary Resolution.

None of the Directors is concerned or interested in the said resolution.

By order of the Board  
For Surya Healthcare Limited

Place: Chandigarh  
Date: 13.08.2011

Sd/-  
Rajansh Thukral  
(Director)

# DIRECTORS' REPORT



*Dear Shareholders*

The Board of Directors of your Company have pleasure in presenting the 6th Annual Report of the Company along with the Annual Accounts and the Auditors' Report thereon for the year ended 31st March, 2011.

## CORPORATE RESULTS

(₹ in lacs)

	2010-11	2009-10
Total Income	4,795.61	824.81
Depreciation	115.46	27.99
Profit/Loss before Tax	(514.07)	(232.11)
Provision for Taxation: Current Tax	-	-
Deferred Tax	155.79	71.72
Net Profit/ Loss after Tax	(358.28)	(160.39)

## BUSINESS OUTLOOK AND GROWTH PLANS

Your Company, Surya Healthcare Ltd has captured the imagination of Indian consumers by launching 88 “Viva” and by acquiring 42 “Medimart” pharmacy and -wellness stores across 6 states and 25 cities during the year. At the end of the year 2010-11, the tally of “Viva” stores stood at 113 and “Medimart” stores at 42, a total of 155 stores.

We envisage that the daunting task of opening 1,500 stores pan – India, farming major cities of entire India, will be undertaken in the next three years. Our projects team has worked on creating the pipeline of properties which will be commercialised in the current year. We successfully recruited highly experienced manpower to head zones and departments, also qualified pharmacists and trained the front end staff for explaining our mission to provide safe and genuine medicines, meeting the customer’s expectations and converting opportunities. In the longer term of 5-7 years, the chain of stores will go to semi-urban and rural areas.

Most of the “Viva” stores, located in high footfall areas inside neighbourhood markets are essentially off high streets and malls. Hence there are three formats of the stores, namely, express, medium and large and the size of the stores ranges between 150 sq ft to 1,000 sq ft. The format of the pharmacy - and - wellness was veritably absent in neighbourhood markets and your Company enjoys the first mover advantage in this regard. In the current year, new inventive formats will be rolled as the Company has chosen to target the high consumer footfalls in different set of locations in same cities.

The prescience of launching a pan-India chain of pharmacy and wellness “Viva” stores came from the emerging trend where the consumer is looking for one-stop shop for prescription

medicines, everyday essentials, beauty care products, health prevention / healing over the counter medicines. The discriminating consumer wants to linger inside the store surrounded by best of breed brands, national and international, in order to walk around, visualize, feel and touch the range of choices and understand the scales of quality and price before deciding to change and enlarge the purchase decision, and to try new products and new brands. The environment has to be air conditioned, moderately decorated, and at the counter the scanning of the tagged products, through real time on line accounting process, not only generates a printed invoice but also locks in valuable data on customer preferences that can be used for planning new initiatives at the store level.

As of August 2011 the current count of “Viva” and “Medimart” stores stands at 186, witnessing daily sales of more than ₹25 lacs per day. The stores enjoy the loyalty of more than 150,000 customers and more than 300,000 customers walk into the stores every month.

During March 2011, we acquired the Company, Medi Mart India Pvt Ltd, its brand “Medimart” and 42 pharmacy stores in Hyderabad. The acquisition helped us to get a toehold in the premier Hyderabad market through an established brand, which had sales of ₹10.87 crore in FY2010-11.

## SUBSIDIARY COMPANIES

Medi Mart India Pvt. Ltd. a Hyderabad based Company, has a retail chain of stores under the brand name “Medimart” Pharmacy dealing in Retail Pharmacy business.

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors’ Report, Balance Sheet and Profit



and Loss Account of our subsidiary to our annual report.

A copy of Balance Sheet, a copy of Profit & Loss Account together with Director's Report and Auditor's Report of Medi Mart India Pvt Ltd is attached.

### **CONSOLIDATED FINANCIAL RESULTS**

The Consolidated Financial Results and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standard) Rules, 2006 also form part of this Annual Report.

### **CAPITAL STRUCTURE**

During the year under review, the Company has increased its Authorised Share Capital from ₹5 crore to ₹15 crore and the paid up Share Capital of the Company has been increased from ₹3,05,00,060/- to ₹6,50,00,060. Subsequently, in 2011-12, the paid up capital has increased to ₹10,71,00,060/-.

### **DIRECTORS**

Mr. Rajiv Goyal, Director who retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board recommends his reappointment.

### **AUDITORS AND THEIR REPORT**

M/s. AAD & Associates, Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received their consent letter under Section 224 (1-B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the prescribed limit and that they are not otherwise disqualified within the meaning of Section 226 (3) of the Companies Act, 1956 for such appointment.

The Notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

### **FIXED DEPOSITS**

We have not accepted any fixed deposits during the year under review.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

i) in the preparation of the annual accounts, the applicable

accounting standards have been followed;

- ii) the Directors have 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 as at 31st March, 2011 and of the profit/(loss) of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

### **PARTICULARS OF EMPLOYEES**

There were no employees whose Particulars are required to be disclosed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information under energy conservation, technology absorption and foreign exchange earnings and outgo is NIL.

### **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for the significant contribution made by all the employees, who through their competence, hard work, solidarity and co-operation, have enabled the Company to establish its Brand and Business model in the short span.

The Directors are thankful for the co-operation and contribution provided by the Company's Bankers - State Bank of India and Bank of Baroda and Government and Non - Government Agencies.

**By order of the Board  
For Surya Healthcare Limited**

Place: Chandigarh  
Date: August 13, 2011

Sd/-  
**Rajiv Goyal**  
(Director)

# CORPORATE GOVERNANCE REPORT



A voluntary report on Corporate Governance is set out below:

## 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Surya Healthcare we firmly believe in the importance of pursuing the highest standards in best practices towards good corporate governance. Our policies and procedures exemplify our core values in utmost transparency, professionalism and accountability across all functions of our organisation. The Company has, and will, continually endeavour to improve corporate practices, methodologies, and procedures to ensure that long term value is realised for all stakeholders of our organisation. We aim to consistently offer our shareholders, customers, employees, vendors and the larger community mutually beneficial value through transparency in our associations, quality in our products and services, and integrity in our relationships.

Our Corporate Governance philosophy is driven by the following principles:

- To fulfill and comply by the spirit of law and further pursue initiatives that determine paramount value to all associated with our organisation.
- To ensure transparency and openness about all facets of our operations, at all times.
- To be driven by integrity and core values and co-operate at all times in providing a clear and true image of our organisation.
- To understand and comply with the written and unwritten laws of all companies in which we operate.
- To ensure that our corporate structure fosters clear communication channels and lines of command at all times.
- To continually enhance shareholder value at all times.
- To endeavour to do the best we can to ensure and improve the preservation of communities and environment.

## 2) BOARD OF DIRECTORS

The Board of Directors of the Company comprises of 3 Directors.

Mr. Rajiv Goyal, Director who retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for reappointment.

## 3. DISCLOSURES

The Company has generally complied with all applicable laws, rules & regulations.

## 4. GENERAL SHAREHOLDER INFORMATION

<b>i) Annual General Meeting:</b>	
Date & Time:	30th September, 2011 at 3.00 P.M.
Venue	Regd. Office of the Company at # 911, 9th Floor, Surya Kiran Building, 19 K.G. Marg, Connaught Place, New Delhi.
<b>ii) Financial Calendar (2011-12) (Tentative):</b>	
AGM	30.09.2011
Board Meeting for 1st quarter	On or before 14.08.2011
Board Meeting for 2nd quarter	On or before 14.11.2011
Board Meeting for 3rd quarter	On or before 14.02.2012
Board Meeting for 4th quarter	On or before 14.05.2012
<b>iii) Company Secretary</b>	Ms. Sugandha Kukreja Surya Healthcare Limited # SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh.

## 5. AUDIT COMMITTEE

The following are the members of the Audit Committee:

1. Mr. Rajiv Goyal – Chairman
2. Mrs. Alka Goyal – Member
3. Mr. Rajansh Thukral – Member

**Note:** The disclosures on Corporate Governance are voluntary and not mandatory, this being a closely held unlisted Company.



# AUDITOR'S R E P O R T

To the members of  
**Surya Healthcare Limited**

We have audited the attached Balance sheet of SURYA HEALTHCARE LIMITED as at 31st March, 2011 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2004 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of said order.
3. Further to our comments in the annexure referred to in paragraph (2) above, we report that:-
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in

agreement with the books of accounts;

- d) In our opinion, the Balance sheet, Profit and loss account and Cash Flow Statement comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, subject to Notes on Accounts forming part of Balance Sheet.
- e) As per information and explanations given to us, none of the directors of the Company is disqualified from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India.
  - i) In the case of the Balance Sheet of the State of affairs of the Company as at 31st March, 2011 and
  - ii) In the case of the Profit and Loss account, of loss of the Company for the year ended on that date.
  - iii) In case of Cash Flow Statement, of the cashflow for the year ended on that date.

**For AAD & Associates**  
*Chartered Accountants*

Sd/-  
**Shamsher Singh**  
*(Partner)*

Place: Chandigarh  
Date: 13th August, 2011

M.NO. 083898  
FRN-020624N

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Paragraph 2 of our report to the members of SURYA HEALTHCARE LIMITED on the accounts for the year ending 31st March, 2011

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable to the size of the Company and nature of its assets. No material discrepancies were noted on such verification.
- c) No part of the fixed assets have been disposed off during the year which has bearing on the going concern assumption.
2. a) Physical verification of inventories was conducted by the management during the year and in our opinion, the frequency of such verification was reasonable.
- b) Procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
3. a) The Company has granted advances to companies/ firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and the amount outstanding as on 31.03.2011 was ₹379.21 lac.
- b) and (c) These points are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and also for the sale of goods & services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct the major weaknesses in internal control system. We have not observed any major weakness in the internal control system during the course of our audit.
5. a) According to the information and explanations given to us, we are of the opinion that particulars of all contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lac in respect of any party during the year have been made at the prices which are reasonable having regard to prevailing market prices at relevant time.
6. The Company has not accepted any deposits from public.
7. The Company has an internal audit system, which in our opinion is, commensurate with the size of the Company and nature of its business.
8. Provisions for section 209(1)(d) does not apply to the Company.
9. a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sale Tax, Wealth Tax Service Tax, Custom Duty, Excise Duty, cess and other material

statutory dues applicable to it with the appropriate authorities.

- b) No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sale Tax, Custom Duty, Excise Duty, cess were in arrears as at March 31.03.2011 for a Period of more than six months from the date they became payable.
  - c) No undisputed amounts payable in respect of Sales Tax, Service Tax and Income Tax which have not been deposited as at March 31.03.2011.
10. The Company has incurred losses at the end of current financial year. As the operational period has not been more than 5 years, the clause is not applicable.
  11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to the bankers.
  12. In our opinion and according to the information and explanations given to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.
  13. In our opinion and according to the information and explanations given to us the provisions of chit fund are not applicable to the Company.
  14. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares securities and debentures. Therefore the provision of clause 4(xiv) of CARO are not applicable to the Company.
  15. In our opinion the Company has not given any corporate guarantee on behalf of any corporate body.
  16. In our opinion and according to the information and

explanations given to us, the term loan have been applied for the purpose for which they were raised.

17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have not been used during the year for long term investment.
18. According to the information and explanations given to us during the period covered by our audit, the Company has made preferential allotment of 34,50,000 equity shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, during the year covered by our report, the Company has not issued any secured debentures.
20. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year.

