

# Annual Report

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## 2016-17



Against all odds we kept on moving forward ▶▶▶▶

***Sandor***

Medicaids Pvt. Ltd.

8-2-326/5, Road No. 3,

Banjara Hills,

Hyderabad-500034

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## OUR BOARD OF DIRECTORS

### **Shri. Rajeev Sindhi**

Managing Director  
(DIN:00184701)

### **Shri. K V Muralidhar Reddy**

Director  
(DIN:01881121)

### **Shri. Viswanath Chibrolu**

Nominee Director  
(DIN: 01556254)

## KEY MANAGERIAL PERSONNELS

### **Shri. Ramakanta Tripathy**

Chief Financial Officer

### **Smt. J R Nagajayanthi**

Company Secretary  
(M No. FCS 7184)

## OUR AUDITORS:

### STATUTORY AUDITOR

#### **M/s Walker Chandiok and CO LLP**

7th Floor, Block III,  
White House, Kundan Bagh,  
Begumpet,  
Hyderabad 500 016,

### OUR RTAs

#### ❖ **For Equity:**

#### **Karvy Computershare**

Karvy Selenium,  
Tower- B, Plot No 31 & 32.,  
Financial district, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad, 500032, India.

#### ❖ **For Debt securities:**

#### **Satellite Corporate Services Pvt. Ltd.**

B-302 Sony Apartment  
Opp. St. Jude High School  
90 Feet Road. Jarimari  
Sakinaka, Mumbai – 400 072

## OUR BANKERS

### **State Bank of India**

SME Branch, Hyderabad

### **Oriental Bank of Commerce**

SD Road Branch, Hyderabad

### **ICICI Bank Ltd,**

Khairatabad Branch, Hyderabad

## REGISTERED OFFICE:

# 8-2-326/5, 4th Floor,  
Plot No. 1, Road No.3,  
Banjara Hills, Hyderabad,  
Telengana - 500 034  
Ph. 040-23357047 – 51 / 23354824

### SECRETARIAL AUDITOR

#### **M/s V. S. S & Associates**

Company Secretaries  
33-6-419/1 1<sup>st</sup> Floor, Street No 3,  
Himayath nagar,  
Hyderabad 500029

### OUR TRUSTEE

#### **CATALYST TRUSTEESHIP LIMITED**

**Regd. Off:** GDA House, 1<sup>st</sup> Floor, Plot No.  
85, Bhusari Colony (Right), Kothrud, Pune  
- 411308.

**Corp. Off:** Office No. 83 – 87, 8th floor,  
'Mittal Tower', 'B' Wing, Nariman  
PointMumbai – 400021  
Tel: +91 22 49220506

### **NOTICE**

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of M/s **SANDOR MEDICAIDS PRIVATE LIMITED** will be held on Monday the 18<sup>th</sup> Day of September, 2017 at 09.30 AM at its registered office situated at # 8-2-326/5, Road No. 3, Banjara Hills, Hyderabad - 500034 to transact the following businesses:

#### **ORDINARY BUSINESS:**

1. To consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and the Auditors thereon;
2. To consider and adopt the Consolidated audited financial statements of the Company for the financial year ended March 31, 2017 and the Report of the Auditors thereon;
3. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, and resolution passed by the members in the 21<sup>st</sup> Annual General Meeting, the appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants, (Registration No. 001076N/N500013) as the Statutory Auditors of the Company to hold the office till the conclusion of 26<sup>th</sup> Annual General Meeting be and is hereby ratified and Board of Directors be and is hereby authorized to fix the remuneration, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending 31<sup>st</sup> March, 2018.

#### **4. APPOINTMENT OF M/S K. N. MURTHY & CO. (FRN: 006823S), CHARTERED ACCOUNTANTS, HYDERABAD AS THE JOINT STATUTORY AUDITOR:**

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

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, and including any statutory modification thereof, M/s K. N. Murthy & Co. (FRN: 006823S), Chartered Accountants, Hyderabad, be and is hereby appointed as the Joint Statutory Auditors (together with M/s. Walker Chandiok Co. & LLP, Chartered Accountants) of the Company to hold the office from the conclusion of this 22<sup>nd</sup> Annual General Meeting till the conclusion of 27<sup>th</sup> Annual General Meeting subject to ratification at every Annual General Meeting at a remuneration to be decided by the board of Directors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending 31<sup>st</sup> March, 2018.”

**SPECIAL BUSINESS:**

**5. APPROVAL FOR MATERIAL RELATED PARTY TRANSACTIONS:**

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to enter into the related party transactions by the Company with the respective related parties for an amount not exceeding the maximum amount specified herein below:

Sl. No.	Name of the related entity	Relationship	Nature of transaction:	Sanctioned Amount for the year 2017-18 (in Rs.)
1	M/s Sandor Life Sciences Private Limited	GROUP COMPANY WITH COMMON DIRECTOR	Rent; sale and purchase done in the ordinary course of business	6,00,00,000/-
2	M/s Sandor Animal Biogenics Private Limited	GROUP COMPANY WITH COMMON DIRECTOR	Rent; sale and purchase done in the ordinary course of business	3,00,00,000/-
3	Sandor Dialysis Services Bangladesh Private Limited	WHOLLY OWNED SUBSIDIARY; COMMON DIRECTOR	sale and purchase done in the ordinary course of business;	3,00,00,000/-
4	Sandor Medicaids Bangladesh Private Limited	SUBSIDIARY WITH COMMON DIRECTOR	sale and purchase done in the ordinary course of business;	50,00,000/-
5	Harmonica Healthcare	PROPRIETARY CONCERN OWNED BY RELATIVE OF DIRECTOR	Rent; sale and purchase done in the ordinary course of business;	5,00,00,000/-
6	Sandor Associates	PROPRIETARY CONCERN OWNED BY DIRECTOR	Rent; sale and purchase done in the ordinary course of business	1,00,00,000/-
7	Sandor Tescon Aqua Private Limited	SUBSSIDIARY WITH COMMON DIRECTOR	sale and purchase done in the ordinary course of business	1,50,00,000/-
8.	Sandor Orthopedics Private Limited	ASSOCIATE COMPANY WITH COMMON DIRECTOR	Rent sale and purchase done in the ordinary course of business	2,00,00,000/-
9	V Phore Labs Private Limited	GROUP COMPANY WITH COMMON DIRECTOR	sale and purchase done in the ordinary course of business	1,00,00,000/-

**“RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

**For and behalf of the Board of Directors  
SANDOR MEDICAIDS PRIVATE LIMITED**

Date: 10.08.2017  
Place: Hyderabad

**Sd/-**  
**RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**NOTES:**

1. A member entitled to attend and vote at the meeting is also entitled to appoint proxy to attend and vote on his / her behalf and such proxy need not be a member of the company. The proxies, in order to be effective should be deposited at the registered office of the company, duly completed and signed, not later than 48 hours before the commencement of the meeting.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member. A Proxy form is annexed to this Notice. Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. For the convenience of Members and proper conduct of the meeting, entry to the meeting venue will be regulated by attendance slip. Members / Proxies are requested to duly fill the attendance slips and hand it over at the entrance of the meeting to attend the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Corporate Shareholders intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. An explanatory statement pursuant to section 102 of the Companies Act, 2013 is annexed herewith.
7. Route map to the venue of the meeting is annexed herewith.

**By Order of the Board  
SANDOR MEDICAIDS PRIVATE LIMITED**

**Sd/-  
RAJEEV SINDHI  
MANAGING DIRECTOR  
DIN: 00184701**

Place: Hyderabad  
Date: 10.08.2017

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**

**ITEM NO. 4:**

Keeping in view the growing requirement of certifications (required for RBI and other statutory authorities) and increase in activities, it is considered worthwhile to engage services of M/s K. N. Murthy & Co. (FRN: 006823S), Chartered Accountants, Hyderabad as joint statutory auditor of the company. The Board of Directors are of the opinion that this will help in easing the certifications required by statutory authorities.

M/s K. N. Murthy & Co. (FRN: 006823S), Chartered Accountants, Hyderabad, have conveyed their consent to be appointed as the Joint Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

None of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said resolution.

The Board recommends that approval be accorded to appoint the Joint Statutory Auditor as mentioned in the Item No. 4 of the notice calling this meeting by passing an Ordinary Resolution.

**ITEM NO. 5:**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and if the transaction is over and above the threshold limits provided under the Companies (Meetings of Board and its Powers) Rules, 2014, the approval of members by way of Ordinary resolution would be required.:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchases or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

The Board of Directors of the Company took note that the Company being in existence for over two decades has developed praise worthy Sales, marketing and distribution



network of medicals equipments and devices, a reliable operational control processes, thus, may extend the required support to its associate Companies.

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties.

Based on the last year turnover of the company, actual quantum of related party transactions entered into during the financial year 2016-17, the consent of shareholders is being sought to enter into related party transactions and if necessary, to enhance the limits for entering into transactions with related parties for the Financial Year 2017-18.

**THE PARTICULARS OF THE TRANSACTION PURSUANT TO THE PROVISIONS OF SECTION 188 AND THE COMPANIES (MEETINGS OF BOARD AND ITS POWERS) RULES, 2014 ARE AS UNDER:**

Sl. No.	Name of the related party	Relationship	Name of related party	Nature of transaction:	Actual amount incurred 2016-17 (In Rs.)	Proposed for the year 2017-18 (In Rs.)
1	M/s Sandor Life Sciences Private Limited*	Group company with common Director	Mr. Rajeev Sindhi (Common Director)	Rent; sale and purchase done in the ordinary course of business	5,14,44,910	6,00,00,000
2	M/s Sandor Animal Biogenics Private Limited	Group company with common Director	Mr. Rajeev Sindhi (Common Director) & Mrs. Gunjan Sindhi Relative of Director is also a Director	Rent; sale and purchase done in the ordinary course of business	2,02,65,955	3,00,00,000
3	*Sandor Dialysis services Bangladesh Private Limited	Wholly owned subsidiary; common Director	Mr. Rajeev Sindhi (common Director)	sale and purchase done in the ordinary course of business;	3,45,52,876	3,00,00,000
4	*Sandor Medicaids Bangladesh Private Limited	Subsidiary with common Director	Mr. Rajeev Sindhi (Common Director)	sale and purchase done in the ordinary course of business;	10,000	50,00,000
5	Harmonica	Proprietary concern	Mrs. Gunjan	Rent;	3,64,85,348	5,00,00,000

	Healthcare	owned by relative of Director	Sindhi (Relative of Director is Proprietor )	sale and purchase done in the ordinary course of business;		/-
6	Sandor Associates	Proprietary concern owned by Director	Mr. Rajeev Sindhi ( Proprietor To Entity )	Rent; sale and purchase done in the ordinary course of business	31,97,122	1,00,00,000
7	*Sandor Tescon Aqua Private Limited	Subsidiary company with common Director	Mr. Rajeev Sindhi (Common Director)	sale and purchase done in the ordinary course of business	78,60,197	1,50,00,000
8	Sandor Orthopedics Private Limited	Associate company with common Director	Mr. Rajeev Sindhi (Common Director)	Rent sale and purchase done in the ordinary course of business	5,80,16,557	2,00,00,000
9	V Phore Labs Private Limited	Group company with common Director	-	sale and purchase done in the ordinary course of business	-	1,00,00,000

\*Pursuant to the notification No G,S.R. 464(E) dated 5<sup>th</sup> June 2015 by Ministry of Corporate Affairs, states that section 188 of the companies act 2013 shall not apply to related party mentioned under sub-clause (viii) of clause (76) of section 2.( i.e. to any company which is- a holding, subsidiary or an associate company of such company; or - a subsidiary of a holding company to which it is also a subsidiary); Nevertheless, the company, as good corporate governance measure seeks to approach shareholders for their consent.

Nature, material terms, monetary value and particulars of the contract or arrangement: The details are as mentioned below:

- (a) Leasing/ subleasing/ rent for office sharing of property: The Company has entered into lease agreements with respective related parties for leasing/ subleasing/ office sharing of the property. The rent of which is fixed keeping in view the prevailing market price at Arm's length basis.
- (b) Sale and purchase (of goods and services) in the ordinary course of business: The Company sells certain medical equipment, devices to its group company and provides certain support services by leveraging its existing know how and professional expertise. The amount being charged for the said services are fixed after considering all the relevant factors and are on arms length basis and are carried out in ordinary course of business.

Any other information relevant or important for the Board/Members to take a decision:

The Sale and purchase (of goods and services) in the ordinary course of business being extended by the Company to its associate companies in relation to business enhancement and for building up robust practices and processes are towards the benefit of all the companies. The Board of Directors are authorized to negotiate, finalize and execute the deeds, agreements and documents as and when they are entered into by the company.

The Copies of the above mentioned Lease agreements are available for inspection by the members at the Registered Office of the Company during the normal business hours (10 am to 6 PM) on all working days (except Saturdays) up to the date of Annual General Meeting of the Company.

Mr. Rajeev Sindhi, Managing Director ( DIN: 00184701) being common director on the Board of related parties and being relative of related party is interested in the resolution to that extent and to the extent of his shareholding in the Company.

Other directors and other KMP are not interested in the resolution.

The Board recommends that approval be accorded to enter into the above stated Related Party Transactions as mentioned in the Item No. 5 of the notice calling this meeting by passing an Ordinary Resolution.

**By Order of the Board**  
**SANDOR MEDICAIDS PRIVATE LIMITED**

**Sd/-**  
**RAJEEV SINDHI**  
MANAGING DIRECTOR  
DIN: 00184701

Place: Hyderabad  
Date: 10.08.2017

## BOARD'S REPORT

To,  
The Dear Members,

The Board of Directors of your company hereby submits the report of the business and operations of your company (the company or SMPL) along with the audited financial statements for the financial year ended March 31, 2017. The consolidated performance of the company and its subsidiaries has been referred to wherever required.

### RESULTS OF OPERATIONS

#### FINANCIAL RESULTS

The Company's financial performance for the year under review is given below:

(Rs. In Lacs)

Particulars	Financial Year ended		Financial Year ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016*
	Standalone		Consolidated	
Revenue from Operations	17,504.56	15,229.13	17606.71	-
Other Income	1274.77	80.09	1260.99	-
<b>Total Revenue</b>	<b>18,779.33</b>	<b>15,309.22</b>	<b>18,867.70</b>	<b>-</b>
Finance Costs	736.88	639.73	777.79	-
Depreciation	149.02	185.57	273.54	-
Total Expenditure	17,214.19	14,831.03	17,896.58	-
<b>Profit/Loss Before Tax</b>	<b>1565.14</b>	<b>478.19</b>	<b>971.12</b>	<b>-</b>
Less: Tax Expenses	339.65	213.92	346.62	-
<b>Net Profit /Loss After Tax</b>	<b>1225.48</b>	<b>264.28</b>	<b>627.49</b>	<b>-</b>
Earnings per share:				
Basic	75.02	22.91	37.80	-
Diluted	55.87	11.70	28.15	-

\*As the company is presenting the consolidated accounts for the first time, the previous year figures are not presented for comparison.

#### STATEMENT OF AFFAIRS:

##### Standalone:

During the financial year under review, your company has achieved total revenue of Rs. 18,779.33 Lakhs as against the previous year revenue of Rs. 15,309.22 lakhs and recorded net profit of Rs. 1,225.48 lakhs for financial year 2016-17 when compared to a net profit of Rs. 264.28 lakhs during the previous year.

##### Consolidated:

The company has two foreign subsidiaries namely M/s Sandor Dialysis Services Private Limited and M/s Sandor Medicaids (Bangladesh) Private Limited incorporated at Bangladesh. M/s Sandor Dialysis Services Private Limited started its commercial operation from November 2016. M/s Sandor Medicaids (Bangladesh) Private Limited is yet to begin its operation.

In addition, the Company has an Indian Subsidiary namely M/s Sandor Tescon Aqua Private Limited. The company acquired 51% of the paid-up capital in this company in April 2016.

During the financial year under review, your company has achieved consolidated total revenue of Rs. 18,867.70 Lakhs and recorded net profit of Rs. 627.49 lakhs for financial year 2016-17.

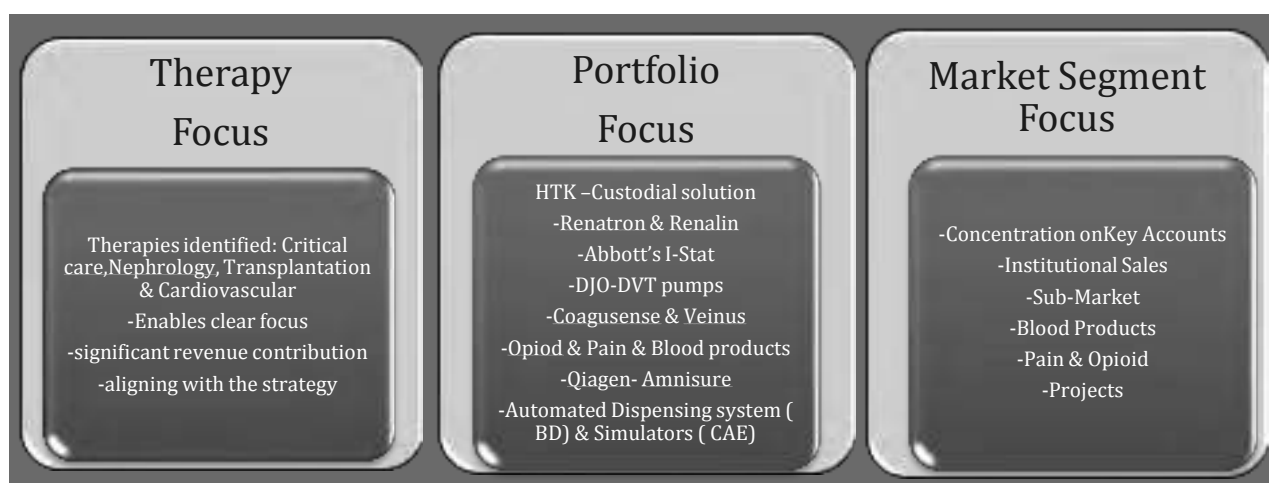
#### REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The year under review was a mixed bag of good and bad, especially in terms of business operations partly due to the general economic scenario and partly attributed to the slack in the performance of flagship products of the company like I-Stat & Speciality and Pain Management. The company could achieve a year on year growth of 6%. The segments like Point of Care Testing (POCT), Renalcare, Pain Management and OPIOD showed a year on year growth of 3.3%, 12.3 % and 46.89% respectively.

#### STRATEGY GOING FORWARD:

**Introduction of New products:** In order to have a diversified product portfolio, your company has introduced new products like: DVT pumps and vascular accessories; Amnisure for PROM (Premature Rupture of Membrane); Sanfib - Fibrin sealant for Wound closure in various surgeries; Bupredor – Buprenorphine patches for pain management ; Ketodor - Ketoprofine patches for pain & sports injuries and Ibuprofen Inj. for pain & fever management.

**Entire sales and marketing plan to be revisited:** The entire sales and marketing plan is being devised to enhance customer focus and maximize market access.



#### KEY FOCUS AREAS

#### DIVIDEND

The Board of Directors do not recommend any dividend for the financial year 2016-17.

#### TRANSFER OF UNCLAIMED DIVIDEND AND TRANSFER OF AMOUNT TO IEPF

As the company did not declare any dividend or pay any dividend during the year, the provisions of Section 125(2) of the Companies Act, 2013 do not apply. Further company does not have any amount required to be transferred to Investor Education Protection Fund.

