

6-3-550. II Floor  
L.B. Bhavan  
Somajiguda  
Hyderabad - 500 082.

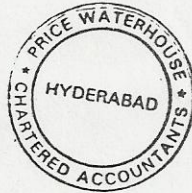
Telephone 91 (40) 23301364/65  
91 (40) 55511011/12/13  
Facsimile 91 (40) 23326117

## *Price Waterhouse*

### Certificate to Form FC-3 under The Foreign Contribution (Regulation) Act, 1976

We have audited the accounts of Hrudaya Cure a Little Heart Foundation, H.No: 8-2-626/F/2, Kamal Arcade, 1<sup>st</sup> Floor, Road No: 11, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh for the year ended March 31, 2006 and examined all relevant books and vouchers and certify that according to the audited accounts:

- (i) the brought forward foreign contribution at the beginning of the year April 13, 2005 was Rs.Nil
- (ii) foreign contribution of worth Rs.10,36,695 was received by the Association during the year 2005-06
- (iii) the balance of unutilised foreign contribution with the Association at the end of the year 2005-06 was Rs.569,710
- (iv) Certified that the Association has maintained the accounts of foreign contribution and records relating thereto in the manner specified in section 13 of the Foreign Contribution (Regulation) Act, 1976 read with sub-rule (1) of rule 8 of the Foreign Contribution (Regulation) Rules, 1976.
- (v) The information furnished in this certificate and in the enclosed Balance Sheet and Statement of Receipt and Payment is correct as checked by us.



For Price Waterhouse  
Chartered Accountants

A handwritten signature in black ink, appearing to read "S. Gopalakrishnan".

S.Gopalakrishnan  
Partner

Membership No:18863

Place: Hyderabad

Date : September 11, 2006

# *Price Waterhouse*

## AUDITORS' REPORT

We have audited the attached Balance Sheet of “Hrudaya Cure A Little Heart Foundation” (the ‘Trust’) as at March 31, 2006 and the Income and Expenditure Account for the period April 13, 2005 to March 31, 2006, which are in agreement with the books of account maintained by the Trust. These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

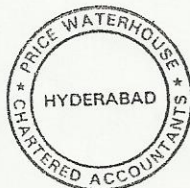
We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

In our opinion, the Trust has kept proper books of account so far as appears from our examination of those books.

To the best of our information and according to the explanations given to us, the said accounts give a true and fair view:

- i. In the case of Balance Sheet, of the state of affairs of the Trust as at March 31, 2006; and
- ii. In case of Income and Expenditure Account, of the excess of Income over Expenditure for the period April 13, 2005 to March 31, 2006.

For Price Waterhouse  
Chartered Accountants



A handwritten signature in black ink, appearing to read "S. Gopalakrishnan".

(S.Gopalakrishnan)

Partner

Membership No: 18863

Place: Hyderabad

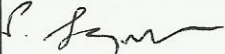
Date: 11.09.2006

Hrudaya Cure A Little Heart Foundation  
Balance Sheet as at March 31, 2006

| Particulars                              | Schedule Reference | 2006      |                |
|--|--------------------|-----------|----------------|
|  |                    | Rs.       | Rs.            |
| <b>I. SOURCES OF FUNDS:</b>              |                    |           |                |
| 1. Capital Fund                          | I                  |           | 1,116          |
| 2. Surplus of Income Over Expenditure    | II                 |           | 929,749        |
|  |                    |           | <b>930,865</b> |
| <b>II. APPLICATION OF FUNDS:</b>         |                    |           |                |
| 2. Fixed Assets                          | III                |           |                |
| (a) Gross Block                          |                    | 93,688    |                |
| (b) Less: Depreciation                   |                    | 47,963    |                |
| (c) Net Block                            |                    | 45,725    | 45,725         |
| 3. Investments                           | IV                 |           | 1,300,000      |
| 4. Current Assets, Loans and Advances    |                    |           |                |
| (a) Cash and Bank Balances               | V                  | 956,439   |                |
| (b) Loans and Advances                   | VI                 | 41,783    |                |
| (c) Interest Accrued                     |                    | 20,980    |                |
|  |                    | 1,019,202 |                |
| Less: Current Liabilities and Provisions | VII                | 1,434,062 |                |
| Net Current Assets                       |                    |           | (414,860)      |
|  |                    |           | <b>930,865</b> |
| Notes to Accounts                        | XI                 |           |                |


