

THE NEW AGE FAMILY HOSPITAL



KMC Speciality Hospitals (India) Limited

Annual Report
2014-2015

ANNUAL REPORT 2014-15
KMC SPECIALITY HOSPITALS (INDIA) LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr S Chandrakumar	Managing Director & CEO
Dr D Senguttuvan	Executive Director
Dr S Manivannan	Director
Mr A Krishnamoorthy	Director
CA S Chenthilkumar	Director
Mr B Pattabhiraman	Director
Mr S Krishnamurthy	Director
Dr S Vijayabaskaran	Director
Mr N Bala Baskar	Director
Mrs Jayanthi Narayanaswamy	Director
CA G Ranganathan	Chief Financial Officer
A Thanikainathan	Company Secretary & Compliance Officer

BANKERS

Axis Bank
Indian Overseas Bank
Punjab National Bank
State Bank of India
City Union Bank

AUDITORS

M/s. B S R & Co. LLP
Chartered Accountants
10, Mahatma Gandhi Road
Chennai - 600034

REGISTERED OFFICE

6, Royal Road, Cantonment
Trichy - 620 001
CIN: L85110TN1982PLC009781
E-mail: cs.kmcshil@kauveryhospital.com
Website: www.kauveryhospital.com

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KMC SPECIALITY HOSPITALS (INDIA) LIMITED

CIN : L85110TN1982PLC009781

REGISTERED OFFICE: NO 6 ROYAL ROAD, CANTONMENT, TRICHY 620 001.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the THIRTY SECOND ANNUAL GENERAL MEETING of the Members of the Company will be held on Tuesday the 29th day of September, 2015 at 2.00 pm at Nanjai Hall, Hotel Sangam, Cantonment, Trichy - 620 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited financial Statements of the Company for the financial year ended 31st March 2015 together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr S Manivannan (DIN 00910804), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr S Vijayabaskaran (DIN 05139565), who retires by rotation and being eligible, offers himself for re-appointment
4. To consider and if thought fit, to pass, the following resolution as ordinary resolution:

RESOLVED THAT the re-appointment of M/s B S R & Co. LLP, Chartered Accountants, Chennai having Firm Registration Number 101248W/W-100022 allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, for the second year in the first term of five years as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 139 and 142 read with Audit and Auditors Rules, 2014, on such remuneration as may be decided by the Board of Directors of the Company in addition to Service Tax, travelling and out of pocket expenses be and is hereby ratified.

SPECIAL BUSINESS:

5. Re-appointment of Dr S Chandrakumar (DIN: 01867847) as Managing Director

To consider and if thought fit, to pass, the following Resolution as Special Resolution

RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to the re-appointment of Dr S Chandrakumar, as Managing Director of the Company with effect from the date of 32nd Annual General Meeting for a period of three years on remuneration including perquisites and other terms and conditions of the appointment, not exceeding the limits as enumerated below :

Basic	Rs. 2,00,000 PM
House Rent Allowance	Rs. 20,000 PM
Provident Fund	Rs. 24,000 PM

Plus

Bonus @ 8.33% of Gross pay (Basic + HRA).

Performance based incentive as per Companies policy.

Leave Travel Allowance not exceeding 50% of one month basic pay, subject to provisions of the Income Tax Act, 1961.

Reimbursement of medical insurance premium to self and family, to the extent of Rs 25000 per annum.

Reimbursement of actual expenditure of fuel bills for the car utilized for official purposes.

Company's car with driver.

Payment to the bills of mobile phone/s used and internet connection used for official purposes.

RESOLVED FURTHER that notwithstanding anything hereinabove stated, wherein any financial year, during the tenure of Dr S Chandrakumar as Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, perquisites and any other allowances not exceeding the maximum limits as prescribed under Section II of Part II and Part III of Schedule V to the Companies Act, 2013 as may be amended from time to time.

RESOLVED FURTHER THAT Dr S Chandrakumar shall also be eligible to the following which shall not be included in the computation of the ceiling on remuneration here in above stated:

I. Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service i.e. a maximum of Rs. 10 Lacs or such other sum as may be prescribed in the Payment of Gratuity Act, 1972 from time to time.

RESOLVED FURTHER THAT all the salary, allowances and perquisites payable to Dr S Chandrakumar shall be subject to Income Tax Act, 1961 and Rules as applicable from time to time.

RESOLVED FURTHER THAT the Board of Directors has the liberty to fix, alter and vary such terms of appointment and remuneration so as to not exceed the limits specified under the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Director or Director(s) to give effect to the aforesaid resolution.

6. Appointment of Mrs Jayanthi Narayanaswamy (DIN 07143462) as Director:

To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs Jayanthi Narayanaswamy (DIN 07143462), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation, with effect from the date of this Meeting.”

7. To approve related party transactions under section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any, of the Companies Act 2013 and the rules made there under and Clause 49 of the Listing Agreement, including any amendment, modification, variation or re-enactment thereof for the time being in force, the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include any existing Committee(s) or any committee, the Board may hereafter constitute to exercise powers of the Board including the power conferred by this resolution) the approval of the members be and is hereby accorded to the material

related party transactions to be entered into and carried out in ordinary course of business and at arm's length price with the holding company namely M/s. Sri Kavery Medical Care (Trichy) Limited, being a related party to the Company, in connection with Sale and purchase of goods and the various services including hospital services rendered / availed or to be availed, claims made and reimbursement of claims received on behalf of holding company namely M/s. Sri Kavery Medical Care (Trichy) Limited for a aggregate value not exceeding Rs.35,00,00,000 (Rupees Thirty Five Crores only) per annum.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized and empowered to do all such acts, deeds, matters and things to settle any queries, difficulties, doubts that may arise with regard to any transaction with M/s. Sri Kavery Medical Care (Trichy) Limited and execute such agreement, documents and writings and to make such filings, as may be necessary or desirable for the purpose for giving effect to this resolution, in the best interest of the company.

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

RESOLVED THAT in supersession of Resolution passed at the Annual General Meeting of the Company held on 25th September 2009, consent of the members be and is hereby accorded in terms of the provisions of Section 180(1)(c), 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) to the Board of Directors (hereinafter referred to as "the Board" which shall include any Committee(s) thereof) to borrow from time to time all such sum(s) of money as the Board may deem requisite for the purpose of the Company, notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company and outstanding (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, provided however that the total amount so borrowed and to be borrowed and remaining outstanding at any one time shall not exceed Rs 25,00,00,000 (Rupees Twenty Five Crores only) in the aggregate, with or without creating charges on one or more or all assets of the Company.

By the order of the Board

Place: Chennai
Date : 14th August 2015

A Thanikainathan
Company Secretary

Notes:

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the act"), concerning the Special business in the notice is annexed hereto and forms part of this notice. The profile of the directors seeking appointment/reappointment, as required in terms of clause 49 of the Listing agreement entered with the Stock exchange is annexed.

2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing the proxy and the power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority with the Registered Office at least 48 hours before the meeting. A proxy form is sent herewith. The proxy shall not be entitled to vote except on a poll.

3. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board resolution/power of attorney authorizing their representative to attend and vote on their behalf at the meeting.

4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 23rd September, 2015 to 29th September, 2015 (both days inclusive).

5. Shareholders desiring any information as regards to financial statement are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting.

6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting and number of shares held by them.

7. Electronic copy of the Notice of the Thirty Second Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance slip / Identification Form and Proxy Form is being sent to all the members whose e-mail IDs

are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Thirty Second Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance slip / Identification Form and Proxy Form is being sent in the permitted mode.

8. Members may also note that the Notice of the Thirty Second Annual General Meeting and the Annual Report for 2015 will also be available on the Company's website www.kauveryhospital.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Trichy for inspection during normal business hours on working days, except Saturdays, Sundays and public holidays. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: cs.kmcshil@kauveryhospital.com.

9. The Notice and the Route map for the venue of the Annual General Meeting is hosted on the Company's website and can be accessed at

<http://www.kauveryhospital.com/investors#>.

Explanatory Statement (Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statement sets out all the material facts relating to the Special Business:

Item No 5 – Re-appointment of Dr S Chandrakumar (DIN: 01867847) as Managing Director

Dr S Chandrakumar, was appointed as Chairman and Managing Director by the members of the Company to hold office upto the conclusion of the Annual General meeting for the year 2015.

Dr S Chandrakumar resigned as Chairman of the Company with effect from 13th November 2014 and continues as the Managing Director of the Company.

The Board of Directors of your Company considering his rich and varied experience in the Industry and contributions in steering the company to its current phenomenal turnaround, recommended the reappointment of Dr S Chandrakumar as Managing Director of the Company for a further term of three years from the date of 32nd Annual General Meeting.

He has been bestowed with “Vocational Excellence Award for the Rotary year 2010-11” by the Rotary club of Trichy Rock city.

He was awarded 'Best Doctor' by Dr. MGR Medical University in 2011-12. He is also the State Convener of the Healthcare Panel.

**STATEMENT PURSUANT TO SCHEDULE V,
RELEVANT TO MANAGERIAL REMUNERATION**

I. GENERAL INFORMATION

1	Nature of Industry	Health Care Services
2	Date of Commencement of Commercial Activities	31-12-1982 (As Pvt Ltd Company)
		15-07-1988 (As Public Ltd Company)
3	New Company Details	Not Applicable
4	Financial performance of the Company for the Financial Years 2012-2013, 2013-14 and 2014-15 are given below :	

Particulars	Amount Rs. in Lakhs		
	2012-13	2013-14	2014-15
Net Annual Sales/Revenue	2926.03	3509.37	3650.93
Net Profit after taxes	93.57	(29.59)	12.38

5	Export Performance	Not Applicable
6	Foreign Investments and Collaborations	Not Applicable

II. INFORMATION ABOUT THE APPOINTEE

1. Background details - Dr S Chandrakumar is a leading Anesthesiologist, with over 20 years of reputed clinical experience and managing multi specialty hospitals.

2. Past Remuneration – The proposed remuneration is same that of the remuneration fixed in the AGM held during 2011.

3. Recognition or awards - He was an Executive member of the Health care subcommittee in Confederation of Indian Industry (CII) Tamil Nadu. He was selected by the CII as one of the 101 best Entrepreneurs in Tamil Nadu for the year 2008-09.

He has earlier served as the Chairman, CII Trichy Zone covering 8 districts in the year 2011-12.

4. Job Profile and his suitability

He has more than twenty years of rich and varied experience in the healthcare industry. He is the Managing Director of this multi-speciality hospital in Trichy with renowned brand value. In spite of the competitions existing in the industry the note worthy growth of the hospital in all dimensions erasing out its past negative reputations with its present quality performance, is the indication of his suitability to his designation.

5. Remuneration proposed: As per the resolution proposed in item (5) above.

6. Comparative Remuneration Profile - The nature of this industry depends upon the caliber / skills of the individual involved, therefore not-comparable.

7. Pecuniary relationship with the company – Nil

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits - The endeavors of the administration to erode the legacy deficiencies, by undertaking renovation and revamping of its civil structure and replenishment of medical equipments and increasing bed capacity have resulted into additional cost of operations, financing cost and depreciation, causing a strain on the profitability.

2. Steps taken or proposed to be taken for improvement – Adopted strategies to ensure the quality performance and achieving higher levels of revenue.

3. Expected increase in productivity and profits in measurable terms - Expected to be in increasing trend in line with the performance since takeover of management in May, 2008.

Other Terms :

The Managing Director shall not be liable to retire by rotation.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board of Directors recommends the resolution in relation to the re-appointment of Managing Director, for the approval of the shareholders of the Company.

Notice has been received from member signifying their intention to propose appointment of Dr S Chandrakumar as Managing Director of the Company along with a deposit of Rs. 1,00,000. The disclosure under Clause 49 of the Listing Agreement, is provided at Annexure to this Notice.

Except Dr S Chandrakumar and Dr S Vijayabaskaran who is the brother of Dr S Chandrakumar, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in this resolution set out at item no. 5.

Item No 6

Appointment of Mrs Jayanthi Narayanaswamy (DIN 07143462) as Director:

The Board of Directors vide circular resolution dated 30th March 2015 had Appointed Mrs Jayanthi Narayanaswamy as "Additional Director" of the Company with effect from 31st March 2015 under Section 161 of the Companies Act, 2013.

Mrs Jayanthi Narayanaswamy is a Company Secretary with 17 years of post qualification experience and served as Company Secretary since 1998 in various corporates. Mrs Jayanthi Narayanaswamy is also a passionate academician with active teaching experience delivering technical lectures in management, legal and practical subjects in various professional / management / academic and other institutions in Trichy. Also an active participant in the activities of the Institute of Company Secretaries of India ('ICSI'), CMA (Trichy) and other professional / management / academic institutes.

Mrs Jayanthi Narayanaswamy is liable to retire by rotation.

Notice has been received from member signifying their intention to propose appointment of Mrs Jayanthi Narayanaswamy as Director of the Company along with a deposit of Rs. 1,00,000. The disclosure under Clause 49 of the Listing Agreement, is provided at Annexure to this Notice.

MEMORANDUM OF INTEREST

Except Mrs. Jayanthi Narayanaswamy none of the directors and Key Managerial Personnel of the Company and their relatives of the Company is concerned or interested in this resolution.

Item No 7

To approve Related Party Transactions under section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement

The provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 exempts any transactions entered into by the Company in its ordinary course of business and done at arm's length price, from the requirement of prior approval of the shareholders by way of ordinary resolution. However, revised Clause 49 of the Listing Agreement, which became effective from October 1, 2014, provides that material related party transaction, i.e. if a transaction to be entered into which individually or together with previous transactions in a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the shareholders of the Company by way of a Special Resolution.