**For AAD & Associates**  
*Chartered Accountants*

Sd/-  
**Shamsher Singh**  
*(Partner)*

Place: Chandigarh  
Date: 13th August, 2011

M.NO. 083898  
FRN-020624N

**BALANCE SHEET** as on 31st March 2011

(Amount in ₹)

	Schedule Number	As on 31.03.2011	As on 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	I	6,50,00,060	3,05,00,060
Share application money received		9,60,85,000	7,23,65,930
Reserves & Surplus	II	6,72,53,181	3,181
<b>2. Loan Funds</b>			
Secured Loans	III	29,05,33,167	10,85,81,681
Unsecured Loans	IV	5,04,08,575	–
<b>Total</b>		<b>56,92,79,983</b>	<b>21,14,50,852</b>
<b>APPLICATION OF FUND</b>			
<b>1. Fixed Assets</b>			
Gross Block	V	22,54,44,011	8,47,49,121
Less : Depreciation		(1,43,44,995)	(27,98,755)
Net Block		21,10,99,016	8,19,50,366
Capital Work-in-progress		12,44,69,785	1,17,56,110
		33,55,68,801	9,37,06,476
<b>2. Investments</b>			
	VI	10,20,000	–
<b>3. Current Assets, Loans and Advances</b>			
Inventories	VII	18,13,77,104	5,60,00,260
Sundry Debtors	VIII	13,24,86,826	2,14,68,633
Cash and Bank balance	IX	55,19,059	1,33,71,201
Loans and Advances	X	12,48,49,951	6,08,77,292
Total Current Assets		44,42,32,940	15,17,17,386
<b>Less : Current Liabilities and Provisions</b>	XI	28,64,95,917	5,75,20,460
<b>Net Current Assets</b>		15,77,37,023	9,41,96,926
<b>4. Profit and Loss Account</b>			
		5,18,66,899	1,60,39,030
<b>5. Deferred Tax Asset (net of liability)</b>			
		2,27,50,930	71,72,090
<b>6. Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	XII	3,36,330	3,36,330
<b>Total</b>		<b>56,92,79,983</b>	<b>21,14,50,852</b>
Significant Accounting Policies & Notes on Accounts	XIX		

Schedules annexed hereto form an integral part of Balance Sheet

Signed in terms of our report of even date attached

For and on behalf of the Board of Directors

For AAD & Associates  
Chartered AccountantsSd/-  
Rajiv Goyal  
DirectorSd/-  
Alka Goyal  
DirectorSd/-  
Hari Om Bhatia  
Business Head-RetailSd/-  
Shamsher Singh  
PartnerPlace: Chandigarh  
Date: 13.08.2011

**PROFIT AND LOSS ACCOUNT** for the year ended 31st March 2011

(Amount in ₹)

	Schedule Number	Year ended 31.03.2011	Year ended 31.03.2010
<b>INCOME</b>			
Sales (Net of returns)		50,31,69,654	8,70,06,383
Less: Value added Tax / Sales Tax		(3,92,17,054)	(55,22,069)
		46,39,52,600	8,14,84,315
Other Income	XIII	1,56,08,381	9,96,770
<b>Total</b>		<b>47,95,60,981</b>	<b>8,24,81,085</b>
<b>EXPENDITURE</b>			
Cost of goods sold	XIV	38,46,28,519	6,83,43,812
Employee Costs	XV	6,52,48,476	1,62,36,279
General & Administrative Expenses	XVI	4,72,39,115	1,33,46,963
Selling and Distribution Expenses	XVII	1,52,02,973	33,31,991
Interest & Financial Charges	XVIII	71,02,367	16,34,405
Depreciation		1,15,46,240	27,98,755
<b>Total</b>		<b>53,09,67,691</b>	<b>10,56,92,205</b>
<b>Net Profit (Loss) before taxation</b>		<b>(5,14,06,709)</b>	<b>(2,32,11,120)</b>
<b>Provision for taxation</b>			
- Current Tax		-	-
- Deferred Tax Asset / (Liability)		1,55,78,840	71,72,090
Net Profit / (Loss) after taxation		(3,58,27,869)	(1,60,39,030)
Balance brought forward		(1,60,39,030)	-
<b>Balance Carried to Balance Sheet</b>		<b>(5,18,66,899)</b>	<b>(1,60,39,030)</b>
<b>Earning Per Share (₹)</b>			
- Basic/Diluted		(8.06)	(53.46)
Significant Accounting Policies & Notes on Accounts	XIX		

Schedules annexed hereto form an integral part of Profit and Loss Account

Signed in terms of our report of even date attached

For and on behalf of the Board of Directors

For AAD & Associates  
Chartered AccountantsSd/-  
**Rajiv Goyal**  
DirectorSd/-  
**Alka Goyal**  
DirectorSd/-  
**Hari Om Bhatia**  
Business Head-RetailSd/-  
**Shamsher Singh**  
PartnerPlace: Chandigarh  
Date: 13.08.2011

## SCHEDULES TO THE BALANCE SHEET as on 31st March 2011

(Amount in ₹)

	As on 31.03.2011	As on 31.03.2010
<b>Schedule I SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
1,50,00,000 (Previous Year 50,00,000) equity shares of ₹10/- each	15,00,00,000	5,00,00,000
<b>Issued, Subscribed and fully paid-up capital</b>		
65,00,006 (Previous Year 30,50,006) equity shares of ₹10/- each fully paid up	6,50,00,060	3,05,00,060
	<b>6,50,00,060</b>	<b>3,05,00,060</b>

<b>Schedule II RESERVES &amp; SURPLUS</b>		
General Reserve	3,181	3,181
Share Premium	6,72,50,000	-
	<b>6,72,53,181</b>	<b>3,181</b>

<b>Schedule III SECURED LOANS</b>		
<b>Working Capital Loan :</b>		
From State Bank of India	15,25,33,167	4,12,76,075
<b>Term Loan:</b>		
From State Bank of India	13,80,00,000	6,73,05,606
	<b>29,05,33,167</b>	<b>10,85,81,681</b>

<b>Schedule IV UNSECURED LOANS</b>		
Inter corporate loans - Surya Pharmaceutical Ltd.	5,04,08,575	-
	<b>5,04,08,575</b>	<b>-</b>

<b>Schedule V FIXED ASSETS</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
Blocks	As on 01.04.2010	Addition during the year	Deletion/ Transfer during the year	As on 31.03.2011	Upto 01.04.2010	For the Year	Writtenback/ Transferred	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Leasehold Improvements	1,22,79,317	1,26,78,381	-	2,49,57,698	3,93,777	15,92,786	-	19,86,563	2,29,71,135	1,18,85,540
Furniture & Fixtures	5,33,15,952	8,87,60,341	-	14,20,76,293	18,88,965	76,08,088	-	94,97,053	13,25,79,240	5,14,26,987
Office & other Equipments	62,24,263	3,05,54,224	-	3,67,78,487	1,26,042	8,89,055	-	10,15,097	3,57,63,390	60,98,221
Vehicles	19,99,764	12,71,865	-	32,71,629	66,889	2,16,876	-	2,83,765	29,87,864	19,32,875
I T Infrastructure	1,09,29,825	74,30,079	-	1,83,59,904	3,23,082	12,39,435	-	15,62,517	1,67,97,387	1,06,06,743
<b>Total</b>	<b>8,47,49,121</b>	<b>14,06,94,889</b>	<b>-</b>	<b>22,54,44,011</b>	<b>27,98,755</b>	<b>1,15,46,240</b>	<b>-</b>	<b>1,43,44,995</b>	<b>21,10,99,016</b>	<b>8,19,50,366</b>
Previous Year	-	8,47,49,121	-	8,47,49,121	-	27,98,755	-	27,98,755	8,19,50,366	-
Capital Work-in-progress*									12,44,69,785	1,17,56,110

\* including capital advances.

	As on 31.03.2011	As on 31.03.2010
<b>Schedule VI INVESTMENTS</b>		
Investment in Medi Mart India Pvt Ltd. (10,20,000 shares @ ₹1/- each)	10,20,000	-
	<b>10,20,000</b>	<b>-</b>

<b>Schedule VII INVENTORIES</b>		
Stock (As taken, valued and certified by the management)	18,13,77,104	5,60,00,260
	<b>18,13,77,104</b>	<b>5,60,00,260</b>

## SCHEDULES TO THE BALANCE SHEET as on 31st March 2011

(Amount in ₹)

	As on 31.03.2011	As on 31.03.2010
<b>Schedule VIII SUNDRY DEBTORS</b>		
<b>(Unsecured)</b>		
Outstanding for more than 6 months		
Considered Good	1,88,54,537	-
Considered Doubtful	-	-
Others		
Considered Good	11,36,32,289	2,14,68,633
Considered Doubtful	-	-
	<b>13,24,86,826</b>	<b>2,14,68,633</b>

<b>Schedule IX CASH &amp; BANK BALANCES</b>		
Balance with Scheduled Banks -		
- in Current Account	3,92,313	1,24,23,514
- in Fixed Deposits	80,000	2,00,000
Cash in hand (As certified by the management)	50,46,746	7,47,687
	<b>55,19,059</b>	<b>1,33,71,201</b>

<b>Schedule X LOANS AND ADVANCES</b>		
<i>(Recoverable in cash or kind or for value to be received, considered good unless otherwise stated)</i>		
Security Deposits	3,28,62,180	1,63,05,730
Prepaid Expenses	6,21,237	3,11,454
Advances to Suppliers	27,49,754	33,93,574
Loans and Advances to employees	6,35,752	2,05,576
Accrued Interest	5,864	5,078
TDS Receivable	2,57,547	20,172
Other Advances	8,77,17,617	4,06,35,709
	<b>12,48,49,951</b>	<b>6,08,77,292</b>

<b>Schedule XI CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors	16,74,91,424	3,69,69,964
Duties & Taxes payable	14,84,595	9,62,868
Creditors for Capital Goods	8,51,83,428	59,84,258
Other liabilities	2,72,72,010	1,26,11,754
<b>Provisions:</b>		
Provision for Income tax	11,600	11,600
Provision for Leave Encashment and Gratuity	50,52,859	9,80,017
	<b>28,64,95,917</b>	<b>5,75,20,460</b>

<b>Schedule XII MISCELLANEOUS EXPENDITURE</b>		
<i>(To the extent not written off or adjusted)</i>		
Preliminary expenses	3,36,330	3,36,330
	<b>3,36,330</b>	<b>3,36,330</b>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT for the year ended 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>Schedule XIII OTHER INCOME</b>		
Miscellaneous Income	1,56,08,381	9,96,770
	<b>1,56,08,381</b>	<b>9,96,770</b>

<b>Schedule XIV COST OF GOODS SOLD</b>		
Opening Stock	5,60,00,260	8,47,480
Add: Purchases	51,00,05,364	12,34,96,591
Less: Closing Stock	18,13,77,104	5,60,00,260
<b>Cost of Goods Sold</b>	<b>38,46,28,519</b>	<b>6,83,43,812</b>

<b>Schedule XV EMPLOYEES' COST</b>		
Salaries	5,50,79,633	1,42,33,525
Contribution to PF and other funds	34,26,511	7,10,988
Staff Welfare	16,31,031	2,47,912
Training & Recruitment Expenses	9,80,504	52,803
Gratuity and Leave encashment	41,30,798	9,91,051
	<b>6,52,48,476</b>	<b>1,62,36,279</b>

<b>Schedule XVI GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Rent	2,47,61,058	65,69,080
Communication Expenses	36,09,117	8,10,157
Travelling & Conveyance	25,91,853	9,74,064
Repairs & Maintenance	16,21,768	3,48,656
Legal & Professional Fee	18,05,723	3,02,935
Printing & Stationery	16,81,876	4,68,453
Office Expenses	57,55,625	21,69,612
Power and Fuel	24,27,542	6,11,662
Insurance	4,53,590	49,208
Rates & Taxes	5,67,694	22,269
Consumables	14,47,197	8,55,424
Auditor's Remuneration and Expenses	1,85,439	90,000
Miscellaneous Expenses	3,30,633	75,443
	<b>4,72,39,115</b>	<b>1,33,46,963</b>

<b>Schedule XVII SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement & Promotion	20,23,543	14,41,314
Freight & Forwarding Expenses	14,52,618	2,35,457
Rebates & Loyalty Points	1,17,26,812	16,55,220
	<b>1,52,02,973</b>	<b>33,31,991</b>

<b>Schedule XVIII INTEREST &amp; FINANCIAL CHARGES</b>		
Interest	53,69,813	11,87,443
Bank Charges	17,32,554	4,46,962
	<b>71,02,367</b>	<b>16,34,405</b>

**Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**
**A. SIGNIFICANT ACCOUNTING POLICIES:**
**1. Basis for preparation of Financial Statements**

- i. The Financial Statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of going concern.
- ii. All the Income and Expenditure are recognised on accrual basis.
- iii. Figures have been taken to nearest rupee.
- iv. Previous year figures have been re-grouped and re-arranged wherever considered necessary.