## SHARE CAPITAL

### Reclassification of share capital:

Pursuant to Sections 13, 61 of the Companies Act, 2013 and following the resolution adopted by the shareholders in the 21<sup>st</sup> Annual General Meeting of the company held on 19<sup>th</sup> September 2016, the company reclassified its authorized share capital of the Company of Rs. 37,51,84,160/- (Rupees Thirty Seven Crores, Fifty One Lakhs Eighty Four Thousand One Hundred and Sixty Only) consisting of equity share capital of 2,00,00,000/- (Rupees Two Crores Only) consisting of 20,00,000 equity shares of Rupees 10 each and Preference Share capital of Rupees 35,51, 84,160/- (Rupees Thirty Five Crores Fifty One Lakhs Eighty Four Thousand One Hundred and Sixty Only) consisting of 5,18,396 (Five Lakhs Eighteen Thousand Three Hundred and Ninety Six) 10% compulsorily convertible preference shares of Rupees 202.50/- paisa each totaling to Rupees 10,49,75,190/- (Rupees Ten Crores Forty Nine Lakhs Seventy Five Thousand One Hundred and Ninety only) and 5,87,345 (Five Lakhs Eighty Seven Thousand Three Hundred and Forty Five) 0.01% Compulsorily convertible preference shares of Rupees 426/- each totaling to Rupees 25,02,08,970 (Rupees Twenty Five Crores Two Lakhs Eight Thousand Nine Hundred and Seventy only) into consisting of equity share capital of Rupees 12,49,75,190/- consisting of 1,24,97,519 (One Crore Twenty Four Lakhs Ninety Seven Thousand Five Hundred and Nineteen) equity shares of Rupees 10/- each and 5,87,345 (Five Lakhs Eighty Seven Thousand Three Hundred and Forty Five) 0.01% compulsorily convertible preference shares of Rupees 426/- each totaling to Rupees 25,02,08,970 by exhausting and reclassifying the existing unissued preference share capital of 10,49,75,190 (Rupees Ten Crores Forty Nine Lakhs Seventy Five Thousand One Hundred and Ninety only) consisting of 5,18,396 (Five Lakhs Eighteen Thousand Three Hundred and Ninety Six) 10% Compulsorily convertible preference shares of Rupees 202.50/- Paisa each into Equity share capital of Rupees 10,49,75,190 consisting 1,04,97,519 equity shares of Rupees Ten Each.

### Allotment of equity shares upon conversion of compulsorily convertible preference shares:

Pursuant to the resolution adopted by shareholders in the General Body Meeting held on 13<sup>th</sup> May 2016, the company decided to convert 518395 compulsorily convertible preference shares of Rupees 202.50 each held by M/S Sandor Life Sciences Private Limited into 518395 equity shares of Rupees 10.00 each. The CCPS were converted into 1:1 ratio (i. e. 1CCPS:1 Equity Share: 518395:518395).

Further, pursuant to the Investment Agreement dated 24<sup>th</sup> December 2015 entered into by the company and India Life Sciences Fund, Mauritius and decision taken by the members in their meeting held on 8<sup>th</sup> January 2016, the company converted 587344 compulsorily convertible preference shares of Rs. 426.00 each into 521578 equity shares. The CCPS were converted into 1:0.88 ratio (1 CCPS: 0.88 Equity Shares: 587344:521578).

### Rights issue of shares:

Company has not made any allotment during the year.

### Buy back of securities:

The Company has not bought back any of its securities during the year under review.

### Sweat equity:

The Company has not issued any Sweat Equity Shares during the year under review.

### Bonus Shares:

No Bonus Shares were issued during the year under review.

### Employees Stock Option Plan:

The Company has not provided any Stock Option Scheme to the employees.

Shares with differential voting rights:

The Company has not issued any Equity Shares with differential voting rights during the financial year under review

## TRANSFER TO RESERVES

During the year under review, the company has transferred to Reserves and surplus account:

Sr No	Particulars	Amount In Rs. Crores
a.	Securities Premium Reserve Account:	
	i) On account of conversion of 518395 CCPS of Rs. 202.50 each into 518395 Equity shares of Rs. 10.00 each (1:1) ratio - 9.97	
	ii) On account of conversion of 587344 CCPS of Rs. 426.00 into 521578 Equity shares of Rs. 10.00 each (1:0.88) ratio - <u>24.49</u>	34.47
b.	Debenture Redemption Reserve	0.35
c.	Profit transferred to Reserves and Surplus	11.90
	<b>TOTAL ADDITION MADE TO RESERVES AND SURPLUS</b>	<b>46.72</b>

## PARTICULARS OF LOANS, GUARANTEES, SECURITY & INVESTMENTS:

During the year under review, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

The company has made investment in following body corporate:

Name of the subsidiary	Amount invested	Percentage acquired
Sandor Medicaids (Bangladesh) Private Limited	BDT 165,336 *	99.99
Sandor Dialysis Services Bangladesh Private Limited	BDT 77,113,230 *	90
Sandor Orthopedics Private Limited	Rs. 60,000	1.43
Sandor Tescon Aqua Private Limited	Rs. 51,000	51

\*1 Bangladeshi Taka/ BDT= 0.80 INR

## FIXED DEPOSITS

The company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

During the year under review your company issued 670 (Six Hundred and Seventy Only) 16.43 % Senior, Rated, Listed, Taxable, Transferable, Redeemable, Unsecured Non-Convertible Debentures (NCD) of face value of Rs. 100,000/- (Rupees One Lakh) each, for cash at par to the face value, on a private placement basis aggregating to Rs. 67,000,000 (Rupees Six Crore Seventy Lakhs only) to M/s AAV SARL Luxembourg. These NCD's are redeemable in August 2019.

## RELATED PARTY TRANSACTIONS

The details of the related party transactions as required under Accounting Standard - 18 are set out in relevant notes to the financial statements forming part of this Annual Report.

Particulars of contracts or arrangements with related parties referred to in section 188(1) of the companies Act 2013 in the prescribed Form AOC-2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as **ANNEXURE 1** to this Report.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company, along with its subsidiaries aims to provide efficient and cost effective healthcare solutions in the form medical devices, equipments, drugs pharmaceutical products and services to hospitals and clinics. The details of subsidiaries and Associates Company are given below:

Name of the entity	Status	Shareholding held by the company
Sandor Dialysis Services Bangladesh Private Limited	Overseas Wholly owned subsidiary	99.99%
Sandor Medicaids Bangladesh Private Limited	Overseas Subsidiary	90%
Sandor Tescon Aqua Private Limited	Indian Subsidiary	51%
Sandor Nephro Services Private Limited **	Indian Associate company	60% in equity Shares (1.43% in total paid up capital)

*\*\* The company had invested in 97350 Equity shares of Sandor Nephro services private limited. The company divested its entire shareholding to M/s Sandor Life sciences Private Limited in August 2016.*

During the year, the Board of Directors ('the Board') reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company, which forms part of this Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed Format AOC-1 is appended as **ANNEXURE 2** to the *Board's report*. The statement also provides the details of performance and financial positions of each of the subsidiaries.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### DIRECTORS

The company as on date has three Board of Directors namely:

- |                             |   |                   |
|-----------------------------|---|-------------------|
| 1. Mr. Rajeev Sindhi        | - | Managing Director |
| 2. Mr. Viswanath Chebrol    | - | Director          |
| 3. Mr. K V Muralidhar Reddy | - | Director          |

### Inductions & Resignations

There were no inductions or resignations of any of the directors during the year.



## INDEPENDENT DIRECTORS

The provision of Section 149 pertaining to the appointment of Independent Directors does not apply to your Company as it is a private limited company. However keeping in view the listing of company's debt instruments on BSE Limited, the company is supposed to constitute Audit Committee and Nomination & Remuneration Committee. The company is taking all possible steps to induct required number of Independent Directors so as to constitute these committees. The Board of Directors in their meeting held on 29<sup>th</sup> May 2017 has also constituted a sub-committee to identify the suitable candidates to be inducted as Independent Directors.

## KEY MANAGERIAL POSITION

Mr. Ramakanta Tripathy has been appointed as the Chief Financial Officer of the company w. e. f. 07<sup>th</sup> September 2016. He is a Fellow Member of ICAI and an Associate Member of ICWAI. He has over 22 years of experience in the field of Finance and Accounts.

## DETAILS OF BOARD OF DIRECTORS & SUB COMMITTEE MEETINGS CONDUCTED DURING THE YEAR:

### BOARD OF DIRECTORS MEETINGS:

During the year under review, 7 board meetings were held. The maximum time gap between any two consecutive meetings was within the period prescribed under companies Act, 2013. The board meeting dates are as follows:

11<sup>th</sup> April 2016; 18<sup>th</sup> May 2016; 6<sup>th</sup> August 2016; 30<sup>th</sup> August 2016; 14<sup>th</sup> September 2016; 12<sup>th</sup> November 2016 and 10<sup>th</sup> March 2017 respectively. The time interval between any two meetings did not exceed four months.

The names of the Directors on the Board, their attendance at Board Meetings held during the year is given below:

Date of Board meeting	Mr. Rajeev Sindhi DIN-00184701 Promoter Managing Director	Mr. K V Muralidhar Reddy DIN: 01881121 Promoter Director	Mr. Viswanath Chibrolu DIN: 01556254 Nominee Director	Whether requisite quorum was present.
11.04.2016	Yes	Yes	Yes	Yes
18.05.2016	Yes	Yes	Yes	Yes
06.08.2016	Yes	-	Yes	Yes
30.08.2016	Yes	Yes	Yes	Yes
14.09.2016	Yes	-	Yes	Yes
12.11.2016	Yes	-	Yes	Yes
10.03.2017	Yes	-	Yes	Yes

### MEETINGS OF THE SUB COMMITTEES OF THE BOARD OF DIRECTORS:

#### CSR Committee:

The company as on date has one Committee namely the CSR committee. The Board of Directors of the Company in their meeting held on September 14, 2016 had constituted the Corporate Social Responsibility (CSR) Committee in terms of Section 135 of the Companies Act 2013. During the year under review, the CSR committee held one meeting on 12<sup>th</sup> November 2016 where in the committee adopted the CSR policy, which was approved by the Board of Directors in their meeting held on 12<sup>th</sup> November 2016. The committee also identified the NGO's through which the CSR activity can be undertaken and also approved the amount to be spent on CSR activity.

Date of CSR Committee meeting	Mr. Rajeev Sindhi DIN-00184701 Promoter Managing Director	Mr. K V Muralidhar Reddy DIN: 01881121 Promoter Director	Mr. Viswanath Chibrolu DIN: 01556254 Nominee Director	Whether requisite quorum was present.
12.11.2016	Yes	No	Yes	Yes

#### DETAILS OF GENERAL BODY MEETINGS HELD DURING THE YEAR

During the financial year 2016-17 the company conducted the following General Body Meetings:

Type of meeting	Date Of meeting	Members entitled to attend	Number of members attended
21 <sup>st</sup> Annual General Meeting	19 <sup>th</sup> September 2016	11	5
Extraordinary General Meeting	13 <sup>th</sup> May 2016	11	10
Extraordinary General Meeting	9 <sup>th</sup> August 2016	11	10

Company Secretary is the Secretary to the Board of Directors, General Meetings & Committee meetings.

#### DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:-

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the losses of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis; and
- The Directors are in the process of laying down internal financial controls to be followed by the company for preparation of financial statements in a manner that such internal financial controls are adequate and were operating effectively. Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## AUDITORS

### Statutory Auditors

Following the resignation by M/s Harinarayan Loya & company, the statutory auditor's w.e.f. 11.9.2016, M/s Walker Chandiok & Co. LLC, Chartered Accountants were appointed as the statutory auditors of the company at the 21<sup>st</sup> Annual General Meeting held on September 19, 2016. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of Walker Chandiok & Co LLC, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders.

In order to ease the operations, and to ensure timely compliances, the Board of Directors in their meeting held on 10<sup>th</sup> August 2017, propose to appoint M/s. K N Murthy & Co., Chartered Accountant Hyderabad (FRN 006823S) as Joint Statutory auditor for a period of five years from the conclusion of 22<sup>nd</sup> Annual general body meeting subject to ratification by the shareholders at subsequent Annual General body Meetings.

### Auditors Report

The statutory auditor have given in their auditor's report certain observations/ qualification/ disclaimer with respect to matters specified in the Companies (Auditor's Report) Order, 2016, in the annexure to their report on our audited financial statements for the financial years ended 31.3.2017. The auditors have issued disclaimer of opinion on internal controls over financial reporting. These auditor observation/ qualifications/disclaimers do not require any corrective material adjustments in the financial Statements. These auditor qualifications as well as our management response to such remarks are annexed at **Annexure A**

### Secretarial Auditor

M/s.VSS & Associates, (CP No. 10456: M No. A21692) Practicing Company Secretaries, Hyderabad was appointed to conduct the secretarial audit of the Company for the Financial Year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules there under. The secretarial audit report for FY 2016-17 forms part of the Annual Report as **ANNEXURE 3** to the *Board's report*.

### Secretarial Auditor's Report

The Secretarial Auditor in the Secretarial Auditor Report dated 10<sup>th</sup> August 2017 has opined that as the company's debt instruments are listed on stock exchange, the company needs to induct Independent Directors so that valid the Audit Committee and Nomination and Remuneration committee, can be constituted. The company has taken note of it and is taking steps to induct Independent Directors on Board

### EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3) (a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as **ANNEXURE 4** to the *Board's report*.

## HUMAN RESOURCES

Your company as on date has 265 employees. People are our most valuable asset and they play a vital role in the growth of your Company. Your Company also believes that the human capital is of utmost importance to sustain the market leadership in all product segments and also to capture new markets. In order to attract talent your company has devised new incentive plan for sales force.

## PARTICULARS OF EMPLOYEE:

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is herewith annexed as **ANNEXURE-5** to this report and Rule 5 (2) Of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, No employee of your company is in receipt of remuneration exceeding Rs. 8,50,000 per month or Rs. 1,02,00,000 per annum during the Financial Year.

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

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as follows:

### A. CONSERVATION OF ENERGY:

Your company has taken adequate internal control procedures by which the cost of electricity shall be identified with project and the company will provide an incentive for the concerned department which consumes optimum power.

No additional investments for reduction of Energy consumption were taken up during the year under review.

### B. TECHNOLOGY ABSORPTION : Not Applicable

### C. FOREIGN EXCHANGE EARNINGS & OUT GO:

(In Lacs)

PARTICULARS	2016-17	2015-16
FOREIGN EXCHANGE EARNINGS	893.43	774.76
FOREIGN EXCHANGE OUTGO	11,357.03	10,287.31

## COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to a private limited Company. As the company's debt instruments are listed on Bombay Stock Exchange, the company is supposed to constitute Audit committee. The company is taking all possible steps to induct required number of Independent Directors, so that this committee can be validly constituted.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company, in preparing its financial statements makes judgments and estimates based on sound policies.

The Management periodically reviews the financial performance of your Company against the approved plans across various parameters and takes necessary action, wherever necessary.

The Company is in the process of establishing 'internal financial controls' in accordance with the framework as issued by the Institute of Chartered Accountants of India to ensure accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

There are adequate controls relating to strategic, environmental and quality related aspects.

#### **CORPORATE POLICIES:**

We seek to promote and follow the good level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

#### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in the Annual Report on CSR activities is annexed herewith as **ANNEXURE 6** to this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

#### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE POLICY**

Your Company strongly supports the rights of all its employees to work in an environment free from all forms of harassment. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under. The policy aims to provide protection to Employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where Employees feel secure. The Company has also constituted an Internal Committee, known as Anti Sexual Harassment Committee to address the concerns and complaints of sexual harassment and to recommend appropriate action.

During the year under review, the Company has not received any complaint on the subject.

#### **DOCUMENT RETENTION AND ARCHIVAL POLICY**

Pursuant to Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated companies to adopt and implement a policy on preservation of documents. Your company has devised Document Retention And Archival Policy which is framed in line with the existing provisions of SEBI-LODR. This Policy covers various aspects of preservation of documents and also safe disposal/destruction of the documents in line with the statutory requirements pertaining to the same.

## RISK MANAGEMENT POLICY

The Company does not have any Risk Management Policy, however efforts are made to identify risk and take appropriate measures. Nevertheless the company has an in-built mechanism and procedure in place to safeguard itself and overcome any unforeseen risk.

## NOMINATION AND REMUNERATION COMMITTEE AND POLICY:

As the company is a private limited company, the provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee is not applicable to the Company. As the company's debt instruments are listed on Bombay Stock Exchange, the company is supposed to constitute Nomination and Remuneration Committee and policy. The company is taking all possible steps to induct required number of Independent Directors, so that committees can be validly constituted.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

## ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**For and behalf of the Board of Directors  
SANDOR MEDICAIDS PRIVATE LIMITED**

Place: Hyderabad  
Date: 10<sup>th</sup> August 2017

**Sd/-**  
**RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**Sd/-**  
**K V MURALIDHAR REDDY**  
Director  
DIN: 01881121

**Annexure A**

**MANAGEMENT RESPONSE TO  
AUDITOR'S QUALIFICATION/OBSERVATIONS IN AUDIT REPORT:**

The statutory auditor in their auditor's report have indicated certain observations/ qualifications/ disclaimers with respect to matters specified in the Companies (Auditor's Report) Order, 2003 (to the extent applicable) and Companies (Auditor's Report) Order, 2015, in the annexure to their report on our audited financial statements for the financial year ended 31.3.2017. These auditor observations/ qualifications/ disclaimers do not require any corrective material adjustments in the financial Statements. These auditor observations/ qualifications/ disclaimers as well as our Company's response to such remarks are given below:

1. *As stated in note 14 to the financial statements, the Company's loans and advances receivable in cash or kind as at 31 March 2017 include amount aggregating Rs. 142,023,411 in respect of trade advance, being considered as good and recoverable by the management. However, in absence of availability of sufficient appropriate audit evidence to corroborate the management's assessment of recoverability of these balances, we are unable to comment upon the recoverability of the aforesaid amount, and its consequential impact, if any, on the accompanying financial statements.*
  - **The management is of the opinion that these trade receivables are due from parties, which in the opinion of the management, have good credit standing. Hence management is confident of recovering the dues from the parties. The management is taking steps to recover the amount due from the parties.**
2. *As stated in note 14 and 16 to the financial statements, the Company's loans and advances as at 31 March 2017 include deposits amounting to Rs. 5,638,771 and trade receivables as at that date include Rs. 79,251,562 being considered as good and recoverable by the management. These amounts are overdue and are presently under negotiation/reconciliation with the respective parties. However, in the absence of sufficient and appropriate evidence to corroborate management's assessment of recoverability of these balances we are unable to comment upon the recoverability of these balances and the consequential impact, if any, on the accompanying Statement.*
  - **The company participates in various tenders (international, national, government and private tenders) for which the company is required to extend tender deposits. These deposits/tender deposits pertain to "the tender applied but not won" by the company. These tender deposits will be returned back to the company. Further, regarding the trade receivable, the management is of the opinion that these receivables are due from parties, which in the opinion of the management, have good credit standing. Hence management is confident of recovering the dues from the parties.**
3. *we were also engaged to audit the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 May 2017 as per Annexure B expressed disclaimer of opinion; and*
  - **Commensurating with nature and size of the company, the company has always had an adequate internal control system. The statutory auditor has pointed that internal control system have to be documented as per the guidance note issued by Institute of Chartered Accountants of India which lays down the detailed frame work of Internal Financial Controls Over Financial Reporting (IFCoFR) which the management has taken note of. The company is in the process of implementing**

**the same.**

4. *The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.*

*The fixed assets have not been physically verified by the management during the year and we are therefore unable to comment on the discrepancies, if any, which could have arisen on such verification. In our opinion, the frequency of verification of the fixed assets is also not reasonable having regard to the size of the Company and nature of its assets.*

- **The company has been maintaining fixed assets registers. The auditors have pointed out the register needs to include few more details as required under Companies (Auditor's Report) Order, 2003 (to the extent applicable) and Companies (Auditor's Report) Order, 2015. The management has taken note of it and is getting it updated as suggested by the Statutory Auditor.**

**Once the fixed assets registers are updated as per the suggestion, the company shall take steps to tag the fixed assets and carryout the physical verification of assets on periodic basis.**