The Company in the Ordinary course of business and at arm's length price enters into transaction with M/s. Sri Kavery Medical Care (Trichy) Limited (holding Company) for providing and availing various services including Sale and purchase of goods and the various services including hospital services rendered / availed or to be availed, claims made and reimbursement of claims received on behalf of the holding company. These transactions are of continuous in nature and are not for a specific period. M/s. Sri Kavery Medical Care (Trichy) Limited is a related party as defined under Accounting Standard AS 18.

Pursuant to rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, the nature of transactions with the related parties is provided in the said resolution. The Board recommends the Special Resolution set out at Item No.7 of the Notice for approval by the Members.

The members are further informed that any member of the company who is a related party or having any interest in the resolution as set out at item No. 7 shall not be entitled to vote on this special resolution.

None of the Directors or Key Managerial Personnel of the company or their relatives except Dr S Chandrakumar, Dr S Manivannan, Mr A Krishnamoorthy, Mr S Krishnamurthy and Mr N Bala Baskar who are directors in both the Companies is concerned or interested financially or otherwise in the aforesaid special resolution.

Dr S Chandrakumar and Dr S Manivannan holds 5.62% and 5.30% of the paid up share capital of M/s. Sri Kavery Medical Care (Trichy) Limited respectively.

The Board of Directors recommends the resolution set forth in item No. 7 for approval of members as Special resolution.

Item No 8

As per the provisions of Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013 the power to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose can be exercised by the Board with the consent of the Members obtained by a Special Resolution.

At the AGM of the Company held on 25th September 2009, the Members had accorded consent to the Board of Directors to borrow any sum or sums of money not exceeding at any time the sum of Rs. 25 crores.

Considering the need for borrowing to meet part of the funding requirements of the Company for ensuring its sustained growth, it is proposed to seek the approval of the shareholders. However the borrowings will be restricted within the limit of Rs. 25 crores as earlier approved by the shareholders under the Companies Act, 1956.

The Board of Directors recommends the resolution set forth in item No. 8 for approval of members as Special resolution.

Memorandum of Interest

None of the Directors, key managerial personnel of the Company or their relatives are in any way, concerned or interested financially or otherwise in the resolution except to the extent of their shareholding, if any.

Annexure

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name of Directors	Re - Appointment			Appointment
		Dr S Chandrakumar	Dr S Manivannan	Dr S Vijayabaskaran
Directors Identification Number	01867847	00910804	05139565	07143462
Type	Managing Director	Non - Executive Director	Non - Executive Director	Non - Executive Director
Age & Date of Birth	50 Years 15.04.1965	46 Years 30.10.1969	46 Years 02.07.1969	57 Years 08.09.1958
Date of Appointment / Re-appointment	30.05.2008	20.07.2013	10.11.2011	31.03.2015
Qualification	M.D.	M.D., D.N.B.	Ph.D., PGDBA	M.Com., FCS, MBA
Number of Equity shares held	Nil	Nil	Nil	50100
Expertise in specific functional area	Hospital Operations, Clinical Excellence, Corporate Services viz., Finance, HR, Legal, and Business Development	Strategy, Hospital Operations, Clinical Excellence, Corporate Services viz., IT & Hospital Information System, Procurement and MIS	General Administration	Secretarial, Legal and Costing
List of Public Limited Companies in which outside Directorships held	2	2	Nil	Nil
Membership / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil	Nil	Nil
No. of Board meetings attended during the year	4	3	3	Not Applicable
Relationship with other Directors inter-se	Brother of Dr S Vijayabaskaran	Son of Dr D Senguttuvan's Brother	Brother of Dr S Chandrakumar	None

E-VOTING PROCEDURE

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The remote e-voting period begins on Saturday, 26th September, 2015 at 10.00 a.m. and ends on Monday, 28th September, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, 22nd September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <KMC Speciality Hospitals (India) Limited> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then, Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

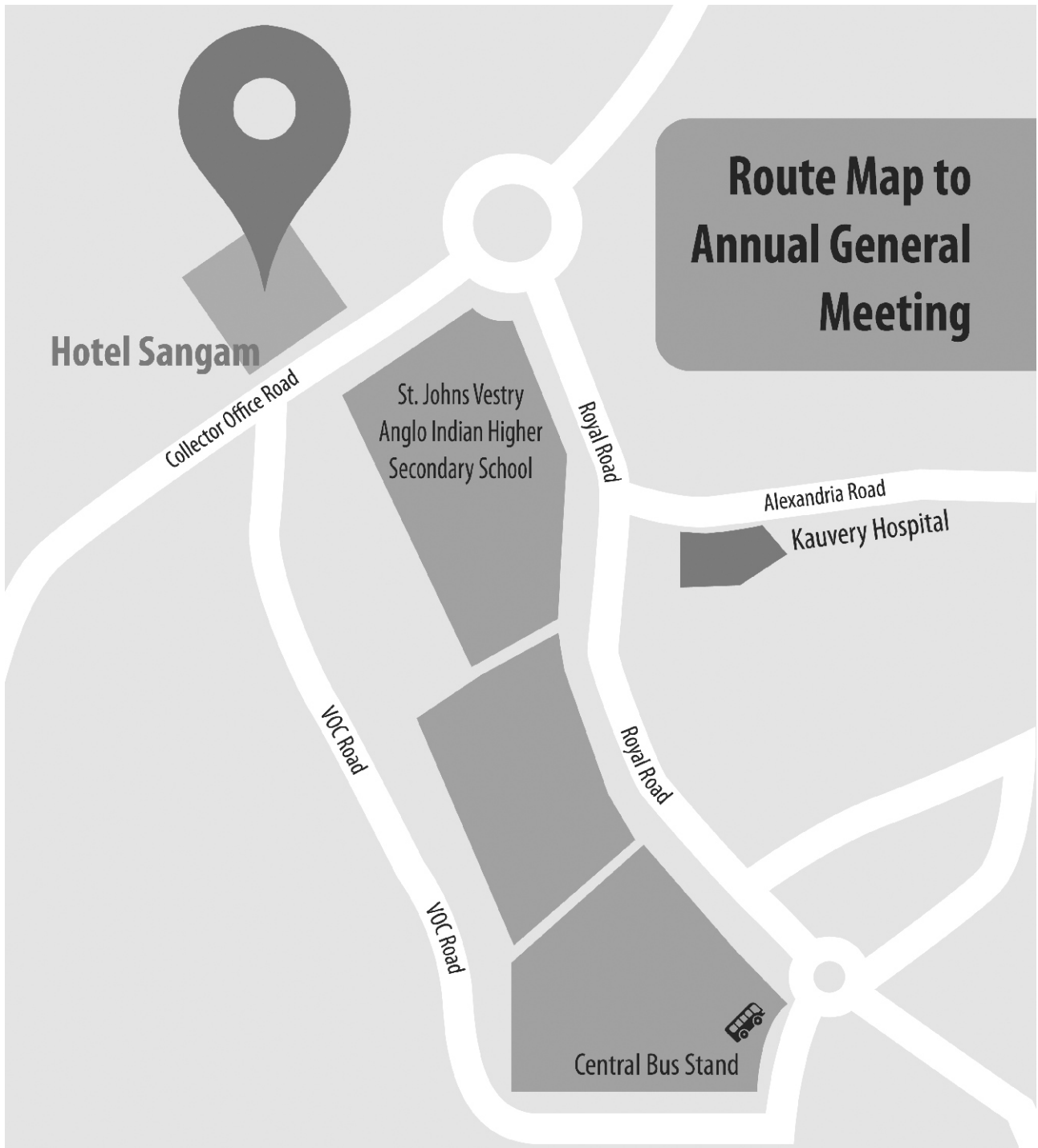
EVSN 150828024

Voting at AGM:

- I. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- ii. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

Other Instruction :

- I. Mr.M.Alagar, Practicing Company Secretary (Membership No.F7488 and PCS No. 8196), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.
- ii. The scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding three (3) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman in writing for counter signature.
- iii. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- iv. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.kauveryhospital.com and on the website of CDSL <https://www.evotingindia.com>, and communicated to Bombay Stock Exchange, where the shares of the Company are listed for placing the same in their website.



DIRECTORS' REPORT - 2014-15

Your Directors have pleasure in presenting their THIRTY SECOND Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2015".

1. Financial highlights for the year ended March 31, 2015

Particulars	2014-15 (Rs In Lakhs)	2013-14 (Rs In Lakhs)
Operating Income	3629.69	3190.92
Other Income	21.24	318.45
Total Income	3650.93	3509.37
Operating Expenses	3066.58	3026.40
EBIDTA	584.35	482.97
Finance Cost	192.62	215.85
Depreciation	379.35	421.92
Profit/(Loss) before Tax	12.38	(154.80)
Provision for Deferred Tax	-	(125.21)
Profit/(Loss) after Tax (PAT)	12.38	(29.59)

2. Dividend

In view of the carry forward losses, of the company, your Board has not recommended dividend for the financial year 2014-15.

3. Reserves

The Company has not transferred any amount to General reserve during the year.

4. Business and Operations Review

Total Operating income increased, by 13.75% to Rs. 3629.69 lakhs during the financial year 2014-15 from Rs. 3190.92 lakhs in the previous year.

Your Company has earned Profit after tax of Rs. 12.38 lakhs for the financial year 2014-15 against the loss of Rs.145.80 lakhs during the financial year 2013-14.

Neurosurgery, Gastroenterology procedures, Orthopedics and Plastic surgery procedures launched during previous periods performed satisfactorily. The improvement in revenue coupled with stringent cost control measures taken by the management the EBIDTA has improved by Rs. 101.38 lakhs.

5. Statement in respect of adequacy of internal financial controls with reference to the Financial Statements

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain independence of the Internal Audit function, the Internal Auditor reports to the Chairman of the Audit Committee.

The Internal Audit Team along with the Process Team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit, corrective actions in the respective areas are undertaken and controls strengthened. Significant audit observations and corrective actions thereon are reported to the Audit Committee of the Board

Disclosure of particulars of loans/advances/ investments outstanding during the financial Year.

The Company has not given any loans and advances to other body corporate and associates as specified under Section 186 of the Companies Act, 2013.

6. Deposits

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

7. Statutory Auditors

Section 139 of The Companies Act 2013 provided for the appointment of Statutory Auditors for a period of five years and hence M/s B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration No 101248W/W-100022) were appointed as the Statutory Auditors of the Company in the Annual General Meeting of the Company held on 27th September 2014 for a period till the conclusion of the Thirty Sixth Annual General Meeting. However their appointment requires ratification from the members at every AGM.

Accordingly the Board of Directors recommends the ratification of appointment of the Statutory Auditors.

8. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

There are no significant and material orders passed by the regulators or courts or tribunals that may have an impact for the company as a going concern and /or company's operations.

9. Closure of Register of Members and Share Transfer Books

The Register of Members and Share Transfer Books of the company will be closed with effect from 23rd September 2015 to 29th September 2015 (both days inclusive).

10. The Board observed that there are no qualifications or reservations or adverse remarks by the Statutory Auditors as well as by the Secretarial Auditor in their reports.

11. Share Capital

The Company has not issued any equity shares with differential rights, sweat equity shares, employee stock options or employee stock purchase scheme. No shares have been transferred to Suspense account in terms of Clauses 5(A)(I)(g) and 5(A)(II)(h) of the Equity Listing Agreement. As at the end of the financial year the Company's Equity Share Capital stands at 163.08 lakhs consisting of 163.08 lakhs fully paid up Equity Shares of Re. 1 each.

12. Corporate Governance

Your Company has been complying with the provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. A separate report on Corporate Governance along with Practising Company Secretary's certificate on compliance of the Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement and Management Discussion & Analysis report forming part of this report are provided elsewhere in this Annual Report

13. Transfer to Investor Education and Protection Fund

As required under the provisions of Section 205A and 205C and other applicable provisions of Companies Act, 1956 (the corresponding provisions in the Companies Act, 2013 have not been notified, and hence the earlier law is still applicable in respect of these provisions), dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz., Investor Education and Protection Fund ("IEPF"). There are no amounts which remain unpaid/unclaimed for a period of seven years and hence no amount has been transferred to "IEPF".

14. Extract of the Annual Return

The extract of Annual Return as on the Financial Year ended 31st March 2015, as prescribed under Section 92 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is attached to this report as Annexure 1.

15. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The particulars required to be given as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are under

i. Conservation of energy-

Though the nature of the business of the company is such that the consumption of energy is not significant when compared to the overall cost of operations, the company takes all efforts to conserve energy and carries out periodical energy audits.

ii. Technology absorption-

In spite of the fund constraints, the company is currently in the process of updating the technology in various fields of equipments. Within the limitations, everything possible was done to acquire, improve and update the technology.

iii. Foreign Exchange earnings and outgo.

S.No.	Particulars	2014-15	2013-14
1.	Foreign Exchange Earned	Nil	Nil
2.	Foreign Exchange outgo	Nil	Nil

16. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a new initiative brought in by the Ministry of Company Affairs whereby every company having net worth of rupees 500 crore or more, or turnover of rupees 1000 crore or more or a net profit of rupees 5 crore or more during any financial year are mandated to serve society by contributing at least 2% of average net profits of the Company during three immediately preceding financial year's profit in various CSR activities as defined in Schedule VII of the Companies Act 2013.

Your Company does not fall in any of the above categories and hence CSR rule is not applicable to the Company.