**2. Revenue Recognition**

- i. The Company recognises sales and revenues on delivery of merchandise to the customers when the property in the goods is transferred for a price, when significant risks and rewards have been transferred and no effective ownership control is retained.
- ii. Sales are net of sales returns. Sales tax and Value added tax are reduced from turnover.

**3. Fixed Assets and Depreciation**

Fixed Assets are stated at their original cost of acquisition less accumulated depreciation. Cost comprises of all costs incurred to bring the asset to their location and working condition and includes all expenses incurred upto the date of start of commercial operation of new store, to the extent they are attributable to the new store.

Depreciation on fixed assets is provided pro-rata to the period of use, on the straight-line method, using rates based on the management's assessment of economic useful lives of the assets. The useful lives of the assets are reviewed by the management periodically and in case the useful lives is revised, the unamortised depreciable amount is charged over the revised remaining useful lives. The useful lives of all assets currently has been estimated at 9 (nine) years.

Each retail shop/office/DC/activity is treated as a project. All expenses incurred in relation to a Project prior to the completion of project and commercial commencement of the shop are treated as Pre-operative expenses and are capitalised along with Shop/office/DC Interiors/Fixture/Leasehold Improvements.

All retail shops are considered to be operated on test marketing basis for 6 months,thereafter retails shops are considered to be commercially operative and accordingly all expenses untill the month of commencement of commercial operation are being capitalised.

**Impairment of Assets**

An asset is considered as impaired in accordance with Accounting Standard-28 on "impairment of assets", when at balance sheet date there are indications of impairment and the carrying amount of the asset exceeds its recoverable amount. The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the profit and loss account. None of the indicators are present in case any of the assets of the Company.

**4. Inventories**

Inventories are valued at lower of cost and net realisable value. Cost includes all applicable expenses incurred in bringing the goods till their first location in the Company and is determined on weighted average basis.

**5. Retirement Benefits**

- i. Defined Contribution Plans - Contribution paid /payable to defined contribution plans comprising of providend fund and ESI are charged to revenue/expense.
- ii. Defined Benefit Plans - The estimated accrued liability towards Gratuity has been provided for in the books.
- iii. The leave encashment including accrued liability has been provided for in the books.

**6. Foreign Currency Transactions**

The Company has not conducted any foreign exchange transactions during the year.

**7. Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only if there is reasonable certainty of realisation of such assets in future. However where there is unabsorbed depreciation & carried forward losses, deferred tax assets are recognised

## Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written down or written up to reflect the amount accordingly.

#### 8. Investments

Investments are stated at cost of acquisition. During the year, the Company has made investment in Medi Mart India Private Ltd. to the extent of 51% of share capital i.e. ₹10,20,000/- (10,20,000 shares of ₹10/- each @ ₹1/- each).

### B. BALANCE SHEET

#### 1. Secured Loans

##### Term Loan

Term loan of ₹1,380 lac from State Bank of India is secured against first charge on entire fixed assets (both present and future) of the Company and second charge on the company's current assets. The same is further secured by personal guarantee of two directors and corporate guarantee by Surya Pharmaceutical Ltd. and collateral security of a residential house of a director and collateral security and corporate guarantee to the extent of value of the collateral security by Surya Hi-tech Infrastructure Ltd.

##### Working Capital Loan

Working Capital Loan of ₹1,525.33 lac from State Bank of India is secured against first charge on entire current assets (both present and future) of the Company and second charge on the company's fixed assets. The same is further secured by personal guarantee of two directors and corporate guarantee by Surya Pharmaceutical Ltd. and collateral security of a residential house of a director and collateral security and corporate guarantee to the extent of value of the collateral security by Surya Hi-tech Infrastructure Ltd.

#### 2. Current/Deferred Tax Asset/liability

In view of the losses, no provision for taxation has been made. Deferred tax asset (liability) has been created by the Company during the year as per AS-22 i.e., Accounting for taxes on income as per details below :

(Amount in ₹)

Particulars	As on 31.03.2010	During the year	As on 31.03.2011
Difference between WDV of Assets as per Books and as per IT records	(23,91,484)	(35,23,642)	(59,15,126)
Provisions for Retirement benefits and leave encashment	3,02,825	9,55,683	12,58,508
Unabsorbed depreciation and carried forward losses	92,60,749	1,81,46,799	2,74,07,548
<b>Net Deferred tax asset (liability)</b>	<b>71,72,090</b>	<b>1,55,78,840</b>	<b>2,27,50,930</b>

#### 3. Current Assets, Loans & Advances and Current Liabilities:

- The balances of sundry debtors/creditors, advances and deposits, advance to suppliers etc. are subject to confirmations.
- In the opinion of management, the current assets, loans and advances are approximately of the value as stated if realised in the ordinary course of business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.
- The inventory of stocks has been taken, valued and certified by the management.
- To the extent of information available with management, there are no SSI units to whom Company owes money for more than 30 days.
- The Company has not received any communication from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

#### 4. Contingent liabilities

Bank Guarantee given by Company's Banker on behalf of the Company - ₹4,00,000/- backed by Fixed deposits of ₹80,000/- (Previous Year - Bank guarantee of ₹2,00,000/- backed by Fixed deposits of ₹2,00,000/-).

#### 5. Capital Commitments

Estimated amount of Contracts remaining to be executed on capital account, net of advances and not provided for ₹2,98,11,373/- (Previous year - ₹52,66,055/-).

## Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

6. Lease Commitments		(Amount in ₹)	
	31.03.2011	31.03.2010	
i. There is no future lease commitment under Finance leases.			
ii. Future lease commitments under non-cancellable Operating leases:			
- Upto one year	1,08,01,567	8,06,322	
- From one year to five year	42,94,341	4,84,145	

## 7. Loyalty Points

The accrued loyalty points are charged to expense at the time of redemption. There were un-redeemed loyalty points amounting to ₹55.43 lac as on 31.03.2011 (Previous Year ₹11.22 lac).

## C. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.

		31.03.2011	31.03.2010
<b>Earning per share :</b>			
Profit / (Loss) after tax during the year	₹	(3,58,27,869)	(1,60,39,030)
Weighted average number of shares outstanding	No.	4,445,839	300,006
Earning per share - Basic/Diluted	₹	(8.06)	(53.46)

## D. SEGMENT REPORTING

## a. Primary Segment (Business Segment) :

The Company's operations comprise of only one segment i.e., trading.

## b. Secondary Segment (Geographical Segment) :

The entire sales of Company is within India therefore it has only one geographical segment. Hence no separate disclosure is required as per Accounting Standard 17 on "Segment Reporting".

## E. RELATED PARTIES DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 18 ON "RELATED PARTIES DISCLOSURES" ARE GIVEN BELOW:

## a. Relationships

- i. Subsidiary : Medi Mart India Private Limited
- ii. Holding : Surya Pharmaceutical Limited
- iii. Key Management Personnel : Mr. Rajiv Goyal, Ms. Alka Goyal, Mr. Rajansh Thukral
- iv. Others Entities controlled by Key Management Personnel :  
Kala Infra Pvt. Ltd., Mediwell Healthcare Pvt. Ltd., Surya Hi-tech Infrastructure Ltd., Shree Krishna Agents Pvt. Ltd.

## b. Transactions with related parties in the ordinary course of business

	₹	Outstanding (₹)
Advance given to Mediwell Healthcare Pvt. Ltd.	30,74,980	54,25,810
Advance to Surya Hi-tech Infrastructure Ltd.	-	3,00,00,000
Security deposit (rental) given to Kala Infra Pvt. Ltd.	38,50,000	-
Rent Paid to Kala Infra Pvt. Ltd.	38,50,000	-
Goods purchased from Shree Krishna Agents Pvt. Ltd.	2,63,01,677	24,96,982 (Advance)
Goods sold to Shree Krishna Agents Pvt. Ltd.	9,10,529	

## Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

## F. ADDITIONAL INFORMATION PURSUANT TO PARA 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

	Current year	Previous year
<b>I. Quantitative details</b>		
<b>Healthcare and other Consumer Products</b>	<b>Value (₹)</b>	<b>Value (₹)</b>
Opening Stock	5,60,00,260	8,47,480
Purchases	51,00,05,364	12,34,96,591
Sales	46,39,52,600	8,14,84,315
Closing Stock	18,13,77,104	5,60,00,260
<b>II. Managerial Remuneration</b>	NIL	NIL
<b>III. Payment to Auditors</b>		
Audit Fee	1,75,000	90,000
Other service	-	-
Out of pocket expenses	-	-
	1,75,000	90,000
<b>IV. Value of imports on CIF basis</b>	Nil	Nil
<b>V. Expenditure in foreign currency</b>	Nil	Nil
<b>VI. FOB value of Exports</b>	Nil	Nil

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For AAD & Associates  
Chartered AccountantsSd/-  
Rajiv Goyal  
DirectorSd/-  
Alka Goyal  
DirectorSd/-  
Hari Om Bhatia  
Business Head-RetailSd/-  
Shamsher Singh  
PartnerPlace: Chandigarh  
Date: 13.08.2011

## Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

G. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :  
(Pursuant to Part-IV of Schedule VI of the Companies Act, 1956)

## I. Registration Details

Registration No.	U24230DL2005PLC215914										State code	55	
Balance Sheet Date	3	1	0	3	2	0	1	1	Date	Month	Year		

## II. Capital raised during the year (Amount in ₹ '000)

Public issue	NIL										Rights issue	NIL	
Bonus issue	NIL										Private placement	34500	

## III. Position of mobilisation and deployment of funds (Amount in ₹ '000)

Total liabilities	569280										Total assets	569280	
<b>Sources of funds</b>													
Paid-up capital	65000										Share application money	96085	
Reserves and surplus	67253										Secured loans	290533	
Unsecured loans	50409										<b>Total</b>	<b>569280</b>	
<b>Application of funds</b>													
Net fixed assets	211099										Capital Work-in-progress	124470	
Investments	1020										Net current assets	157737	
Miscellaneous expenditure not written off	336										Accumulated losses	51867	
Deferred tax asset	22751										<b>Total</b>	<b>569280</b>	

## IV. Performance of Company (Amount in ₹ '000)

Turnover	463953										Other income	15608	
Total Expenditure	530968										Profit / (loss) before tax	(51407)	
Profit / (loss) after tax	(35828)										Basic earning per share in ₹	(8.06)	
Dividend rate	NIL												

## V. Generic names of the principal products / services of the Company

## Service Description

Trading in Pharmaceutical, Medicines and other Health-care /Consumer products

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For AAD & Associates  
Chartered AccountantsSd/-  
Rajiv Goyal  
DirectorSd/-  
Alka Goyal  
DirectorSd/-  
Hari Om Bhatia  
Business Head-RetailSd/-  
Shamsher Singh  
PartnerPlace: Chandigarh  
Date: 13.08.2011