The schedules referred above form an integral part of Balance Sheet

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

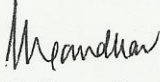
  
**S. Gopalakrishnan**  
Partner  
for and on Behalf of  
**Price Waterhouse**  
Chartered Accountants



For Hrudaya Cure A Little Heart Foundation



(Dr. Gopichand Mannam)  
Managing Trustee



(M. Yugandhar)  
Trustee

Place: Hyderabad  
Date : 11.09.2006

**Hrudaya Cure A Little Heart Foundation**

**Income and Expenditure Account for the period April 13, 2005 to March 31, 2006**

| Particulars                                    | Schedule Reference | 2006             |
|--|--------------------|------------------|
|  |                    | Rs.              |
| <b>I. Income</b>                               |                    |                  |
| Donations Received                             |                    | 3,324,708        |
| Other Income                                   | VIII               | 148,216          |
|  |                    | <b>3,472,924</b> |
| <b>II. Expenditure</b>                         |                    |                  |
| Expenditure for Heart Surgery                  |                    | 1,707,860        |
| Payments and Benefits to Employees             | IX                 | 273,774          |
| Administration and Other Expenses              | X                  | 513,578          |
| Depreciation                                   |                    | 47,963           |
|  |                    | <b>2,543,175</b> |
| <b>III. Surplus of Income Over Expenditure</b> |                    | 929,749          |
| <b>Surplus carried to Balance Sheet</b>        |                    | <b>929,749</b>   |
| Notes to Accounts                              | XI                 |                  |

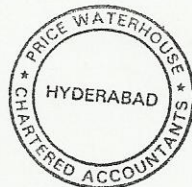
The schedules referred to above form an integral part of Income and Expenditure Account

This is the Income and Expenditure Account referred to in our report of even date.

For Hrudaya Cure A Little Heart Foundation

*S. Gopalakrishnan*

**S. Gopalakrishnan**  
Partner  
for and on Behalf of  
**Price Waterhouse**  
Chartered Accountants



*(Dr. Gopichand Mannam)*

(Dr. Gopichand Mannam)  
Managing Trustee

*(M. Yugandhar)*

(M. Yugandhar)  
Trustee

Place : Hyderabad

Date : 11.09.2006

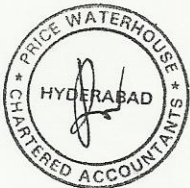
Hrudaya Cure A Little Heart Foundation  
Schedules to Balance Sheet as at March 31,2006

| Particulars                                    | 2006    |                  |
|--|---------|------------------|
|  | Rs.     | Rs.              |
| <b>I. Capital Fund</b>                         |         |                  |
| Opening Balance                                | -       |                  |
| Add: Additions during the year                 | 1,116   | 1,116            |
|  |         | <b>1,116</b>     |
| <b>II. Surplus of Income Over Expenditure</b>  |         |                  |
| Opening Balance                                | -       |                  |
| Add: Additions during the year                 | 929,749 | 929,749          |
|  |         | <b>929,749</b>   |
| <b>IV. Investment</b>                          |         |                  |
| Deposits with Andhra Bank                      |         | 1,300,000        |
|  |         | <b>1,300,000</b> |
| <b>V. Cash and Bank</b>                        |         |                  |
| Cash in Hand                                   |         | 2,622            |
| With Scheduled Banks:                          |         |                  |
| On Current Accounts                            |         | 569,710          |
| On Savings Accounts                            |         | 384,107          |
|  |         | <b>956,439</b>   |
| <b>VI. Loans and Advances</b>                  |         |                  |
| Deposits                                       |         | 39,400           |
| Tax Deducted at Source Receivable              |         | 2,383            |
|  |         | <b>41,783</b>    |
| <b>VII. Current Liabilities and Provisions</b> |         |                  |
| Payable to Quality Care India Limited          |         | 1,395,685        |
| Provision for Expenses                         |         | 38,377           |
|  |         | <b>1,434,062</b> |