However being a Healthcare Service provider, CSR has been integral part of the manner in which the Company doing the business. Your Company is committed to maintaining the highest standards of corporate social responsibility in all the business activities. The focus is to-

- Deliver patient centered care to the highest standards in comfortable surroundings.
- Respect personal independence, patient's rights to make personal choices, decisions, and their right to privacy and to enjoy life in comfort and with dignity.
- Develop our workforce by appropriate recruitment and training.
- Respect the rights and dignity of every employee and treat them fairly and without discrimination. Encourage team building and the sharing of knowledge throughout the organization.
- Recognize employees individual and team contributions and reward them appropriately.
- Respect the rights of people in all communities in which we operate.
- Behave with honesty and integrity in all our dealings and relationship with others.
- Maintain internal controls and management systems adequate to ensure standards are met.
- Seek to be honest and fair in our relationship with suppliers and contractors.

- Encourage suppliers and contractors to abide by our standards.
- Reduce energy, waste, water and paper consumptions where possible.
- Use recycled products or products with a high recycled or reconditioned content where appropriate.
- Respecting the environmental sustainability by keeping up the pollution control protocols.
- Consciously undertaking programmes and activities towards public good and societal benefits.

17. Particulars of Employees

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided elsewhere in the Annual Report.

No employee of the Company was in receipt of remuneration during the financial year 2014-15 in excess of the sum prescribed under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

18. Directors and Key Managerial Personnel

The details about the changes in the Directors and Key Managerial Personnel by way of appointment, resignation, etc. and Disclosure of relationships between directors inter-se under Clause 49 VIII E 2 of Equity Listing Agreement is included as a part of Corporate Governance Report.

The Directors who are liable to retire by rotation and also whether they offer for reappointment is included in the Notice of AGM.

The Statement of Declarations from Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act 2013, has been obtained from the Independent Directors and the Board has taken on record the same.

19. Declaration given by Independent Directors

All the Independent Directors of the Company have given their declaration under Section 149 (6) of the Companies Act 2013, confirming that they are in compliance with the criteria as laid down in the above said Section for being an Independent Director of the Company. Further, there has been no change in the circumstances which may affect their status as independent director during the year.

20. Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a director

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for the selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

21. Particulars of contracts or arrangements with related parties

During the financial year 2014-15 the contracts and arrangements entered by the Company with related parties were on an "arm's length" basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interests of the Company at large.

The policy on materiality of Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The details of contracts or arrangements with related parties entered during the year were given in a separate annexure to the report in **Annexure 2**

22. Risk Management Policy

The Risk Management Policy of the Company elaborates the various methods in identification, assessment, monitoring and mitigation of various risks that the company may face in its business. The Company's enterprise Risk Management approaches identifies and categorizes the major risk relating to Operations and Finance. The Company's objective is to achieve a balance between acceptable levels of risk and reward in effectively managing its Operational, Financial, Business and other risks.

23. Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alagar & Associates, Practicing Company Secretary as the Secretarial Auditors of the Company in the Board Meeting held on 14th February 2015. The Secretarial Report issued by on Company's Secretarial Auditor M/s. Alagar & Associates is annexed and forms part of this Report in **Annexure 3**.

24. Number of meetings of Board

The detail of number of meetings of Board of Directors is included as a part of Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

25. Composition of Audit Committee

The Audit Committee of the Company has been constituted in accordance with the provisions of Section 177 of Companies Act, 2013 read with Clause 49 of the Listing Agreements with the Stock Exchange. The details of the Audit Committee are included as a part of Corporate Governance Report.

26. Details of establishment of vigil mechanism

The Company has formulated and adopted a vigil mechanism for employees to report genuine concerns to the Chairman of the Audit Committee. The policy provides opportunities for employees to access in good faith, the Audit Committee, if they observe unethical and improper practices. The Whistle Blower policy of the Company is available in the website of the Company. The link for the same is

<http://www.kauveryhospital.com/investors#>.

27. Board Evaluation

Pursuant to the provisions of the Companies Act 2013 and Listing Agreement, the Board of Directors of the Company has completed a formal evaluation of their performance and that of its Committees and individual directors.

The independent Directors evaluated the performance of the non-Executive Directors, Chairman and the Board at a meeting of Independent Directors held on March 30, 2015. The Board of Directors in their meeting held on August 14, 2015 evaluated the Independent Directors individually. Directors were evaluated on various criteria including attendance, participation in Board Meetings and the willingness and commitment to devote the extensive time necessary to fulfill his/her duties.

28. Listing fees:

The Company confirms that it has paid the annual listing fees for the year 2015-16 to Bombay Stock Exchange.

29. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013:

The Company has in place a Policy on Sexual Harassment Prevention, in accordance with the requirements of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" All employees are covered under this policy.

The company has not received any complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 during the financial year 2014-15.

30. Directors' Responsibility Statement as required under Section 134 (5) of the Companies Act, 2013

In terms of provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(ii) 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 profit and loss of the company for that period

(iii) 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

(iv) the directors had prepared the annual accounts on a going concern basis ;

(v) 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 ; and

(vi) the directors, had laid down internal financial controls and such internal financial controls are adequate and were operating effectively.

31. Acknowledgements

We thank the various Government Agencies and Banks for their continued support and co-operation to the Company. We place on record our appreciation of the contribution made by our employees, consultants and officers of the Company during the year under report.

Place: Chennai
Date :14th August, 2015

For and on behalf of the Board

(Dr S Chandrakumar)
MANAGING DIRECTOR & CEO

Annexure 1

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2015
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

CIN	L85110TN1982PLC009781
Registration Date	31.12.1982
Name of the Company	KMC Speciality Hospitals (India) Ltd
Category/Sub-category of the Company	- Company Limited by Shares
Address of the Registered office & contact details	No 6, Royal Road, Cantonment, Trichy - 620 001
Whether listed company	Yes
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Cameo Corporate Services Ltd, Subramanian Building, #1, Club House Road, Chennai 600 002.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Health Care Services & Pharmacy	86100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION of the Companies Act, 2013
1	Sri Kavery Medical Care (Trichy) Limited	U85110TN1997PLC039491	Holding Company	75%	2(46)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	122313750	-	122313750	75	122313750	-	122313750	75	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total : (A) (1)	122313750	-	122313750	75	122313750	-	122313750	75	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub Total : (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	122313750	-	122313750	75	122313750	-	122313750	75	-
B. PUBLIC SHAREHOLDING									
(1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	600	300	900	0.0005	600	300	900	0.0005	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub Total : (B) (1)	600	300	900	0.0005	600	300	900	0.0005	NA

(2) Non Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corporates	351433	713900	1065333	0.6532	171609	713900	885509	0.5429	-0.1102
I) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
I) Individual shareholders holding nominal share capital up to Rs.1 lakhs	4309418	6766545	11075963	6.7915	4446909	6712195	11159104	6.8425	0.0509
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	13554846	12346443	25901289	15.882	15088642	11261454	26350096	16.157	0.2752
c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d) Others (specify)	-	-	-	-	-	-	-	-	-
Clearing Members	3442	-	3442	0.0021	600	-	600	0.0003	-0.0017
HUF	1841187	-	1841187	1.1289	1494905	-	1494905	0.9166	-0.2123
NRI	49136	834000	883136	0.5415	43436	836700	880136	0.5396	-0.0018
Sub Total : (B) (2)	20109462	20660888	40770350	24.9992	21246101	19524249	40770350	24.999	-0.2158
Total Public Shareholding (B)= (B)(1)+(B)(2)	20110062	20661188	40771250	25	21246701	19524549	40771250	25	-
Shares held by Custodians and Against which Depository Receipts has been Issued									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Total Custodian (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	142423812	20661188	163085000	100	143560451	19524549	163085000	100	-

II. SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Sri Kavery Medical Care (Trichy) Limited	122313750	75	-	122313750	75	-	-
	Total	122313750	75	-	122313750	75	-	-

III. CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Shareholders Name	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	122313750	75	122313750	75
2	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)	No change during the year			
3	At the end of the year	-		122313750	75

IV. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning / End of the year		Date	Increase / Decrease in share - holding during the year	specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
1	V TAMILSELVI	3310000	2.0296	1st April, 2014	-	-	-	-
		3310000	2.0296	31st March, 2015	-	-	-	-
2	SUDHA S	1705300	1.0457	1st April, 2014	-	-	-	-
		1705300	1.0457	31st March, 2015	-	-	-	-

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning / End of the year		Date	Increase / Decrease in share - holding during the year	specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
3	MEENAKSHI SUNDARI A	1551241	0.9512	1st April, 2014	-	-	-	-
				9th May, 2014	28	Transfer	1551269	0.9512
				30th September, 2014	1000	Transfer	1551269	0.9518
		1552269	0.9518	31st March, 2015	-	-	-	-
4	KANAGAM P	1505600	0.9232	1st April, 2014	-	-	-	-
		1505600	0.9232	31st March, 2015	-	-	-	-
5	SATHISH KUMAR S	1505100	0.9229	1st April, 2014	-	-	-	-
		1505100	0.9229	31st March, 2015	-	-	-	-
6	PANDURANGAN S	1505100	0.9229	1st April, 2014	-	-	-	-
			0.201	6th June, 2014	327920	Transfer	1833020	1.1240
		1833020	1.1240	31st March, 2015	-	-	-	-
7	P NATARAJAN	1494050	0.9161	1st April, 2014	-	-	-	-
		1494050	0.9161	31st March, 2015	-	-	-	-
8	P. S. MANOHARAN (HUF) .	1396740	0.8564	1st April, 2014	-	-	-	-
				2nd May, 2014	5400	Transfer	1402140	0.8598
				9th May, 2014	16561	Transfer	1418701	0.8699
				16th May, 2014	-379944	Transfer	1038757	0.6369
				23rd May, 2014	4600	Transfer	1043357	0.6398
				30th May, 2014	99600	Transfer	1142957	0.7008
				20th June, 2014	2435	Transfer	1145392	0.7023
				30th June, 2014	1218	Transfer	1146610	0.7031
				4th July, 2014	-204500	Transfer	942110	0.5777
				25th July, 2014	40737	Transfer	982847	0.6027

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning / End of the year		Date	Increase / Decrease in share - holding during the year	specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
				12th September, 2014	590	Transfer	983437	0.6030
				17th October, 2014	1950	Transfer	985387	0.6042
				24th October, 2014	400	Transfer	985787	0.6045
				31st October, 2014	12410	Transfer	998197	0.6121
				14th November, 2014	5000	Transfer	1003197	0.6151
				28th November, 2014	400	Transfer	1003597	0.6154
				5th December, 2014	5435	Transfer	1009032	0.6187
				12th December, 2014	2580	Transfer	1011612	0.6203
				31st December, 2014	458	Transfer	1012070	0.6206
				2nd January, 2015	692	Transfer	1012762	0.6210
				9th January, 2015	200	Transfer	1012962	0.6211
				23rd January, 2015	4188	Transfer	1017150	0.6237
				13th February, 2015	200	Transfer	1017350	0.6238
				20th February, 2015	1199	Transfer	1018549	0.6246
				13th March, 2015	400	Transfer	1018949	0.6248
				20th March, 2015	100	Transfer	1019049	0.6249
		1019049	0.6249	31st March, 2015	-	-	-	-
9	ARCHANA DEVI C	1001200	0.6139	1st April, 2014	-	-	-	-
				28th November, 2014	-1000200	Transfer	1000	0.0006
		1000	0.0006	31st March, 2015	-	-	-	-
10	SENTHIL KUMAR	812000	0.4979	1st April, 2014	-	-	-	-
		812000	0.4979	31st March, 2015	-	-	-	-

V. Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Shareholding at the end of the year		Date	Increase / Decrease in share - holding during the year	specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
1	Ms Jeyanthi Narayanaswamy (Additional Director)	50100	0.0307	1st April, 2014	-	-	-	-
		50100	0.0307	31st March, 2015	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
I) Principal Amount	154599924	-	-	154599924
ii) Interest due but not paid	532881	-	-	532881
iii) Interest accrued but not due	1204110	-	-	1204110
Total (i+ii+iii)	156336915	0	0	156336915
Change in Indebtedness during the financial year				
Additions	3815628	-	-	3815628
Reduction	-31664717	-	-	-31664717
Net Change	-27849089	-	-	-27849089
Indebtedness at the end of the financial year				
i) Principal Amount	126995871	-	-	126995871
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	1491955	-	-	1491955
Total (i+ii+iii)	128487826	0	0	128487826

VI. 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 the MD/WTD/Manager		Total Amount
		Dr S Chandrakumar Managing Director	Dr D Senguttuvan Executive Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	2960000	2096674	5056674
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of	-	-	-
5	Others, please specify	-	-	-
	Total (A)	2960000	2096674	5056674
	Ceiling as per the Act	Rs. 84,00,000/- , per annum (being maximum remuneration payable as per Schedule V of the Companies Act, 2013)	Rs. 84,00,000/- , per annum (being maximum remuneration payable as per Schedule V of the Companies Act, 2013)	

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr A Krisnamoorthy	CA S Chentilkumar	Mr N Balabaskar	Mr B Pattabhiraman	Mr Pradipta K Mohapatra	
1	Independent Directors						
1	(a) Fee for attending board committee meetings	140000	140000	100000	-	-	380000
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	140000	140000	100000	-	-	380000

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Dr S Manivannan	Mr S Krishnamurthy	Dr S Vijayabaskaran	Mrs Jayanthi Narayanaswamy	
2	Other Non Executive Directors					
	(a) Fee for attending board committee meetings	-	100000	-	-	100000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (2)	-	100000	-	-	100000
	Total (B)=(1+2)	-	200000	-	-	200000
	Total Managerial Remuneration	-	200000	-	-	200000

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CA G Ranganathan CFO	Mr A Thanikainathan CS	
1	Gross Salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	736300	452746	1189046
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total (1)	736300	452746	1189046

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeall made if any (give details)
A. COMPANY –NIL					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS – NIL					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT – NIL					
Penalty			NIL		
Punishment					
Compounding					