**CASH FLOW STATEMENT** for the year ending 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011		Year ended 31.03.2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and Exceptional Items as per Profit and Loss Account		(5,14,06,709)		(2,32,11,120)
Provision for Doubtful Debts, Advances and claims		-		-
Depreciation and Amortisation Charges	1,15,46,240		27,98,755	
Foreign Exchange Fluctuation Gain/(Loss)		-		-
Interest Income	(4,940)		(5,078)	
Profit/(Loss) on Sale/disposal of Fixed Assets		-		-
Interest & Bank Charges Paid	71,02,367		16,34,405	
Provision for Gratuity and Leave encashment	40,72,842		9,80,017	
Provisions written back		2,27,16,509		54,08,099
<b>Operating Cash Profit before Working Capital Changes</b>		<b>(2,86,90,200)</b>		<b>(1,78,03,021)</b>
<b>Add/(Deduct) :</b>				
Increase/(Decrease) in Trade Payable & Others	22,49,02,614		5,49,35,255	
(Increase)/Decrease in Trade and Other Receivable	(17,49,90,852)		3,06,70,845	
(Increase)/Decrease in Inventories	(12,53,76,844)		(5,51,52,780)	
Increase/(Decrease) in Bank Borrowings	11,12,57,092	3,57,92,010	4,12,76,075	7,17,29,395
		<b>71,01,810</b>		<b>5,39,26,374</b>
<b>Add/(Deduct) :</b>				
Direct Taxes Paid		-		-
<b>Net Cash Flow From Operating Activities</b>		<b>71,01,810</b>		<b>5,39,26,374</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(25,34,08,564)		(8,41,63,916)	
Sale of Fixed Assets		-		-
Investment in Subsidiaries	(10,20,000)			-
Interest Income	4,940	(25,44,23,624)	5,078	(8,41,58,838)
<b>Net Cash Flow From Investing Activities</b>		<b>(25,44,23,624)</b>		<b>(8,41,58,838)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings (Net)	12,11,02,969		(2,04,89,590)	
Proceeds from Share Capital including Share Premium	12,54,69,070		6,14,49,455	
Interest & Bank Charges Paid	(71,02,367)	23,94,69,672	(16,34,405)	3,93,25,460
<b>Net Cash Flow From Financing Activities</b>		<b>23,94,69,672</b>		<b>3,93,25,460</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(78,52,142)		90,92,996
Cash & cash equivalents at the beginning of the period		1,33,71,201		42,78,205
<b>Cash &amp; cash equivalent at the close of the period</b>		<b>55,19,059</b>		<b>1,33,71,201</b>

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For AAD & Associates  
Chartered AccountantsSd/-  
Rajiv Goyal  
DirectorSd/-  
Alka Goyal  
DirectorSd/-  
Hari Om Bhatia  
Business Head-RetailSd/-  
Shamsher Singh  
PartnerPlace: Chandigarh  
Date: 13.08.2011

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Rajiv Goyal, *Additional Director*

Ms. Alka Goyal, *Additional Director*

Mr. Suhail Goyal, *Additional Director*

## BANKERS

- State Bank of Hyderabad, Secretariat Branch, Hyderabad
- HDFC Bank, Punjagutta branch, Hyderabad
- Punjab National Bank, Chandigarh

## AUDITORS

**M/s. P. R. REDDY & CO.**

Chartered Accountants

No. 7-70/41, Street No. 8,

Maheshwari Nagar, Habsiguda,

Hyderabad - 500007

## REGISTERED OFFICE

**MEDI MART INDIA PRIVATE LTD**

Plot No 901, DSR Tranquil, 2nd floor,

Ayyappa Society Main Road,

Opposite CGR International School, Madhapur,

Hyderabad – 500081, Andhra Pradesh

Phone No. 040-66633000, 23430507

Fax No. 040-23430505

Website : [www.medimartpharmacy.in](http://www.medimartpharmacy.in)

# NOTICE



Notice is hereby given that the 3rd Annual General Meeting of the Company will be held on Thursday, the 29th of September, 2011 at 10.00 AM at the Registered Office of the Company at Plot No. 901, DSR Tranquil, 2nd floor, Ayappa Society, Main Road, Opp: CGR International School, Madhapur, Hyderabad – 500081, Andhra Pradesh to transact the following Business:-

## **ORDINARY BUSINESS:-**

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 31st March, 2011 and Auditors Report and Directors Report thereon.
2. To appoint Auditors from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and fix their remuneration.

## **SPECIAL BUSINESS:-**

3. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolution:-

“RESOLVED THAT Mr. Rajiv Goyal, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation.”

4. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolution:-

“RESOLVED THAT Mrs. Alka Goyal, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing her candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation.”

5. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolution:-

“RESOLVED THAT Mr. Suhail Goyal, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation.”

**By order of the Board  
For Medi Mart India Private Limited**

Sd/-

**(P. Chaitanya)**

*Director*

Place: Hyderabad

Date: 04.06.2011



## NOTES

- a) A member entitled to attend and vote at meeting is entitled to appoint one or more proxies to attend and vote instead of himself and proxy need not be member of Company.
- b) Proxies in order to be effective must be received at Companies Registered Office not less than 48 hours before meeting.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (II) OF THE COMPANIES ACT, 1956:

The following Explanatory Statements set out material facts relating to special business of the accompanying Notice dated 04.06.2011.

### ITEM NO. 3

Mr. Rajiv Goyal was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 03.03.2011 in accordance with Section 260 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting of the company. The Company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of ₹500/- proposing his candidature for appointment of Director.

The Board of Directors recommends the Resolution set out at Item No. 3 of accompanying Notice for the approval of the members as an ordinary Resolution.

### ITEM NO. 4

Mrs. Alka Goyal was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 03.03.2011 in accordance with Section 260 of the Companies Act, 1956. She holds this position upto the date of the ensuing Annual General Meeting of the company. The Company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of ₹500/- proposing her candidature for appointment of Director.

The Board of Directors recommends the Resolution set out at Item No. 4 of accompanying Notice for the approval of the members as an ordinary Resolution.

### ITEM NO. 5

Mr. Suhail Goyal was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 03.03.2011 in accordance with Section 260 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting of the company. The Company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of ₹500/- proposing his candidature for appointment of Director.

The Board of Directors recommends the Resolution set out at Item No. 5 of accompanying Notice for the approval of the members as an ordinary Resolution.

By order of the Board  
For Medi Mart India Private Limited

Place: Hyderabad  
Date: 04.06.2011

Sd/-  
(P. Chaitanya)  
Director

# DIRECTORS' REPORT



*Dear shareholders,*

Your Directors are pleased to present their third Annual Report on the business and operations of the Company and the Audited Accounts of the Company for the period ended 31st March, 2011.

## WORKING RESULTS

During the year under review, the working results of the company are as under:-

(in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
Profit / (loss) before tax	(3,78,60,199)	(59,56,971)
Less:- Provision for taxation	–	–
Profit / (loss) after Tax	(3,78,60,199)	(59,56,971)

## SHARE CAPITAL

During the period under review, there was no change in the share capital of the company.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Rajiv Goyal, Mrs. Alka Goyal & Mr. Suhail Goyal were appointed as Additional Directors of the company whose term expires at this Annual General Meeting of the company. It is proposed to appoint them as Directors of the company liable to retire by rotation.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' responsibility Statement, your Directors state:

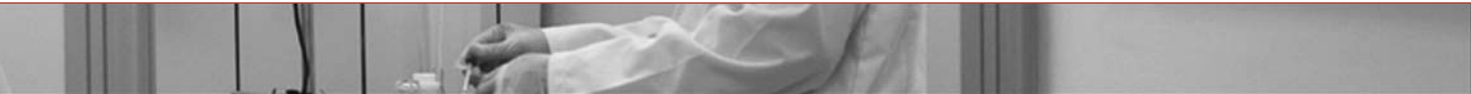
i) That the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting

standards have been followed along with proper explanation relating to material departures, if any:

- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 under review.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: and
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

## STATUTORY AUDITORS

M/s P. R. Reddy & Co., Chartered Accountants, Hyderabad



retires at the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment as auditors. Your Directors recommend their re-appointment.

#### **AUDITORS' REPORT**

Auditors' comments have been dealt with in the notes given at the appropriate places of the Annual Accounts which are self explanatory.

#### **PERSONNEL**

There are no employees coming under the purview of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended whose particulars are required to be furnished.

#### **PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 217 (1) (e) of the Companies Act, 1956 read with the companies (disclosure of particulars and report of board of directors) Rules , 1988, is as under :

##### **A. Conservation of Energy**

The Company has been continuously making efforts to reduce energy consumption. The management is striving to

achieve cost reduction by economical usage of energy and to bring a general awareness about energy conservation among employees.

##### **B. Technology Absorption**

1. Research and Development (R & D)	Nil
2. Technology absorption, adoption and innovation	Nil

##### **C. Foreign Exchange Earnings and Out Go**

Foreign Exchange Earnings	Nil
Foreign Exchange Outgo	Nil

By order of the Board  
For MEDI MART INDIA PRIVATE LIMITED

Sd/-  
**P. Chaitanya**  
(Director)

Sd/-  
**R. Reddeppa Reddy**  
(Managing Director)

Place: Hyderabad  
Date: June 04, 2011

# AUDITOR'S REPORT



To the members of  
**Medi Mart India Private Limited**

We have audited the attached Balance Sheet of **MEDI MART INDIA PRIVATE LIMITED**, as at 31st March, 2011 and also the Profit and Loss Account for the Year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

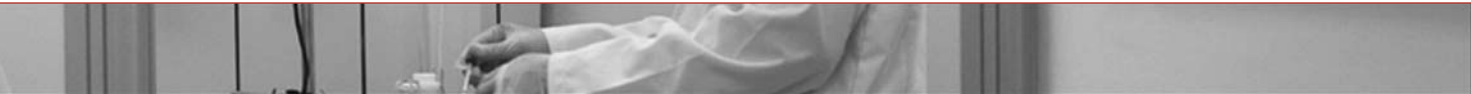
We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

As required by the companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we report that:

1. a) The company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.  
b) The management has conducted the physical verification of fixed assets during the year.  
c) The Company has not disposed substantial part of the fixed assets during the year under audit.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been duly adjusted for valuing closing stock.
3. During the year the Company has taken inter corporate

loan of ₹3,64,05,000/- from M/s. Surya Healthcare Limited (the Holding Company) covered in the register maintained u/s 301 of the Act. There is no company covered in the register maintained u/s 301 of the Companies Act, 1956, to which the Company has granted loan during the year.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained u/s 301 of the companies Act, 1956 have been so entered.  
b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 exceeding the value of ₹5 lacs in respect of any party during the year.
6. The Company has not accepted any deposits from the public.
7. In our opinion the company has internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, maintenance of cost records u/s 209(1)(d) of the companies Act, 1956 has not been prescribed by the Central Government for the company.
9. The Company is regular in depositing with appropriate authorities undisputed statutory dues, including income tax, sales tax, cess and other material statutory dues as applicable to it.
10. The Provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company, since the company is not in existence of more than five years.
11. In our opinion and according to the information and



explanations given to us, the company has not defaulted in repayment of dues to a financial institutions and bank.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(Xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
16. In our opinion, the term loans have been applied for the purpose for which they have raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long term funds have been used to finance short-term assets.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
20. The Company has not raised any money by way of public issue during the year under audit. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 regarding disclosure of the end use of money raised by public issue are not applicable to the company.
21. Accordingly to the information and explanations given to us, no fraud on or by the company has been noticed or

reported during the course of our audit.

Subject to above comments and notes forming part of accounts we further state that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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 such books.
3. The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause(g) of sub-section (1) Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required.
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
  - b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.