5. *Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there have been slight delays in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.*

*The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:*

Name of the statute	Nature of dues	Amount (in Rs.)	Amount paid under Protest (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	31,108,266	Nil	2013-14	Deputy Commissioner of Income Tax (Appeals)- Hyderabad

- **The company filed its appeal and the appeal was fully allowed by CIT(A)-3, Hyderabad consequential order no . F No DCIT3(1)/Con .or/2014-15/17-18 dated 30.6.2017 was issued. Pursuant to the order, the company was asked pay a sum of Rs.8,650/-. The company has remitted the said amount and the case is closed.**
6. *The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In case of term loans, where there are stipulations by the lenders regarding the utilization, in our opinion, the term loans were applied for the purposes, for which the loans were obtained. In case of term loans, where there is no such stipulation by the lenders, we are unable to comment as to whether these have been applied for the purposes for which they were obtained.*
- **The loans specified herein were taken by the company to meet its general business outlay and the company has utilized it for the same.**



7. *In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards. However, the Company has not constituted audit committee as required under Section 177 of the Act.*
- **Pursuant to the listing of debt securities of the company on stock exchange, the auditors have given an observation on applicability of Audit Committee. Pursuant to section 177 of the companies Act 2013, the audit committee must have at least 2/3 of Independent directors. Whereas section 149 of the companies Act which speaks about the appointment of Independent Directors, which clearly mentions that its applicability is limited to Public listed entities. Nevertheless, going forward, the management has taken note of the observation made by the auditors and the Board has set up a subcommittee to identify suitable candidature as Independent Directors, so that a valid audit committee can be formed.**

**For and behalf of the Board of Directors  
SANDOR MEDICAIDS PRIVATE LIMITED**

Place: Hyderabad  
Date: 10<sup>th</sup> August 2017

**Sd/-**  
**RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**Sd/-**  
**K V MURALIDHAR REDDY**  
Director  
DIN: 01881121

**ANNEXURE - 1**

**FORM NO. AOC – 2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis: **NOT APPLICABLE**
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sl. No.	Name(s) of the related Entity	Nature of relationship	Name of related party	Nature of contracts/ arrangements/ transactions	Amount paid as advances, if any:
1	M/s Sandor Life Sciences Private Limited	Group Company with common Director	Mr. Rajeev Sindhi (Common Director)	Rent; sale and purchase done in the ordinary course of business Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA
2	M/s Sandor Nephro Services Private Limited	-	Mr. Rajeev Sindhi (Common Director)	Rent; sale and purchase done in the ordinary course of business Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA
3	M/s Sandor Animal Biogenics Private Limited	Group Company With common Director	Mr. Rajeev Sindhi (Common Director) & Mrs. Gunjan Sindhi Relative of Director is also a Director	Rent; sale and purchase done in the ordinary course of business Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA
4	M/s. Sandor Dialysis Services Bangladesh Private Limited	WOS With the common Director	Mr. Rajeev Sindhi (Common Director)	sale and purchase done in the ordinary course of business; Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA
5	M/s. Sandor Medicaids Bangladesh Private Limited	Subsidiary with common director	Mr. Rajeev Sindhi (Common Director)	sale and purchase done in the ordinary course of business; Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA

6	Harmonica Healthcare	Proprietary concern owned by Director	Mrs. Gunjan Sindhi (Relative of Director is Proprietor )	Rent; sale and purchase done in the ordinary course of business; Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA
7	Sandor Associates	Proprietary concern owned by Director	Mr. Rajeev Sindhi (Proprietor)	Rent; sale and purchase done in the ordinary course of business Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA
8	M/s. Sandor Tescon Aqua Private Limited	Group company with common Director	Mr. Rajeev Sindhi (Common Director)	sale and purchase done in the ordinary course of business Loans and Advances made pursuant to section 185 and section 186 of the companies Act	NA

Salient terms of the contracts or arrangements or transaction including the value, if any: All transaction has been entered into keeping in view the prevailing market prices and valuations.

Date of approval by the Board: As the company is a private limited company, the Board has granted omnibus approval in their Board Meeting held on 11<sup>th</sup> April 2016.

All services, Trade related transactions are done as per the existing market norms and terms and conditions of Payment.

**For and behalf of the Board of Directors  
SANDOR MEDICAIDS PRIVATE LIMITED**

Place: Hyderabad  
Date: 10<sup>th</sup> August 2017

**Sd/-  
RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**Sd/-  
K V MURALIDHAR REDDY**  
Director  
DIN: 01881121

ANNEXURE - 2

**Form No. AOC-1**

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

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

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars		Details	
1	Name of the subsidiary	<b>Sandor Tescon Aqua Private Limited</b>	<b>Sandor Medicaids Bangladesh Private Limited</b>	<b>Sandor Dialysis Services Bangladesh Private Limited</b>
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 <sup>st</sup> April to 31 <sup>st</sup> March	1 <sup>st</sup> July to 30 <sup>th</sup> June.	1 <sup>st</sup> July to 30 <sup>th</sup> June.
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	BDT 1 INR = 1.22BDT	BDT 1 INR = 1.22 BDT
4	Share capital	1,00,000	6,99,577	7,90,93,576
5	Reserves & surplus	15,61,837	(6,17,427)	(5,31,54,824)
6	Total assets	1,99,22,099	2,52,731	17,97,41,000
7	Total Liabilities	1,08,11,262	1,70,581	15,38,02,249
8	Investments	NIL	NIL	NIL
9	Turnover	3,86,72,628	8438	84,30,863
10	Profit before taxation	20,77,092	7,524	(5,29,25,074)
11	Provision for taxation	NIL	NIL	NIL
12	Profit after taxation	14,30,782	7,524	(5,29,75,660)
13	Proposed Dividend	NIL	NIL	NIL
14	% of shareholding	51	90	99.99

1. Names of subsidiaries which are yet to commence operations: **NIL**

2. Names of subsidiaries which have been liquidated or sold during the year: **NIL**

**Sd/-**  
**Rajeev Sindhi**  
**Managing Director**

**Sd/-**  
**K.V.Muralidhar Reddy**  
**Director**

Place: Hyderabad  
Date: 10.08.2017

**Sd/-**  
**Ramakantha Tripathy**  
**Chief Financial Officer**

**Sd/-**  
**J.R.Nagajayanthi**  
**Company Secretary**

**Part “B”: Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:**

Name of associates/Joint Ventures	
1. Latest audited Balance Sheet Date	
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extend of Holding%	
3. Description of how there is significant influence	<b>NA</b>
4. Reason why the associate/joint venture is not consolidated	
5. Net worth attributable to shareholding as per latest audited Balance Sheet	
6. Profit/Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

1. Names of associates or joint ventures which are yet to commence operations: **NIL**

2. Names of associates or joint ventures which have been liquidated or sold during the year: **NIL**

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

**Sd/-**

**Rajeev Sindhi**

Managing Director

**Sd/-**

**K.V.Muralidhar Reddy**

Director

**Sd/-**

**Ramakantha Tripathy**

Chief Financial Officer

**Sd/-**

**J.R.Nagajayanthi**

Company Secretary

Place: Hyderabad

Date: 10.08.2017

**ANNEXURE 3**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2017

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

**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED 31.03.2017

To,  
The Members,  
Sandor Medicaids Private Limited  
CIN: U51101TG1995PTC021906  
8+-2-326/5, 4th Floor, Plot No. 1,  
Road No.3, Banjara Hills,  
Hyderabad-500034

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sandor Medicaids Private Limited** (CIN:U51101TG1995PTC021906) (hereinafter called “**the company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Sandor Medicaids Private Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 (“Audit Period”) has reasonably complied with the statutory provisions listed hereunder and also that the Company has adequate Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) to the extent applicable:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (f) The SEBI Listing Obligations and Disclosure Requirement), Regulation, 2015

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (To the extent notified).
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange.

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company and have obtained proper licenses and their timely renewals:

- (i) Drugs And Cosmetics Act
- (ii) Bio Medical Waste (Management & Handling) Rules

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Key Managerial Personnel. Keeping in view the listing of Non convertible debenture/Debt securities on listed stock exchange the company is required to induct independent directors and constitutes Audit Committee and Nomination and Remuneration Committees as per the Companies Act 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and company has reasonably complied with the relevant provisions and secretarial standards in this connection, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**For VSS & Associates  
Company Secretaries**

**Place: Hyderabad  
Date: 10.08.2017**

**Sd/-  
SNEHA SANKLA  
ACS No. : A21692  
C P No.:10456**

**ANNEXURE - 4**

**FORM MGT - 9  
EXTRACT OF ANNUAL RETURN**

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014)  
Financial Period ended on 31.03.2017

**I. REGISTRATION & OTHER DETAILS:**

S. N	Particular	Detail
1	CIN	U51101TG1995PTC021906
2	Registration Date	04/10/1995
3	Name of the company	SANDOR MEDICAIDS PRIVATE LIMITED
4	Category / Sub Category of Company	NON GOVERNMENT UNLISTED PRIVATE LIMITED COMPANY
5	Address of the Registered office & Contact Details	8-2-326/5, 4 <sup>th</sup> FLOOR, PLOT NO. 1, ROAD NO. 3, BANJARA HILLS, HYDERABAD 500034
6	Whether Listed Company	Yes
7	Name Address & Contact details of the Registrar & Transfer Agent, if any	Karvy Computershare Karvy Selenium, Tower- B, Plot No 31 & 32., Financial district, Nanakramguda, Serilingampally Mandal, Hyderabad, 500032, India.

**II. PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY:**

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

S. No	Name & Description of Main products/ Services	NIC code of the product/ Service	% to the total Turnover of the company
1	Wholesale of pharmaceutical and medical goods)	46497	96%

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:**

S. No	Name & Address of the company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held
1	Sandor Nephro Services Private Limited	U85100TG2011 PTC072032	Associate	38% of post dilution share capital or ( 60% pre dilution equity shares)
2	Sandor Dialysis Services Bangladesh Private Limited	-	Subsidiary	99.99%
3	Sandor Medicaids Bangladesh Private Limited	-	Subsidiary	90%
4	Sandor Tescon Aqua Private Limited	U29253TG2015 PTC100013	Subsidiary	51%



#### IV. SHAREHOLDING PATTERN (Category wise Share holding)

##### i. Equity Share capital Break up as % to total Equity

Category of Share Holders	No of Shares held at the Beginning of the year				No of Shares held at the end of the year				% Change during year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A.Promoters									
Indian									
a) Individual/HUF	NIL	985499	985499	85.45	985499	Nil	985499	44.93	(40.52)
b) Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	NIL	985499	985499	85.45	985499	Nil	985499	44.93	(40.52)
Foreign	-	-	-	-	-	-	-	-	-
NRI's- Individuals	-	-	-	-	-	-	-	-	-
Other Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDING OF PROMOTERS	NIL	985499	985499	85.45	985499	Nil	985499	44.93	(40.52)
B. Public Share Holding									
Institutions									
Mutual Funds	-	-	-	-	-	-	-	-	-
-Banks / FI's	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FII's	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (Specify)									
Sub -Total (B) (1)	-	-	-	-	-	-	-	-	-
Non Institutions									
Bodies Corporate									
i) Indian	Nil	3856	3856	0.32	617489	Nil	617489	28.15	27.83
ii)Overseas	Nil	100	100	0.01	Nil	521678	521678	23.78	23.77
Individuals									
i)Individuals	Nil	10000	10000	0.86	Nil	10000	10000	0.46	(0.40)

Shareholder holding nominal share capital upto Rs. 1 Lakh									
ii) Individuals Shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	95238	95238	8.26	-	-	-	-	(8.26)
C) Others (Specify)  NRI/OCB's Clearing Members	Nil	58682	58682	5.09	NIL	58682	58682	2.68	(2.41)
Sub-Total (B)(2)	<b>Nil</b>	<b>167676</b>	<b>167676</b>	<b>14.55</b>	<b>617489</b>	<b>590360</b>	<b>1207849</b>	<b>55.07</b>	<b>40.52</b>
Total public Shareholding B=(B)(1)+(B)(2)	<b>Nil</b>	<b>167676</b>	<b>167676</b>	<b>14.55</b>	<b>617489</b>	<b>590360</b>	<b>1207849</b>	<b>55.07</b>	<b>40.52</b>
C. Shares held by Custodian for ADR's/ GDR's	-	-	-	-					
<b>GRAND TOTAL (A+B+C)</b>	<b>Nil</b>	<b>1153375</b>	<b>1153375</b>	<b>100</b>	<b>1602988</b>	<b>590360</b>	<b>2193348</b>	<b>100</b>	<b>-</b>

**ii. Preference Share Capital Breakup as percentage of Total Preference shares: 0.01% CCPS**

Category of Share Holders	No of Shares held at the Beginning of the year				No of Shares held at the end of the year				% Change during year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A.Promoters									
Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	-	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-
NRI's-Individuals	-	-	-	-	-	-	-	-	-
Other Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDING OF PROMOTERS	-	-	-	-	-	-	-	-	-
B. Public Share Holding									
Institutions	-	-	-	-	-	-	-	-	-
Mutual Funds	-	-	-	-	-	-	-	-	-
-Banks / FI's	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FII's	-	-	-	-	-	-	-	-	-

Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (Specify)									
Sub -Total (B) (1)	-	-	-	-	-	-	-	-	-
Non Institutions									
Bodies Corporate									
i) Indian									
ii) Overseas	-	587344	587344	100	-	-	-	-	(100)
Individuals									
i) Individuals Shareholder holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individuals Shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
C) Others (Specify)									
NRI/OCB's Clearing Members	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	587344	587344	100	-	-	-	-	(100)
Total public Shareholding B=(B)(1)+(B)(2)	-	587344	587344	100	-	-	-	-	(100)
C. Shares held by Custodian for ADR's/ GDR's	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C)</b>	-	587344	587344	100	-	-	-	-	(100)

\*note: the above mentioned CCPS share has converted and allotted in to equity on 10.03.2017

**iii. Preference Share Capital Breakup as percentage of Total Preference shares: 5% CCPS**

Category of Share Holders	No of Shares held at the Beginning of the year				No of Shares held at the end of the year				% Change during year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A.Promoters</b>									
Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	-	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-
NRI's-Individuals	-	-	-	-	-	-	-	-	-
Other Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDING OF PROMOTERS	-	-	-	-	-	-	-	-	-
B. Public Share									

Holding									
Institutions	-	-	-	-	-	-	-	-	-
Mutual Funds	-	-	-	-	-	-	-	-	-
-Banks / FI's	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FII's	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (Specify)									
Sub -Total (B) (1)	-	-	-	-	-	-	-	-	-
Non Institutions									
Bodies Corporate									
i) Indian	NIL	518395	518395	100	-	-	-	-	(100)
ii) Overseas									
Individuals									
i) Individuals Shareholder holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individuals Shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
C) Others (Specify) NRI/OCB's Clearing Members	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	518395	518395	100	-	-	-	-	(100)
Total public Shareholding B=(B)(1)+(B)(2)	-	518395	518395	100	-	-	-	-	(100)
C. Shares held by Custodian for ADR's/ GDR's	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C)</b>	-	518395	518395	100	-	-	-	-	(100)

\*note: the above mentioned CCPS share has converted in to equity on 13.05.2016 and allotted on 18.05.2016

**iv. SHARE HOLDING OF PROMOTERS:**

Sl. No	Name	Shareholding at the beginning of the year 01/04/2016			Shareholding at the end of the year 31/03/2017			% Change In Shareholding During The Year
		Number Of Shares	% Shares of The Company	% Of Shares Pledged / Encumbered To Total Shares	Number of Shares	% Shares Of The Company	% Of Shares Pledged/ Encumbered To Total Shares	
1	Mr. Rajeev Sindhi	843918	73.19	68.29	843918	38.48	35.91	(34.71)

2	Mrs. Gunjan Sindhi	68081	5.90	NIL	68081	3.10	0	(2.80)
3	Mr. Samarth Sindhi	11000	0.95	NIL	11000	0.50	0	(0.45)
4	Mr. K V Muralidhar Reddy	62500	5.42	4.88	62500	2.85	2.56	(2.56)
		<b>985499</b>	<b>85.46</b>	<b>73.17</b>	<b>985499</b>	<b>44.93</b>	<b>38.47</b>	<b>(40.52)</b>

**v. Change in Promoter's Share holding (please specify, if there is no change)**

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	-	-	-	-
	At the End of the year				

**vi. Shareholding of top 10 share holders (other than directors, Promoters and holders of GDR's and ADR's)**

S. No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>KODURU ISWARA VARAPRASAD REDDY</b>				
	At the beginning of the year	95238	8.26%	95238	8.26%
	12.11.2016: Transfer of Share	95238	8.26%	NIL	NIL
	At the end of the year	-	-	-	-
<b>2.</b>	<b>SANDOR LIFE SCIENCES PRIVATE LIMITED</b>				
	At the beginning of the year	3856	0.33%	3856	0.33%
	18.05.2016:Allotment upon conversion of CCPS	518395	23.63%	522251	23.81%
	12.11.2016: Transfer of Share	95238	4.34%	617489	28.15%
	At the end of the year	617489	28.15%	617489	28.15%
<b>3.</b>	<b>INDIA LIFE SCIENCES FUND II LLC</b>				
	At the beginning of the year	100	0.0001%	100	0.0001%
	10.03.2017: Allotment upon conversion of CCPS	521578	23.78%	521678	23.78%
	At the end of the year	521678	23.78%	521678	23.78%
<b>4.</b>	<b>RENU KHANNA</b>				
	At the beginning of the year	5000	0.43%	5000	0.43%
	No Changes Made During the Year	NIL	NIL	NIL	NIL
	At the end of the year	5000	0.22%	5000	0.22%

<b>5. I JAIPAL REDDY</b>					
At the beginning of the year	5000	0.43%	5000	0.43%	
No Changes Made During the Year	NIL	NIL	NIL	NIL	
At the end of the year	5000	0.22%	5000	0.0%	
<b>6. LAURA SINDHI</b>					
At the beginning of the year	4000	0.35%	4000	0.35%	
No Changes Made During the Year	NIL	NIL	NIL	NIL	
At the end of the year	4000	0.18%	0.18%	0.18%	
<b>7. RAKESH SINDHI</b>					
At the beginning of the year	54682	0.43%	54682	0.43%	
No Changes Made During the Year	NIL	NIL	NIL	NIL	
At the end of the year	54682	0.22%	54682	0.22%	

**vii. Shareholding of Directors and Key Managerial Personnel;**

Sl. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative share holding during the year	
		No of shares	% of Total shares of the company	No of shares	% of total shares of the company
<b>1</b>	Mr. Rajeev Sindhi	843918	73.19	843918	38.48
<b>2</b>	Mr. K V Muralidhar Reddy	62500	5.42	62500	2.85
<b>3</b>	Mr. Vishwanath Chibrolu	-	-	-	-

**viii. Indebtedness:**

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

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Security Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	32,19,13,157	5,49,71,597	28,01,375	37,96,86,129
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	32,19,13,157	5,49,71,597	2,801,375	37,96,86,129
Change in Indebtedness during the financial year				
* Addition	3,72,22,022	12,06,62,750	0	15,78,84,772
* Reduction	0	0	0	0
Net Change	3,72,22,022	12,06,62,750	0	15,78,84,772
Indebtedness at the end of the financial year				
i) Principal Amount	35,91,35,179	17,56,34,347	28,01,375	53,75,70,901
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	35,91,35,179	17,56,34,347	28,01,375	53,75,70,901

**i. Remuneration Of Directors And Key Managerial Personnel:**

**A. Remuneration to Managing Director, Whole time Director and / or / Manager**

Sl.No	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
1.	Gross Salary	MD	WTD	MANAGER	
	(a) Salary as per provisions contained in section 17 (1) of the income tax Act, 1961	60,00,000	-	-	60,00,000
	(b) Value of Perquisites u/s 17 (2) Income tax Act, 1961	-	-	-	-
	(c) Profits of lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- As % of profit	-	-	-	-
	- Others specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>60,00,000</b>	<b>-</b>	<b>-</b>	<b>60,00,000</b>
	<b>Ceiling as per the Act</b>				