Hrudaya Cure A Little Heart Foundation  
Schedules to Income and Expenditure Account for the period  
April 13, 2005 to March 31,2006

| Particulars  | 2006           |
|--|----------------|
|  | Rs.            |
| <b>VIII. Other Income</b>                                    |                |
| Service Charges Received                                     | 120,000        |
| Interest on Bank Deposit (Tax Deducted at Source - Rs.2,383) | 28,216         |
|  | <b>148,216</b> |
| <b>IX. Payment and Benefits to Employees</b>                 |                |
| Salaries   | 272,697        |
| Staff Welfare Expenses                                       | 1,077          |
|  | <b>273,774</b> |
| <b>X. Administrative And Other Expenses</b>                  |                |
| Repairs and Maintenance                                      | 15,276         |
| Bank Charges   | 3,571          |
| Printing and Stationery                                      | 47,526         |
| Telephone and Postage  | 28,516         |
| Travelling and Conveyance                                    | 272,422        |
| Rates and Taxes  | 540            |
| Rent Paid  | 88,000         |
| Electricity Charges  | 2,628          |
| Office Maintenance   | 18,620         |
| Website expenses   | 10,510         |
| Miscellaneous Expenditure                                    | 25,969         |
|  | <b>513,578</b> |



**Hrudaya Cure A Little Heart Foundation**  
**Schedules to Balance Sheet and Profit and Loss Account**

**XI. NOTES TO ACCOUNTS**

**1. Organisation**

Hrudaya Cure A Little Heart Foundation was incorporated on April 13, 2005 as a trust. Approval towards registration U/s.12AA of the Income Tax Act,1961 was received from the Director of Income Tax (Exemptions), Hyderabad vide their order dated September 21, 2005.

The financial statements are prepared from April 13, 2005 to March 31, 2006. This being first financial year of the Trust, disclosure of the comparative figures is not applicable.

**2. Significant Accounting Policies**

**Basis of preparation of Financial Statements**

These accounts have been prepared as per the generally accepted accounting principles, under the historical cost convention on the basis of a going concern, with revenues recognized and expenses accounted for on their accrual including provisions/adjustments for committed obligations and amounts payable or receivable during the period.

**Revenue recognition**

Donations received from domestic and overseas for performing the heart surgery on cash basis.

**Fixed Assets**

Fixed Assets are accounted for at cost of acquisition inclusive of inward freight, duties, taxes and incidentals costs if any.

Depreciation on all the assets is provided on Written Down Value method as per the rates prescribed in Income Tax Act 1961.

**3. Earnings in foreign exchange (on receipt basis)**

Donations received Rs. 10,36,695

**4. Expenditure incurred in foreign currency (on payment basis)**

Travelling Expenses Rs.2,65,380



Hrudaya Cure A Little Heart Foundation  
Schedules to Balance Sheet as at March 31,2006

III. Fixed Assets

(Amount in Rupees)

| Particulars          | Gross Block         |               |           |                     | Depreciation        |                   |           |                     | Net Block           |
|----------------------|---------------------|---------------|-----------|---------------------|---------------------|-------------------|-----------|---------------------|---------------------|
|                      | As at<br>13.04.2005 | Additions     | Deletions | As at<br>31.03.2006 | As at<br>13.04.2005 | For the<br>period | Deletions | As at<br>31.03.2006 | As at<br>31.03.2006 |
| Computers            | -                   | 45,188        | -         | 45,188              | -                   | 27,113            | -         | 27,113              | 18,075              |
| HandyCam             | -                   | 32,000        | -         | 32,000              | -                   | 19,200            | -         | 19,200              | 12,800              |
| Furniture & Fixtures | -                   | 16,500        | -         | 16,500              | -                   | 1,650             | -         | 1,650               | 14,850              |
| <b>Total</b>         | -                   | <b>93,688</b> | -         | <b>93,688</b>       | -                   | <b>47,963</b>     | -         | <b>47,963</b>       | <b>45,725</b>       |