**For P.R. Reddy & Co.,**  
Firm Regn No.003268S  
*Chartered Accountants*

Sd/-  
**(P. Raghunadha Reddy)**

Place: Hyderabad,  
Date: 4th June, 2011

*Partner*  
M.No.23758

**BALANCE SHEET** as on 31st March 2011

(Amount in ₹)

	Schedules	As on 31.03.2011	As on 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	I	2,00,00,000	2,00,00,000
Share application money received		3,36,40,881	4,36,61,957
Reserves & Surplus	II	–	–
<b>2. Loan Funds</b>			
Secured Loans	III	2,18,64,760	1,65,76,925
Unsecured Loans	IV	3,64,05,000	10,00,000
<b>Total</b>		<b>11,19,10,641</b>	<b>8,12,38,882</b>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Gross Block	V	2,77,84,897	2,32,81,683
Less : Depreciation		(65,16,563)	(24,76,219)
Net Block		2,12,68,334	2,08,05,464
Capital Work-in-progress		–	–
		2,12,68,334	2,08,05,464
<b>2. Investments</b>			
		–	–
<b>3. Current Assets, Loans and Advances</b>			
Inventories	VI	2,39,58,933	3,68,06,792
Sundry Debtors	VII	12,09,104	1,33,817
Cash and Bank balance	VIII	4,13,067	13,08,027
Loans and Advances	IX	55,30,183	82,61,281
Total Current Assets		3,11,11,287	4,65,09,917
Less : Current Liabilities and Provisions	X	1,68,81,544	64,56,779
Net Current Assets		1,42,29,743	4,00,53,138
<b>4. Profit and Loss Account</b>			
		4,38,17,170	59,56,971
<b>5. Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	XI	3,25,95,394	1,44,23,309
<b>Total</b>		<b>11,19,10,641</b>	<b>8,12,38,882</b>
Significant Accounting Policies & Notes on Accounts	XVIII		

Schedules annexed hereto form an integral part of Balance Sheet

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For P. R. Reddy & Co.  
Chartered AccountantsSd/-  
R. R. Reddy  
DirectorSd/-  
P. Chaitanya  
DirectorSd/-  
P. Raghunadha Reddy  
PartnerPlace: Hyderabad  
Date: 04.06.2011M. No: 023758  
Firm Regn. No: 003268S

**PROFIT AND LOSS ACCOUNT** for the year ended 31st March 2011

(Amount in ₹)

Schedules	Year ended 31.03.2011	Year ended 31.03.2010
<b>INCOME</b>		
Sales (Net of VAT)	10,87,67,473	5,73,90,155
Other Income XII	25,621	-
<b>Total</b>	<b>10,87,93,094</b>	<b>5,73,90,155</b>
<b>EXPENDITURE</b>		
Cost of goods sold XIII	10,56,92,538	4,84,96,715
Employee Costs XIV	1,25,20,511	62,07,195
General & Administrative Expenses XV	2,16,68,893	58,03,951
Selling and Distribution Expenses XVI	2,27,125	36,559
Interest & Financial Charges XVII	25,02,890	3,26,487
Depreciation	40,41,336	24,76,219
<b>Total</b>	<b>14,66,53,293</b>	<b>6,33,47,126</b>
Net Profit / (Loss) before taxation	(3,78,60,199)	(59,56,971)
Provision for taxation		
- Current Tax	-	-
Net Profit / (Loss) after taxation	(3,78,60,199)	(59,56,971)
Balance Profit / (Loss) brought forward	(59,56,971)	-
<b>Balance Carried to Balance Sheet</b>	<b>(4,38,17,170)</b>	<b>(59,56,971)</b>
<b>Earning Per Share (₹)</b>		
- Basic/Diluted	(18.93)	(4.46)
Significant Accounting Policies & Notes on Accounts XVIII		

Schedules annexed hereto form an integral part of Profit and Loss Account

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For P. R. Reddy & Co.  
Chartered AccountantsSd/-  
R. R. Reddy  
DirectorSd/-  
P. Chaitanya  
DirectorSd/-  
P. Raghunadha Reddy  
Partner  
M. No: 023758  
Firm Regn. No: 003268SPlace: Hyderabad  
Date: 04.06.2011

## SCHEDULES TO THE BALANCE SHEET as on 31st March 2011

(Amount in ₹)

	As on 31.03.2011	As on 31.03.2010
<b>Schedule I SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
20,00,000 (Previous Year 20,00,000) Equity shares of ₹10/- each	2,00,00,000	2,00,00,000
<b>Issued, Subscribed and fully paid-up capital</b>		
20,00,000 (Previous Year 20,00,000) Equity shares of ₹10/- each fully paid up	2,00,00,000	2,00,00,000
	<b>2,00,00,000</b>	<b>2,00,00,000</b>

<b>Schedule II RESERVES &amp; SURPLUS</b>		
General Reserve	-	-
	-	-

<b>Schedule III SECURED LOANS</b>		
<b>Working Capital Loan :</b>		
From State Bank of Hyderabad	1,70,43,872	1,29,43,168
<b>Term Loan:</b>		
From State Bank of Hyderabad	48,20,888	36,33,757
	<b>2,18,64,760</b>	<b>1,65,76,925</b>

<b>Schedule IV UNSECURED LOANS</b>		
From Shareholders	-	10,00,000
Inter corporate loans-Surya Healthcare Ltd.	3,64,05,000	-
	<b>3,64,05,000</b>	<b>10,00,000</b>

<b>Schedule V FIXED ASSETS</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>		
Particulars	As on	Addition	Deletion/ Transfer	As on	Upto	For	Writtenback/ Transferred	As on	As on		
	01.04.2010			during the year				during the year	31.03.2011	01.04.2010	the Year
Leasehold Improvements	78,81,518	27,96,855	-	1,06,78,373	3,97,944	9,25,843	-	13,23,787	93,54,586	74,83,574	
Furniture & Fixtures	87,21,252	2,93,384	-	90,14,636	8,51,126	14,62,216	-	23,13,342	67,01,294	78,70,126	
Office & other Equipments	24,85,746	6,20,149	-	31,05,895	2,00,415	3,80,117	-	5,80,532	25,25,363	22,85,331	
Vehicles	6,35,358	-	2,800	6,32,558	93,250	1,40,352	992	2,32,610	3,99,948	5,42,108	
IT Infrastructure	35,57,809	7,95,626	-	43,53,435	9,33,484	11,32,808	-	20,66,292	22,87,143	26,24,325	
<b>Total</b>	<b>2,32,81,683</b>	<b>45,06,014</b>	<b>2,800</b>	<b>2,77,84,897</b>	<b>24,76,219</b>	<b>40,41,336</b>	<b>992</b>	<b>65,16,563</b>	<b>2,12,68,334</b>	<b>2,08,05,464</b>	
Previous Year	23,51,261	2,09,30,422	-	2,32,81,683	-	24,76,219	-	24,76,219	2,08,05,464	23,51,261	
Capital Work-in-progress*										-	

\* including capital advances.

	As on 31.03.2011	As on 31.03.2010
<b>Schedule VI INVENTORIES</b>		
Stock (As taken, valued and certified by the management)	2,39,58,933	3,68,06,792
	<b>2,39,58,933</b>	<b>3,68,06,792</b>

## SCHEDULES TO THE BALANCE SHEET as on 31st March 2011

(Amount in ₹)

	As on 31.03.2011	As on 31.03.2010
<b>Schedule VII SUNDRY DEBTORS</b>		
<b>(Unsecured)</b>		
Outstanding for more than 6 months		
Considered Good	68,103	–
Considered Doubtful	–	–
Others		
Considered Good	11,41,001	1,33,817
Considered Doubtful	–	–
	<b>12,09,104</b>	<b>1,33,817</b>

<b>Schedule VIII CASH &amp; BANK BALANCES</b>		
Balance with Scheduled Banks		
- in Current Account	3,04,342	1,85,146
Cash in hand (As certified by the management)	1,08,725	11,22,881
	<b>4,13,067</b>	<b>13,08,027</b>

<b>Schedule IX LOANS AND ADVANCES</b>		
<i>(Recoverable in cash or kind or for value to be received, considered good unless otherwise stated)</i>		
Security Deposits	54,41,350	56,50,116
Advances to Suppliers	–	14,73,715
Loans and Advances to employees	63,533	80,444
Other Advances	25,300	10,57,006
	<b>55,30,183</b>	<b>82,61,281</b>

<b>Schedule X CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors	1,03,60,636	35,28,626
Duties & Taxes payable	8,34,724	1,60,884
Other liabilities	56,86,184	27,67,269
<b>Provisions:</b>		
Provision for Income tax	–	–
	<b>1,68,81,544</b>	<b>64,56,779</b>

<b>Schedule XI MISCELLANEOUS EXPENDITURE</b>		
<i>(To the extent not written off or adjusted)</i>		
Preliminary expenses	1,63,800	2,18,400
Business Development Expenditure	3,24,31,594	1,42,04,909
	<b>3,25,95,394</b>	<b>1,44,23,309</b>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT for the year ended 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>Schedule XII OTHER INCOME</b>		
Miscellaneous Income	25,621	–
	<b>25,621</b>	<b>–</b>

<b>Schedule XIII COST OF GOODS SOLD</b>		
Opening Stock	3,68,06,792	–
Add: Purchases	9,28,44,679	8,53,03,507
Less: Closing Stock	2,39,58,933	3,68,06,792
<b>Cost of Goods Sold</b>	<b>10,56,92,538</b>	<b>4,84,96,715</b>

<b>Schedule XIV EMPLOYEES' COST</b>		
Salaries	1,16,04,780	61,48,087
Contribution to PF and other funds	8,23,919	–
Staff Welfare	91,812	59,108
	<b>1,25,20,511</b>	<b>62,07,195</b>

<b>Schedule XV GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Rent	56,96,742	20,58,521
Communication Expenses	13,30,922	8,23,383
Travelling & Conveyance	6,14,148	1,56,414
Repairs & Maintenance	13,26,403	9,50,898
Legal & Professional Fee	2,73,090	–
Printing & Stationery	6,50,365	2,75,455
Office Expenses	7,83,996	3,32,944
Power and Fuel	10,21,764	5,56,519
Insurance	57,656	45,024
Rates & Taxes	1,26,042	1,89,348
Auditor's Remuneration and Expenses	44,120	86,845
Preliminary Expenses written off	54,600	54,600
Business Development Expenses written off	81,07,899	–
Miscellaneous Expenses	15,81,146	2,74,000
	<b>2,16,68,893</b>	<b>58,03,951</b>

<b>Schedule XVI SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement & Promotion	55,279	–
Freight & Forwarding Expenses	2,032	36,559
Warehouse Expenses	1,69,814	–
	<b>2,27,125</b>	<b>36,559</b>

<b>Schedule XVII INTEREST &amp; FINANCIAL CHARGES</b>		
Interest	20,64,161	2,83,099
Bank Charges	4,38,729	43,388
	<b>25,02,890</b>	<b>326,487</b>

## Schedule XVIII SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis for preparation of Financial Statements

- i. The Financial Statements have been prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of going concern.
- ii. All the Income and Expenditure are recognised on accrual basis.
- iii. Figures have been taken to nearest rupee.
- iv. Previous year figures have been re-grouped and re-arranged wherever considered necessary.

#### 2. Revenue Recognition

- i. The company recognises sales and revenues on delivery of merchandise to the customers when the property in the goods is transferred for a price, when significant risks and rewards have been transferred and no effective ownership control is retained.
- ii. Sales are net of sales returns. Sales tax and Value Added tax are reduced from turnover.

#### 3. Fixed Assets and Depreciation

Fixed Assets are stated at their original cost of acquisition less accumulated depreciation. Cost comprises of all costs incurred to bring the asset to their location and working condition.

Depreciation has been provided on written down value method at the rate specified in Schedule XIV to the Companies Act, 1956.

#### Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard-28 on "impairment of assets", when at balance sheet date, there are indications of impairment and the carrying amount of the asset exceeds its recoverable amount. The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the profit and loss account. None of the indicators are present in case any of assets of the company.

#### 4. Inventories

Inventories are valued at the lower of cost or net realisable value. Cost includes all applicable expenses incurred in bringing the goods till their first location in the company.

#### 5. Leased Fixed Assets

Lease payments under operating lease are recognised as expense as per the tenure of the lease agreements.

#### 6. Foreign Currency Transactions

The Company has not conducted any foreign exchange transactions during the year.

#### 7. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

#### 8. Investments

Investments are stated at cost of acquisition. During the year, the company has made no investment.

### B. BALANCE SHEET:

#### 1. Secured Loans

##### Term Loan

The Term Loan of ₹48.21 lac from State Bank of Hyderabad is secured against hypothecation of entire fixed assets of the company and further secured by personal guarantees of erstwhile Directors and collaterals provided by erstwhile Directors/their relatives.

##### Working Capital Loan

The Working Capital Loan of ₹170.44 lac from State Bank of Hyderabad is secured against first charge on all current assets and hypothecation of all fixed assets of the company and further secured by personal guarantee of erstwhile Directors and collaterals provided by erstwhile Directors/their relatives.

#### 2. Provision for taxation: In view of losses, provision for taxation has not been made.

#### 3. Current Assets, Loans & Advances and Current Liabilities

- i. The balances of sundry debtors/creditors, advances and deposits, advance to suppliers etc. are subject to confirmations.

**Schedule XVIII SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)**

- ii. In the opinion of management the current assets, loans and advances are approximately of the value as stated, if realised in the ordinary course of business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.
- iii. The inventory of stocks has been taken, valued and certified by the management. The losses revealed from such verification have been duly adjusted in the valuation of closing stock.
- iv. To the extent of information available with the management, there are no SSI units to whom Company owes money for more than 30 days.
- v. The Company has not received any communication from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

4. **Contingent liabilities** : Nil

5. **Capital Commitments** : Nil

6. **Lease Commitments**

i. There is no future lease commitment under Finance leases.	
ii. Future lease commitments under non-cancellable Operating leases:	
- Upto one year	Nil
- From one year to five year	Nil

7. Over a period of time, the company has incurred expenditure for development of its business. All such expenditure is accumulated under the head "Business Development Expenditure" and is shown under the head "Miscellaneous Expenditure" in the Balance Sheet. Since this expenditure would result in enduring benefit to the company, it has been decided to write-off the same only over a period of 5 years, in equal installments commencing from the current accounting year.

8. The Company has become a 51% subsidiary of Surya Healthcare Ltd. w.e.f. 3rd March, 2011.

9. Share application money is refundable subject to fulfillment of terms and conditions of SPA dated 3rd March, 2011 and to the extent as mentioned therein.

**C. EARNING PER SHARE**

Basic earning per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.

		31.03.2011	31.03.2010
<b>Earning per share</b>			
Profit / (Loss) after tax during the year	₹	(3,78,60,199)	(59,56,971)
Weighted average number of shares outstanding	No.	20,00,000	13,36,667
Earning per share - Basic/Diluted	₹	(18.93)	(4.46)

**D. SEGMENT REPORTING**

**a. Primary Segment (Business Segment)**

The Company's operations comprise of only one segment i.e., trading.

**b. Secondary Segment (Geographical Segment)**

The entire sales of company is within India therefore it has only one geographical segment. Hence no separate disclosure in separate of segments required as per Accounting Standard 17 on "Segment Reporting".

**E. RELATED PARTIES DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 18 ON "RELATED PARTIES DISCLOSURES" ARE GIVEN BELOW:**

**a. Relationships**

- i. Subsidiary : Nil
- ii. Holding : Surya Healthcare Limited
- iii. Investing venturer : None
- iv. Key Management Personnel : Mr. Rajiv Goyal, Ms. Alka Goyal, Mr. Suhail Goyal, Mr. R. R. Reddy, Mr. P. Chaitanya
- v. Others Entities controlled by Key Management Personnel : Nil

## Schedule XVIII SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

## b. Transactions with related parties in the ordinary course of business :

	₹	Outstanding (₹)
Remuneration paid to Director - Mr. R. R. Reddy	12,50,000	2,06,082
Remuneration paid to Director - Mr. P.Chaitanya	11,00,000	1,56,867

## F. ADDITIONAL INFORMATION PURSUANT TO PARA 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

	Current year	Previous year
<b>I. Quantitative details</b>		
<b>Healthcare and other Consumer Products</b>	<b>Value (₹)</b>	<b>Value (₹)</b>
Opening Stock	3,68,06,792	-
Purchases	9,28,44,679	8,53,03,507
Sales	10,87,67,473	5,73,90,155
Closing Stock	2,39,58,933	3,68,06,792
<b>II. Managerial Remuneration</b>		
Remuneration paid to Directors	23,50,000	26,95,968
<b>III. Payment to Auditors</b>		
Audit Fee	44,120	86,845
Other services	80,000	-
Out of pocket expenses	-	-
	<b>1,24,120</b>	<b>86,845</b>
<b>IV. Value of imports on CIF basis</b>	Nil	Nil
<b>V. Expenditure in foreign currency</b>	Nil	Nil
<b>VI. FOB value of Exports</b>	Nil	Nil

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For P. R. Reddy &amp; Co.

Chartered Accountants

Sd/-

R. R. Reddy

Director

Sd/-

P. Chaitanya

Director

Sd/-

P. Raghunadha Reddy

Partner

M. No: 023758

Firm Regn. No: 003268S

Place: Hyderabad

Date: 04.06.2011

Schedule XVIII SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

G. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :  
(Pursuant to Part-IV of Schedule VI of the Companies Act, 1956)

I. Registration Details

Registration No.	<input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="7"/>	State code	<input type="text" value="0"/> <input type="text" value="1"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/>		
	Date                      Month                      Year		

II. Capital raised during the year (Amount in ₹ '000)

Public issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private placement	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of mobilisation and deployment of funds (Amount in ₹ '000)

Total liabilities	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>	Total assets	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>
<b>Sources of funds</b>			
Paid-up capital	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Share application money	<input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="1"/>
Reserves and surplus	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Secured loans	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="5"/>
Unsecured loans	<input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="5"/>	<b>Total</b>	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>
<b>Application of funds</b>			
Net fixed assets	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="8"/>	Capital work-in-progress	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Investments	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Net current assets	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="0"/>
Miscellaneous expenditure	<input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="5"/>	Accumulated losses	<input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="7"/>
		<b>Total</b>	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>

IV. Performance of Company (Amount in ₹ '000)

Turnover	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="7"/>	Other income	<input type="text" value="2"/> <input type="text" value="6"/>
Total expenditure	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="3"/>	Profit/(loss) before Tax	<input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/>
Profit/(loss) after tax	<input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/>	Earning per share in ₹	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="3"/>
Dividend rate	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

V. Generic names of three principal products / services of the Company

Service Description

Trading in Pharmaceutical products, Medicines and other Healthcare/Consumer products

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached  
For P. R. Reddy & Co.  
Chartered Accountants

Sd/-  
R. R. Reddy  
Director

Sd/-  
P. Chaitanya  
Director

Sd/-  
P. Raghunadha Reddy  
Partner

Place: Hyderabad  
Date: 04.06.2011

M. No: 023758  
Firm Regn. No: 003268S

**CASH FLOW STATEMENT** for the year ending 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011		Year ended 31.03.2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and Exceptional Items as per Profit and Loss Account		(3,78,60,199)		(59,56,971)
Provision for Doubtful Debts, Advances and claims		-		-
Depreciation and Amortisation Charges	1,22,03,835		25,30,819	
Foreign Exchange Fluctuation Gain/(Loss)		-		-
Interest Income		-		-
Profit/(Loss) on Sale/disposal of Fixed Assets		-		-
Interest and Bank charges Paid	25,02,890		3,26,487	
Provision for Gratuity and Leave encashment		-		-
Provisions written back		1,47,06,725		28,57,306
<b>Operating Cash Profit before Working Capital Changes</b>		<b>(2,31,53,474)</b>		<b>(30,99,665)</b>
<i>Add/(Deduct) :</i>				
Increase/(Decrease) in Trade Payable & Others	1,04,24,765		52,62,563	
(Increase)/Decrease in Trade and Other Receivable	16,55,811		(24,19,944)	
(Increase)/Decrease in Inventories	1,28,47,859		(3,68,06,792)	
Increase/(Decrease) in Bank borrowings	41,00,704	2,90,29,139	1,29,43,168	(2,10,21,005)
		<b>58,75,664</b>		<b>(2,41,20,670)</b>
<i>Add/(Deduct) :</i>				
Direct Taxes Paid		-		-
<b>Net Cash Flow from Operating Activities</b>		<b>58,75,664</b>		<b>(2,41,20,670)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(45,06,014)		(2,09,30,422)	
Sale of Fixed Assets	1,808		-	
Increase in Miscellaneous Expenses	(2,63,34,584)		(1,03,98,554)	
Investment in Subsidiaries		-		-
Interest Income		(3,08,38,790)		(3,13,28,976)
<b>Net Cash Flow from Investing Activities</b>		<b>(3,08,38,790)</b>		<b>(3,13,28,976)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings (net)	3,65,92,131		46,33,757	
Proceeds from Share Capital including Share Premium	(1,00,21,076)		5,11,15,086	
Interest and Bank charges Paid	(25,02,890)	2,40,68,165	(3,26,487)	5,54,22,356
<b>Net Cash Flow from Financing Activities</b>		<b>2,40,68,165</b>		<b>5,54,22,356</b>
Net Increase/(Decrease) in Cash and cash equivalents (A+B+C)		(8,94,960)		(27,290)
Cash & cash equivalents at the beginning of the period		13,08,027		13,35,317
<b>Cash &amp; cash equivalents at the close of the period</b>		<b>4,13,067</b>		<b>13,08,027</b>

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached  
For P. R. Reddy & Co.  
Chartered AccountantsSd/-  
R. R. Reddy  
DirectorSd/-  
P. Chaitanya  
DirectorSd/-  
P. Raghunadha Reddy  
PartnerPlace: Hyderabad  
Date: 04.06.2011M. No: 023758  
Firm Regn. No: 003268S

# CONSOLIDATED

## FINANCIAL STATEMENTS

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of  
Surya Healthcare Limited

1. We have audited the attached Consolidated Balance Sheet of Surya Healthcare Limited ('the Company'), and its subsidiary (referred as 'the Medi Mart India Pvt Ltd') as at 31st March, 2011 and the consolidated Profit and Loss Account and the consolidated Cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial Statement of subsidiary (Medi Mart India Pvt Ltd.) whose financial statements reflect total assets (net) of ₹11.19 crore as at March 31, 2011. Total revenues of ₹10.88 crore for the year ended on that date. These financial statements and other financial information has been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements prescribed by the Central Government under Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Consolidated Balance Sheet of the State of affairs of the Surya Healthcare Ltd as at 31st March, 2011:
  - ii) In the case of the Consolidated Profit and Loss account, of the Consolidated loss of the Surya Healthcare Ltd for the year ended on that date; and
  - iii) In case of Consolidated Cash flow statement, of the Consolidated Cash Flow of the Surya Healthcare Ltd for the year ended on that date.