**B. Remuneration to other directors:**

Sl. No	Particulars of Remuneration	Name of the Directors				Total Amount
1.	<b>Independent Directors</b>					
	• Fee for attending board / committee meetings	NA	NA	NA	NA	NA
	• Commission					
	• Others, please specify					
	<b>Total (1)</b>					
2.	<b>Other Non Executive Directors</b>					
	• Fee for attending board / committee meetings	NA	NA	NA	NA	NA
	• Commission					
	• Others, please specify					
	<b>Total (2)</b>					
	<b>Total (B) = (1+2)</b>					
	<b>Total Managerial Remuneration</b>	NA	NA	NA	NA	NA
	<b>Overall ceiling as per the Act</b>	NA	NA	NA	NA	NA

**c. Remuneration to Key Managerial Personnel Other Than MD/MANAGER/WTD:**

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
<b>1</b>	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	12,00,000	21,00,000	33,00,000
	(b) Value of Perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act 1961	-	-	-	-
<b>2</b>	Stock Option	NA	NA	NA	NA
<b>3</b>	Sweat Equity	NA	NA	NA	NA
<b>4</b>	Commission				
	- As % of profit	NA	NA	NA	NA
	- Others specify				
<b>5</b>	Others, please specify	NA	NA	NA	NA
<b>6</b>	<b>Total</b>	<b>NA</b>	<b>12,00,000</b>	<b>21,00,000</b>	<b>33,00,000</b>

**ii. Penalties / Punishments / Compounding Of Offences:**

Type	Section of companies Act	Brief Description	Details of Penalty / punishment / Compounding fee imposed	Authority (RD/NCLT? COURT)	Appeal made if any (give Details)
<b>COMPANY</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA
<b>DIRECTORS</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA
<b>OTHER OFFICERS IN DEFAULT</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
compounding	NA	NA	NA	NA	NA

**For SANDOR MEDICAIDS PRIVATE LIMITED**

Place: Hyderabad  
Date: 10<sup>th</sup> August 2017

**Sd/-**  
**RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**Sd/-**  
**K V MURALIDHAR REDDY**  
Director  
DIN: 01881121



**ANNEXURE-5**

**Information pursuant to Section 197 of the Act Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

- A. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year 2016-17 and Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2016-17:**

Name of the Director/CEO/CFO/CS	Remuneration of Director For the financial year 2016-17	% increase in Remuneration in the financial year 2016-17	Ratio of the remuneration to the median remuneration of the employees
RAJEEV SINDHI Managing Director	60,00,000/-	Nil	1 : 21.36
K V MURALIDHAR REDDY Director	4,80,000/-	Nil	1 : 1.71
RAMAKANTHA TRIPATHY Chief Financial Officer	21,00,000/-	NA*	1 : 7.48
J R NAGAJAYANTHI Company Secretary	12,00,000/-	20%	1 : 4.27

*\*the position was created in 2016-17.*

Note: The median remuneration of employees of the Company during the financial year was Rs. 2,80,800/-

- B. The percentage increase in the median remuneration of employees in the financial year: 15.03%**
- C. The number of permanent employees on the rolls of company: 265**
- D. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average increase in the salaries of employees other than the managerial personnel in 2016-17 was 4.45%. The Percentage increase in the managerial remuneration for the same financial year was 30.74%.

- E. Affirmation that the remuneration is as per the remuneration policy of the company.**

It is hereby affirmed that the remuneration paid to the Directors and Key Managerial Personnel are as per the Policy of the Company.

- F. Employees drawing Rs 8.50 Lacs per month or Rs 102.00 Lacs per annum, whether employed throughout the year or part of the Financial year – NIL**
- G. There are no employees in the service of the Company covered under Rule 5 (2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

#### H. Details of Top Ten Employees:

Sr no.	Name of the employee	Designation	Remuneration	Nature of employment (whether contractual or otherwise)	Qualification & experience	Date of commencement of employment(MM/DD/YY)	Age MM/DD/YY	% of equity shares held of the employee	Whether the employee is a relative of any director/manager, if yes name of such director and manager
SMPL300	Dinesh K Doshi	Director - Sales & Marketing	2520000	Regular	B.Com	10/1/2012	23/01/1967	Nil	Nil
SMPL643	Rajshekhar Kubir	Finance Controller	2000004	Regular	CA	9/6/2016	20/04/1980	Nil	Nil
SMPL015	P. Solomon	Business Unit Head	1700004	Regular	M.B.A	1/2/2007	13/04/1973	Nil	Nil
SMPL011	K. Chandra Sekhar	General Manager	1620000	Regular	M.A	1/1/2007	24/11/1965	Nil	Nil
SMPL024	Dayasagar Joshi	Business Unit Head	1440000	Regular	M.B.A	4/8/2008	03/11/1977	Nil	Nil
SMPL322	John Sequeira	Head- Logistics & Distribution	1419996	Regular	B.Sc ,CA IIB	8/30/2013	08/10/1950	Nil	Nil
SMPL382	Neeraj Bhandula	Regional Head – North India	1380000	Regular	B.Sc	3/1/2014	05/07/1961	Nil	Nil
SMPL076	Sanjay Kumar Singh	Business Unit Head	1311000	Regular	M.B.A	3/15/2011	20/08/1974	Nil	Nil
SMPL675	Mohan Davuluri	Regional Business Manager	1220160	Regular	M.B.A	3/10/2017	22/01/1971	Nil	Nil
SMPL549	Azeez Ahmed	Business Unit Head	1220004	Regular	M.Sc	1/1/2016	26/16/1971	Nil	Nil

**For SANDOR MEDICAIDS PRIVATE LIMITED**

Place: Hyderabad  
Date: 10<sup>th</sup> August 2017

**Sd/-**  
**RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**Sd/-**  
**K V MURALIDHAR REDDY**  
Director  
DIN: 01881121

**ANNEXURE - 6**

**ANNUAL REPORT ON  
CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES**

- The CSR is being reported from 1st April, 2016 to 31st March, 2017.
- This report does not include the information about subsidiary companies.
- This report does not include the information about any other entities.
- A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

**A. CSR VISION & OBJECTIVE:**

In alignment with the vision of the Company, SMPL, through its CSR initiatives, strives to create value in the society and community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community.

The main objective of the Policy is to establish and lay down the basic principles and the general framework of action for SMPL to undertake and fulfill its corporate social responsibility. The Policy will function as a built-in, self regulating mechanism ethical standard and requisite norms are actively complied with.

**B. CSR ACTIVITIES**

The areas where the company intends to focus its CSR activity are listed below. This is not an exclusive list and the Company may include other activities, based on the areas identified and felt need for improvement by the CSR Committee-

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- Promotion of education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promotion of gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries; promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war windows and their dependents;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedules Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects.
- Slum area development.
- Such other activities as the Board may consider to be appropriate

Preference shall be given to local area and areas around SMPL for spending the amount earmarked for CSR.

The Board of Directors shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for SMPL and disclose its contents in their report and also publish the details on SMPL's website, if any, in such manner laid down in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Board of Directors shall ensure that SMPL spends at least 2% of the average net profits of SMPL made during the 3 immediately preceding financial years in pursuance of its CSR Policy.

The Board of Directors may decide to undertake its CSR activities recommended by the CSR Committee, through a registered Trust or a registered society or a company established by SMPL under section 8 of the Act. – Provided that:

- ❖ If such trust, society or company is not established by SMPL or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
- ❖ SMPL shall specify the project or programs to be undertaken through these entities, modalities of utilization of funds on such projects and programmes and the monitoring and reporting mechanism.

SMPL may also collaborate with other Companies for undertaking projects or programs for CSR activities in such a manner that the CSR Committees of the respective Companies are in a position to report separately on such projects or programmes.

SMPL may build CSR capacities of their own personnel as well as of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed 5 (five) percentage of the total CSR expenditure of SMPL in a financial year.

### **C. CSR EXPENDITURE**

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, SMPL will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.

CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

Any unspent/unutilised CSR allocation of a particular year, will be carried forward to the following year, that is, the CSR Budget will be non-lapsable in nature.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity with the CSR Policy.

### **D. IMPLEMENTATION**

CSR programmes will be undertaken by various work centres/locations of SMPL to the best possible extent within the defined ambit of the identified Project/ Program.

The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

By and large, it may be ensured that the CSR programmes shall be executed in and around the areas adjoining Company's workplace and factories/ Project sites/ work centers.

#### **E. MONITORING AND FEEDBACK**

To ensure effective implementation of the CSR programmes undertaken at each branches, a monitoring mechanism will be put in place by the work centre head. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a monthly/quarterly basis.

The CSR Committee at the corporate office will conduct *impact studies* on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes.

Branches and locations will also try to obtain feedback from beneficiaries about the programmes.

Appropriate documentation of SMPL's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

CSR initiatives of SMPL will be reported in the Annual Report of SMPL & the Board's Report in compliance with Section 135 and rules made there under.

#### **F. COMPOSITION OF CSR COMMITTEE:**

The company has constituted a CSR committee consisting of following Directors:

Mr. Rajeev Sindhi	-	Managing Director
Mr. KV Muralidhar Reddy	-	Director
Mr. Vishwanath Chibrolu	-	Director

#### **G. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS FOR THE PURPOSE OF COMPUTATION OF CSR: RS. 5,76,44,074/-**

#### **H. PRESCRIBED CSR EXPENDITURE (2% OF THE AMOUNT AS IN "G" ABOVE): Rs. 11,52,881/-**

#### **I. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:**

- a) Total amount spent for the financial year: 20,00,000/-
- b) Amount unspent: NIL
- c) Manner in which the amount spent during the financial year: As Mentioned in Table 1

#### **J. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PER CENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT:**

As per the Section 198 (calculation of net profits) the Company is required to spend Rs. 11,52,881/- (2% of the Average Net Profit of the Company for last 3 Financial Years) towards CSR, as a good corporate citizen the company has spent a amount of Rs. 20,00,000/- in its 1<sup>st</sup> year of implementation through **Shantha Vasantha Trust** which works in the field of Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

**K. A RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE THAT THE IMPLEMENTATION AND MONITORING OF CSR POLICY, IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY:**

The Implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

**For SANDOR MEDICAIDS PRIVATE LIMITED**

Place: Hyderabad  
Date: 10<sup>th</sup> August 2017

**Sd/-**  
**RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**Sd/-**  
**K V MURALIDHAR REDDY**  
Director  
DIN: 01881121

**TABLE 1:**

CSR project or activity identified	Locations where project is undertaken (Local area/district)	Sector in which the project is covered	Amount outlay (budget) project or programs wise (Lakhs)	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead (Lakhs)	Cumulative Expenditure upto the reporting period (Lakhs)	Amount spent: Direct or through implementing agency
Training and educating children, women, elderly, differently ambled, scholarships, special education and increasing employability	PAN India	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently ambled and livelihood enhancement projects	-	Rs. 20,00,000/-	Rs. 20,00,000/-	Through implementing agency (Shantha Vasantha Trust, Hyderabad)

The Board hereby confirms that the implementation and monitoring of CSR Activities is in compliance with CSR objectives of the Company.

**For SANDOR MEDICAIDS PRIVATE LIMITED**

Place: Hyderabad  
Date: 10<sup>th</sup> August 2017

**Sd/-**  
**RAJEEV SINDHI**  
Managing Director  
DIN: 00184701

**Sd/-**  
**K V MURALIDHAR REDDY**  
Director  
DIN: 01881121

**Sandor Medicaids Private Limited**

Financial Statements and Independent Auditor's Report

31 March 2017



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Independent Auditor's Report

Balance Sheet

Statement of Profit and Loss

Cash Flow Statement

Summary of significant accounting policies and other explanatory  
information

# Walker Chandiook & Co LLP

Walker Chandiook & Co LLP  
(Formerly Walker, Chandiook & Co)  
7th Floor, Block II, White House  
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India

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## Independent Auditor's Report

To the Members of Sandor Medicaids Private Limited

### Report on the Standalone Financial Statements

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

### Management's Responsibility for the Standalone Financial Statements

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



**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these standalone financial statements.

**Basis for Qualified Opinion**

8. As stated in note 14 to the financial statements, the Company's long term loans and advances receivable in cash or kind as at 31 March 2017 include amount aggregating ₹142,023,411 in respect of trade advances, being considered as good and recoverable by the management. However, in absence of availability of sufficient appropriate audit evidence to corroborate the management's assessment of recoverability of these balances, we are unable to comment upon the recoverability of the aforesaid amount, and its consequential impact, if any, on the accompanying financial statements.
9. As stated in note 14 and 16 to the financial statements, the Company's long term loans and advances as at 31 March 2017 include deposits amounting to ₹5,638,771 and trade receivables as at that date include ₹79,251,562 being considered as good and recoverable by the management. These amounts are overdue and are presently under negotiation/reconciliation with the respective parties. However, in the absence of sufficient and appropriate evidence to corroborate management's assessment of recoverability of these balances we are unable to comment upon the recoverability of these balances and the consequential impact, if any, on the accompanying financial statements.



### Qualified Opinion

10. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. Further to our comments in Annexure A as required by Section 143(3) of the Act, we report that:
- a. we have sought and except for the possible effects of the matters disclosed in the Basis for Qualified Opinion paragraphs and paragraphs 12(h) and 12(i)(iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs and paragraph (i)(a) of Annexure A below, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d. except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. the matters described in the Basis for Qualified Opinion paragraphs and paragraph 12(h) below, in our opinion, may have an adverse effect on the functioning of the Company;
  - f. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
  - g. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs;
  - h. we were also engaged to audit the internal financial controls over financial reporting (IFCofR) of the Company as on 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 May 2017 as per Annexure B expressed disclaimer of opinion; and



- i. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- (i) the Company, as detailed in Note 31 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
  - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - (iv) The Company has provided disclosures in Note 32 to the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts and total amount deposited in banks are in accordance with the books of account maintained by the Company. However, owing to the nature of records of the Company, and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of disclosures made under specified bank notes and other denomination notes for permitted/non-permitted receipts and amount deposited in banks.

*Walker Chandio & Co LLP*  
 For Walker Chandio & Co LLP  
 Chartered Accountants  
 Firm's Registration No.: 001076N/N500013

*Nikhil Vaid*  
 per Nikhil Vaid  
 Partner  
 Membership No.: 213356



Place: Hyderabad  
 Date: 29 May 2017



**Annexure A to the Independent Auditor's Report of even date to the members of Sandor Medicaids Private Limited, on the standalone financial statements for the year ended 31 March 2017**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have not been physically verified by the management during the year and we are therefore unable to comment on the discrepancies, if any, which could have arisen on such verification. In our opinion, the frequency of verification of the fixed assets is also not reasonable having regard to the size of the Company and nature of its assets.  
(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there have been slight delays in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



- (b) The dues outstanding in respect of income tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income tax	31,108,266	Nil	2013-14	Deputy Commissioner of Income Tax (Appeals)- Hyderabad

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In case of term loans, where there are stipulations by the lenders regarding the utilisation, in our opinion, the term loans were applied for the purposes, for which the loans were obtained. In case of term loans, where there is no such stipulation by the lenders, we are unable to comment as to whether these have been applied for the purposes for which they were obtained.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the company since the company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards. However, the Company has not constituted audit committee as required under Section 177 of the Act.



**Walker Chandiok & Co LLP**

- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

*Walker Chandiok & Co LLP*

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Nikhil Vaid*

per Nikhil Vaid

Partner

Membership No.: 213356



Place: Hyderabad

Date: 29 May 2017



Sandor Medicaids Private Limited  
Balance Sheet as at 31 March 2017  
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2017	31 March 2016
<b>Equity and liabilities</b>			
<b>Shareholder's funds</b>			
Share capital	3	21,933,480	366,717,283
Reserves and surplus	4	662,774,697	195,442,675
		<u>684,708,177</u>	<u>562,159,957</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	129,495,645	25,531,316
Deferred tax liability (net)	6	-	135,926
Other long term liabilities	7	2,801,375	2,801,375
Long-term provisions	8	3,676,399	2,810,856
		<u>135,973,419</u>	<u>31,278,473</u>
<b>Current liabilities</b>			
Short-term borrowings	9	332,768,610	282,612,320
Trade payables		-	-
- Due to micro and small enterprises		-	-
- Due to other enterprises	10	496,175,019	521,270,441
Other current liabilities	11	113,601,341	120,874,109
Short-term provisions	8	19,318,090	19,147,466
		<u>961,863,060</u>	<u>943,904,335</u>
<b>Total</b>		<u><u>1,782,544,656</u></u>	<u><u>1,537,343,769</u></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible fixed assets	12	190,831,780	178,477,314
Non-current investments	13	117,489,674	17,900,000
Deferred tax assets (net)	5	1,808,113	-
Long-term loans and advances	14	204,134,781	153,196,668
		<u>514,264,348</u>	<u>349,573,982</u>
<b>Current assets</b>			
Inventories	15	647,466,343	633,331,721
Trade receivables	16	493,258,847	415,376,403
Cash and bank balances	17	33,687,697	60,988,801
Short-term loans and advances	14	93,867,422	78,072,862
		<u>1,268,280,308</u>	<u>1,187,769,787</u>
<b>Total</b>		<u><u>1,782,544,656</u></u>	<u><u>1,537,343,769</u></u>

The accompanying notes form an integral part of the financial statements.

This is the Balance sheet referred to in our report of even date.

Walker Chandok & Co LLP  
For Walker Chandok & Co LLP

Chartered Accountants

Nikhil Vaid  
per Nikhil Vaid  
Partner

For and on behalf of the Board of Directors of  
Sandor Medicaids Private Limited

Rajeev Sindhi  
Managing Director  
DIN: 00184701

Ramkanta Tripathy  
Chief Financial Officer

Place: Hyderabad  
Date: 29 May 2017

K.V.Muralidhar Reddy

Director

DIN: 01881121

J.R.Nagajayanthi  
Company Secretary

Place: Hyderabad

Date: 29 May 2017

## Sandor Medicaids Private Limited

## Statement of Profit and Loss for the year ended 31 March 2017

(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2017	31 March 2016
<b>Revenue</b>			
Revenue from operations	18	1,750,455,709	1,522,912,806
Other income	19	21,832,054	8,009,111
<b>Total revenue</b>		<b>1,772,287,763</b>	<b>1,530,921,917</b>
<b>Expenses</b>			
Purchases of stock-in-trade		1,356,910,956	1,389,875,323
Changes in inventories of stock in trade	20	22,968,679	(210,873,104)
Employer benefits expense	21	111,228,092	106,723,639
Finance costs	22	73,687,960	63,973,440
Depreciation	12	14,981,837	18,557,409
Other expenses	23	141,721,823	114,845,863
<b>Total Expenses</b>		<b>1,721,419,347</b>	<b>1,483,102,570</b>
<b>Profit before exceptional items and tax</b>		<b>50,868,416</b>	<b>47,819,347</b>
Exceptional items	34	105,645,100	-
<b>Profit before tax</b>		<b>156,513,516</b>	<b>47,819,347</b>
<b>Tax expense</b>			
- Current tax		35,909,336	21,391,632
- Deferred tax benefit		1,944,040	-
<b>Profit for the year</b>		<b>122,548,220</b>	<b>26,427,715</b>
<b>Earnings per equity share [EPS]</b>	26		
Basic		75.02	22.51
Diluted		55.87	11.70
Nominal value per equity share		10	10

The accompanying notes form an integral part of the financial statements.

This is the Statement of profit and loss referred to in our report of even date.