Annexure 2

Form No AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2)
of the Companies (Accounts) Rules, 2014)

Details of Related Party Transactions

1. Details of contracts or arrangements or transactions not at Arm's length basis: None

Sl.No.	Particulars	Details
1	Name (s) of the related party & nature of relationship	-
2	Nature of contracts/arrangements/transactions	-
3	Duration of the contracts/arrangements/transactions	-
4	Salient terms of the contracts or arrangements or transactions including the value, if any	-
5	Justification for entering into such contracts or arrangements or transactions'	-
6	Date of approval by the Board	-
7	Amount paid as advances, if any	-
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service	These transactions are of continuous in nature and are not for a specific period	Revenue from hospital services rendered	NA	NIL
2	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Hospital services availed	NA	NIL
3	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Sale of goods	NA	NIL
4	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Purchase of goods	NA	NIL
5	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Rental income	13.11.2013	NIL
6	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Rental expenses	NA	NIL
7	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Advance received (net of Payments and TDS)	NA	NIL
8	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Claims made on behalf of the Holding Company	NA	NIL
9	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Reimbursement of claims received on behalf of the Holding Company	NA	NIL
10	Kauvery Medical Centre (Karaikudi) Ltd	Availing and Rendering of Service		Sale of Fixed Assets	NA	NIL
11	Kauvery Medical Centre (Karaikudi) Ltd	Availing and Rendering of Service		Hire Charges	NA	NIL
12	Kauvery Medical Centre (Karaikudi) Ltd	Availing and Rendering of Service		Expenses recharged	NA	NIL

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year 2014-15

To,

The Members,

KMC Speciality Hospitals (India) Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KMC Speciality Hospitals (India) Limited** (hereinafter called the “**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 **KMC Speciality Hospitals (India) Limited** 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 year ended March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the year ended March 31, 2015 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – Not Applicable
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not Applicable
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
2. We have also examined compliance with the Listing Agreements entered into by the Company with Stock Exchange(s).
3. 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 applicable labour & industrial laws, Environmental laws, rules, regulations and guidelines made thereunder as listed below;
- (i) The Apprentices Act, 1961
 - (ii) The Contract Labour (Regulation and Abolition) Act, 1970
 - (iii) The Employees Provident fund and miscellaneous provisions Act, 1952
 - (iv) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
 - (v) The Employee's Compensation Act, 1923
 - (vi) The Industrial Employment (Standing Orders) Act, 1946
 - (vii) The Tamil Nadu Industrial Establishments (National & Festival Holidays) Act, 1958
 - (viii) The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
 - (ix) The Tamil Nadu Payment of Subsistence Allowance Act, 1981
 - (x) Tamilnadu Tax on professions, Trade & Calling and employment Act

- (xi) The Tamil Nadu Labour Welfare Fund Act, 1972
- (xii) The Maternity Benefit Act, 1961
- (xiii) The Minimum Wages Act, 1948
- (xiv) The Payment of Wages Act, 1936
- (xv) The Payment of Bonus Act, 1965
- (xvi) The Payment of Gratuity Act, 1972
- (xvii) The Tamil Nadu Narcotic Drugs Rules, 1985
- (xviii) The Registration of Births and Deaths Act, 1969
- (xix) Air (Prevention and Control of Pollution) Act, 1981
- (xx) Water (Prevention and Control of Pollution) Act, 1974
- (xxi) Bio-Medical Waste (Management and Handling) Rules, 1998
- (xxii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (xxiii) Tamilnadu Tax on consumption or sale of electricity act 2003

4. We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
5. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to at least seven days in advance.
6. We further report that during the audit period, there are no instances of:
 - i. Public / Rights / Preferential issue of shares / debentures / sweat equity.
 - ii. Redemption / buy-back of securities.
 - iii. Merger / amalgamation / reconstruction etc.
 - iv. Foreign technical collaborations.

for **M. Alagar & Associates**

Place: Chennai
Date : July 13, 2015

M. Alagar
FCS No: 7488
C P No.: 8196

Details as per Section 197 of the Companies Act 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

S.No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration
1.	Dr S Chandrakumar	29.12
2.	Dr D Senguttuvan	21.89

2. Percentage increase in remuneration

S.No.	Name of the Director	Designation	% of increase / decrease in remuneration
1.	Dr S Chandrakumar	Managing Director	Nil
2.	Dr D Senguttuvan	Executive Director	Nil

3. Percentage increase in the median remuneration of employees

The percentage of increase in the Median employee remuneration is 8% as compared to the previous year.

4. Permanent Employees:

The Number of Permanent Employees on the rolls of the Company as on March 31, 2015 is 561 employees

5. Relationship between average increase in remuneration and company performance

Average increase in Remuneration overall:8%

Company Performance in terms of Revenue Compared to Previous Year:13.75%

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	Amount in Rs
Remuneration of KMP during FY 2014-15	9,942,160
Revenue from Operations	362,969,482
Remuneration as % of revenue	2.74

7. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

KMP	Annual Salary	Remuneration as % of revenue
Managing Director	3,372,912	0.93
Executive Director	2,536,000	0.70
Chief Financial Officer	3,019,812	0.83
Company Secretary	1,013,436	0.28

8. Affirmation that the remuneration is as per the remuneration policy of the company

The Company affirms remuneration is as per the remuneration policy of the Company

9. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year

The Company's market capitalization increased by 4.78% to 4647.92 lakhs as of March 31, 2015 from ` 4435.91 lakhs as of March 31, 2014. The Price Earnings Ratio is at 285 as of March 31, 2015, as compared to negative as of March 31, 2014. The closing price of the Company's equity shares on the BSE as of March 31, 2015 was Rs.2.85.

10. The key parameters for any variable component of remuneration availed by the directors

NotApplicable

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year

NotApplicable

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management Discussion and Analysis Report is a "forward looking statement" and forms part of the Annual Report of the Company. It Indicates the Company's movement in the external environment Vis-à-vis its own strengths and resources detailing the Company's objectives and expectations

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

Being one of the largest and fastest growing industries consuming considerable part of the GDP, the health care industry plays an important role in the socio-economic development of India. The health industry in India is instrumental in providing quality and affordable medical facilities to the vast population of India, generates huge employment opportunities for people of all caliber and provides great potential opportunities to domestic as well as foreign investors assuring high returns on the same. There are different sectors such as the medical services, paramedical services, pharmacy, diagnostics and medical education, within the health industry that promise great business investment opportunities

2. OPPORTUNITIES AND THREATS:

Great potential for medical tourism.

Encouraging avenues for attracting prospective investments.

Established and expanding domestic markets.

Increasing demand for health care services.

Opportunity for horizontal and vertical growth.

Huge Employment generation.

The awareness for focusing on the health conditions Undivided commitment to society

3. RISKS AND CONCERNS

Increasing competitive intensity in the healthcare sector, increasing cost / scarcity of resources are matter of concern.

Constant changes in technology requiring, revamping of the existing systems.

The challenging demands and high value expectations of the people using the services. Demanding safety / accountability factors against the risk in the services provided.

The analysis also shows that the 'strengths' and 'opportunities' far outweigh 'weaknesses' and 'threats'. Strengths & opportunities are fundamental and weaknesses & threats are transitory.

4. FINANCIAL AND OPERATIONAL PERFORMANCE

In spite of the challenges faced while renovating, rebuilding or repositioning the completely rundown hospital, the constant increase in the revenues since takeover of management in May, 2008 accompanied with the complete up-gradation of a super structure depicts the standard positive transition in the financial and operational performance.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a proper and adequate system of internal controls to ensure that all the assets are safeguarded, protected from unauthorized use and the transactions are authorized, recorded and reported correctly. The company conducts audit of various departments with an audit plan through an independent Internal Auditor and report to the Audit Committee on significant issues with Action Taken Report. Wherever necessary the inputs of the Statutory Auditors are also obtained to ensure efficiency of the operations and accounting.

6. OUTLOOK

Being a listed corporate entity our vision and mission is centered around, core corporate governance and corporate social responsibility and as a corporate citizen in the constant pursuit of creating and maintaining a flawless health care atmosphere around.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NO OF PEOPLE EMPLOYED

To cope up with growing needs of the Company, professionals and executives in various specialties are appointed to form tier-management in pyramid structure. Staff levels have been maintained as per requirements.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in adopting best practices of Corporate Governance and striving for continuous improvement. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board which endeavors to maintain transparency at all levels through adoption of best Corporate Governance Practices.

2. BOARD OF DIRECTORS:

The Board has an optimum combination of Executive, Non-Executive and Independent Directors, which ensures proper governance and management.

Composition of the Board and directorships held as on 31st March 2015:

Name of the Director	Category	No. of meetings attended	Attendance at last AGM held on 27.09.2014	No. of outside Directorship	No. of Chairmanship and Membership in other Committees of the Board	
					Chairman	Member
Dr S Chandrakumar	Managing Director	4	Present	5	Nil	1
Dr D Senguttuvan	Executive Director	3	Present	2	Nil	1
Dr S Manivannan	Non Executive Non Independent Director	3	Present	6	Nil	1
Mr A Krishnamoorthy	Independent Director	4	Present	7	1	1
CA S Chenthilkumar	Independent Director	4	Present	Nil	1	1
Mr B Pattabhiraman	Independent Director	2	Present	11	Nil	1
Mr S Krishnamurthy	Nominee Director	4	Present	5	Nil	1
Dr S Vijayabaskaran	Non Executive Non Independent Director	3	Present	Nil	1	Nil
Mr Pradipta K Mohapatra (upto 13th November 2014)	Independent Director	0	LOA	12	Nil	Nil
Mr N Bala Baskar	Independent Director	4	Present	2	Nil	1
Ms. Jayanthi Narayanaswamy (From 31st March, 2015)	Non Executive Non Independent Director	0	NA	Nil	Nil	Nil

As required by Clause 49 of the Listing Agreement, the disclosure includes Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian Public Companies.

Mrs Jayanthi Narayanaswamy was appointed as Additional Director with effect from 31st March 2015.

During the year 2014-15, Dr S Chandrakumar has resigned from the position of Chairman with effect from November 13, 2014 and continuing as the Managing Director. Mr Pradipta K Mohapatra, Independent Director has resigned from the Board with effect from November 13, 2014.

The Total strength of the Board as on the date of the Report is - 10

DISCLOSURE OF INTER-SE RELATIONSHIP OF DIRECTORS UNDER CLAUSE 49 VIII E 2:

Dr S Vijayabaskaran is the brother of Dr S Chandrakumar, Managing Director and CEO.

Dr S Manivannan is the son of Dr D Senguttuvan's Brother

DATES OF BOARD MEETINGS:

Board Meetings were held during the financial year 2014 – 2015 on the following dates –

Name / Date	06.06.2014	14.08.2014	13.11.2014	14.02.2015
Dr S Chandrakumar	Present	Present	Present	Present
Dr D Senguttuvan	LOA	Present	Present	Present
Dr S Manivannan	Present	Present	LOA	Present
Mr A Krishnamoorthy	Present	Present	Present	Present
CA S Chenthilkumar	Present	Present	Present	Present
Mr B Pattabhiraman	Present	LOA	LOA	Present
Mr S Krishnamurthy	Present	Present	Present	Present
Dr S Vijayabaskaran	Present	Present	LOA	Present
Mr Pradipta K Mohapatra	LOA	LOA	LOA	NA
Mr N Bala Baskar	Present	Present	Present	Present

3. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013

The Audit Committee consists of the following Directors –

CA S Chenthilkumar	Chairman
Mr A Krishnamoorthy	Member
Mr B Pattabhiraman	Member
Dr S Manivannan	Member

During the financial year 2014 - 2015 the Audit Committee met as per the details given hereunder

Name of the Director	Audit Committee Meetings			
	06.06.2014	14.08.2014	13.11.2014	14.02.2015
CA S Chenthilkumar	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	Present
Mr B Pattabhiraman	Present	LOA	LOA	Present
Dr S Manivannan	Present	Present	LOA	Present

The terms of reference of the Audit Committee are broadly as under

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- vii. Review and monitor the auditor's independence and performance and effectiveness of audit process
- viii. Approval or any subsequent modification of transactions of the company with related parties
- ix. Scrutiny of inter-corporate loans and investments
- x. Valuation of undertakings or assets of the company, wherever it is necessary
- xi. Evaluation of internal financial controls and risk management systems
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems

- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- xiv. Discussion with internal auditors of any significant findings and follow up there on
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- xviii. To review the functioning of the Whistle Blower mechanism
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

4. NOMINATION AND REMUNERATION COMMITTEE

The constitution of Nomination and Remuneration Committee is as follows:

Mr A Krishnamoorthy	Chairman
CA S Chenthilkumar	Member
Mr N Balabaskar	Member
Mr S Krishnamurthy	Member

The Nomination and Remuneration Committee met on 27th September 2014 to discuss and approve the appointment of Mr A Thanikainathan as the Company Secretary of the Company. All the members of the Committee were present.

The Committee again met on 14th August 2015 to discuss and approve the remuneration payable to the Managing Director for the period of his appointment as Managing Director from the date of 32nd Annual General Meeting.

Brief description of terms of reference

The terms of reference of the Remuneration Committee are broadly as under:

- I. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees
- II. Formulation of criteria for evaluation of Independent Directors and the Board
- III. Devising a policy on Board diversity
- IV. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal

Remuneration policy

As required under Clause 49 (IVB) of the Listing Agreement and Section 178 (3) of the Companies Act, 2013 the Nomination and Remuneration Committee of the Company has formulated a policy, relating to the remuneration of the directors, Key Managerial Personnel and other employees.