**For AAD & Associates**  
*Chartered Accountants*

Sd/-

Place: Chandigarh  
Date: 13th August, 2011

**Shamsher Singh**  
*(Partner)*  
M.NO. 083898  
FRN-020624N

## CONSOLIDATED BALANCE SHEET as on 31st March 2011

(Amount in ₹)

	Schedule Number	As on 31.03.2011	As on 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	I	6,50,00,060	3,05,00,060
Share application money received		9,60,85,000	7,23,65,930
Reserves & Surplus	II	6,72,53,181	3,181
<b>2. Loan Funds</b>			
Secured Loans	III	31,23,97,927	10,85,81,681
Unsecured Loans	IV	8,40,49,456	–
<b>Total</b>		<b>62,47,85,624</b>	<b>21,14,50,852</b>
<b>APPLICATION OF FUND</b>			
<b>1. Fixed Assets</b>			
Gross Block	V	25,32,28,907	8,47,49,121
Less : Depreciation		(2,08,61,558)	(27,98,755)
Net Block		23,23,67,349	8,19,50,366
Capital Work-in-progress		12,44,69,785	1,17,56,110
		35,68,37,134	9,37,06,476
<b>2. Goodwill</b>			
		5,59,04,529	–
<b>3. Investments</b>			
	VI	–	–
<b>4. Current Assets, Loans and Advances</b>			
Inventories	VII	20,53,36,037	5,60,00,260
Sundry Debtors	VIII	13,36,88,100	2,14,68,633
Cash and Bank balance	IX	59,32,126	1,33,71,201
Loans and Advances	X	9,39,75,134	6,08,77,292
Total Current Assets		43,89,31,397	15,17,17,386
Less : Current Liabilities and Provisions	XI	30,33,69,631	5,75,20,460
Net Current Assets		13,55,61,766	9,41,96,926
<b>5. Profit and Loss Account</b>			
		5,33,94,935	1,60,39,030
<b>6. Deferred Tax Asset (net of liability)</b>			
		2,27,50,930	71,72,090
<b>7. Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	XII	3,36,330	3,36,330
<b>Total</b>		<b>62,47,85,624</b>	<b>21,14,50,852</b>
Significant Accounting Policies & Notes on Accounts	XIX		

Schedules annexed hereto form an integral part of Balance Sheet

Signed in terms of our report of even date attached

For and on behalf of the Board of Directors

For AAD & Associates  
Chartered AccountantsSd/-  
Rajiv Goyal  
DirectorSd/-  
Alka Goyal  
DirectorSd/-  
Hari Om Bhatia  
Business Head-RetailSd/-  
Shamsher Singh  
PartnerPlace: Chandigarh  
Date: 13.08.2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT** for the year ended 31st March 2011

(Amount in ₹)

	Schedule Number	Year ended 31.03.2011	Year ended 31.03.2010
<b>INCOME</b>			
Sales (Net of VAT)		57,27,20,073	8,14,84,315
Other Income	XIII	1,56,34,002	9,96,770
<b>Total</b>		<b>58,83,54,075</b>	<b>8,24,81,085</b>
<b>EXPENDITURE</b>			
Cost of goods sold	XIV	49,03,21,057	6,83,43,812
Employee Costs	XV	7,77,68,987	1,62,36,279
General & Administrative Expenses	XVI	6,89,08,009	1,33,46,963
Selling and Distribution Expenses	XVII	1,54,30,098	33,31,991
Interest & Financial Charges	XVIII	96,05,257	16,34,405
Depreciation		1,55,87,576	27,98,755
<b>Total</b>		<b>67,76,20,983</b>	<b>10,56,92,205</b>
<b>Profit / (Loss) before taxation</b>		<b>(8,92,66,908)</b>	<b>(2,32,11,120)</b>
Provision for taxation			
- Current Tax		-	-
- Deferred Tax Asset (Liability)		1,55,78,840	71,72,090
<b>Profit/ (Loss) after taxation</b>		<b>(7,36,88,068)</b>	<b>(1,60,39,030)</b>
Less: Pre-acquisition loss & Minority Interest		3,63,32,163	-
<b>Net Profit</b>		<b>(3,73,55,905)</b>	<b>(1,60,39,030)</b>
Balance brought forward		(1,60,39,030)	-
<b>Balance Carried to Balance Sheet</b>		<b>(5,33,94,935)</b>	<b>(1,60,39,030)</b>
Earning Per Share (₹)			
- Basic		(8.40)	(53.46)
-Diluted		(4.88)	(53.46)
Significant Accounting Policies & Notes on Accounts	XIX		

Schedules annexed hereto form an integral part of Profit and Loss Account

Signed in terms of our report of even date attached

For and on behalf of the Board of Directors

For **AAD & Associates**  
Chartered AccountantsSd/-  
**Rajiv Goyal**  
DirectorSd/-  
**Alka Goyal**  
DirectorSd/-  
**Hari Om Bhatia**  
Business Head-RetailSd/-  
**Shamsher Singh**  
PartnerPlace: Chandigarh  
Date: 13.08.2011

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET as on 31st March 2011

(Amount in ₹)

	As on 31.03.2011	As on 31.03.2010
<b>Schedule I SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
1,50,00,000 (Previous Year 50,00,000) equity shares of ₹10/- each	15,00,00,000	5,00,00,000
<b>Issued, Subscribed and fully paid-up Capital</b>		
65,00,006 (Previous Year 30,50,006) equity share of ₹10/- each fully paid up	6,50,00,060	3,05,00,060
	<b>6,50,00,060</b>	<b>3,05,00,060</b>

<b>Schedule II RESERVES &amp; SURPLUS</b>		
General Reserve	3,181	3,181
Share Premium	6,72,50,000	–
	<b>6,72,53,181</b>	<b>3,181</b>

<b>Schedule III SECURED LOANS</b>		
Working Capital Loan	16,95,77,039	4,12,76,075
Term Loan	14,28,20,888	6,73,05,606
	<b>31,23,97,927</b>	<b>10,85,81,681</b>

<b>Schedule IV UNSECURED LOANS</b>		
Inter corporate loans-Surya Pharmaceutical Ltd.	5,04,08,575	–
Unsecured Loans	3,36,40,881	–
	<b>8,40,49,456</b>	<b>–</b>

<b>Schedule V FIXED ASSETS</b>												
Blocks	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01.04.2010	Medi Mart opening balance	Additions during the year	Deletions/ Transfer during the year	As on 31.03.2011	Upto 01.04.2010	Medi Mart opening balance	For the Year	Writtenback/ Transferred	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Leasehold Improvements	1,22,79,317	78,81,518	1,54,75,236	–	3,56,36,071	3,93,777	3,97,944	25,18,629	–	33,10,350	3,23,25,721	1,18,85,540
Furniture & Fixtures	5,33,15,952	87,21,252	8,90,53,724	–	15,10,90,929	18,88,965	8,51,126	90,70,304	–	1,18,10,395	13,92,80,534	5,14,26,987
Office & other Equipments	62,24,263	24,85,746	3,11,74,373	–	3,98,84,382	1,26,042	2,00,415	12,69,172	–	15,95,629	3,82,88,753	60,98,221
Vehicles	19,99,764	6,35,358	12,71,865	2,800	39,04,187	66,889	93,250	3,57,228	992	5,16,375	33,87,812	19,32,875
I T Infrastructure	1,09,29,825	35,57,809	82,25,705	–	2,27,13,339	3,23,082	9,33,484	23,72,243	–	36,28,809	1,90,84,530	1,06,06,743
<b>Total</b>	<b>8,47,49,121</b>	<b>2,32,81,683</b>	<b>14,52,00,903</b>	<b>2,800</b>	<b>25,32,28,907</b>	<b>27,98,755</b>	<b>24,76,219</b>	<b>1,55,87,576</b>	<b>992</b>	<b>2,08,61,558</b>	<b>23,23,67,349</b>	<b>8,19,50,366</b>
Previous Year			8,47,49,421		8,47,49,421			27,98,755		27,98,755	8,19,50,366	
Capital Work-in-progress*											12,44,69,785	1,17,56,110

\* including capital advances.

	As on 31.03.2011	As on 31.03.2010
<b>Schedule VI INVESTMENTS</b>		
Investment	–	–
	<b>–</b>	<b>–</b>

<b>Schedule VII INVENTORIES</b>		
Stock (As taken, valued and certified by the management)	20,53,36,037	5,60,00,260
	<b>20,53,36,037</b>	<b>5,60,00,260</b>

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET as on 31st March 2011

(Amount in ₹)

	As on 31.03.2011	As on 31.03.2010
<b>Schedule VIII SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding for more than 6 months		
Considered Good	1,89,22,640	-
Considered Doubtful	-	-
Others		
Considered Good	11,47,65,460	2,14,68,633
Considered Doubtful	-	-
	<b>13,36,88,100</b>	<b>2,14,68,633</b>

<b>Schedule IX CASH &amp; BANK BALANCES</b>		
Balance with Scheduled Banks -		
- in Current Account	6,96,656	1,24,23,514
- in Fixed Deposits	80,000	2,00,000
Cash in hand (As certified by the management)	51,55,470	7,47,687
	<b>59,32,126</b>	<b>1,33,71,201</b>

<b>Schedule X LOANS AND ADVANCES</b>		
(Recoverable in cash or kind or for value to be received, considered good unless otherwise stated)		
Security Deposits	3,83,03,530	1,63,05,730
Prepaid Expenses	6,21,237	3,11,454
Advances to Suppliers	27,49,754	33,93,574
Loans and Advances to employees	6,99,285	2,05,576
Accrued Interest	5,864	5,078
TDS Receivable	2,57,547	20,172
Other Advances	5,13,37,917	4,06,35,709
	<b>9,39,75,134</b>	<b>6,08,77,292</b>

<b>Schedule XI CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors	17,78,44,230	3,69,69,964
Duties & Taxes payable	23,19,319	9,62,868
Creditors for Capital Goods	8,51,83,428	59,84,258
Other liabilities	3,29,58,194	1,26,11,754
<b>Provisions:</b>		
Provision for Income tax	11,600	11,600
Provision for Leave Encashment and Gratuity	50,52,859	9,80,017
	<b>30,33,69,631</b>	<b>5,75,20,460</b>

<b>Schedule XII MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary expenses	3,36,330	3,36,330
	<b>3,36,330</b>	<b>3,36,330</b>

## SCHEDULES TO THE CONSOLIDATED PROFIT &amp; LOSS ACCOUNT for the year ended 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
<b>Schedule XIII OTHER INCOME</b>		
Miscellaneous Income	1,56,34,002	9,96,770
	<b>1,56,34,002</b>	<b>9,96,770</b>

<b>Schedule XIV COST OF GOODS SOLD</b>		
Opening Stock	9,28,07,052	8,47,480
Add: Purchases	60,28,50,043	123,4,96,591
Less: Closing Stock	20,53,36,037	56,0,00,260
<b>Cost of Goods Sold</b>	<b>49,03,21,057</b>	<b>68,3,43,812</b>

<b>Schedule XV EMPLOYEES' COST</b>		
Salaries	6,66,84,413	1,42,33,525
Contribution to PF and other funds	42,50,430	7,10,988
Staff Welfare	17,22,843	2,47,912
Training & Recruitment Expenses	9,80,504	52,803
Gratuity and Leave encashment	41,30,798	9,91,051
	<b>7,77,68,987</b>	<b>1,62,36,279</b>

<b>Schedule XVI GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Rent	3,04,57,800	65,69,080
Communication Expenses	49,40,038	8,10,157
Travelling & Conveyance	32,06,001	9,74,064
Repairs & Maintenance	29,48,171	3,48,656
Legal & Professional Fee	20,78,813	3,02,935
Printing & Stationery	23,32,241	4,68,453
Office Expenses	65,39,621	21,69,612
Power and Fuel	34,49,306	6,11,662
Insurance	5,11,246	49,208
Rates & Taxes	6,93,736	22,269
Consumables	14,47,197	8,55,424
Auditor's Remuneration and Expenses	2,29,559	90,000
Preliminary Expenses written off	54,600	-
Business Development Expenses written off	81,07,899	-
Miscellaneous Expenses	19,11,780	75,443
	<b>6,89,08,009</b>	<b>1,33,46,963</b>

<b>Schedule XVII SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement & Promotion	20,78,822	14,41,314
Freight & Forwarding Expenses	14,54,650	2,35,457
Warehouse Expenses	1,69,814	-
Rebates & Loyalty Points	1,17,26,812	16,55,220
	<b>1,54,30,098</b>	<b>33,31,991</b>

<b>Schedule XVIII INTEREST &amp; FINANCIAL CHARGES</b>		
Interest on Term Loan	31,45,541	9,36,469
Interest on Working Capital Loan	42,88,433	2,50,974
Bank Charges	21,71,283	4,46,962
	<b>96,05,257</b>	<b>16,34,405</b>

**Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**
**A. SIGNIFICANT ACCOUNTING POLICIES**
**1 Principle of Consolidation**

The consolidated financial statements include the financial statements of Surya Healthcare Ltd. and its subsidiary Medi Mart India Private Ltd. The consolidated financial statements have been combined on a line by line basis by adding the book values of the like items of assets, liabilities, income and expenses of the subsidiary companies after eliminating intra group balance/transaction and unrealised profits in full.