Walker Chandick & Co LLP  
For Walker Chandick & Co LLP

Chartered Accountants

Nikhil Vaid  
per Nikhil Vaid  
PartnerFor and on behalf of the Board of Directors of  
Sandor Medicaids Private LimitedRajeev Sindhi  
Managing Director  
DIN: 00184701Ramakanta Tripathy  
Chief Financial OfficerK.V. Muralidhar Reddy  
Director  
DIN: 01851121J.R. Nagajayanthi  
Company Secretary

Place: Hyderabad

Date: 29 May 2017

Place: Hyderabad  
Date: 29 May 2017

Sandor Medicaids Private Limited  
 Cash Flow Statement for the year ended 31 March 2017  
 (All amounts in ₹ unless otherwise stated)

	31 March 2017	31 March 2016
<b>Cash flow from operating activities</b>		
Profit before tax	156,513,516	47,819,347
Adjustments for:		
Depreciation	14,901,837	18,557,409
Interest expense and other borrowing costs	70,379,606	58,205,565
Interest income	(2,390,622)	(2,073,691)
Inventory written off	16,083,588	-
Bad debts	14,290,391	-
Gain on sale of investments	(105,645,100)	-
<b>Operating profit before working capital changes</b>	<b>164,133,226</b>	<b>122,508,630</b>
Increase in inventories	(26,218,219)	(210,873,104)
Increase in trade receivables	(92,173,835)	(86,442,892)
Increase in short term loans and advances	(15,794,560)	(138,115,522)
(Increase)/decrease long term loans and advances	(45,688,113)	2,040,306
Increase in long term liabilities	-	150,000
Decrease/(increase) in trade payables	(25,095,425)	221,837,911
Decrease in other current liabilities	(16,038,225)	(53,749,544)
Increase/(decrease) in provisions	1,423,808	(892,525)
<b>Cash used in operations</b>	<b>(63,451,343)</b>	<b>(143,542,040)</b>
Income tax paid (net of refund)	(36,295,977)	(27,517,513)
<b>Net cash used in operating activities (A)</b>	<b>(99,747,320)</b>	<b>(171,059,553)</b>
<b>Cash flow from investing activities:</b>		
Purchase of tangible fixed assets	(28,506,302)	(37,387,009)
Sale of non-current investments	123,245,100	-
Purchase of non-current investments	(117,183,674)	-
Withdrawal/(investment) in fixed deposits	5,378,460	(8,945,792)
Interest received	2,390,622	2,073,691
<b>Net cash used in investing activities (B)</b>	<b>(14,681,794)</b>	<b>(44,259,141)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issue of shares <sup>1</sup>	-	250,251,144
Proceeds from issue of debentures	67,000,000	-
Proceeds from long term borrowings	142,910,806	-
Proceeds from short term borrowings (net)	50,156,290	79,406,960
Repayment of long term borrowings	(102,182,318)	(36,453,504)
Interest paid	(65,378,300)	(58,205,565)
<b>Net cash flow from financing activities (C)</b>	<b>92,506,478</b>	<b>234,999,035</b>



## Sandoz Medicoids Private Limited

## Cash Flow Statement for the year ended 31 March 2017

(All amounts in ₹ unless otherwise stated)

	31 March 2017	31 March 2016
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(21,922,644)	19,680,341
Cash and cash equivalents at the beginning of the year	29,554,252	9,873,911
Cash and cash equivalents at the end of the year (refer note 17)	7,631,608	29,554,252

\* Excluding the effect of conversion of 1,105,739 compulsory convertible preference shares into equity shares.

This is the Cash Flow Statement referred to in our report of even date

Walker Chandiot & Co LLP  
For Walker Chandiot & Co LLP  
Chartered Accountants

Nikhil Vaid  
per Nikhil Vaid  
Partner



Place: Hyderabad

Date: 29 May 2017

For and on behalf of the Board of Directors of  
Sandoz Medicoids Private Limited

Rajeev Sindhi  
Managing Director  
DIN: 00184701

K.V.Muralidhar Reddy  
Director  
DIN: 01881121

Ramakanta Tripathy  
Chief Financial Officer

J.R.Nagajayanthi  
Company Secretary

Place: Hyderabad  
Date: 29 May 2017

**Sandor Medicoids Private Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**1. Company Overview**

Sandor Medicoids Private Limited ("the Company") is a company domiciled in India and incorporated on 4 October 1995 under the provisions of the erstwhile Companies Act, 1956. The Company has been set up for the purpose of trading in high-tech biomedical and biotechnology products accessible to patients in India.

**2. Significant accounting policies**

**(a) Basis of preparation of financial statements**

The financial statement has been prepared on accrual basis of accounting and in accordance with the accounting standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) (the "Rules") which are deemed to be applicable as per Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other recognized accounting practices and policies generally accepted in India including the requirements of the Act ("Indian GAAP"). The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of work and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

**(b) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include provision for doubtful receivables, classification of assets and liabilities into current and non-current, future obligations under employee benefit plans, income taxes, deferred taxes and the useful lives of fixed assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**(c) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price, freight, non-refundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.

**(d) Depreciation**

Depreciation on fixed assets is provided on written down value method over the useful lives of assets prescribed under Schedule II of the Act. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation and depreciated over their remaining useful life, as prescribed in Schedule II of the Act. Leasehold improvements are depreciated over the term of lease.

**(e) Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After

**Sandoz Medicais Private Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**(f) Revenue recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the collectability is reasonably assured.

**Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

**Sale of services**

Service income is recognised based on the terms of the agreement with the respective customers.

**Rental income**

Rental income is recognised on time proportionate basis.

**Interest income**

Interest income is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

**(g) Taxes**

Tax expense comprises of current and deferred tax.

**Current tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

**Deferred tax**

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is *virtual certainty* supported by convincing evidence that they can be realised against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(h) Earnings per equity share**

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity



**Sandor Medicaids Private Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

**(g) Leases**

Leases where the lessor effectively retains all risk and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight line basis over the lease term.

**(h) Inventories**

Stock-in-trade is valued at lower of cost and net realizable value. Costs include purchase price and other direct expenses incurred to bring inventories to its present condition and location. Selling price is the ordinary course of business reduced by the estimated costs of completion and costs to affect the sale. Cost is determined on weighted average cost basis.

**(i) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investment. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**(m) Employee benefits**

**Provident Fund**

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective authorities.

**Gratuity**

Gratuity is a post-employment defined benefit obligation. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, together with adjustments for past service costs. An independent actuary using the projected unit credit method calculates the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Statement of Profit and Loss in the period in which such gains or losses arises and are not deferred.

**(n) Foreign currency transactions**

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency existing as at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the exchange rate as of reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.



Sando Medicaids Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

#### Exchange differences

Exchange differences arising on the settlement of foreign currency monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

#### (n) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.





**Sandoz Medicoids Private Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**3. Share capital**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
<b>Authorized</b>				
Equity shares of ₹10 each	12,497,519	124,975,190	2,000,000	20,000,000
Compulsorily Convertible Preference Shares (CCPS) of ₹ 202.50 each	-	-	518,395	104,975,190
Compulsorily Convertible Preference Shares (CCPS) of ₹ 426 each	587,345	250,208,970	587,345	250,208,970
	<u>13,084,864</u>	<u>375,184,160</u>	<u>3,105,741</u>	<u>375,184,160</u>
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹10 each, fully paid-up	2,193,348	21,933,480	1,153,375	11,533,750
CCPS of ₹202.50 each, fully paid-up	-	-	518,395	104,974,988
CCPS of ₹426 each, fully paid-up	-	-	587,344	250,208,544
	<u>2,193,348</u>	<u>21,933,480</u>	<u>2,259,114</u>	<u>366,717,282</u>

**(a) Reconciliation of share capital**
**Equity shares of ₹ 10 each, fully paid-up**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,153,375	11,533,750	1,153,375	11,533,750
Add: Shares issued during the year	1,039,973	10,399,730	-	-
Shares outstanding at the end of the year	<u>2,193,348</u>	<u>21,933,480</u>	<u>1,153,375</u>	<u>11,533,750</u>

**CCPS of ₹ 202.50 each, fully paid-up**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	518,395	104,974,988	518,395	104,974,988
Less: Shares converted into equity shares during the year	(518,395)	(104,974,988)	-	-
Shares outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>518,395</u>	<u>104,974,988</u>

During the year, all the outstanding CCPS were converted into equity shares in accordance with the terms and conditions of the respective share purchase agreements.

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**Sandor Medicaids Private Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**3. Share capital**

CCPS of ₹ 426 each, fully paid-up

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	587,344	118,937,160	-	-
Add: Shares issued during the year	-	-	587,344	250,208,544
Less: Shares converted into equity shares during the year	(587,344)	(118,937,160)	-	-
Shares outstanding at the end of the year	-	-	587,344	250,208,544

- (b) The company has only one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, if any, in proportion to their shareholding.

**(c) Shareholders holding more than five percent of paid-up equity share capital**

	31 March 2017		31 March 2016	
	Number	% holding	Number	% holding
Equity share of ₹ 10 each				
Rajeev Sindhu	843,918	38.48%	843,918	73.17%
Sandor Life Sciences Private Limited	617,489	28.15%	-	-
India Life Sciences Fund II, LLC	521,678	23.78%	-	-
K Varaprasad Reddy	-	-	65,238	8.26%
Gurjan Sindhu	-	-	68,081	5.90%
Kasarla Venkata Murulidhar Reddy	-	-	62,500	5.42%

**(d) Shareholders holding more than five percent of preference share capital**

	31 March 2017		31 March 2016	
	Number	% holding	Number	% holding
CCPS of ₹ 202.50 each				
Sandor Life Sciences Private Limited	-	-	518,395	100%
	31 March 2017		31 March 2016	
	Number	% holding	Number	% holding
CCPS of ₹ 426 each				
India Life Sciences Fund Limited, Mauritius	-	-	587,344	100%

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## Sundor Medicoids Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 4 Reserves and surplus

	31 March 2017	31 March 2016
Capital redemption reserve	5,200	5,200
Securities premium account		
Balance at the beginning of the year	10,307,680	10,307,680
Add: Received during the year	344,783,802	-
Balance at the end of the year	355,091,482	10,307,680
Debenture redemption reserve	3,507,220	-
Surplus in statement of profit and loss		
Opening balance	185,129,795	158,702,080
Add: Profit for the year	122,548,220	26,427,715
Less: Transferred to Debenture redemption reserve	(3,507,220)	-
Balance at the end of the year	304,170,795	185,129,795
	<u>662,774,697</u>	<u>195,442,675</u>

## 5 Long-term borrowings

	31 March 2017	31 March 2016
Unsecured		
Non-Convertible Redeemable Debentures ("NCDs")	67,000,000	-
Term loans		
- from banks	5,460,248	9,670,342
- from others	103,174,099	45,301,255
Secured		
Term loans		
- from banks	327,930	5,510,228
- from others	26,038,639	33,790,603
	<u>202,000,916</u>	<u>94,272,428</u>
Less: Current maturities of long term borrowings (refer note 11)	<u>72,505,271</u>	<u>68,741,112</u>
	<u>129,495,645</u>	<u>25,531,316</u>

- (i) The Company has allotted 670 NCDs of face value of ₹1,00,000 each fully paid up on 10 August 2016. NCDs carry interest rate of 16.43% per annum. The interest is payable on quarterly basis as per dates specified in the trust deed. The debentures are redeemable at par in single instalment on 24 August 2019.



## Sander Medicoids Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 5(f) Terms and conditions of term loans from banks and financial institutions

S. No.	Name of bank/financial institution	Outstanding balance as at		Interest rate (%)	Balance outstanding repayment terms	Type of security
		31 March 2017	31 March 2016			
1	Capital First Limited	2,050,551	4,661,443	19%	Repayable over 8 months in equated monthly instalments	Unsecured term loan
2	IDFC Bank	598,257	1,873,514	17.25%	Repayable over 5 months in equated monthly instalments	Unsecured term loan
3	Indus Sme Finance Limited	74,939,494	27,176,563	18.25%-19.25%	Repayable over 5 to 34 months	Unsecured loan - Personal guarantee by Mr. Rajeev Sindhu and Mr. K.V.M. Reddy
4	Tata Capital Financial Services Limited	16,353,908	16,333,400	Floating rate currently at 14.5%	Repayable over 1 to 12 months in equated monthly instalments	First and exclusive charge by way of hypothecation on un-encumbered movable fixed assets of corporate guarantor M/s. Sander Life Sciences Private Limited with a value of ₹180 lakhs - First and exclusive charge by way of hypothecation on un-encumbered movable fixed assets with a book value of ₹355.90 lakhs. - Retention of cash collateral for ₹30 lakhs by way of security deposit for the term of the loan - Unconditional and irrevocable corporate guarantee by M/s. Sander Life Sciences Private Limited - Unconditional and irrevocable personal guarantee by Mr. Rajeev Sindhu
5	Magma Finance Limited	3,396,719	6,168,139	20.25%	Repayable over 7 months in equated monthly instalments	Unsecured loan - Personal guarantee by Mr. Rajeev Sindhu and Mr. K.V.M. Reddy
6	Goldbacks Retail Finance Limited	1,469,589	2,808,136	19%	Repayable over 11 months in equated monthly instalments	Unsecured loan - Personal guarantee by Mr. Rajeev Sindhu and Mr. K.V.M. Reddy
7	MAS Finance Services Limited	1,730,236	-	17.50%	Repayable over 13 months in equated monthly instalments	Unsecured loan - Personal guarantee by Mr. Rajeev Sindhu and Mr. K.V.M. Reddy
8	Refinance Capital	9,801,859	17,757,203	16%	Repayable over 3 to 22 months	Hypothecation of medical equipment

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Sandoz Medicines Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 5(b) Terms and conditions of term loans from banks and financial institutions (continued)

S. No.	Name of bank/financial institution	Outstanding balance as on		Interest rate (%)	Balance outstanding repayment terms	Type of security
		31 March 2017	31 March 2016			
9	Kanak Mahadevi Bank	3,895,412	5,851,494	18.39%	Repayable over 21 months in equated monthly instalments	Unsecured term loan
10	Aditya Birla Finance Limited	7,500,000	-	13.75%	Repayable over 36 months in equated monthly instalments	Unsecured term loan
11	Religare Finvest Limited	3,993,621	4,464,375	19.52%	Repayable over 12 months in equated monthly instalments	Unsecured term loan
12	Resonance Bank	566,579	3,175,444	18%	Repayable over 8 months in equated monthly instalments	Unsecured term loan
13	ICICI Bank	327,950	-	11.50%	Repayable over 27 months in equated monthly instalments	Hypothecation of vehicle
14	State Bank of India	-	3,510,208	13.55%	-	Secured by way of first charge on all current assets of the Company and personal guarantee of certain directors and shareholders. Further, the loan is secured by way of collateral security of the building and land of the Company. Further this loan is secured by collateral terms of the Managing Director and certain shareholders.
		135,000,916	94,272,428			

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## Sandoz Medicals Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 5 Deferred tax asset/(liability) (net)

	31 March 2017	31 March 2016
Depreciation	63,338	(135,926)
Employee benefit expense	1,744,775	
	<u>1,808,113</u>	<u>(135,926)</u>

## 7 Other long term liabilities

	31 March 2017	31 March 2016
Security deposit	2,801,375	2,801,375
	<u>2,801,375</u>	<u>2,801,375</u>

## 8 Provisions

	31 March 2017	31 March 2016
<b>Long term provisions</b>		
Provision for gratuity (refer note 25)	3,676,399	2,810,856
	<u>3,676,399</u>	<u>2,810,856</u>
<b>Short term provisions</b>		
Provision for income tax	18,480,423	19,147,466
Provision for gratuity (refer note 25)	557,268	
Others	280,402	-
	<u>19,318,090</u>	<u>19,147,466</u>

## 9 Short term borrowings

	31 March 2017	31 March 2016
<b>Loans repayable on demand (secured)</b>		
from bank	332,768,610	282,612,320
	<u>332,768,610</u>	<u>282,612,320</u>

Cash credit facility is secured by way of first charge on all current assets of the Company and personal guarantees of certain directors and shareholders. Further, the loan is secured by way of collateral security of the building and land of the Company. Further this loan is secured by collateral assets of the Managing Director and certain shareholders. These loans carry an interest rate of 12.45 %

## 10 Trade Payables

Based on the information available with the Company, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March 2017.

## 11 Other current liabilities

	31 March 2017	31 March 2016
Current maturities of long term borrowings (refer note 9)	72,505,271	68,741,312
Interest accrued but not due	5,001,298	-
Creditors for expenses	4,644,853	2,912,739
Advances received from customers	6,683,147	11,149,600
Statutory liabilities	10,909,394	10,453,812
Other liabilities	13,857,378	24,637,046
	<u>113,601,341</u>	<u>120,874,109</u>

WCC

## Sondor Multicore Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 12 Tangible fixed assets

	Land	Leasehold improvements	Office Building	Plant & Machinery	Computers & fixtures	Furniture & fixtures	Vehicles	Fixed installation and equipments	Computer software	Office Equipment	Total
As at 31 March 2015	58,613,557	1,159,590	78,345,260	21,643,790	5,255,413	5,048,471	6,598,419	13,563,353	2,512,569	1,334,370	194,554,752
Additions	-	-	-	24,355,822	1,216,119	397,357	-	2,05,924	988,352	244,452	37,387,029
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	58,613,557	1,159,590	78,345,260	55,999,612	6,451,532	5,445,828	6,598,419	13,769,277	3,498,926	1,578,822	230,451,791
Additions	-	-	4,872,679	19,759,896	1,548,000	53,350	180,565	146,300	317,513	8,497	27,256,302
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	58,613,557	1,159,590	83,217,939	75,759,508	7,999,532	5,509,178	7,097,984	13,915,477	3,816,439	1,587,232	258,708,094
Accumulated depreciation											
Up to 31 March 2015	-	232,530	6,892,957	9,513,151	4,253,987	2,122,211	5,726,357	3,191,535	1,843,242	645,098	34,417,068
Charge for the year	-	112,818	6,338,770	7,301,648	1,200,842	901,870	611,295	1,123,335	420,742	349,591	18,357,409
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Up to 31 March 2016	-	345,348	13,431,727	16,814,799	5,454,829	3,024,081	6,337,650	4,303,870	2,263,984	993,789	52,974,477
Charge for the year	-	53,569	(1,835,400)	8,175,463	1,231,971	626,700	134,237	4,709,687	501,256	25,952	14,500,537
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Up to 31 March 2017	-	400,917	11,596,287	25,990,264	6,686,800	3,650,781	6,475,887	9,013,557	2,765,240	1,248,741	67,876,314
Net book											
As at 31 March 2017	58,613,557	728,678	71,621,552	49,769,202	1,319,732	1,858,997	622,097	4,901,920	1,053,688	338,491	190,631,780
As at 31 March 2016	58,613,557	824,242	84,913,533	59,167,771	894,733	2,425,747	252,765	9,465,437	1,236,342	585,343	178,477,314

WCC



## Sandor Medicaids Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 13 Non current investments

	As at 31 March	
	2017	2016
<b>Trade, unquoted, fully paid-up</b>		
<b>Investment in subsidiaries</b>		
1,392 (31 March 2016: Nil) equity shares of 100 Bangladeshi Takas ('BDT') each, fully paid up in Sandor Medicaids (Bangladesh) Private Limited	165,336	-
916,468 (31 March 2016: Nil) equity shares of BDT 100 each, fully paid up in Sandor Dialysis Services Bangladesh Private Limited	77,113,230	-
	<b>77,278,566</b>	<b>-</b>
<b>Trade, unquoted, fully paid-up</b>		
<b>Investment in others</b>		
6,000 (31 March 2016: Nil) equity shares of ₹10 each, fully paid up in Sandor Orthopedics Private Limited	60,000	-
Nil (31 March 2016: 97,350) equity shares of ₹10 each, fully paid up in Sandor Nephro Private Limited	-	17,600,000
<b>Total</b>	<b>60,000</b>	<b>17,600,000</b>
<b>Non-trade, unquoted, fully paid-up</b>		
<b>Investment in subsidiaries</b>		
5,100 (31 March 2016: Nil) equity shares of ₹10 each, fully paid up in Sandor Tescon Aqua Private Limited	51,000	-
<b>Total</b>	<b>51,000</b>	<b>-</b>
<b>Share application money pending allotment</b>		
Sandor Dialysis Services Bangladesh Private Limited	18,116,994	-
Sandor Orthopedics Private Limited	8,041,145	-
Sandor Tescon Private Limited	7,449,000	-
Vphore Labs Private Limited	5,687,525	-
Sandor Medicaids (Bangladesh) Private Limited	505,444	-
My Health Records	250,000	250,000
ARM Infosoft Private Limited	50,000	50,000
	<b>40,100,108</b>	<b>300,000</b>
	<b>117,489,674</b>	<b>17,900,000</b>
<b>Aggregate amount of unquoted investments</b>	<b>77,389,566</b>	<b>17,600,000</b>

WCC



**Sandor Medicoids Private Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**14 Loans and advances**

(Unsecured, considered good)

	31 March 2017	31 March 2016
<b>Long-term</b>		
Security deposits*	16,752,607	24,952,087
Advances receivable in cash or kind or value to be received**	168,485,113	112,108,480
Capital advances	17,386,101	16,136,101
Prepaid expenses	1,510,960	-
	<u>204,134,781</u>	<u>153,196,668</u>
<b>Short-term</b>		
Advances recoverable in cash or in kind or value to be received	61,723,421	59,193,177
Staff Advances	7,451,482	9,269,769
Balance with government authorities	21,354,565	9,609,916
Prepaid expenses	3,337,954	-
	<u>93,867,422</u>	<u>78,072,862</u>

\* As at 31 March 2017, certain loans and advances aggregating to ₹5,638,771 are overdue from certain parties and under reconciliation by the Management. The Management is of an opinion that the aforesaid amounts are realisable in due course and hence no adjustment has been made in the books.