SUMMARY OF THE REMUNERATION POLICY

1. INTRODUCTION:

The Nomination and Remuneration Committee and the Remuneration Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

2. GUIDING PRINCIPLES:

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

3. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

4. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

1. The remuneration / compensation / commission etc., to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

• **Remuneration to Managerial Person, KMP and Senior Management:**

1. Fixed pay:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

- **Remuneration to Non-Executive / Independent Director:**

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration /Commission:

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

5. REVIEW OF THE POLICY:

The Nomination and Remuneration Committee shall review this Policy to ensure its effectiveness and also compliance with the Companies Act, 2013 and revised Clause 49 of the Equity Listing Agreement.

Remuneration to Managing Director, Whole time director

S.No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Dr S Chandrakumar Managing Director	Dr D Senguttuvan Executive Director	
1.	Gross salary			
	Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	2960000	2096674	5056674
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	2960000	2096674	5056674

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors	Mr A Krisnamoorthy	CA S Chenthilkumar	Mr N Bala Baskar	Mr B Pattabhiraman	Mr Pradipta K Mohapatra	
	(a) Fee for attending board / committee meetings	140000	140000	100000	-	-	380000
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	140000	140000	100000	-	-	380000
2.	Other Non Executive Directors	Dr S Manivannan	Mr S Krishnamurthy	Dr S Vijayabaskaran	Mrs Jayanthi Narayanaswamy	Total Amount	
	(a) Fee for attending board / committee meetings	-	100000	-	-	100000	
	(b) Commission	-	-	-	-		
	(c) Others, please specify	-	-	-	-		
	Total (2)	-	100000	-	-	100000	
	Total (B) = (1+2)	-	-	-	-	-	480000
	Total Managerial Remuneration (A+B)	-	-	-	-	-	5536674

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The constitution of Stakeholders Relationship Committee is as follows:

Dr S Vijayabaskaran	Chairman
Dr S Chandrakumar	Member
Dr D Senguttuvan	Member

The Stakeholders Relationship Committee oversees redressal of Shareholders and investor complaints on matters such as transfer of shares, non-receipt of share certificates, and non-receipt of Annual Reports, ensures expeditious transfer of shares and issue of duplicate share certificates, and approves sub-division/consolidation/transmission of shares.

Mr A Thanikainathan, Company Secretary is the compliance officer of the Company.

The total number of complaints received during the financial year 2014 - 2015 is categorized as under

Number of shareholders' complaints received during the year	Nil
Number of Complaints resolved during the year	Nil
Number of Complaints not resolved during the year	Nil
Number of Complaints pending as on March 31, 2015	Nil

M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600001 are the Registrar and Share Transfer Agents of the Company since June, 2008.

The Share Transfer Committee met 23 times during the financial year 2014-2015 and ensured that all valid transfer deeds and transmission applications were acted upon and share certificates sent to the transferees promptly within 15 days of receipt of the Documents as required under the provisions of the Listing Agreement entered with Stock Exchange.

6. ANNUAL GENERAL MEETINGS

i. Location, date and time for the last three Annual General Meetings held:

YEAR	DATE	VENUE	TIME
2013 – 2014	27.09.2014	Hotel Royal Southern-SRM, Kajamalai, Trichy – 620 020.	3.00 PM
2012 – 2013	20.07.2013	Hotel Sangam, Cantonment, Trichy – 620 001.	10.30AM
2011 – 2012	27.09.2012	Hotel Sangam, Cantonment, Trichy – 620 001.	3.30PM

ii. Extraordinary General Meeting

No Extraordinary General Meeting of the members was held during the year.

iii. Postal Ballot

No Resolution has been passed through Postal Ballot during the year 2014-15

iv. Special Resolutions passed in the last three Annual General Meetings

31st Annual General Meeting held for the year 2013-14 on 27th September 2014

No Special Resolution was passed in the Meeting

30th Annual General Meeting held for the year 2012-13 on 20th July 2013

a. Special Resolution was passed approving the re-appointment of Dr S Chandrakumar as Chairman of the Company from 30th May 2013 till the Annual General Meeting of the year 2015.

b. Special Resolution was passed approving the elevation and appointment of Dr D Senguttuvan as Executive Director of the Company from 20th July 2013 till 30th September 2016.

29th Annual General Meeting held for the year 2011-12 on 27th September 2012

No Special Resolution was passed in the Meeting

v. Whether any special resolution u/s 110 of the Companies Act 2013

proposed to be conducted through Postal ballot

Nil

7. DISCLOSURES

A. RELATED-PARTY TRANSACTIONS

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, the Management or related parties except for those disclosed in the financial statements for the year ended March 31, 2015.

The policy on dealing with Related Party Transactions is posted on the website of the Company which may be accessed at the following web link: <http://www.kauveryhospital.com/investors#>

B. DETAILS OF NON-COMPLIANCE

There has been no instance of non-compliance of any legal requirements. Further, no strictures or penalties have been imposed by any Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to the capital markets during the last three years.

C. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated and adopted a Vigil Mechanism as per Section 177 of the Companies Act, 2013 and Revised Clause 49(IV) of the Listing Agreement and has established the necessary mechanism for employees to express to the management, their concerns and suggestions about the deficiencies in the systems and procedures or violation of any code of conduct or general ethics.

The detail of establishment of Whistle Blower Policy is posted in the Company's website and the same may be accessed at the following web link: <http://www.kauveryhospital.com/investors#>

D. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF THIS CLAUSE

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement including CEO/CFO certification. As required under Clause 49, a certificate signed by the CEO and CFO of the Company has been placed before the Board of Directors and the same has been provided elsewhere in this report.

E. Means of Communications

The company is publishing Unaudited quarterly /Audited annual results in English and Tamil Newspapers promptly besides mailing the same to the BSE Limited (BSE) where the shares of the company are at present listed, immediately after each of the Board Meetings in which resolutions for adopting the accounts are passed. Besides, such financial results are also published in the company's website.

In the following website of the company the Annual Report, shareholding pattern and other corporate information are published for the information of the shareholders –

www.kauveryhospital.com

F. The Distribution pattern of the shareholdings as on 31.03.2015 is as follows –

Pattern of Holding No. of Shares	No. of Share Holders	No. of Shares	% of Holding to Total No. of Shares
1 - 1000	49345	6566560	4.03
1001 - 5000	924	1924402	1.18
5001 - 10000	122	866836	0.53
10001 - 20000	75	1055259	0.65
20001 - 30000	27	638396	0.39
30001 - 40000	6	222000	0.14
40001 - 50000	8	374748	0.23
50001 - 100000	14	903904	0.55
Above 100000	49	150532895	92.30
TOTAL	50570	163085000	100.00

G. GENERAL SHAREHOLDER INFORMATION**(i) Annual General Meeting Date, Time and Venue****32nd Annual General Meeting:**

Date and Time : 29th September 2015 at 2.00 pm

Venue : Nanjai Hall, Hotel Sangam, Cantonment, Trichy – 620 001

(ii) Financial calendar

Tentative Financial Calendar for the year 2015-16

Financial Year April 1, 2015 to March 31, 2016

First Quarter Results On or before August 14, 2015

Half Yearly Results On or before November 14, 2015

Third Quarter Results On or before February 14, 2016

Fourth Quarter and Annual Results On or before May 30, 2016

(iii) Date of book closure

23rd September 2015 to 29th September 2015 (both days inclusive)

(iv) Listing of Shares on Stock Exchange and Stock Code

The equity shares of the company is listed with BSE Limited Stock Symbol: KMCSHIL; Scrip Code: 524520. The Company has paid the Annual Listing fee for the year 2014-15.

(v) Market Price data

The closing market price of equity shares on March 31, 2015 (last trading day of the year) was Rs.2.85 on BSE.

Monthly share price movement during the financial year 2014-15

Month	High Price	Low Price	No. of Shares traded
April-14	2.84	1.90	95173
May-14	2.28	1.77	768877
June-14	3.58	2.27	701902
July-14	3.30	2.58	361708
August-14	3.15	2.46	149099
September-14	3.05	2.11	219744
October-14	3.17	2.55	209094
November-14	3.30	2.60	159263
December-14	3.30	2.29	101016
January-15	2.97	2.37	68825
February-15	3.48	2.25	108971
March-15	3.78	2.76	263457

(vi) Address of Registrar and Transfer Agents

M/s Cameo Corporate Services Ltd,
No 1, Subramanian Building, Club House Road,
Chennai - 600 002
Phone – 044-28460390
email - investor@cameoindia.com

It is also brought to the kind notice of the shareholders that as per SEBI's instructions, every transferee of shares is to furnish his/her PAN number to the company / Registrars and Share Transfer Agents of the company to get the shares transferred in his/her name.

The communications sent to many of the shareholders are reverted back to the company for want of proper addresses. Hence the shareholders who are receiving this Annual Report are requested to advise any of the other shareholders known to them who have not received the Annual Report, to communicate to the company their current address where the communications are to be sent. The shareholders are requested to communicate in writing their complete address with pincode number and any changes to be made in the records of the company.

It is brought to the kind notice of the shareholders that the Ministry of Corporate Affairs has taken a Green Initiative as part of the Corporate Governance by allowing paperless compliances and communications not overruling the other relevant statutory Enactments. The MCA clarified that the Company would have complied with the required Regulations, if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notice / documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the company.

In view of the above the shareholders are requested to provide their e-mail id to cs.kmcshil@kauveryhospital.com.

The shareholders are requested to contact the Registrars and Share Transfer Agents for any queries regarding the procedures for issue of new share certificates, dematerialization, transfers, nominations and address updations.

H. CODE OF CONDUCT

The Code of Conduct for the Management/Directors of the company has been adopted as required under Clause 49(II)(E) of the Listing Agreement with Stock Exchange which applies to all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed their compliance on an annual basis and their confirmations have been received in this regard. A declaration to this effect signed by the Managing Director & CEO is provided elsewhere in the annual report. The Code of Conduct is available on the Company's website: www.kauveryhospital.com

The familiarization programme for the Independent Directors can be accessed in the web link:

<http://www.kauveryhospital.com/investors#>

I. ADDRESS FOR CORRESPONDENCE

Registered Office	6, Royal Road, Cantonment, Trichy – 620001 Ph: 0431 4077777 Fax : 0431 2415402
Website address	www.kauveryhospital.com
E-mail	cs.kmcshil@kauveryhospital.com

For and on behalf of the Board

(Dr S Chandrakumar)
MANAGING DIRECTOR & CEO

Place: Chennai
Date :14th August, 2015

DECLARATION AS TO THE COMPLIANCE OF CODE OF CONDUCT OF THE BOARD MEMBERS AND THE SENIOR MANAGEMENT PERSONNEL

This is to confirm that the Company has adopted the Code of Conduct for its employees including the Directors and Senior Management Personnel. The Code of Conduct is posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2015, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them for the year ended March 31, 2015.

Place : Chennai
Date : 14th August, 2015

Dr S Chandrakumar
Managing Director

CEO & CFO CERTIFICATION AS PER CLAUSE 49 IX OF THE LISTING AGREEMENT

We certify to the Board that:

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2015 and that to the best of our knowledge and belief:
1. these statements do not contain materially untrue statement or omit any material fact or contain statement that might be misleading
 2. these statements together present a true and fair view of the company's Affairs and are in compliance with existing accounting standards, applicable Laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and we have disclosed to auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify the deficiencies.
- D) We have indicated to auditors and the Audit Committee
1. Significant changes in internal control over financial reporting during year : NIL
 2. Significant changes in accounting policies during the year and same have been disclosed in the notes to the financial statements: NIL
 3. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system: NIL

Place : Chennai
Date : 14th August 2015

Dr. S. Chandrakumar
Managing Director & CEO

CA G Ranganathan
Chief Financial Officer

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER
CLAUSE 49 OF LISTING AGREEMENT FROM A PRACTISING COMPANY SECRETARY :**

R. DEENADAYALU, B.Com., BL., FCS,
Company Secretary in Practice.

Flat No.'N', II Floor, "Mansi Residency",
457/152, Velacheri Main Road,
East Tambaram, Chennai-600059.
Mobile No.9283112100
E-Mail: deenu1949@yahoo.co.in

Compliance Certificate under Clause 49 of the Listing Agreement.

To
The Members,

M/S. KMC Speciality Hospitals (India) Limited,
CIN: L85110TN1982PLC009781
6, Royal Road, Cantonment, Trichy – 620001.

I have examined the compliance of conditions of Corporate Governance by M/s. KMC Speciality Hospitals (India) Limited, for the year ended 31st March, 2015 as stipulated in clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was carried out in accordance with the Guidance Note on Certificate of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) of the said company with Stock Exchanges in India and was limited to procedures and implementation thereof, adopted by the Company of ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

(R. DEENADAYALU)
C.P.NO. 7697 FCS 3850

Place: Chennai
Date: 03rd August, 2015

B S R & Co. LLP
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To
The Members,
KMC Speciality Hospitals (India) Limited

Report on the financial statements

We have audited the accompanying financial statements of **KMC Speciality Hospitals (India) Limited** (the "Company"), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's board of directors is responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

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 control 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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.