Amr... X

**FORM NO.10**  
**[See rule 17]**

**Notice to the Assessing Officer/Prescribed Authority u/s 11(2) of  
the Income-Tax Act, 1961.**

To  
The Assessing Officer,  
DDIT (Exemptions)  
HYDERABAD.

I, Dr. Gopichand, Mannam on behalf of HRUDAYA CURE A LITTLE HEART FOUNDATION hereby bring to your notice that it has been decided by a resolution passed by the trustees by whatever name called, on 11.09.2006 that, out of the income of the trust for the previous year, relevant to the Assessment Year 2006-07 and subsequent previous years an amount of 52 percent of income of the trust such sum as is available at the end of the previous year should be accumulated or set apart till the previous years ending 31.03.2011 in order to enable the turstees/governing body by whatever name called to accumulate sufficient funds for carrying out the following purposes of the trust

- i) to provide Medical treatment to ppor patients with Cardiac ailments; to conduct research, training and for advancement, promotion and propagation of medcial and general education.

Before expiry of six months commencing from the end of each previous year, the amount so accumulated or set apart has been invested or deposited in any one or more of the forms or modes specified in sub-section (5) of section 11.

Copies of the annual accounts of the trust along with details of investment (including deposits) and utilisation, if any, of the money by accumulated or set apart will be furnished to your before the expiry of Six months commencing from the end of each relevant previous year.

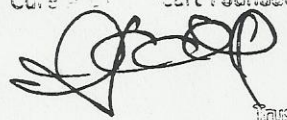
It is requested that, in view of our complying with the conditions laid down in section 11(2) of the Income-Tax Act, 1961, the benefit of that section may be given in the assessments of the trust exempting the income in respect of the trust in respect of the incomes accumulated or set apart as mentioned above.

Date : 11.09.2006

Signature

Designation: Trustee

Address: Dr. Gopichand, Mannam  
Managing Trustee

HRUDAYA Cure A Little Heart Foundati  
  
Trustee Trust

**M S RAMA RAO & CO.,**  
Chartered Accountants

3-5-311, Vittalwadi  
Narayanaguda  
Hyderabad - 500 028  
Phone: 040-23353269

**FORM NO. 10 B**  
[See rule 17B]

Audit report u/s 12A(b) of the Income-Tax Act, 1961, in the  
case of charitable or religious trusts or institutions

We have examined the Balance Sheet of **HRUDAYA CURE A LITTLE HEART FOUNDATION** as at 31.03.2006 and the Profit and Loss account for the year ended on that date which are in agreement with the books of account maintained by the said trust or institution.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the Audit. In our opinion, proper books of account have been kept by the head office and the branches of the above named trust/institution visited by us so far as appears from our examination of the books, and proper returns adequate for the purpose of audit have been received from branches not visited by us, subject to the comments given below: - NIL -

In our opinion and to the best of our information, and according to information given to us, the said accounts give a true and fair view-

- i) in the case of the Balance Sheet, of the state of affairs of the above named trust/institution as at 31.03.2006, and
- ii) in the case of the Income and Expenditure Account, of the Surplus for the year ending on 31.03.2006.

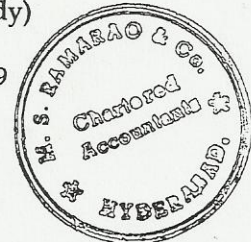
The prescribed particulars are annexed hereto.