\*\* As at 31 March 2017, an advance of ₹142,023,411 is overdue from a related party. The Management is of an opinion that the aforesaid amount is realisable in due course and hence no adjustment has been made in the books.

**15 Inventories**

	31 March 2017	31 March 2016
Stock in trade (at cost)	594,279,444	633,331,721
Goods in transit	53,186,898	-
	<u>647,466,342</u>	<u>633,331,721</u>

**16 Trade receivables**

Unsecured

	31 March 2017	31 March 2016
Amount due for a period exceeding six months		
Considered good	66,721,348	75,917,511
Considered doubtful	1,878,692	-
Less: Provision for doubtful debts	(1,878,692)	-
	<u>66,721,348</u>	<u>75,917,511</u>
Other receivables		
Considered good	426,537,499	339,458,892
	<u>426,537,499</u>	<u>339,458,892</u>
	<u>493,258,847</u>	<u>415,376,403</u>

Includes ₹41,946,511 (31 March 2016: ₹59,187,989) due from related parties

As at 31 March 2017, trade receivables aggregating to ₹79,251,562 are overdue from certain parties. The Management is of an opinion that the aforesaid amounts are realisable in due course and hence no adjustment has been made in the books.



## Sandoz Medicinals Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 17. Cash and bank balances

	31 March 2017	31 March 2016
<b>Cash and cash equivalents</b>		
Cash in hand	4,933,113	20,990,995
Balances with banks in current accounts	2,698,495	8,563,267
	<u>7,631,608</u>	<u>29,554,262</u>
<b>Other bank balances</b>		
Fixed deposits with maturity of more than 3 months but less than 12 months	26,056,089	31,434,549
	<u>33,687,697</u>	<u>60,988,801</u>

## 18. Revenue from operations

	31 March 2017	31 March 2016
Sale of products	1,675,014,427	1,159,623,868
Sale of services	75,441,282	63,288,940
	<u>1,750,455,709</u>	<u>1,522,912,808</u>

## 19. Other income

	31 March 2017	31 March 2016
Interest on deposits	2,390,622	2,073,691
Rental income	6,086,600	5,935,420
Exchange fluctuations (net)	8,271,690	-
Miscellaneous income	5,083,142	-
	<u>21,832,054</u>	<u>8,009,111</u>

## 20. Changes in inventories of stock in trade

	31 March 2017	31 March 2016
Inventories at the beginning of the year	633,331,721	422,458,617
Inventories at the end of the year	594,279,444	633,331,721
Add: Inventory written off	16,083,598	-
	<u>22,968,679</u>	<u>(210,873,100)</u>

## Details of traded goods purchased:

	31 March 2017	31 March 2016
Thymoglobuline 25mg/5ml	460,833,030	442,701,700
Cerezyme 420 U	134,841,630	140,556,108
	<u>595,674,660</u>	<u>583,257,808</u>

## 21. Employee benefits expense

	31 March 2017	31 March 2016
Salaries and wages	97,996,600	93,375,981
Gratuity	2,942,288	2,678,258
Contribution to provident and other funds	3,033,786	2,761,546
Directors remuneration	6,480,000	6,435,000
Staff welfare expenses	775,418	872,854
	<u>111,228,092</u>	<u>106,723,639</u>



## Sanoor Medicoids Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 22 Finance costs

	31 March 2017	31 March 2016
Interest expense	66,371,774	58,672,584
Other borrowing costs	4,007,832	2,277,444
Bank charges	3,308,354	3,023,112
	<u>73,687,960</u>	<u>63,973,140</u>

## 23 Other expenses

	31 March 2017	31 March 2016
Power and fuel	4,736,335	4,256,400
Rent	8,992,895	8,212,887
Repairs and maintenance		
- Building	1,181,586	1,444,020
- Others	3,903,199	1,376,879
Legal and professional charges	8,838,344	11,273,198
Rates and taxes	4,963,582	6,654,672
Travelling and conveyance	19,630,111	21,767,873
Communication	5,268,997	5,322,280
- Audit fee	800,000	80,000
- Tax audit fee	-	20,000
Printing and stationery	1,280,148	1,581,075
Carrier and cargo charges	9,600,332	9,180,305
Bad debts	12,411,699	30,818
Provision for doubtful debts	1,878,692	
Clearing and forwarding	10,379,269	9,287,020
Consumables and accessories	2,845,710	3,276,051
Business promotion	13,664,101	16,812,390
Selling and distribution expenses	7,407,440	5,581,834
Corporate social responsibility expenses	2,000,000	300,000
Inventory written off	16,083,598	
Exchange fluctuations (net)	-	1,416,486
Miscellaneous expenses	5,855,785	6,972,644
	<u>141,721,823</u>	<u>114,845,863</u>

## 24 Related party disclosures

## (a) Names of the related parties and description of relationship

## Name of the related party

Sanoor Dialysis Services Bangladesh Private Limited

Sanoor Medicoids (Bangladesh) Private Limited

Sanoor Tecson Aqua Private Limited

## Nature of relationship

Subsidiaries

Mr. Rajeev Sindhi

Key Managerial Personnel (KMP)

Mrs. Ganjan Sindhi

Relative of KMP



**Sandor Medicoids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

Sandor Life Sciences Private Limited	}	Enterprises over which KMF has a significant influence
Sandor Orthopedics Private Limited		
Sandor Animal Biogenics Private Limited		
Sandor Stones Private Limited		
Sandor Nephro Services Private Limited		
ARM Infosoft Private Limited		
Sun Archean Abrasives	}	Enterprises over which relatives of KMF have a significant influence
Sandor Associates		
Harmonics Healthcare		

**(b) Transactions with related parties**

	31 March 2017	31 March 2016
<b>Sandor Dialysis Services Bangladesh Private Limited</b>		
- Reimbursement of expenses incurred by the Company	5,107,485	-
- Sale of goods	29,445,391	35,671,587
<b>Sandor Medicoids (Bangladesh) Private Limited</b>		
- Reimbursement of expenses incurred by the Company	10,090	1,534,750
<b>Sandor Orthopedics Private Limited</b>		
- Rental income	88,800	-
- Purchase of goods	49,444,508	-
- Reimbursement of expenses incurred by the Company	8,483,249	-
<b>Sandor Tescon Aqua Private Limited</b>		
- Rental income	66,570	4,235
- Sale of goods	1,954,952	4,090,302
- Purchase of goods	5,407,956	2,694,300
- Reimbursement of expenses incurred by the Company	430,719	90,838
<b>Rajeev Sindhi</b>		
- Remuneration	6,000,000	6,000,000
- Loan received	195,995,290	3,781,353
- Loan repaid	196,527,116	20,800,000
- Expenses incurred on behalf of the Company	6,609	-
<b>Gunjan Sindhi</b>		
- Remuneration	1,200,000	1,125,000
- Advances given	-	2,310,000
- Advances recovered	-	2,310,000
<b>Sandor Life Sciences Private Limited</b>		
- Rental income	5,155,180	4,400,000
- Reimbursement of expenses incurred by the Company	14,862,904	-
- Sale of services	9,486,901	9,280,625
- Purchase of services	928,580	417,000
- Revenue collected on behalf of the Company	2,733,972	-
- Advances given	60,625,693	-
- Advances recovered	42,348,320	-
- Sale of investments	123,245,100	-



**Sandor Medicals Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**Sandor Animal Biogenics Private Limited**

- Rental income	80,554	68,750
- Purchase of goods	17,496,357	4,078,591
- Reimbursement of expenses incurred by the Company	2,689,044	-

**Sandor Stones Private Limited**

- Rental income	80,554	75,681
- Reimbursement of expenses incurred by the Company	120,981	-
- Advance taken	-	31,592

**Sandor Nephro Services Private Limited**

- Rental income	878,724	750,000
- Advances given	26,048,432	-
- Advances recovered	4,304,721	-
- Advances from customers	-	6,066,638
- Reimbursement of expenses incurred by the Company	3,413,756	13,220,200
- Sale of goods	5,067,527	15,790,482
- Collections on behalf of the company	18,094,867	-

**Sun Archeon Abrasives**

- Rental income	161,100	151,767
- Advances given	23,600,000	-
- Advances recovered	23,600,000	-
- Services received	-	7,445

**Sandor Associates**

- Rental income	80,554	68,750
- Reimbursement of expenses incurred by the Company	4,500	-
- Advances given	3,112,068	-
- Advances recovered	3,112,068	-

**Harmonica Healthcare**

- Rental income	149,237	137,500
- Advance given	319,376,851	105,687,300
- Advance recovered	283,040,740	-

**(c) Balances receivable\*/(payable)**

	31 March 2017	31 March 2016
Sandor Dialysis Services Bangladesh Private Limited	25,328,893	36,671,587
Sandor Medicals (Bangladesh) Private Limited	1,544,750	1,534,750
Sandor Orthopedics Private Limited	(27,823,604)	-
Sandor Teston Aqua Private Limited	(523,639)	1,531,076
Rajeev Sindhi	64,534	(460,683)
Sandor Life Sciences Private Limited	56,385,767	31,638,207
Sandor Animal Biogenics Private Limited	(434,852)	121,728
Sandor Stones Private Limited	3,618	-
Sandor Nephro Services Private Limited	6,466,039	(6,066,638)
ARM Infosoft Private Limited	6,855,460	6,855,460
Sun Archeon Abrasives	161,100	-
Harmonica Healthcare	142,276,055	105,790,707

\* Excluding share application money

Refer note 5 for guarantees provided by related parties

**Sauder Medicals Private Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**25. Gratuity**

The Company has a funded defined benefit gratuity plan. Every employee who has completed service of five years or more is entitled for gratuity on departure, at 15 days last drawn salary for each completed year of service. The following table summarises details of expense and amount recognised in the Balance Sheet.

**(a) Statement of profit and loss**

	31 March 2017
Current service cost	1,036,570
Interest cost on benefit obligation	216,600
Expected return on plan assets	(22,231)
Net actuarial loss recognised during the year	1,711,349
Total included in 'employee benefit expense'	<u>2,942,288</u>

**Reconciliation of present value of defined benefit obligation and the fair value of plan assets**

	31 March 2017
Present value of defined benefit obligation at the end of the year	5,503,952
Fair value of assets at the end of the year	(1,270,288)
Net liability recognised in the balance sheet	<u>4,233,664</u>

**Changes in present value of defined obligations**

	31 March 2017
Opening present value of defined obligations	2,850,000
Interest cost	216,600
Current service cost	1,036,570
Benefit paid	(348,143)
Actuarial loss on obligations	1,748,925
Closing present value of defined obligations	<u>5,503,952</u>

**Changes in fair value of plan assets**

	31 March 2017
Opening fair value of plan assets	302,458
Expected return on Plan assets	22,231
Employer's Contributions	1,256,166
Benefits paid	(348,143)
Actuarial gain	37,576
Closing fair value of plan assets	<u>1,270,288</u>

**Fair value of plan assets**

	31 March 2017
Opening fair value of plan assets	302,458
Actual return on Plan assets	59,807
Employer's Contributions	1,256,166
Benefits paid	(348,143)
Fair value of plan assets at the end of the year	<u>1,270,288</u>



## Sandoz Medicais Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

- (b) The principal actuarial assumptions used in determining the gratuity obligation for the Company's plans are shown below:

	31 March 2017
Discount rate	7.00%
Salary escalation rate	3.00%
Mortality rate	3.00%
Expected future service	25.22 years

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

## 26 Earnings per equity share ('EPES')

- (i) Computation of profit for the year

	31 March 2017	31 March 2016
Profit for the year	122,548,220	26,427,715
Add/(less): Dilutive impact on earnings	-	-
Profit attributable to equity shareholders for computation of basic and dilutive EPES	122,548,220	26,427,715

- (b) Number of equity shares

	31 March 2017	31 March 2016
Weighted average number of shares considered for computation of basic EPES	1,633,606	1,153,375
Add: Dilutive impact on account of OLTs	559,742	1,155,739
Weighted average number of shares considered for computation of diluted EPES	2,193,348	2,259,114

## 27 Earnings in foreign currency

	31 March 2017	31 March 2016
Sale of goods	62,628,213	45,645,286
Sale of Services	26,715,201	27,829,728
	89,343,414	77,475,014

## 28 Value of imports

	31 March 2017	31 March 2016
Purchase of goods	1,039,692,162	1,253,843,955

## 29 Unhedged foreign currency exposure

	31 March 2017	31 March 2016
Trade payables	121,201,529	50,746,813
Investments	95,901,004	-





**Sandor Medicaids Private Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

30 The Company's significant leasing arrangements are in respect of cancellable operating leases for premises. Rental expense under those leases is ₹8,992,895 (31 March 2016: ₹8,212,887).

**31 Contingent liabilities and commitments**

	31 March 2017	31 March 2016
(4) During the year the Company has received an income tax demand aggregating to Rs. 31,108,266 (31 March 2016: Nil) for the year 2013-14 arising on account of adjustments made towards certain expenses. The Management is contesting the aforesaid demand and based on its assessment believes that the matter will be decided in favour of the Company.	31,108,266	-
(5) Future commitments for investments in the group and other companies	97,412,222	-

**32 Disclosure on Specified Bank Notes (SBNs)**

During the year, the Company had transactions in specified bank notes and other denomination notes. Transactions during the period from 8 November 2016 to 30 December 2016 as are given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	32,609,000	24,995	32,624,995
(+) Permitted receipts	-	6,169,604	6,169,604
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	32,609,000	3,252,398	34,852,398
Closing cash in hand as on 30 December 2016	-	3,942,201	3,942,201

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

**33 Segment reporting**

Based on the Company's business model and considering the internal financial reporting to the management, the management has identified 'Health care products and services' as the only reportable segment. Hence, no separate financial disclosures have been provided for segment reporting.

34 Exceptional item includes an amount of ₹105,645,100, being gain on sale of investment in Sandor Nephro Services Private Limited to Sandor Life Sciences Private Limited.





# **Sandor Medicals Private Limited**

## **Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

### **35 Comparatives**

Previous year's figures have been regrouped/rearranged to conform to those of the current year. Previous year figures were audited by Chartered Accountants other than Walker Chandlok & Co LLP.

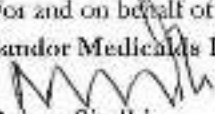
This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.


For Walker Chandlok & Co LLP  
Chartered Accountants

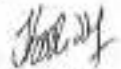
per Nikhil Vaid  
Partner

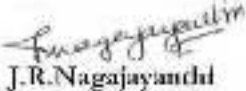


For and on behalf of the Board of Directors of  
Sandor Medicals Private Limited

  
Rajeiv Sindhi  
Managing Director  
DIN: 00184701

  
Ramakanta Tripathy  
Chief Financial Officer

  
K.V. Muralidhar Reddy  
Director  
DIN: 01881121

  
J.R. Nagajayanthi  
Company Secretary

Place: Hyderabad  
Date: 29 May 2017

Place: Hyderabad  
Date: 29 May 2017

## **Sandor Medicaids Private Limited**

### **Consolidated Financial Statements and Independent Auditor's Report**

**31 March 2017**

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Independent Auditor's Report

Consolidated Balance Sheet

Consolidated Statement of Profit and Loss

Consolidated Cash Flow Statement

Summary of significant accounting policies and other explanatory information

**Walker Chandiook & Co LLP**  
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## Independent Auditor's Report

To the Members of Sandor Medicaids Private Limited

### Report on the Consolidated Financial Statements

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

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors and the respective Board of Directors of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 11 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.

**Basis for Qualified Opinion**

8. As stated in note 14 to the consolidated financial statements, the Group's long-term loans and advances receivable in cash or kind as at 31 March 2017 include amount aggregating ₹142,023,411 in respect of trade advance, being considered as good and recoverable by the management. However, in absence of availability of sufficient appropriate audit evidence to corroborate the management's assessment of recoverability of these balances, we are unable to comment upon the recoverability of the aforesaid amount, and its consequential impact, if any, on the accompanying consolidated financial statements.
9. As stated in note 14 and 16 to the consolidated financial statements, the Group's long-term loans and advances as at 31 March 2017 include deposits amounting to ₹5,638,771 and trade receivables as at that date include ₹79,251,562 being considered as good and recoverable by the management. These amounts are overdue and are presently under negotiation/reconciliation with the respective parties. However, in the absence of sufficient and appropriate evidence to corroborate management's assessment of recoverability of these balances, we are unable to comment upon the recoverability of these balances and its consequential impact, if any, on the accompanying consolidated financial statements.

WCC

**Qualified Opinion**

10. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Other Matters**

11. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹199,903,924 and net assets of ₹35,119,834 as at 31 March 2017, total revenues of ₹45,712,110 and net cash inflows amounting to ₹27,276 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- a) We have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, paragraphs 12(h) and 12(i)(iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs and paragraph (i)(a) of Annexure A of the audit report with respect to the separate financial statements of the Holding Company;
  - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e) The matters described in the Basis for Qualified Opinion paragraphs and paragraph 12(h) below, in our opinion, may have an adverse effect on the functioning of the Holding Company;
- f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs with respect to the Holding Company;
- h) We were also engaged to audit the internal financial controls over financial reporting of the Holding Company as on 31 March 2017 in conjunction with our audit of the consolidated financial statement of the Group for the year ended on that date and our report dated 10 August 2017 as per Annexure expressed disclaimer of opinion; and
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 29 to the consolidated financial statements;
  - (ii) The Group, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, covered under the Act during the year ended 31 March 2017; and
  - (iv) These consolidated financial statements have made requisite disclosures in Note 30 as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company and its subsidiary company covered under the Act. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on consideration of the report of the other auditors on separate financial statements and other financial information, in our opinion, the total receipts and total amount deposited in banks are in accordance with the books of account maintained by the Group. However, owing to the nature of records of the Holding Company, and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of disclosures made under specified bank notes and other denomination notes for permitted/non-permitted receipts and amount deposited in banks with respect to the Holding Company.