**2 Basis of preparation of Financial Statements**

- i. The Financial Statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of going concern.
- ii. All the Income and Expenditure are recognised on accrual basis.
- iii. Figures have been taken to nearest rupee.
- iv. Previous year figures have been re-grouped and re-arranged wherever considered necessary.

**3 Revenue Recognition**

Sales are net of sales returns and VAT.

**4 Fixed Assets and Depreciation**

Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.

Depreciation on fixed assets of SHL is provided pro-rata to the period of use, on the straight-line method, using rates based on the management's assessment of economic useful lives of the assets. The useful lives of the assets are reviewed by the management periodically and in case the useful lives is revised, the unamortised depreciable amount is charged over the revised remaining useful lives. The useful lives of all assets currently has been estimated at 9 (nine) years.

All retail shops of SHL are considered to be operated on test marketing basis for 6 months, thereafter retail shops are considered to be commercially operative and accordingly all expenses until the month of commencement of commercial operation are being capitalised.

In case of Medi Mart, depreciation has been provided on written down value method at the rate specified in Schedule XIV to the Companies Act, 1956.

**Impairment of Assets**

An asset is considered as impaired in accordance with Accounting Standard-28 on "impairment of assets", when at balance sheet date there are indications of impairment and the carrying amount of the asset exceeds its recoverable amount. The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the profit and loss account. None of the indicators are present in case any of the assets.

**5 Inventories**

Inventories are valued at lower of cost and net realisable value. Cost includes all applicable expenses incurred in bringing the goods till their first location in the Company.

**6 Retirement Benefits**

- i. Defined Contribution Plans - Contribution paid /payable to defined contribution plans comprising of provident fund and ESI are charged to revenue/expense.
- ii. Defined Benefit Plans - The estimated accrued liability towards Gratuity has been provided for in the books of SHL.
- iii. The leave encashment including accrued liability has been provided for in the books of SHL.

**7 Foreign Currency Transactions**

The Company has not conducted any foreign exchange transactions during the year.

**8 Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only if there is reasonable certainty of realisation of such assets in future. However where there is unabsorbed depreciation & carried forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written down or written up to reflect the amount accordingly.

**9 Investments**

Investments are stated at cost of acquisition. SHL has made investment in Medi Mart India Private Ltd. to the extent of 51% of share capital i.e. ₹10,20,000/- (10,20,000 shares of ₹10/-each).

## Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

## B. BALANCE SHEET

## 1. Secured Loans

*Term Loan*

All Term loans are secured against first charge on entire fixed assets (both present and future) and second charge on current assets and are further secured by personal guarantee of directors/corporate guarantee and collateral security of directors/relatives/group companies.

*Working Capital Loan*

All Working Capital Loans are secured against first charge on entire current assets (both present and future) and second charge on fixed assets and further secured by personal guarantee of directors/corporate guarantee and and collateral security of directors/relatives/group companies

## 2. Current/Deferred Tax Asset/liability

In view of the losses, no provision for taxation has been made. In case of SHL, Deferred tax asset (liability) has been created by the Company during the year as per AS-22 i.e., Accounting for taxes on income as per details below :

(Amount in ₹)

Particulars	As on 31.03.2010	During the year	As on 31.03.2011
Difference between WDV of Assets as per Books and as per IT records	(23,91,484)	(35,23,642)	(59,15,126)
Provisions for Retirement benefits and leave encashment	3,02,825	9,55,683	12,58,508
Unabsorbed depreciation and carried forward losses	92,60,749	1,81,46,799	2,74,07,548
<b>Net Deferred tax asset (liability)</b>	<b>71,72,090</b>	<b>1,55,78,840</b>	<b>2,27,50,930</b>

## 3. Current Assets, Loans &amp; Advances and Current Liabilities

- The balances of sundry debtors/creditors, advances and deposits, advance to suppliers etc. are subject to confirmations.
- In the opinion of management the current assets, loans and advances are approximately of the value as stated if realised in the ordinary course of business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.
- The inventory of stocks has been taken, valued and certified by the management.
- To the extent of information available with management, there are no SSI units to whom Company owes money for more than 30 days.
- The Company has not received any communication from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

## 4. Contingent liabilities

Bank Guarantee given by Banker on behalf of SHL - ₹4,00,000/- backed by Fixed deposits of ₹80,000/-.

## 5. Capital Commitments

In case of SHL, estimated amount of Contracts remaining to be executed on capital account, net of advances and not provided for ₹2,98,11,373/-

## 6. Lease Commitments

(Amount in ₹)

	31.03.2011	31.03.2010
i) There is no future lease commitments under Finance leases.		
ii) Future lease commitments under non-cancellable Operating leases in case of SHL:		
- Upto one year	1,08,01,567	8,06,322
- From one year to five year	42,94,341	4,84,145

7. In case of Medi Mart, over a period of time, the Company has incurred expenditure for development of its business. All such expenditure is accumulated under the head "Business Development Expenditure" and is shown under the head "Miscellaneous Expenditure" in the Balance Sheet. Since this expenditure would result in enduring benefit to the Company, it has been decided to write-off the same only over a period of 5 years, in equal installments commencing from the current accounting year.

8. Share application money as shown in Balance Sheet of Medi Mart is refundable as per terms of SPA. In view of this, it has been shown in Unsecured loans in Consolidated Balance Sheet.

## Schedule XIX SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

**C. EARNING PER SHARE**

Basic earning per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.

		31.03.2011
<b>Earning per share</b>		
Profit / (Loss) after tax during the year	₹	(3,73,55,905)
Weighted average number of shares outstanding	No.	44,45,839
Earning per share - Basic	₹	(8.40)
Earning per share - Diluted	₹	(4.88)

**D. SEGMENT REPORTING****a) Primary Segment (Business Segment)**

The Company's operations comprise of only one segment i.e., trading.

**b) Secondary Segment (Geographical Segment)**

The entire sales of Company is within India therefore it has only one geographical segment. Hence no separate disclosure in separate of segments required as per Accounting Standard 17 on "Segment Reporting".

**E. RELATED PARTIES DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 18 ON "RELATED PARTIES DISCLOSURES" ARE GIVEN BELOW:****a. Relationships**

- i. Subsidiary : Medi Mart India Private Limited
- ii. Holding : Surya Pharmaceutical Limited
- iii. Key Management Personnel : Mr. Rajiv Goyal, Ms. Alka Goyal, Mr. Rajansh Thukral
- iv. Others Entities controlled by Key Management Personnel :  
Kala Infra Pvt. Ltd., Mediwell Healthcare Pvt.Ltd., Surya Hi-tech Infrastructure Ltd., Shree Krishna Agents Pvt. Ltd.

**b. Transactions with related parties in the ordinary course of business..**

	₹	Outstanding (₹)
Advance given to Mediwell Healthcare Pvt. Ltd.	30,74,980	54,25,810
Advance to Surya Hi-tech Infrastructure Ltd.	-	3,00,00,000
Security deposit (rental) given to Kala Infra Pvt. Ltd.	38,50,000	-
Rent Paid to Kala Infra Pvt. Ltd.	38,50,000	-
Goods purchased from Shree Krishna Agents Pvt. Ltd.	2,63,01,677	24,96,982 (Advance)
Goods sold to Shree Krishna Agents Pvt. Ltd.	9,10,529	

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For AAD & Associates  
Chartered Accountants

Sd/-  
Rajiv Goyal  
Director

Sd/-  
Alka Goyal  
Director

Sd/-  
Hari Om Bhatia  
Business Head-Retail

Sd/-  
Shamsher Singh  
Partner

Place: Chandigarh  
Date: 13.08.2011

**CONSOLIDATED CASH FLOW STATEMENT** for the year ending 31st March 2011

(Amount in ₹)

	Year ended 31.03.2011		Year ended 31.03.2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and Exceptional Items as per Profit and Loss Account		(8,92,66,908)		(2,32,11,120)
Provision for Doubtful Debts, Advances and claims		–		–
Depreciation and Amortisation Charges	2,37,49,083		27,98,755	
Foreign Exchange Fluctuation Gain/Loss		–		–
Interest Income	(4,940)		(5,078)	
Profit/Loss on Sale/disposal of Fixed Assets		–		–
Interest Paid	96,05,257		16,34,405	
Provision for Gratuity and Leave encashment	40,72,842		9,80,017	
Provisions written back	–	3,74,22,242	–	54,08,099
<b>Operating Cash Profit before Working Capital Changes</b>		<b>(5,18,44,666)</b>		<b>(1,78,03,021)</b>
<b>Add/(Deduct) :</b>				
Increase/(Decrease) in Trade Payable & Others	24,17,76,329		5,49,35,255	
(Increase)/Decrease in Trade and Other Receivable	(14,53,17,309)		3,06,70,845	
(Increase)/Decrease in Inventories	(14,93,35,778)		(5,51,52,780)	
Increase/(Decrease) in Bank Borrowings	12,83,00,964	7,54,24,206	4,12,76,075	7,17,29,396
		<b>2,35,79,540</b>		<b>5,39,26,374</b>
<b>Add/(Deduct) :</b>				
Direct Taxes Paid		–		–
<b>Net Cash Flow from Operating Activities</b>		<b>2,35,79,540</b>		<b>5,39,26,374</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(27,87,20,043)		(8,41,63,916)	
Sale of Fixed Assets	2,800		–	
Increase in Goodwill (Net, including Deferred Revenue Expenses)	(2,77,34,864)		–	
Interest Income	4,940	(30,64,47,167)	5,078	(8,41,58,838)
<b>Net Cash Flow from Investing Activities</b>		<b>(30,64,47,167)</b>		<b>(8,41,58,838)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings	15,95,64,738		(2,04,89,590)	
Proceeds from Share Capital including Share Premium	12,54,69,070		6,14,49,455	
Interest Paid	(96,05,257)	27,54,28,551	(16,34,405)	3,93,25,460
<b>Net Cash Flow From Financing Activities</b>		<b>27,54,28,551</b>		<b>3,93,25,460</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(74,39,075)		90,92,996
Cash & cash equivalents at the beginning of the period		1,33,71,201		42,78,205
<b>Cash &amp; cash equivalents at the close of the period</b>		<b>59,32,126</b>		<b>1,33,71,201</b>

For and on behalf of the Board of Directors

Signed in terms of our report of even date attached

For AAD & Associates  
Chartered AccountantsSd/-  
Rajiv Goyal  
DirectorSd/-  
Alka Goyal  
DirectorSd/-  
Hari Om Bhatia  
Business Head-RetailSd/-  
Shamsher Singh  
PartnerPlace: Chandigarh  
Date: 13.08.2011





**SURYA HEALTHCARE LIMITED**

911, 9th Floor, Surya Kiran Building, 19 K.G. Marg, Connaught Place, New Delhi

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