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

No.10,Mahatma Gandhi Road, Nungambakkam, Chennai-600 034.
Telephone No. : +91 44 3914 5000 Fax : +91 44 3914 5999

INDEPENDENT AUDITORS' REPORT

To the Members of KMC Speciality Hospitals (India) Limited

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2015, and its profits and cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of written representations received from the directors as on March 31, 2015, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 31 and note 40 to the financial statements;
 - ii the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii there were no amounts which were required to be transferred to the investor education and protection fund by the Company.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Chinnsamy Ganesan

Partner

Membership No: 27501

Place : Chennai

Date : May 29, 2015

B S R & Co. LLP
Chartered Accountants

Annexure to the Independent Auditors' Report
To the members of KMC Speciality Hospitals (India) Limited
for the year ended March 31, 2015

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the aforesaid program, a portion of fixed asset has been physically verified by the management during the year and *as per information provided to us, the Company is in the process of reconciling the physical assets with the books and is not expecting any material discrepancy.*
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of fixed assets are for the specialised requirements of the Company and similarly purchase and sale of certain items of medicines and services rendered are for the specialised requirements of the patients and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit. As per the information and explanations given to us, the Company has appointed an independent expert for carrying out a detailed review of internal financial controls and the work is in progress. The management had confirmed to us that the internal financial controls existing are adequate and are operating effectively and accordingly no material impact is expected to arise on completion of the aforesaid detailed review by an independent expert.

B S R & Co. LLP
Chartered Accountants

Annexure to the Independent Auditors' Report
To the members of KMC Speciality Hospitals (India) Limited
for the year ended March 31, 2015

- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits and accordingly paragraph 3 (v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax and other material statutory dues have generally regularly been deposited on a regular basis during the year by the Company with the appropriate authorities *except for certain delays in remittances of employees' state insurance ranging from 1 to 2 days and with respect to remittances of value added tax ranging from 1 to 4 days*. As explained to us, the Company did not have any dues on account of wealth tax, excise duty, customs duty and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax and other material statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following are the dues which have not been deposited by the Company on account of disputes;

Nature of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where the dispute is pending
Customs Act 1962	Customs Duty	8,524,905 *	1989 to 1993	Director General of Health Services

* Includes amount paid under dispute amounting to Rs. 913,510/-

- (c) According to the information and explanations given to us, the Company did not have any dues on account of investor education and protection fund.
- (viii) The accumulated losses are not more than 50% of the Company's net worth as at the end of the financial year. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions and debenture holders during the year.

B S R & Co. LLP
Chartered Accountants

Annexure to the Independent Auditors' Report
To the members of KMC Speciality Hospitals (India) Limited
for the year ended March 31, 2015

- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit. In this connection, we also draw attention to note 40 to the financial statements regarding certain allegations made by a group of shareholders of the parent company on the management.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Chinnsamy Ganesan
Partner
Membership No: 27501

Place : Chennai
Date : May 29, 2015

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Balance Sheet as at March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	163,085,000	163,085,000
Reserves and surplus	4	(61,162,219)	(62,401,186)
		101,922,781	100,683,814
Non-current liabilities			
Long-term borrowings	5	94,931,586	122,617,208
Deferred tax liabilities (net)	6	-	-
Other long-term liabilities	7	1,359,478	1,240,810
Long-term provisions	8	18,738,189	15,654,559
		115,029,253	139,512,577
Current liabilities			
Short-term borrowings	9	9,643,121	8,849,572
Trade payables	10	29,631,299	29,181,316
Other current liabilities	11	53,428,822	55,211,188
Short-term provisions	8	338,268	229,071
		93,041,510	93,471,147
TOTAL		309,993,544	333,667,538
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	12	253,459,316	282,189,652
Intangible assets	13	428,571	45,864
Capital work-in-progress		-	4,358,065
Long-term loans and advances	14	29,154,871	18,868,370
Other non-current assets	15	862,642	400,000
		283,905,400	305,861,951
Current assets			
Inventories	16	7,270,624	7,377,461
Trade receivables	17	11,935,206	9,591,685
Cash and bank balances	18	3,033,021	4,231,822
Short-term loans and advances	19	751,705	1,830,167
Other current assets	20	3,097,588	4,774,452
		26,088,144	27,805,587
TOTAL		309,993,544	333,667,538

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

Chinnsamy Ganesan

Partner

Membership No: 27501

for and on behalf of the board of directors of
KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Dr. S Chandrakumar**
Managing Director**G. Ranganathan**
Chief Financial Officer**CA. S Chenthil Kumar**
Director**A. Thanikainathan**
Company Secretary

Place: Trichy

Date : May 29, 2015

Place: Trichy

Date : May 29, 2015

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Statement of profit and loss for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

Particulars	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue from operations	21	362,969,482	319,091,734
Other income	22	2,124,210	31,845,735
		365,093,692	350,937,469
Expenses			
Cost of materials consumed	23	10,851,310	9,693,499
Purchases of stock-in-trade		53,804,859	46,981,911
Changes in inventory	24	(792,878)	35,204
Hospital operating expenses	25	129,662,050	118,968,948
Employee benefit expense	26	88,849,323	84,677,876
Finance costs	27	19,261,728	21,584,671
Depreciation and amortisation	28	37,934,693	42,192,889
Other expenses	29	24,283,640	42,282,537
		363,854,725	366,417,535
Profit / (loss) before tax		1,238,967	(15,480,066)
Tax expense			
Current tax		-	-
Deferred tax charge/(benefit)	30	-	(12,520,606)
Total tax expense		-	(12,520,606)
Profit / (loss) after tax		1,238,967	(2,959,460)

Earnings per share:

37

Basic and Diluted

0.01

(0.02)

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

Chinnsamy Ganesan

Partner

Membership No: 27501

for and on behalf of the board of directors of
KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Dr. S Chandrakumar**

Managing Director

G. Ranganathan

Chief Financial Officer

CA. S Chenthil Kumar

Director

A. Thanikainathan

Company Secretary

Place: Trichy

Date : May 29, 2015

Place: Trichy

Date : May 29, 2015

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Cash flow statement for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A Cash flows from operating activities		
Net Profit / (Loss) before tax	1,238,967	(15,480,066)
Adjustments:		
Depreciation and amortisation	37,934,693	42,192,889
Subsidy on account of loan waiver	-	(30,182,334)
Liabilities / provisions no longer required written back	(1,033,059)	-
Bad debts written off	1,354,025	3,661,698
Provision for doubtful debts	-	1,638,192
Provision for capital work-in-progress	843,459	-
Interest Expenses	19,261,728	21,584,671
Interest income	(304,832)	(339,441)
Profit on disposal of fixed assets, net	(290,002)	(898,400)
Operating cash flow before working capital changes	59,004,979	22,177,209
(Increase)/decrease in inventories	106,837	(64,058)
(Increase)/decrease in trade receivables	(2,664,487)	(1,163,885)
(Increase)/decrease in loans and advances and other current assets	2,152,193	(1,623,606)
Increase/(decrease) in current liabilities and provisions	5,712,182	29,934,483
Cash generated from operating activities	64,311,704	49,260,143
Taxes paid	(10,025,546)	(9,935,510)
Net cash generated from operating activities (A)	54,286,158	39,324,633
B Cash flow from investing activities		
Purchase of fixed assets	(9,621,227)	(26,588,333)
Sale of fixed assets	378,600	3,158,247
Bank deposits (having original maturity of more than three months)	700,000	-
Interest received	374,936	215,982
Net cash used in investing activities (B)	(8,167,691)	(23,214,104)

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Cash flow statement for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
C Cash flow from financing activities		
Proceeds of loans and borrowings	3,815,628	23,200,306
Repayment of loans and borrowings	(30,626,132)	(15,790,129)
Interest paid	(19,506,764)	(21,506,154)
Net cash used in financing activities (C)	(46,317,268)	(14,095,977)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(198,801)	2,014,552
Cash and cash equivalents at the beginning of the year	3,231,822	1,217,270
Cash and cash equivalents at the end of the year	3,033,021	3,231,822
Components of Cash and cash equivalents	As at March 31, 2015	As at March 31, 2014
Cash on hand	883,154	2,422,931
Cheques on hand	371,955	-
Balances with banks		
- on current accounts	1,777,912	808,891
	3,033,021	3,231,822

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

for and on behalf of the board of directors of

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Chinnsamy Ganesan**

Partner

Membership No: 27501

Dr. S Chandrakumar

Managing Director

CA. S Chenthil Kumar

Director

G. Ranganathan

Chief Financial Officer

A. Thanikainathan

Company Secretary

Place: Trichy

Date : May 29, 2015

Place: Trichy

Date : May 29, 2015

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees, except share data and as stated)

1 Company overview

KMC Speciality Hospitals (India) Limited ("the Company") was originally incorporated as Advanced Medical Care Private Limited on December 31, 1982 under the Companies Act, 1956 and was converted into a Public Limited Company on July 15, 1988. The name of the Company was changed to Seahorse Hospitals Limited on March 21, 1995 and to its current name with effect from October 24, 2008. The Company is a super speciality hospital based in Trichy, belonging to the Kauvery Hospitals Group. The company is primarily engaged in the business of rendering medical and healthcare services.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention using the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 133 of the Companies Act, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India (SEBI).

2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Revenue recognition

The Company derives its revenue primarily from rendering medical and healthcare services. Income from medical and healthcare services comprises of income from hospital services and sale of pharmacy products.

Revenue from hospital services to patients is recognised as revenue when the related services are rendered unless significant future uncertainties exist relating to the ultimate collection. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered. Revenue is recognised net of discounts and concessions given to the patients.

Revenue from sale of pharmacy products within hospital premises is recognised on sale of medicines and similar products to the buyer. The amount of revenue recognised is net of sales returns and exclusive of sales tax and trade discounts, wherever applicable.

'Unbilled revenue' represents value of medical and healthcare services rendered in excess of amounts billed to the patients as at the balance sheet date.

Interest income is recognised using the time-proportion method, based on underlying interest rates.

Dividend income is recognised when the Company's right to receive dividend is established.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees, except share data and as stated)

2.4 Fixed assets, depreciation and amortisation

Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalized. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date, are disclosed as Capital advances.

Depreciation on tangible assets is provided on a pro-rata basis on the straight-line method over the estimated useful life of the assets which are lower than the useful lives prescribed under Schedule II to the Companies Act, 2013. The Company believes that the following useful life best represent the useful lives of the assets based on the internal assessment supported by technical evaluation, wherever necessary.

The useful lives of the assets are:

Description	Useful life (in Years)
Surgical and other equipments	10
Electrical installations	5
Computers	3
Books	10
Furniture and fixtures	5
Vehicles	4

Buildings on leasehold land are being depreciated over the term of the lease, or its estimated useful life, whichever is lower on a straight line basis. Leasehold improvements are depreciated over the period of 10 years or the estimated useful life of the assets, whichever is lower on a straight line basis.

Assets individually costing Rs 5,000 and less are fully depreciated in the year of purchase. Depreciation is charged on a proportionate basis for all fixed assets purchased and sold during the year.

Intangible assets are recorded at the consideration paid for acquisition and are amortised over their estimated useful lives of 3 years on a straight line basis, commencing from the date the asset is available to the Company for its use.

The cost of assets not ready to be put to use before the year end is disclosed under capital work in progress.

2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net realisable value and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees, except share data and as stated)

2.6 Inventories

Inventory comprises of pharmacy stock and consumables. Pharmacy stock is valued at the lower of cost and net realisable value. Consumables are valued at cost. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The Company follows the first-in first-out method for determining the cost of inventories.

2.7 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the assets or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments are apportioned between finance charges and reduction of the lease liability at the implicit rate of return. Finance charges are charged to the statement of profit and loss.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the period of the lease or as and when the payments are made over the lease term.

2.8 Employee benefits

Provident fund: Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.

Gratuity: The Company provides gratuity, a defined benefit retirement plan covering eligible employees. Liabilities related to the gratuity plan are determined by actuarial valuation using projected unit credit method carried out by an independent actuary as at the balance sheet date. Actuarial gains or losses are recognised immediately in the statement of profit and loss. The Company's gratuity scheme is administered by Life Insurance Corporation of India.

Compensated absences: The obligation in respect of long term compensated absences is measured on the basis of independent actuarial valuation using the projected unit credit method. The obligations in respect of short term compensated absences is measured on the actual liability basis.

2.9 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at yearend rates. The resultant exchange differences are recognised in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees, except share data and as stated)

2.10 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably and virtually certain respectively to be realised.

2.11 Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that decrease profit per share are included.