*Walker Chandniok & Co LLP*  
For Walker Chandniok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Nikhil Vaid*  
per Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 10 August 2017





Annexure to the Independent Auditor's Report of even date to the members of Sandor Medicaids Private Limited on the consolidated financial statements for the year ended 31 March 2017

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the Sandor Medicaids Private Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2017, we were engaged to audit the internal financial controls over financial reporting (IFCoFR) of the Holding Company.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company as aforesaid, based on conducting our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note'), issued by the ICAI.
4. Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on IFCoFR of the Holding Company.

#### Meaning of Internal Financial Controls over Financial Reporting

5. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Disclaimer of Opinion

6. According to the information and explanation given to us, the Holding Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.





Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Holding Company had adequate internal financial controls over financial reporting and whether such internal financial controls over financial reporting were operating effectively as at 31 March 2017.

**Explanatory paragraph**

7. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group as at and for the year ended 31 March 2017, and the disclaimer does not affect our opinion on the consolidated financial statements of the Group.

*Walker Chandok & Co LLP*  
For Walker Chandok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Nikhil Vaid*  
per Nikhil Vaid

Partner

Membership No.: 213356



Place: Hyderabad

Date: 10 August 2017

Sandor Medicoids Private Limited  
Consolidated Balance Sheet as at 31 March 2017  
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2017
<b>Equity and liabilities</b>		
<b>Shareholder's funds</b>		
Share capital	5	21,933,480
Reserves and surplus	4	601,238,418
		<u>623,171,898</u>
Minority interest		814,300
<b>Non-current liabilities</b>		
Long-term borrowings	5	180,680,387
Other long-term liabilities	6	2,801,375
Long-term provisions	7	3,676,399
		<u>187,158,161</u>
<b>Current Liabilities</b>		
Short-term borrowings	8	332,768,610
Trade payables	9	
- Dues to micro and small enterprises		
- Dues to other enterprises		506,626,776
Other current liabilities	10	172,933,012
Short-term provisions	7	20,046,888
		<u>1,032,375,286</u>
<b>Total</b>		<u><u>1,843,519,645</u></u>
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Fixed assets</b>		
Tangible assets	11	347,169,535
Non-current investments	12	14,088,670
Deferred tax asset	13	1,813,722
Long-term loans and advances	14	264,814,446
		<u>567,886,373</u>
<b>Current assets</b>		
Inventories	15	651,740,722
Trade receivables	16	490,000,993
Cash and bank balances	17	35,968,812
Short-term loans and advances	14	97,922,745
		<u>1,275,633,272</u>
<b>Total</b>		<u><u>1,843,519,645</u></u>

The accompanying notes form an integral part of the consolidated financial statements.

This is the Consolidated Balance sheet referred to in our report of even date.

*Walker Chandniok & Co LLP*  
For Walker Chandniok & Co LLP  
Chartered Accountants

*Nikhil Vaid*  
per Nikhil Vaid  
Partner

Place: Hyderabad  
Date: 10 August 2017

For and on behalf of the Board  
Sandor Medicoids Private Limited

*Rajeev Sindhu*  
Rajeev Sindhu  
Managing Director  
DIN: 00184706

*K.V. Muralidhar Reddy*  
K.V. Muralidhar Reddy  
Director  
DIN: 01881121

*Ramakantha Teipathy*  
Ramakantha Teipathy  
Chief Financial Officer

*J.R. Nagarajayanthi*  
J.R. Nagarajayanthi  
Company Secretary

Place: Hyderabad  
Date: 10 August 2017

## Sander Medicoids Private Limited

## Consolidated Statement of Profit and Loss for the year ended 31 March 2017

(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2017
<b>Income</b>		
Revenue from operations	18	1,760,671,344
Other income	19	20,453,661
<b>Total revenue</b>		<b>1,781,125,005</b>
<b>Expenditure</b>		
Purchases of stock-in-trade		1,374,681,767
Changes in inventories of stock-in-trade	20	18,766,299
Employee benefits expense	21	124,007,559
Finance costs	22	77,774,924
Depreciation	11	27,354,161
Other expenses	23	167,073,039
<b>Total expenses</b>		<b>1,789,637,749</b>
<b>Loss before exceptional items, tax and minority interest</b>		<b>(8,532,744)</b>
Exceptional items	32	105,645,100
<b>Profit before tax and minority interest</b>		<b>97,112,356</b>
<b>Tax expense</b>		
- Current tax		36,590,224
- Deferred tax credit		(1,928,167)
<b>Profit after tax and before minority interest</b>		<b>62,450,299</b>
<b>Less: Minority interest</b>		<b>701,082</b>
<b>Profit for the year</b>		<b>61,749,217</b>
<b>Earnings Per Equity Share (EPES)</b>	26	
Basic		57.80
Diluted		28.15
Nominal value per equity share		10

The accompanying notes form an integral part of the consolidated financial statements.

This is the Consolidated Statement of profit and loss referred to in our report of even date.

*Walker Chandok & Co LLP*  
For Walker Chandok & Co LLP  
Chartered Accountants

*Nikhil Vaid*  
per Nikhil Vaid  
Partner

For and on behalf of the Board of Directors of  
Sander Medicoids Private Limited

*Rajeev Sindhi*  
Rajeev Sindhi  
Managing Director  
DIN: 00184701

*K.V. Muralidhar Reddy*  
K.V. Muralidhar Reddy  
Director  
DIN: 01881121

*Ramakanta Tripathy*  
Ramakanta Tripathy  
Chief Financial Officer

*J.R. Nagajayanthi*  
J.R. Nagajayanthi  
Company Secretary

Place: Hyderabad  
Date: 10 August 2017

Place: Hyderabad  
Date: 10 August 2017

**Sandor Medicaids Private Limited****Consolidated Cash Flow Statement for the year ended 31 March 2017**

(All amounts in ₹ unless otherwise stated)

	31 March 2017
<b>Cash flow from operating activities</b>	
Profit before tax and minority interest	97,112,356
<b>Adjustments for:</b>	
Depreciation	27,354,161
Interest expense and other borrowing costs	74,437,383
Interest income	(2,390,622)
Inventory written-off	16,083,598
Bad debts including provision for doubtful debts	14,312,341
Unrealised foreign exchange loss	113,686
Gain on sale of investments	(105,645,100)
<b>Operating profit before working capital changes</b>	<b>121,377,803</b>
Increase in inventories	(34,492,599)
Increase in trade receivables	(132,346,516)
Increase in loans and advances	(77,458,098)
Increase in trade payables	28,765,920
Decrease in other current liabilities	(8,601,771)
Increase in provisions	1,703,210
<b>Cash used in operations</b>	<b>(101,052,052)</b>
Income tax paid (net of refund)	(36,528,469)
<b>Net cash flow used in operating activities</b>	<b>(A) (137,580,521)</b>
<b>Cash flow from investing activities:</b>	
Purchase of tangible fixed assets	(155,453,300)
Sale of non-current investments	123,245,100
Purchase of non-current investments	(13,788,670)
Withdrawal from fixed deposits	5,378,460
Interest received	2,390,622
<b>Net cash used in investing activities</b>	<b>(B) (38,227,788)</b>
<b>Cash flow from financing activities*</b>	
Proceeds from issue of debentures	67,000,000
Proceeds from long-term borrowings	204,669,834
Proceeds from short-term borrowings (net)	50,156,290
Repayment of long-term borrowings	(102,182,317)
Interest paid	(65,398,040)
<b>Net cash flow from financing activities</b>	<b>(C) 154,245,767</b>

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Sandor Medicoids Private Limited  
 Cash Flow Statement for the year ended 31 March 2017  
 (All amounts in ₹ unless otherwise stated)

		31 March 2017
Net decrease in cash and cash equivalents	(A+B+C)	(21,562,542)
Cash and cash equivalents at the beginning of the year		31,475,265
Cash and cash equivalents at the end of the year	(Note 17)	9,912,723

\* Excluding the effect of conversion of 1,105,739 compulsory convertible preference shares into equity shares.

This is the Consolidated Cash Flow Statement referred to in our report of even date

*Walker Chandok & Co LLP*  
 For Walker Chandok & Co LLP  
 Chartered Accountants

*Nikhil Vaid*  
 per Nikhil Vaid  
 Partner

For and on behalf of the Board of Directors of  
 Sandor Medicoids Private Limited

*Rajeev Sindhi* *K.V.Muralidhar Reddy*  
 Managing Director Director  
 DIN: 00184701 DIN: 01851121

*Ramakanta Tripathy* *J.R.Nagajayanthi*  
 Chief Financial Officer Company Secretary

Place: Hyderabad  
 Date: 10 August 2017

Place: Hyderabad  
 Date: 10 August 2017

## Sandor Medicaids Private Limited

### Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

#### 1. Nature of operations

Sandor Medicaids Private Limited ("SMPL" or "the Holding Company") is a Company domiciled in India and registered under the provisions of the erstwhile Companies Act, 1956. The Holding Company along with its subsidiaries (collectively referred as "the Group" or the "consolidating entities") is engaged in the business of trading in high-tech bio-medical and bio-technology products. The following is the brief description of the subsidiaries:

- a. Sandor Dialysis Services Bangladesh Private Limited ("Subsidiary company") is engaged in the business of providing dialysis services.
- b. Sandor Medicaids (Bangladesh) Private Limited ("Subsidiary company") is engaged in the business of trading in high-tech biomedical and biotechnology products.
- c. Sandor Tescon Aqua Private Limited ("Subsidiary company") is engaged in the business of supplying RO water plants to healthcare sector.

#### 2. Basis of preparation of consolidated financial statements

- a. The consolidated financial statements has been prepared in accordance with the accounting standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) (the "Rules") which are deemed to be applicable as per Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other recognized accounting practices and policies generally accepted in India including the requirements of the Act ("Indian GAAP"). The financial statements have been prepared on accrual basis. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Holding Company's separate financial statements.

#### b. Principles of consolidation

Investment in subsidiaries in the consolidated financial statements are accounted in accordance with accounting principles as defined in the AS 21 "Consolidated financial statements" notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 (as amended). The consolidated financial statements are prepared on the following basis:

- i. Financial statements of subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits or losses.
- ii. The difference between the cost to the Group of investments in subsidiaries and the proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Any gain/loss arising upon acquiring additional stake in subsidiary from parties outside the group is accounted for as goodwill/ capital reserve. Similarly, any gain/loss arising upon dilution of stake in subsidiary in favor of parties outside the group is recorded in capital reserve.
- iii. Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Holding Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Holding Company.
- iv. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's stand-alone financial statements.
- v. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company i.e. year ended 31 March 2017.

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

- vi. As per Accounting Standard 21, only those notes which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

The consolidated financial statements as at and for the year ended 31 March 2017 include the financial statements of the following entities:

Name of the consolidated entities	Country of incorporation	Nature of interest	% of holding 31 March 2017
Sandor Dialysis Services Bangladesh Private Limited (SDSBPL)	Bangladesh	Subsidiary	99.99%
Sandor Medicaids (Bangladesh) Private Limited (SMBPL)	Bangladesh	Subsidiary	90%
Sandor Tescon Aqua Private Limited (STAPL)	India	Subsidiary	51%

**c. Use of estimates**

The preparation of the consolidated financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Examples of such estimates include provision for doubtful receivables, classification of assets and liabilities into current and non-current, future obligations under employee benefit plans, income taxes, deferred taxes and the useful lives of fixed assets, etc.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**d. Significant accounting policies****i. Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price, freight, non-refundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.

**ii. Depreciation**

Depreciation on fixed assets is provided on written down value method over the useful lives of assets prescribed under Schedule II of the Act. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation and depreciated over their remaining useful life, as prescribed in Schedule II of the Act. Leasehold improvements are depreciated over the term of lease.

**iii. Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognized if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash

**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**iv. Revenue recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the collectability is reasonably assured.

**Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

**Sale of services**

Service income is recognised based on the terms of the agreement with the respective customers.

**Rental income**

Rental income is recognised based on time proportionate basis.

**Interest Income**

Interest income is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

**v. Taxes**

Tax expense comprises of current and deferred tax.

**Current tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws of the respective countries.

**Deferred tax**

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**vi. Earnings per equity share**

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**vii. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**viii. Leases**

Leases where the lessor effectively retains all risk and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the Consolidated Statement of profit and loss on a straight line basis over the lease term.

**ix. Inventories**

Stock-in-trade is valued at lower of cost and net realizable value. Costs include purchase price and other direct expenses incurred to bring inventories to its present condition and location. Selling price in the ordinary course of business reduced by the estimated costs of completion and costs to affect the sale. Cost is determined on weighted average cost basis.

**x. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investment. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**xi. Employee benefits****Provident Fund**

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Consolidated Statement of profit and loss of the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective authorities.

**Gratuity**

Gratuity is a post-employment defined benefit obligation. The liability recognized in the Consolidated Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, together with adjustments for past service costs. An independent actuary using the projected unit credit method calculates the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Consolidated Statement of profit and loss in the period in which such gains or losses arises and are not deferred.

**xii. Foreign currency transactions****Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency existing as at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the exchange rate as of reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**Exchange differences**

Exchange differences arising on the settlement of foreign currency monetary items or on reporting monetary items of the Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**xiii. Foreign currency translation**

Exchange difference relating to integral foreign operations is recognized in the Consolidated Statement of profit and loss. A foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. In accordance with the accounting principles prescribed under Accounting Standards 11 'The Effects of Changes in Foreign Exchange Rates' as notified by the Rules, the Group has designated its foreign operations, as 'integral foreign operation'. The Company among other things considers below mentioned factors for determining whether foreign operations are integral or non-integral:

- a. Whether the activities of the foreign operation are carried out with a significant degree of autonomy from those of the Holding Company;
- b. Whether the activities of the foreign operation are financed mainly from its own operations or local borrowings rather than from the Holding Company;
- c. Whether costs of labour, material and other components of the foreign operation's products or services are primarily paid or settled in the local currency rather than the reporting currency; and
- d. Whether cash flows of the Holding Company are insulated from the day-to-day activities of the foreign operation rather than being directly affected by the activities of the foreign operation.

**xiv. Provisions and contingent liabilities**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**3 Share capital**

	31 March 2017	
	Number	Amount
<b>Authorized</b>		
Equity shares of ₹10 each	12,497,519	124,975,190
Compulsorily Convertible Preference Shares (CCPS) of ₹426 each	587,345	250,208,970
	<u>13,084,864</u>	<u>375,184,160</u>
<b>Issued, subscribed and fully paid-up</b>		
Equity shares of ₹10 each, fully paid-up	2,193,348	21,933,480
	<u>2,193,348</u>	<u>21,933,480</u>

**(a) Reconciliation of share capital****Equity shares of ₹10 each, fully paid-up**

	31 March 2017	
	Number	Amount
Shares outstanding at the beginning of the year	1,153,375	11,533,750
Add: Shares issued during the year	1,039,973	10,399,730
Shares outstanding at the end of the year	<u>2,193,348</u>	<u>21,933,480</u>

**CCPS of ₹202.50 each, fully paid-up**

	31 March 2017	
	Number	Amount
Shares outstanding at the beginning of the year	518,395	104,974,988
Less: Shares converted into equity shares during the year	(518,395)	(104,974,988)
Shares outstanding at the end of the year	<u>-</u>	<u>-</u>

**CCPS of ₹426 each, fully paid-up**

	31 March 2017	
	Number	Amount
Shares outstanding at the beginning of the year	587,344	118,937,160
Less: Shares converted into equity shares during the year	(587,344)	(118,937,160)
Shares outstanding at the end of the year	<u>-</u>	<u>-</u>

During the year, all the outstanding CCPS were converted into equity shares in accordance with the terms and conditions of the respective share purchase agreements.

- (b) The Company has only one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, if any, in proportion to their shareholding.

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## Sandor Medicaids Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 3 Share capital

## (c) Shareholders holding more than five percent of paid-up equity share capital

	31 March 2017	
	Number	% holding
Equity share of ₹10 each		
Rajeev Sindhi	843,918	38.48%
Sandor Life Sciences Private Limited	617,489	28.15%
India Life Sciences Fund II, LLC	521,678	23.78%

## 4 Reserves and surplus

	31 March 2017
Capital redemption reserve	72,039
Securities premium account	
Balance at the beginning of the year	10,307,680
Add: Received during the year	344,783,802
Balance at the end of the year	355,091,482
Debt redemption reserve	3,507,220
Surplus in Consolidated Statement of profit and loss	
Opening balance	184,325,680
Add: Profit for the year	61,749,217
Less: Transferred to Debt redemption reserve	(3,507,220)
Balance at the end of the year	242,567,677
	601,238,418

## 5 Long-term borrowings

	31 March 2017
Unsecured	
- Non-Convertible Redeemable Debentures ("NCDs")	67,000,000
Term loans	
- from banks	5,460,249
- from others	103,174,099
Secured	
Term loans	
- from banks	327,930
- from others	87,797,666
	263,759,944
Less: Current maturities of long-term borrowings (refer note 10)	83,079,557
	180,680,387

- (a) The Holding Company has allotted 670 NCDs of face value of ₹1,00,000 each fully paid-up on 10 August 2016. NCDs carry interest rate of 16.43% per annum. The interest is payable on quarterly basis as per dates specified in the trust deed. The debentures are redeemable at par in single instalment on 24 August 2019.

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## Sandor Medicaids Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 5(b) Terms and conditions of term loans from banks and financial institutions

S. No.	Name of bank/financial institution	Outstanding balance as on	Interest rate p.a.	Balance outstanding repayment terms	Type of security
		31 March 2017	(%)		
1	Capital First Limited	2,050,551	19%	Repayable over 8 months in equated monthly instalments	Unsecured term loan
2	HDFC Bank	598,257	17.25%	Repayable over 5 months in equated monthly instalments	Unsecured term loan
3	Jain Sons Finance Limited	74,939,494	18.26%-19.25%	Repayable over 5 to 34 months	- Unsecured loan - Personal guarantee by Mr. Rajeev Sindhi and Mr. K.V.M. Reddy
4	Tata Capital Financial Services Limited	16,233,800	Floating rate currently at 14.5%	Repayable over 1 to 12 months in equated monthly instalments	- First and exclusive charge by way of hypothecation on un-encumbered movable fixed assets of corporate guarantor M/s. Sandor Life Sciences Private Limited with a value of ₹180 lakhs - First and exclusive charge by way of hypothecation on un-encumbered movable fixed assets with a book value of ₹355.90 lakhs. - Extension of cash collateral for ₹30 lakhs by way of security deposit for the tenor of the loan - Unconditional and irrevocable corporate guarantee by M/s. Sandor Life Sciences Private Limited - Unconditional and irrevocable personal guarantee by Mr. Rajeev Sindhi
5	Magma Fincorp Limited	2,520,719	20.25%	Repayable over 7 months in equated monthly instalments	- Unsecured loan - Personal guarantee by Mr. Rajeev Sindhi and Mr. K.V.M. Reddy
6	Edelweiss Retail Finance Limited	1,469,589	19%	Repayable over 11 months in equated monthly instalments	- Unsecured loan - Personal guarantee by Mr. Rajeev Sindhi and Mr. K.V.M. Reddy
7	MAS Financial Services Limited	11,700,226	17.50%	Repayable over 13 months in equated monthly instalments	- Unsecured loan - Personal guarantee by Mr. Rajeev Sindhi and Mr. K.V.M. Reddy
8	Reliance Capital	9,804,839	16%	Repayable over 5 to 22 months	Hypothecation of medical equipment
9	Kotak Mahindra Bank	3,895,412	18.39%	Repayable over 21 months in equated monthly instalments	Unsecured term loan
10	Aditya Birla Finance Limited	7,500,000	15.75%	Repayable over 36 months in equated monthly instalments	Unsecured term loan
11	Religare Finvest Limited	2,993,521	19.52%	Repayable over 19 months in equated monthly instalments	Unsecured term loan

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Sandor Medicaids Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 5(b) Terms and conditions of term loans from banks and financial institutions (continued)

S. No.	Name of bank/financial institution	Outstanding balance as on	Interest rate p.a.	Balance outstanding repayment terms	Type of security
		31 March 2017	(%)		
12	Ratnakar Bank	966,579	19%	Repayable over 8 months in equated monthly instalments	Unsecured term loan
13	ICICI Bank	327,930	11.51%	Repayable over 27 months in equated monthly instalments	Hypothecation of vehicle
14	State Bank of India	-	13.55%	-	-Secured by way of first charge on all current assets of the Holding Company and personal guarantees of certain directors and shareholders. Further, the loan is secured by way of collateral security of the building and land of the Holding Company. Further, this loan is secured by collateral assets of the Managing Director and certain shareholders.
15	Infrastructure Development Company Limited	61,759,028	9%	Repayable in 24 equal quarterly instalments	-Lien on all shares of the Company -First ranking charge over all the plant and machinery, equipment and other fixed assets, project movable assets, book debts, receivables, stocks, inventories, project accounts, immovable properties, guarantees, performance bonds, letters of credit and insurance policies of the Subsidiary -Personal guarantee by certain directors of the Subsidiary -Contingent equity guarantee/letter of credit/irrevocable bank guarantee from a bank for an amount of atleast 0.5% of the total estimated project cost for funding any cost overrun.
		196,759,945			

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**6 Other long-term liabilities****31 March 2017**

Security deposit

2,801,375

2,801,375

**7 Provisions****31 March 2017****Long-term provisions**

Provision for gratuity (refer note 25)

3,676,399

3,676,399

**Short-term provisions**

Provision for income tax

19,209,221

Provision for gratuity (refer note 25)

557,265

Others

280,402

20,046,888

**8 Short-term borrowings****31 March 2017****Loans repayable on demand (secured)**

from bank

332,768,610

332,768,610

Cash credit facility is secured by way of first charge on all current assets of the Company and personal guarantees of certain directors and shareholders. Further, the loan is secured by way of collateral security of the building and land of the Company. Further, this loan is secured by collateral assets of the Managing Director and certain shareholders. These loans carry an interest rate of 12.45 % p.a.