Place: HYDERABAD  
Date : 28.10.2006

for M S Rama Rao & Co.,  
Chartered Accountants

*P. Ravindranadh Reddy*

(P.Ravindranadh Reddy)  
Partner  
Member Ship No. 21149



## ANNEXURE

### I. Application of Income from Charitable or Religious Purposes.

1. Amount of income of the previous year applied to charitable or religious purposes in India during that year. Rs.11,54,841
2. Whether the trust/institution has exercised the option under clause (2) of the explanation to Sec.11(1)? If so, the details of the amount of income deemed to have been applied to charitable or religious purposes in India during the previous year. NO
3. Amount of Income accumulated or set apart/ finally set apart for application to charitable or religious purposes, to the extent it does not exceed 15 per cent of the Income derived from property held under trust wholly/in part only for such purpose. Rs.5,20,939/-
4. Amount of Income eligible for exemption u/s 11(1)(c). (Give details) NIL
5. Amount of Income in addition to the amount referred to in item 3 above, accumulated or set apart for specified purposes u/s 11(2). Rs.17,97,145/-
6. Whether the amount of Income mentioned in item 5 above has been invested or deposited in the manner laid down in Sec.11(2)(b)? If so, the details thereof. NIL
7. Whether, any part of the Income in respect of which an option was exercised under clause (2) of the Explanation to Sec.11(1) in any earlier year is deemed to be Income of the previous year u/s 11(1B)? If so, the details thereof NIL
8. Whether, during the previous year any part of income accumulated or set apart for specified purposes u/s 11(2) in any earlier year-
  - a) has been applied for purposes other than charitable or religious purposes or has ceased to be accumulated or set apart for application thereto, or --
  - b) has ceased to remain invested in any security referred to in sec.11(2)(b)(i) or deposited in any account referred to in Sec.11 (2) (b) (ii) or Sec.11 (2) (b) (iii) or --

c) has not been utilised for purposes for which it was accumulated or set apart during the period for which it was to be accumulated or set apart, or in the year immediately following the expiry thereof? If so, details thereof.

II. Application or use of Income or Property for the benefit of persons referred to in Section 13(3)

NIL

1. Whether any part of the income or property of the trust/institution was lent, or continues to be lent in the previous year to any person referred to in section 13(3) (hereinafter referred to in this Annexure as such person)? If so, give details of the amount, rate of interest charged and the nature of security, if any.
2. Whether any land, building or other property of the trust/institution was made, or continued to be made, available for the use of any such person during the previous year? If so, give details of the property and the amount of rent or compensation charged, if any.
3. Whether any payment was made to any such person during the previous year by way of salary, allowance or otherwise? If so, give details.
4. Whether the service of the trust/institution were available to any such person during the previous year? If so, give details thereof together with remuneration or compensation received, if any.
5. Whether any share, security, or other property was purchased by or on behalf of the trust/institution during the previous year from any such person? If so, give details thereof together with the consideration paid.
6. Whether any share, security or other property was sold by or on behalf of the trust/institution during the previous year to any such person? If so, the details thereof together with the consideration received.

7. Whether any income or property of the trust/institution was diverted during the previous year in favour of any such person? If so, give details thereof together with the amount of income or value of property so diverted.

8. Whether the income or property of the trust/institution was used or applied during the previous year for the benefit of any such person in any other manner? If so, give details.

III. Investments held at any time during the previous year(s) in concerns in which persons referred to in section 13(3) have a substantial interest.

| Sl No.       | Name and address concern | Where the concern is a company, No. and class of shares held | Nominal Value of the investment | Income from the investment | Whether the amount in col. (4) exceeded 5% of the capital of the concern during the previous year—say, Yes/No |
|--------------|--------------------------|--|---------------------------------|----------------------------|---|
| (1)          | (2)                      | (3)  | (4)                             | (5)                        | (6)   |
|              |                          | / / / / /<br>NIL   |                                 |                            |   |
| <b>TOTAL</b> |                          | NIL  |                                 |                            |   |

Place: HYDERABAD  
Date : 28.10.2006

for M.S.Rama Rao & Co.,  
Chartered Accountants

*P. Ravindranath Reddy*

(P.Ravindranath Reddy)  
Partner  
Member Ship No 21149