2.12 Cash Flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

2.13 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

3 Share Capital

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised		
250,000,000 (Previous year: 250,000,000) equity shares of Rs. 1/- each	250,000,000	250,000,000
	250,000,000	250,000,000
Issued, subscribed and paid up		
163,085,000 (Previous year: 163,085,000) equity shares of Rs. 1/- each fully paid up	163,085,000	163,085,000
	163,085,000	163,085,000

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 1/- each fully paid up				
At the beginning of the year	163,085,000	163,085,000	163,085,000	163,085,000
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	163,085,000	163,085,000	163,085,000	163,085,000

b. Rights, preferences and restrictions attached to shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Shares held by holding company and / or their subsidiaries / associates

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 1/- each fully paid up				
Sri Kavery Medical Care (Trichy) Limited, the Holding Company	122,313,750	122,313,750	122,313,750	122,313,750

d. Details of share holders holding more than 5% of shares of Rs. 1/- each fully paid in the Company

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	% of total equity shares	Number of shares	% of total equity shares
Equity shares of Rs. 1/- each fully paid up				
Sri Kavery Medical Care (Trichy) Limited, the Holding Company	122,313,750	75.00%	122,313,750	75.00%

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

4 Reserves and surplus

Particulars	As at March 31, 2015	As at March 31, 2014
Capital reserve		
At the commencement of the year	-	30,182,334
Add: Additions during the year	-	-
Less: Utilised / transferred during the year (refer note 31)	-	(30,182,334)
At the end of the year	-	-
Deficit in the statement of profit and loss		
At the commencement of the year	(62,401,186)	(59,441,726)
Profit / (Loss) for the year	1,238,967	(2,959,460)
At the end of the year	(61,162,219)	(62,401,186)
	(61,162,219)	(62,401,186)

5 Long-term borrowings

Particulars	Non-Current		Current*	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Secured				
Term loans from banks	94,931,586	122,556,570	32,003,671	31,871,784
Other loans	-	60,638	60,614	110,932
	94,931,586	122,617,208	32,064,285	31,982,716

* Amount disclosed under 'Other current liabilities' (refer note 11)

Terms of repayment of term loans from banks and the nature of security

a) Term loans availed from Axis Bank:

- (i) Term loan-I was availed during October 2010 and is repayable in 60 monthly installments of INR 833,334/- along with interest, commencing from November 30, 2012, being 24 months from the date of sanction.
- (ii) Term loan-II was availed during February 2012 and is repayable in 60 monthly installments of INR 833,334/- along with interest, commencing from January 31, 2014, being 24 months from the date of sanction.
- (iii) Term loan-III was availed during the financial year 2013-14 and is repayable in 60 monthly installments of INR 500,000/- along with interest, commencing from April 30, 2014, being 10 months from the date of sanction.

b) Term loan from City Union Bank was availed on January 2, 2013 and is repayable in 84 equated monthly installments (EMIs) of INR 923,244/- commencing from August 01, 2013, being 6 months after the date of availment.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

The above loans are secured by way of the following:

- (i) Hypothecation of all movable assets, both present and future, comprising of medical equipments, machineries, furnitures, etc.
- (ii) Equitable mortgage on the commercial lands situated at Old TS no. 132, New TS No. 2-part and New TS no. 3/2 part, Old Ward No. 1, New Ward No. K, Old block no. 25, New block no. 17, K.Abishekapuram Village, Cantonment, Trichy and commercial building in the leasehold land situated at No.6, Royal Road, Cantonment, Trichy.
- (iii) Corporate guarantee from Sri Kavary Medical Care (Trichy) Limited, the Holding Company
- (iv) Personal guarantees of (a) Dr. S Chandrakumar, the Managing Director and Dr. S Manivannan, Director for the Term Loans availed from Axis Bank and (b) Dr. S Chandrakumar, the Managing Director and Dr D Senguttuvan, Executive Director for the Term Loans availed from City Union Bank.

C) Other loans represents vehicle loan availed during October 2012 and is repayable in 36 EMI of INR 10,463/-. The loan is secured by hypothecation of fixed asset acquired thereunder.

6 Deferred tax liabilities (net)

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax liabilities on account of :		
Fixed Assets	(21,835,758)	(25,910,770)
	(21,835,758)	(25,910,770)
Deferred tax asset on account of :		
Unabsorbed carry forward losses/ depreciation (refer note below)	11,817,690	16,691,193
Provision for employee benefits	1,234,832	544,775
Provision for property tax	5,232,086	4,854,070
Provision for bad and doubtful debts	222,428	574,155
Expenditure covered by section 43B of Income-tax Act, 1961	3,328,722	3,246,577
	21,835,758	25,910,770
Net deferred tax liability/ (asset)	-	-

Note : Since the Company has carried forward losses and unabsorbed depreciation as per taxation laws, the recognition of deferred tax asset has been scaled down to the extent that the aggregate of the deferred tax asset matches with the aggregate of the deferred tax liability as at the year end.

7 Other long-term liabilities

Particulars	As at March 31, 2015	As at March 31, 2014
Security deposits	1,359,478	1,240,810
	1,359,478	1,240,810

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

8 Provisions

Particulars	Long - term		Short - term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits				
Gratuity (refer note 35)	1,821,039	977,090	214,779	182,049
Compensated absences	1,483,267	396,591	123,489	47,022
Other provision				
Provision for property tax	15,433,883	14,280,878	-	-
	18,738,189	15,654,559	338,268	229,071

Particulars	Provision for property tax	
	As at March 31, 2015	As at March 31, 2014
Additional disclosure relating to provisions		
At the commencement of the year	14,280,878	5,000,000
Add : Provision made during the year	1,286,333	11,026,010
Less : Provision utilised during the year	(133,328)	(1,745,132)
At the end of the year	15,433,883	14,280,878

9 Short-term borrowings

Particulars	As at March 31, 2015	As at March 31, 2014
Loans repayable on demand		
Cash credit facilities from banks (Secured) (refer note below)	9,643,121	8,849,572
	9,643,121	8,849,572

Terms of repayment of cash credit facility from banks and the nature of security

The cash credit facilities are secured by way of the following:

- (i) Hypothecation of current assets of the Company, both present and future;
- (ii) Hypothecation of all movable assets, both present and future, comprising of medical equipments, machineries, furnitures, etc.
- (iii) Equitable mortgage on the commercial lands situated at Old TS no. 132, New TS No. 2-part and New TS no. 3/2 part, Old Ward No. 1, New Ward No. K, Old block no. 25, New block no. 17, K.Abishekapuram Village, Cantonment, Trichy and commercial building in the leasehold land situated at No.6, Royal Road, Cantonment, Trichy; and
- (iv) Corporate guarantee from Sri Kavary Medical Care (Trichy) Limited, the Holding Company and personal guarantees of Dr.S.Chandrakumar, Managing Director, Dr. S Manivannan, Director of the Company.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

10 Trade payables

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables	29,631,299	29,181,316
	29,631,299	29,181,316

For dues to micro and small suppliers, refer to note 34

11 Other current liabilities

Particulars	As at March 31, 2015	As at March 31, 2014
Current maturities of long-term borrowings (also refer note 5)	32,064,285	31,982,716
Interest accrued but not due on borrowings	1,491,955	1,204,110
Interest accrued and due on borrowings	-	532,881
Liabilities towards purchase of fixed assets	1,193,396	4,762,999
Advance from patients	4,020,222	3,579,094
Income received in advance	849,111	-
Statutory liabilities	2,864,890	2,621,607
Employee benefits payable	4,528,518	3,956,288
Other liabilities	6,416,445	6,571,493
	53,428,822	55,211,188

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

12 Tangible assets

Particulars	Land	Buildings	Leasehold improvements	Surgical and other equipments	Electrical installation	Computers	Books	Furniture and fixtures	Vehicles	Total
GROSS BLOCK										
Balance as at April 1, 2013	4,043,397	212,492,799	-	109,275,872	54,254,147	6,504,925	50,713	10,914,154	1,054,762	398,590,769
Additions	-	-	20,404,172	6,374,486	8,838,045	737,594	-	2,270,768	-	38,625,065
Deletions/ adjustments *	-	(68,494,338)	68,494,338	(2,830,000)	(1,615,135)	-	-	-	-	(4,445,135)
Balance as at March 31, 2014	4,043,397	143,998,461	88,898,510	112,820,358	61,477,057	7,242,519	50,713	13,184,922	1,054,762	432,770,699
Additions	-	-	-	2,300,810	6,199,439	135,950	-	408,398	-	9,044,597
Deletions/ adjustments	-	-	-	(854,429)	(810,634)	-	-	(77,806)	-	(1,742,869)
Balance as at March 31, 2015	4,043,397	143,998,461	88,898,510	114,266,739	66,865,862	7,378,469	50,713	13,515,514	1,054,762	440,072,427
ACCUMULATED DEPRECIATION										
Balance as at April 1, 2013	-	29,043,499	-	54,322,420	23,660,711	2,061,084	18,984	1,227,143	277,307	110,611,148
Depreciation for the year	-	4,034,337	13,773,967	7,797,958	9,217,088	2,465,137	4,505	4,585,358	276,802	42,155,152
Deletions	-	(1,742,908)	1,742,908	(824,718)	(1,360,535)	-	-	-	-	(2,185,253)
Balance as at March 31, 2014	-	31,334,928	15,516,875	61,295,660	31,517,264	4,526,221	23,489	5,812,501	554,109	150,581,047
Depreciation for the year	-	2,352,685	8,685,518	8,595,729	12,908,559	1,893,177	8,475	2,915,658	326,534	37,686,335
Deletions	-	-	-	(818,625)	(810,634)	-	-	(25,012)	-	(1,654,271)
Balance as at March 31, 2015	-	33,687,613	24,202,393	69,072,764	43,615,189	6,419,398	31,964	8,703,147	880,643	186,613,111
NET BLOCK										
Balance as at March 31, 2014	4,043,397	112,663,533	73,381,635	51,524,698	29,959,793	2,716,298	27,224	7,372,421	500,653	282,189,652
Balance as at March 31, 2015	4,043,397	110,310,848	64,696,117	45,193,975	23,250,673	959,071	18,749	4,812,367	174,119	253,459,316

* During the previous year, the Company has identified leasehold improvements amounting to Rs. 68,494,338, which were accounted as part of Buildings in the earlier years and has appropriately classified as 'Leasehold improvements'.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

13 Intangible assets

Particulars	Software	Total
GROSS BLOCK		
Balance as at April 1, 2013	100,000	100,000
Additions	83,600	83,600
Deletions/ adjustments	-	-
Balance as at March 31, 2014	183,600	183,600
Additions	631,065	631,065
Deletions/ adjustments	-	-
Balance as at March 31, 2015	814,665	814,665
ACCUMULATED AMORTISATION		
Balance as at April 1, 2013	99,999	99,999
Amortisation for the year	37,737	37,737
Deletions	-	-
Balance as at March 31, 2014	137,736	137,736
Amortisation for the year	248,358	248,358
Deletions	-	-
Balance as at March 31, 2015	386,094	386,094
NET BLOCK		
Balance as at March 31, 2014	45,864	45,864
Balance as at March 31, 2015	428,571	428,571

14 Long-term loans and advances (Unsecured, considered good)

Particulars	Non-Current		Current*	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
To parties other than related parties				
Security deposits				
Capital advances	25,183	134,615	-	-
Balances/ deposits with government authorities	2,366,043	1,995,656	-	-
Security deposits	150,000	150,000	-	-
	<u>2,541,226</u>	<u>2,280,271</u>	-	-
Other loans and advances				
Advance taxes (net of provision)	26,093,645	16,068,099	-	-
	<u>26,093,645</u>	<u>16,068,099</u>	-	-
To related parties				
Advances to related parties	520,000	520,000	-	436,423
	<u>520,000</u>	<u>520,000</u>	-	<u>436,423</u>
	29,154,871	18,868,370	-	436,423

* Amount disclosed under Short-term loans and advances (refer note 19)

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

15 Other non-current assets (Unsecured, considered good)

Particulars	As at March 31, 2015	As at March 31, 2014
Bank deposits (due to mature after 12 months from the reporting date) *	700,000	400,000
Interest accrued on deposits (due to mature after 12 months from the reporting date)	162,642	-
	862,642	400,000

* Deposits under lien

	700,000	400,000
--	---------	---------

16 Inventories *

Particulars	As at March 31, 2015	As at March 31, 2014
Traded goods - Pharmacy items	3,309,549	2,516,671
Consumables - Surgical material and medical stores * (also refer note 2.6)	3,961,075	4,860,790
	7,270,624	7,377,461

17 Trade receivables

Particulars	As at March 31, 2015	As at March 31, 2014
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured - Considered good	583,597	614,176
Unsecured - Considered doubtful	656,129	1,689,188
Less: Provision for doubtful debts	(656,129)	(1,689,188)
	583,597	614,176
Other receivables		
Unsecured - Considered good	11,351,609	8,977,509
	11,351,609	8,977,509
	11,935,206	9,591,685

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

18 Cash and bank balances

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents		
Cash on hand	883,154	2,422,931
Cheques on hand	371,955	-
Balance with banks		
- on current accounts	1,777,912	808,891
	3,033,021	3,231,822
Other bank balances*	-	1,000,000
	3,033,021	4,231,822
* Deposits under lien	-	1,000,000
Details of bank balances/ deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,777,912	808,891
Bank deposits due to mature within 12 months of the reporting date included under 'other bank balances'	-	1,000,000
Bank deposits due to mature after 12 months of the reporting date included under 'other non-current assets' (refer note 15)	700,000	400,000

19 Short-term loans and advances (Unsecured, considered good)

Particulars	As at March 31, 2015	As at March 31, 2014
Current portion of long-term loans and advances (refer note 14)		
To related parties	-	436,423
Other short-term loans and advances		
To parties other than related parties		
Employee advances	111,790	110,400
Advance for availment of services	55,784	500,000
Prepaid expenses	584,131	783,344
	751,705	1,830,167

20 Other current assets (Unsecured, considered good)

Particulars	As at March 31, 2015	As at March 31, 2014
Unbilled revenue	3,097,588	4,541,706
Interest accrued on fixed deposits	-	232,746
	3,097,588	4,774,452

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

21 Revenue from operations

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from medical and healthcare services		
Income from hospital services	265,280,174	238,162,415
Sale of pharmacy products	96,770,429	80,193,162
	362,050,603	318,355,577
Other operating revenues		
Sale of scrap	533,004	307,347
Others	385,875	428,810
	918,879	736,157
	362,969,482	319,091,734
Breakup of revenue from medical and healthcare services		
Revenue from in-patient services	213,253,396	193,479,221
Revenue from out-patient services	50,518,516	41,824,484
Sales of pharmacy products	96,770,429	80,193,162
Others	1,508,262	2,858,710
	362,050,603	318,355,577

22 Other income

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income from banks	110,406	137,368
Interest income from others	194,426	202,073
Rental income	123,000	120,000
Subsidy on account of loan waiver (refer note 30)	-	30,182,334
Liabilities / provisions no longer required written back	1,033,059	21,118
Profit on disposal of fixed assets, net	290,002	898,400
Miscellaneous income	373,317	284,442
	2,124,210	31,845,735

23 Cost of materials consumed

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Inventory at the beginning of the year	4,860,790	4,761,528
Add: Purchases	9,951,595	9,792,761
Inventory at the end of the year	(3,961,075)	(4,860,790)
	10,851,310	9,693,499