**9 Trade Payables**

Based on the information available with the Company, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March 2017.

**10 Other current liabilities****31 March 2017**

Current maturities of long term borrowings (refer note 5)

83,079,557

Interest accrued but not due

5,001,298

Interest accrued and due

4,038,045

Creditors for capital goods

36,556,019

Creditors for expenses

4,644,853

Advances received from customers

6,683,147

Statutory liabilities

11,429,508

Other liabilities

21,500,585

172,933,012

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**Sandor Medicaids Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**11 Tangible fixed assets**

	Land	Leaschold improvements	Office Building	Plant & Machinery	Computers fixtures	Furniture & Vehicles fixtures	Electrical installation and equipments	Computer and software	Office Equipment	Total
As at 31 March 2016	58,613,557	1,169,590	78,345,260	56,026,095	6,451,532	5,445,828	6,598,419	3,498,926	1,578,832	231,497,316
Additions	-	-	19,933,270	164,509,246	1,835,501	4,991,131	499,565	317,913	3,768,666	196,001,492
Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	58,613,557	1,169,590	98,278,530	220,535,341	8,287,033	10,436,959	7,097,984	3,816,839	5,347,498	427,498,808
Accumulated depreciation										
Up to 31 March 2016	-	345,348	13,431,727	16,819,434	5,456,829	3,024,081	6,337,650	2,262,384	993,789	52,975,112
Charge for the year	-	95,569	(1,835,440)	20,105,706	1,613,230	1,064,777	138,237	501,296	961,099	27,354,161
Adjustments	-	-	-	-	-	-	-	-	-	-
Up to 31 March 2017	-	440,917	11,596,287	36,925,140	7,070,059	4,088,858	6,475,887	2,763,680	1,954,888	80,329,273
Net block										
As at 31 March 2017	58,613,557	728,673	86,682,243	183,610,201	1,216,974	6,348,101	622,097	4,901,920	3,392,610	347,169,535

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**12 Non-current investments**

	<u>31 March 2017</u>
<b>Trade, unquoted, fully paid-up (at cost)</b>	
<b>Investment in others</b>	
6,000 (31 March 2016: Nil) equity shares of ₹10 each, fully paid-up in Sandor Orthopedics Private Limited	60,000
<b>Total</b>	<u>60,000</u>
<b>Share application money pending allotment</b>	
Sandor Orthopedics Private Limited	8,041,145
Vphore Labs Private Limited	5,687,525
My Health Records	250,000
ARM Infosoft Private Limited	50,000
<b>Total</b>	<u>14,028,670</u>
	<u>14,088,670</u>
<b>Aggregate amount of unquoted investments</b>	60,000

**13 Deferred tax asset (net)**

	<u>31 March 2017</u>
On account of:	
Depreciation	68,946
Employee benefit expense	1,744,776
	<u>1,813,722</u>

**14 Loans and advances****(Unsecured, considered good)**

	<u>31 March 2017</u>
<b>Long-term</b>	
Security deposits*	17,432,272
Advances receivable in cash or kind or value to be received**	168,485,113
Capital advances	17,386,101
Prepaid expenses	1,510,960
	<u>204,814,446</u>
<b>Short-term</b>	
Advances recoverable in cash or in kind or value to be received	64,105,096
Staff advances	9,125,130
Balance with government authorities	21,354,565
Prepaid expenses	3,337,954
	<u>97,922,745</u>

\* As at 31 March 2017, certain loans and advances aggregating to ₹5,638,771 are overdue from certain parties and under reconciliation by the Management. The Management is of the opinion that the aforesaid amounts are realisable in due course and hence no adjustment has been made in the books.

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

\*\* As at 31 March 2017, an advance of ₹142,023,411 is overdue from a related party. The Management is of the opinion that the aforesaid amount is realisable in due course and hence no adjustment has been made in the books.

**15 Inventories**

	<u>31 March 2017</u>
Finished goods (at cost)	598,553,824
Goods in transit	53,186,898
	<u>651,740,722</u>

**16 Trade receivables****(Unsecured)**

	<u>31 March 2017</u>
Amount due for a period exceeding six months	
- Considered good	66,721,347
- Considered doubtful	1,878,692
Less: Provision for doubtful debts	<u>(1,878,692)</u>
	66,721,347
Other receivables	
- Considered good	423,279,646
	<u>423,279,646</u>
	<u>490,000,993</u>

As at 31 March 2017, trade receivables aggregating to ₹79,251,562 are overdue from certain parties. The management is of an opinion that the aforesaid amounts are realisable in due course and hence no adjustment has been made in the books.

**17 Cash and bank balances**

	<u>31 March 2017</u>
<b>Cash and cash equivalents</b>	
Cash on hand	5,007,673
Balances with banks in current accounts	4,905,050
	<u>9,912,723</u>
<b>Other bank balances</b>	
Fixed deposits with maturity of more than 3 months but less than 12 months	26,056,089
	<u>35,968,812</u>

**18 Revenue from operations**

	<u>31 March 2017</u>
Sale of products	1,685,230,062
Sale of services	75,441,282
	<u>1,760,671,344</u>



**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**19 Other income**

	<u>31 March 2017</u>
Interest on deposits	2,390,622
Rental income	6,020,030
Exchange fluctuations (net)	6,880,309
Miscellaneous income	5,162,700
	<u>20,453,661</u>

**20 Changes in inventories of stock-in-trade**

	<u>31 March 2017</u>
Inventories at the beginning of the year	633,403,721
Inventories at the end of the year	598,553,824
Add: Inventory written-off	16,083,598
	<u>18,766,299</u>

**21 Employee benefits expense**

	<u>31 March 2017</u>
Salaries and wages	108,376,067
Gratuity	2,942,288
Contribution to provident and other funds	3,033,786
Directors remuneration	8,880,000
Staff welfare expenses	775,418
	<u>124,007,559</u>

**22 Finance costs**

	<u>31 March 2017</u>
Interest expense	70,429,551
Other borrowing costs	4,007,832
Bank charges	3,337,541
	<u>77,774,924</u>

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**23 Other expenses**

	<u>31 March 2017</u>
Power and fuel	4,841,148
Rent	11,043,761
Repairs and maintenance	
- Building	1,499,162
- Others	4,244,290
Legal and professional charges	20,163,962
Rates and taxes	3,735,513
Travelling and conveyance	16,333,315
Communication	4,107,417
Remuneration to auditors	
- Audit fee	856,352
Printing and stationery	1,346,010
Courier and cargo charges	9,642,392
Bad debts	12,433,649
Provision for doubtful debts	1,878,692
Octroi charges	1,519,758
Lodging and boarding	4,905,995
Clearing and forwarding	11,272,254
Consumables and accessories	2,845,710
Business promotion	14,037,885
Selling and distribution expenses	7,407,440
Corporate social responsibility expenses	2,000,000
Inventory written-off	16,083,598
Miscellaneous expenses	14,874,736
	<u>167,073,039</u>

**24 Related party disclosures****(a) Names of the related parties and description of relationship****Name of the related party**

Mr. Rajeev Sindhi

Mrs. Gunjan Sindhi

Sandor Life Sciences Private Limited  
 Sandor Orthopedics Private Limited  
 Sandor Animal Biogenics Private Limited  
 Sandor Stones Private Limited  
 Sandor Nephro Services Private Limited  
 ARM Infosoft Private Limited

Sun Archean Abrasives  
 Sandor Associates  
 Harmonica Healthcare

**Nature of relationship**

Key Managerial Personnel (KMP)

Relative of KMP

} Enterprises over which KMP has a  
 significant influence

} Enterprises over which relatives of  
 KMP have a significant influence

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**(b) Transactions with related parties****31 March 2017****Sandor Orthopedics Private Limited**

- Rental income	88,800
- Purchase of goods	49,444,508
- Reimbursement of expenses incurred by the Company	8,483,249

**Rajeev Sindhi**

- Remuneration	6,000,000
- Loan received	195,995,290
- Loan repaid	196,527,116
- Expenses incurred on behalf of the Company	6,609

**Gunjan Sindhi**

- Remuneration	1,200,000
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**Sandor Life Sciences Private Limited**

- Rental income	5,155,180
- Reimbursement of expenses incurred by the Company	14,862,904
- Sale of services (diagnostic testing)	9,486,901
- Purchase of services (testing services)	928,580
- Revenue collected on behalf of the Company	2,733,972
- Advances given	60,625,693
- Advances recovered	42,348,320
- Sale of investments	123,245,100

**Sandor Animal Biogenics Private Limited**

- Rental income	80,554
- Purchase of goods	17,496,357
- Reimbursement of expenses incurred by the Company	2,689,044

**Sandor Stones Private Limited**

- Rental income	80,554
- Reimbursement of expenses incurred by the Company	120,981

**Sandor Nephro Services Private Limited**

- Rental income	878,724
- Advances given	26,048,432
- Advances recovered	4,304,721
- Reimbursement of expenses incurred by the Company	3,413,756
- Sale of goods	5,067,527
- Collections on behalf of the company	18,094,867

**Sun Archean Abrasives**

- Rental income	161,100
- Advances given	23,600,000
- Advances recovered	23,600,000

**Sandor Associates**

- Rental income	80,554
- Reimbursement of expenses incurred by the Company	4,500
- Advances given	3,112,068
- Advances recovered	3,112,068

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**Harmonica Healthcare**

- Rental income	149,237
- Advance given	319,376,851
- Advance recovered	283,040,740

**(c) Balances receivable\*/(payable)**

	31 March 2017
Sandor Orthopedics Private Limited	(27,823,604)
Mr. Rajceev Sindhi	64,534
Sandor Life Sciences Private Limited	56,385,767
Sandor Animal Biogenics Private Limited	(434,852)
Sandor Stones Private Limited	3,618
Sandor Nephro Services Private Limited	6,466,039
ARM Infosoft Private Limited	6,855,460
Sun Archean Abrasives	161,100
Harmonica Healthcare	142,276,055

\* Excluding share application money

Refer note 5(b) for guarantees provided by related parties

**25 Gratuity**

The Company has a funded defined benefit gratuity plan. Every employee who has completed service of five years or more is entitled for gratuity on departure, at 15 days last drawn salary for each completed year of service. The following table summarises details of expense and amount recognised in the Consolidated Balance Sheet.

**(a) Consolidated Statement of profit and loss**

	31 March 2017
Current service cost	1,036,570
Interest cost on benefit obligation	216,600
Expected return on plan assets	(22,231)
Net actuarial loss recognized during the year	1,711,349
Total included in employee benefit expense.	2,942,288

**Reconciliation of present value of defined benefit obligation and the fair value of plan assets**

	31 March 2017
Present value of defined benefit obligation at the end of the year	5,503,952
Fair value of assets at the end of the year	(1,270,288)
Net liability recognised in the consolidated balance sheet	4,233,664

**Changes in present value of defined obligations**

	31 March 2017
Opening present value of defined obligations	2,850,000
Interest cost	216,600
Current service cost	1,036,570
Benefit paid	(348,143)
Actuarial loss on obligations	1,748,925
Closing present value of defined obligations	5,503,952

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**Changes in fair value of plan assets**

	<u>31 March 2017</u>
Opening fair value of plan assets	302,458
Expected return on plan assets	22,231
Employer's contributions	1,256,166
Benefits paid	(348,143)
Actuarial gain	37,576
Closing fair value of plan assets	<u>1,270,288</u>

**Fair value of plan assets**

	<u>31 March 2017</u>
Opening fair value of plan assets	302,458
Actual return on plan assets	59,807
Employer's contributions	1,256,166
Benefits paid	(348,143)
Fair value of plan assets at the end of the year	<u>1,270,288</u>

- (b) **The principal actuarial assumptions used in determining the gratuity obligation for the Holding Company's plans are shown below:**

	<u>31 March 2017</u>
Discount rate	7.00%
Salary escalation rate	3.00%
Attrition rate	3.00%
Expected future service	<u>25.22 years</u>

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

**26 Earnings per equity share ('EPES')**

- (a) **Computation of profit for the year**

	<u>31 March 2017</u>
Profit for the year	61,749,217
Add/(less): Dilutive impact on earnings	-
Profit attributable to equity shareholders for computation of basic and dilutive EPES	<u>61,749,217</u>

- (b) **Number of equity shares**

	<u>31 March 2017</u>
Weighted average number of shares considered for computation of basic EPES	1,633,606
Add: Dilutive impact on account of CCPS	559,742
Weighted average number of shares considered for computation of diluted EPES	<u>2,193,348</u>

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**Sandor Medicaids Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**27 Unhedged foreign currency exposure****31 March 2017**

Trade payables

**121,201,529**

28 The Group's significant leasing arrangements are in respect of cancellable operating leases for premises. Rental expense under those leases is ₹11,043,761.

**29 Contingent liabilities and commitments****31 March 2017**

- (a) During the year the Holding Company has received an income tax demand for the year 2013-14 arising on account of adjustments made towards certain expenses. The Management is contesting the aforesaid demand and based on its assessment believes that the matter will be decided in favour of the Holding Company **31,108,266**
- (b) Future commitments for investments **76,151,330**

**30 Disclosure on Specified Bank Notes (SBNs)**

During the year, the Holding Company had transactions in specified bank notes and other denomination notes. Transactions during the period from 8 November 2016 to 30 December 2016 as are given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	32,600,000	24,995	32,624,995
(+) Permitted receipts	-	6,169,604	6,169,604
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	32,600,000	2,252,398	34,852,398
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>3,942,201</b>	<b>3,942,201</b>

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

**31 Segment reporting**

Based on the Group's business model and considering the internal financial reporting to the management, the management has identified 'Health care products and services' as the only reportable segment. Hence, no separate financial disclosures have been provided for segment reporting.

32 Exceptional item includes an amount of ₹105,645,100, being gain on sale of investment in Sandor Nephro Services Private Limited to Sandor Life Sciences Private Limited.

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## Sandor Medicals Private Limited

## Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

## 33. Summary of net assets and profit and loss

	Net assets (Total assets - Total liabilities) as at 31 March 2017		Share in profit or loss for the year ended 31 March 2017	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent:				
SMPL	109.73%	684,738,177	158.46%	122,548,220
Subsidiaries				
Indian				
STAPL	1.46%	9,110,637	2.32%	1,430,782
Bangladesh				
SDSBPL	4.16%	25,938,752	85.79%	(52,975,660)
SMBPL	0.01%	70,245	0.01%	7,524
Minority interests in all subsidiaries	-1.13%	(814,303)	-1.14%	(701,083)
Total	115.23%	719,013,711	113.86%	70,309,784
Consolidation adjustments	-15.23%	(85,027,513)	-13.86%	(8,560,557)
Net amount	100%	623,986,198	100%	61,749,217

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

*Walker Chandok & Co LLP*  
For Walker Chandok & Co LLP  
Chartered Accountants

*Nikhil Vaid*  
per Nikhil Vaid  
Partner

For and on behalf of the Board of Directors of  
Sandor Medicals Private Limited

*Rajeev Sindhi*  
Rajeev Sindhi  
Managing Director  
DIN: 00184701

*Ramakanta Tripathy*  
Ramakanta Tripathy  
Chief Financial Officer

*K.V. Muralidhar Reddy*  
K.V. Muralidhar Reddy  
Director  
DIN: 01881021

*J.R. Nagajayanthi*  
J.R. Nagajayanthi  
Company Secretary

Place: Hyderabad  
Date: 10 August 2017

Place: Hyderabad  
Date: 10 August 2017

**ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING**

(To be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of M/s. Sandor Medicaids Private Limited.

I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting of the shareholders of M/s. Sandor Medicaids Private Limited on Monday the 18<sup>th</sup> Day of September, 2017 at 09.30 AM at its registered office situated at # 8-2-326/5, 4<sup>th</sup> Floor, Road No. 3, Banjara Hills, Hyderabad 500034.

DP ID*	Reg. folio no.
Client ID*	No of shares

\*Applicable if shares are held in electronic form

Name and Address of Member:

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Signature of Shareholder/ Proxy/  
Representative (Please Specify)

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

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

CIN	U51101TG1995PTC021906		
Name of the Company	SANDOR MEDICAIDS PRIVATE LIMITED		
Registered Office	# 8-2-326/5, 4th Floor, Plot No. 1 Road No.3, Banjara Hills Hyderabad Hyderabad TG 500034 IN		
Name of the Member			
Registered Address			
Email ID			
Folio No/ Client ID		DP ID.:	

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1	Name:		
	Address		
	Email ID	Signature	
	Or failing him		
2	Name:		
	Address		
	Email ID	Signature	
	Or failing him		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22<sup>nd</sup> Annual general meeting of the company, to be held on the Monday the 18<sup>th</sup> Day of September, 2017 at 09.30 AM at its registered office situated at # 8-2-326/5, 4<sup>th</sup> Floor, Road No. 3, Banjara Hills, Hyderabad 500034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No	Resolutions	For	Against
1	Consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and the Auditors thereon;		
2	Consider and adopt the Consolidated audited financial statements of the Company for the financial year ended March 31, 2017 and the Report of the Auditors thereon;		
3	Appointment of statutory auditor and fix their remuneration for the financial year 2016 - 2017		
4	Appointment of M/s K. N. Murthy & Co. (FRN: 006823S), Chartered Accountants, Hyderabad as the joint statutory auditor:		
5	Approval for Material Related Party Transactions		

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

Affix  
Revenue  
Stamp

Signature of shareholder:

Signature of Proxy holder(s):

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Address:  
SANDOR MEDICAIDS PRIVATE LIMITED  
# 8-2-326/5, 4th Floor, Plot No. 1 Road No.3, Banjara Hills  
Hyderabad Hyderabad Telangana, India 500034

*Source: Google Map*

**If Undelivered Please return to:**

**SANDOR MEDICAIDS PRIVATE LIMITED**

Regd. Office: # 8-2-326/5, 4th Floor, Plot No. 1,  
Road No.3, Banjara Hills,Hyderabad,  
Telangana, India - 500034