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Notes to the financial statements for the year ended March 31, 2015
 (All amounts are in Indian Rupees except share data or as stated)

24 Changes in inventory

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening stock		
Traded goods - Pharmacy items	2,516,671	2,551,875
Closing stock		
Traded goods - Pharmacy items	(3,309,549)	(2,516,671)
	(792,878)	35,204

25 Hospital operating expenses

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Professional fees paid to consultants	84,178,311	71,555,863
Power and fuel	14,878,840	14,726,788
Repairs and maintenance		
- Buildings	1,724,862	5,834,854
- Plant and machinery	3,089,262	2,498,076
- Others	5,851,793	5,481,838
Testing fees	12,567,504	10,798,702
Medical gas	1,601,632	2,276,736
Rent	1,911,246	2,226,924
Blood and medical record scan charges	2,544,758	1,789,146
Health club expenses	1,313,842	1,780,021
	129,662,050	118,968,948

26 Employee benefit expenses

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, wages and bonus	77,454,781	73,740,892
Contribution to provident and other funds	7,915,203	7,225,735
Staff welfare expenses	3,479,339	3,711,249
	88,849,323	84,677,876

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

27 Finance Costs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest		
- on term loans	19,172,300	21,297,083
- on others	14,588	27,098
Other processing charges	74,840	260,490
	19,261,728	21,584,671

28 Depreciation and amortisation

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Depreciation of tangible assets (refer note 12)	37,686,335	42,155,152
Amortisation of intangible assets (refer note 13)	248,358	37,737
	37,934,693	42,192,889

29 Other expenses

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Rates and taxes	1,929,801	16,181,407
Business promotion & Publicity	6,610,092	6,521,987
Travelling and communication expenses	3,232,230	2,963,997
Printing and stationery	2,528,714	2,168,010
Legal and professional charges (refer note below)	3,524,882	2,860,017
Security charges	1,005,739	1,249,711
Bad debts written off	1,354,025	3,661,698
Provision for doubtful debts	-	1,638,192
Deposits written off	-	1,276,361
Insurance	471,575	409,770
Bank charges	944,483	470,755
Directors sitting fees	480,000	438,204
Provision for capital work-in-progress	843,459	-
Miscellaneous expenses	1,358,640	2,442,428
	24,283,640	42,282,537
Payment to auditors (excluding service tax)		
Statutory audit	1,300,000	1,300,000
Quarterly limited reviews	450,000	450,000
Reimbursement of expenses	177,693	206,386
	1,927,693	1,956,386

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

30 Prior period (income)/ expenses

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Deferred tax benefit for earlier years	-	(10,260,519)
Subsidy on account of loan waiver	-	(30,182,334)
Depreciation on fixed assets relating to earlier years	-	11,140,000
Provision towards property tax	-	9,310,000
Others	-	4,780,000
	-	(15,212,853)

31 Contingent liabilities and commitments

Particulars	As at March 31, 2015	As at March 31, 2014
Contingent liabilities		
Claims against the Company not acknowledged as debts		
- disputed customs duty	8,524,905	8,524,905
- disputed municipal rent	917,260	917,260
Guarantees given		
- Guarantees given to bankers on behalf of Sri Kavery Medical Care (Trichy) Limited	615,000,000	615,000,000
Others	118,417,427	46,334,861
Commitments		
Estimated value of contracts remaining to be executed on capital account and not provided for	15,877	3,044,562

32 Transfer Pricing

The Company has specified domestic transactions with related parties as provided for in the Income Tax Act, 1961. In the opinion of the management, the Company maintains documents as prescribed by the Income-tax Act to prove that these specified domestic transactions are at arm's length and the aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

33 Segment reporting

The Company's sole business segment is 'Medical and Healthcare services' and the principal geographical segment is India. Consequently, the management believes that there are no reportable segments as required under AS 17 – "Segment Reporting".

34 Dues to micro and small enterprises

The management has identified the enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Such determination/ identification has been done on the basis of information received and available with the Company and relied upon by the auditors. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2015 has been made in the financial statements based on information received and available with the Company.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

Particulars	As at March 31, 2015	As at March 31, 2014
(i) The amounts remaining dues to micro and small suppliers as at the end of the year		
- Principal amount	2,935,108	2,515,288
- Interest due on the above amount	9,205	6,791
(ii) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	-
(iii) Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	-
(iv) Amount of interest accrued and remaining unpaid at the end of the year.	9,205	6,791
(v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

35 Employee benefits

The following table set out the status of the gratuity plan as required under Accounting Standard 15 - Employee benefits

Particulars	Gratuity	
	for the year ended March 31, 2015	for the year ended March 31, 2014
(a) Change in present value defined benefit obligation		
Projected benefit obligations at the beginning of the year	4,073,407	2,184,444
Service cost	765,007	1,188,989
Interest cost	315,725	171,747
Actuarial (gain) / loss	108,043	603,429
Benefits settled	(561,291)	(75,202)
Projected benefit obligations at the end of the year	4,700,891	4,073,407
(b) Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	2,914,268	860,757
Expected return on plan assets	240,105	181,676
Contributions	68,411	1,947,037
Actuarial gain / (loss)	3,580	-
Benefits paid	(561,291)	(75,202)
Fair value of plans assets at end of the year	2,665,073	2,914,268
(c) Reconciliation of present value of defined benefit obligation and the fair value of plan assets		
Present value of defined benefit obligation at the end of the year	4,700,891	4,073,407
Fair value of plan assets at the end of the year	2,665,073	2,914,268
Funded status amount of liability recognized in balance sheet	2,035,818	1,159,139
Classification into current/non current		
Classified as long term provision	1,821,039	977,090
Classified as short term provision	214,779	182,049

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

Particulars	Gratuity	
	Year ended March 31, 2015	Year ended March 31, 2014
(d) Expenses recognised in the statement of profit and loss		
Current service cost	765,007	1,188,989
Interest cost	315,725	171,747
Expected return on plan assets	(240,105)	(181,676)
Actuarial (gain) / loss	104,463	603,429
Net gratuity cost	945,090	1,782,489
(e) Financial assumptions at Balance sheet date:		
Discount rate	7.80%	8.25%
Attrition rate	5% - 10%	5% - 10%
Estimated rate of return on plan assets	9.00%	9.00%
Long term rate of compensation increase	5%	5%

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

(f) Five year information

Amounts of the current year and previous four periods are as follows:

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Defined benefit obligation	4,700,891	4,073,407	2,184,444	436,774	203,841
Plan asset	2,665,073	2,914,268	860,757	615,165	275,853
Surplus/(deficit)	(2,035,818)	(1,159,139)	(1,323,687)	178,391	72,012
Experience adjustments in plan liabilities - (loss) / gain	(108,043)	(603,429)	(842,516)	-	-
Experience adjustments in plan Assets - loss / (gain)	(3,580)	-	-	-	-

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

36 Related party disclosures**a) Names of related parties and nature of relationship are as follows:**

Nature of relationship	Name of the related party
Holding company	Sri Kavery Medical Care (Trichy) Limited
Fellow subsidiaries	Kaveri Medi CT Scan (Thuraiyur) Private Limited Kavery Hospital (Hosur) Limited (till December 31, 2014) Kavery Medical Care (Karaikudi) Limited
Key management personnel (KMP)	Dr. S. Chandrakumar, Managing Director Dr. D. Senguttuvan, Executive Director Mr. G. Ranganathan, Chief Financial Officer Mr. A. Thanikainathan, Company Secretary

b) Transaction with related parties during the year

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Holding company - Sri Kavery Medical Care (Trichy) Limited		
Revenue from hospital services rendered	3,600,667	4,726,899
Hospital services availed	791,854	1,716,708
Sale of fixed assets	-	2,068,424
Purchase of fixed assets	-	72,650
Sale of goods	477,973	123,880
Purchase of goods	92,797	26,233
Rental income	123,000	120,000
Rental expenses	210,000	210,000
Advance received (net of payments and TDS)	2,364,853	3,363,546
Claims made on behalf of the Holding Company	72,082,566	41,910,229
Reimbursement of claims received on behalf of the Holding Company	62,740,038	38,466,575
Fellow subsidiary - Kauvery Medical Centre (Karaikudi) Limited		
Sale of fixed assets	92,762	436,423
Hire Charges	48,000	-
Expenses Recharged	3,141	-
Key managerial personnel		
Remuneration *		
- Dr. S. Chandrakumar, Managing Director	3,247,912	3,272,912
- Dr. D.Senguttuvan, Executive Director	2,380,440	1,750,117
- Mr. G. Ranganathan, Chief Financial Officer	736,300	-
- Mr. A. Thanikainathan, Company Secretary	452,746	-

* The obligation towards gratuity and leave encashment are calculated for the company as a whole and hence not included above

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees except share data or as stated)

c) Balances outstanding as at the year end

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Sri Kavery Medical Care (Trichy) Limited		
Loans and advances	520,000	520,000
Trade payables	-	619,039
Claims received payable	1,266,061	4,868,170
Trade receivable	21,600	-
Guarantees and collaterals	615,000,000	615,000,000
Kauvery Medical Centre (Karaikudi) Limited		
Balances Receivable	-	436,423

37 Earnings per share

The computation of earnings per share is set out below:

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit/ (loss) attributable to the equity share holders (Rs.)	1,238,967	(2,959,460)
Weighted average number of equity shares outstanding during the year	163,085,000	163,085,000
Face value of share (Rs.)	1	1
Basic and diluted earnings per share (Rs.)	0.01	(0.02)

38 Operating lease obligations

The Company has taken land for its hospital building and premises for staff accommodation, under cancellable and non-cancellable operating lease arrangements. The land lease was taken for a period of 42 years and premises for staff accommodation are, in general, taken for a period ranging between 1 - 2 years and the lease arrangements are subject to renewal at mutual consent thereafter. The lease rent expense recognised during the year amounts to Rs.1,911,246 (Previous year: Rs.2,226,924). The schedule for future minimum lease payments in respect of non-cancellable operating lease is set out below:

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than one year	210,000	210,000
Later than one year but not later than five years	840,000	840,000
Later than five years	6,930,000	7,140,000

39 Earnings / Expenditure in foreign currency

-

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees except share data or as stated)

40. Subsequent to the balance sheet date, certain minority shareholders of the parent company have sent a notice to the board of directors of the parent company to convene an extra-ordinary general meeting of the parent company, alleging inter alia that various acts of the management, including transactions relating to the Company in relation to purchase of medicines, outsourcing of certain facilities of the hospital etc., are prejudicial to the interest of the Company.

In connection with the above mentioned allegations, the board of directors of the parent company have ordered for convening the extra-ordinary general meeting of the parent company as requested and in the explanatory statement to the said notice concluded that based on the (a) internal assessment made by the management; (b) the report of factual findings based on agreed upon procedures performed by an independent firm of chartered accountants; and (c) expert legal advice, the aforesaid allegations are false, baseless and are not substantiated by any documents. Based on the above, the management represents that there would be no material adverse impact on the Company in this regard. Accordingly, the Company has not recorded adjustments in relation to the aforesaid matters, if any, to the carrying value of assets and liabilities as at the balance sheet date.

41. Prior year comparatives

Prior year's figures have been regrouped wherever necessary to confirm to this year's presentation.

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Chinnsamy Ganesan

Partner

Membership No: 27501

for and on behalf of the board of directors of

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Dr. S Chandrakumar

Managing Director

G. Ranganathan

Chief Financial Officer

CA. S Chenthil Kumar

Director

A. Thanikainathan

Company Secretary

Place : Trichy

Date : May 29, 2015

Place : Trichy

Date : May 29, 2015

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 : L85110TN1982PLC009781
 Name of the company : KMC SPECIALITY HOSPITALS (INDIA) LIMITED
 Registered Office : 6, Royal Road, Cantonment, Trichy – 620 001

Name of the member (s) :

Registered Address :

E-Mail ID :

Folio No/Client ID :

DP ID :

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

1. Name : _____ E-mail Id : _____

Address : _____

Signature : _____, or failing him

2. Name : _____ E-mail Id : _____

Address : _____

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 Annual General Meeting of the company, to be held on Tuesday the 29th day of September 2015 at 2.00 p.m at Nanjai Hall, Hotel Sangam, Collector's Office Road, Cantonment, Trichy – 620 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	(✓)
Ordinary Business	
1	
2	
3	
4	
Special Business	
5	
6	
7	
8	

Signed this _____ day of _____ 2015

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.

Affix One
Rupee
Revenue
Stamp

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Registered Office: 6, Royal Road, Cantonment, Trichy – 620 001

CIN : L85110TN1982PLC009781

Phone: 0431-4077777 Fax: 0091 – 0431 - 2415402

Website: www.kauveryhospital.com E-mail: cs.kmcshil@kauveryhospital.com

Attendance Slip

Please handover the attendance slip at the entrance of the meeting hall, dully completed

I hereby record my presence at the Annual General Meeting of the Company at “Nanjai Hall” Hotel Sangam, Collector's Office Road, Cantonment, Trichy – 620 001 on Tuesday the 29th day of September, 2015 at 2.00 p.m.

Full Name of the Shareholder (in block letters)

Signature

Folio No.: DP ID No.* Client ID No.*

(*Applicable for member holding shares in electronic form)

.....
Full name of the proxy (in block letters)

.....
Signature

THE NEW AGE FAMILY HOSPITAL



To:

If Undelivered please return to :
KMC Speciality Hospitals (India) Limited
No.6, Royal Road, Cantonment, Trichy - 620001
E-Mail: cs.kmcshil@kauveryhospital.com Website: www.kauveryhospital.com