

THE NEW-AGE FAMILY HOSPITAL



# ANNUAL REPORT

## 2015-2016

**KMC Speciality Hospitals (India) Limited**

---



# ANNUAL REPORT 2015-16

## 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 Chandrasekar Kandasamy (From 30th May 2016)	Director
Dr S Vijayabaskaran	Director
Mr N Bala Baskar	Director
Mrs Jayanthi Narayanaswamy	Director
Mr S Krishnamurthy (upto 9th May 2016)	Director
CA G Ranganathan	Chief Financial Officer
CS A Thanikainathan	Company Secretary (Upto 30th June 2016)

#### BANKERS

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

#### AUDITORS

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

#### REGISTERED & CORPORATE OFFICE

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

## INDEX

Notice	1
Route Map	13
Directors' Report	14
Corporate Governance Report	39
Independent Auditors' Report	53
Balance Sheet	60
Statement of Profit and Loss	61
Cash Flow Statement	62
Notes to the Financial Statements	60
Proxy form	
Attendance Slip	

**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 THIRD ANNUAL GENERAL MEETING of the Members of the Company will be held on Thursday, the 29th day of September, 2016 at 3.00 p.m at Hotel Sangam, Cantonment, Trichy – 620001 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 2016 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 consider and if thought fit, to pass with or without modification(s), 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 third 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:**

**4. Directors retiring by rotation**

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

“RESOLVED THAT Dr S Vijayabaskaran (DIN 05139565), who retires by rotation at this Annual General Meeting (“AGM”) and who has expressed his desire not to be re-appointed as a director, be retired with effect from the date of this AGM, not to be re-appointed and the resulting vacancy not to be filled in at this AGM or at adjourned meeting thereof”.

**5. Appointment of Dr T Senthilkumar (DIN 1742558) as a Non-executive Director**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and all 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), Dr T Senthilkumar (DIN 1742558), in respect of whom the Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One lac only) from a member under Section 160 of the Act, proposing the candidature of Dr T Senthilkumar for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation”

**6. Appointment of Mr Chandrasekar Kandasamy (DIN 00236761) as Nominee Director**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and all 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), and Articles of Association of the Company, Mr Chandrasekar Kandasamy (DIN 00236761) , who was appointed as an Additional Director of the Company with effect from 30th May 2016 by the Board of Directors of the company pursuant to 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 notice in writing along with a deposit of Rs 1,00,000 (Rupees One lac only) from a member under Section 160 of the Act, proposing the candidature of Mr Chandrasekar Kandasamy for the office of Director, is be and hereby appointed as a Nominee Director of the Company not liable to retire by rotation.

**7. Re-appointment of Dr D Senguttuvan (DIN: 01867900) as Executive Director**

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

“RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, appointment of Dr D Senguttuvan, as Executive

Director of the Company for a period of three years with effect from 19th July 2016 to 18th July 2019 by the Board of Directors, on such remuneration including perquisites and other terms and conditions as set out in the explanatory statement pursuant to section 102 (1) of the Companies Act, 2013 annexed to this notice and duly approved by the Nomination and Remuneration Committee be and is hereby approved and ratified:

**RESOLVED FURTHER THAT** in addition to the remuneration including perquisites, Dr.D.Senguttuvan is entitled to Doctors fees for the services rendered in his professional capacity on actual basis.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profit in any financial year, during the tenure of Dr.D.Senguttuvan as the Executive Director, the Company 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 AND THAT the Board of Directors of the Company be and are hereby authorized to apply to the Central Government, as may be necessary, if such remuneration exceeds the ceiling prescribed under Schedule V of the Companies Act, 2013 or any statutory modification(s) thereof.

**RESOLVED FURTHER THAT the Board** be and is hereby authorized to revise the remuneration package of Dr.D.Senguttuvan as the Executive Director, from time to time, within the ceilings prescribed under Section 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 as may be in force from time to time.

**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.

**8. To approve related party transactions under section 188 of the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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

“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 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the ordinary course of business and at arm's length price with the holding company namely M/s. Sri Kavary 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 Kavary Medical Care (Trichy) Limited for a aggregate value not exceeding Rs.50 crores (Rupees Fifty 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 Kavary 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.

By the order of the Board

Place: Trichy  
Date : 13th August 2016

**Dr.S.Chandrakumar**  
Managing Director

**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 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 notarized 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, 2016 to 29th September, 2016 (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 third 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 Participants(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 Third 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 third Annual General Meeting and the Annual Report for 2016 will also be available on the Company's website [www.kauveryhospital.com](http://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](mailto: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#>.
  10. The E-Voting procedure and details of Scrutinizer for the E-voting process is provided elsewhere in the report.
- 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 4: Director retiring by Rotation**

In accordance with Section 152(6) of the Companies Act 2013, Dr S Vijayabaskaran (DIN 05139565), will retire by rotation at the ensuing AGM and is eligible for re-appointment. He has expressed that he would not be available for directorship in the Company. The Company does not propose to fill the vacancy at the ensuing AGM or at any adjournment thereof. Pursuant to Section 52 (7) (a) of the Act, a resolution is proposed accordingly.

Memorandum of Interest: Except Dr S Vijayabaskaran and Dr S Chandrakumar who is the brother of Dr S Vijayabaskaran, no other director, key managerial personnel and relative's thereof is concerned or interested in this Resolution.

The Board of Directors recommend passing of the Resolution set out in item no -4 of the Notice.

**Item No 5: Appointment of Dr T Senthilkumar (DIN 1742558) as Non-executive Director**

The Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One lac only) from a member under Section 160 of the Act, signifying the candidature of Dr T Senthilkumar to be appointed as non- executive Director, liable to retire by rotation. Dr T Senthilkumar has consented to and declared as qualified for the appointment as Director, if made. The Board on receipt of the said notice from a member and on the recommendation of its Nomination and Remuneration Committee and subject to the approval of members in this AGM, has accorded its consent, to appoint Dr T Senthilkumar as non- executive Director, liable to retire by rotation.

Information required under Regulation 36(3) of the SEBI (LODR) Regulations 2015 is annexed to this notice as Annexure.

The Board of Directors of your Company recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice.

Memorandum of Interest: Except, Dr T Senthilkumar, being an appointee, none of the Directors, Key Managerial Personnel of the Company, and their relatives is concerned or interested, financial or otherwise in the resolution.

**Brief profile of Dr T Senthilkumar:**

Dr T Senthilkumar M.S.,M.Ch., is a senior consultant Cardiothoracic Surgeon with over 2 decades of professional experience. He was instrumental in establishing open Heart Surgery in Trichy. He is well known and respected among the medical fraternity. He is life member of the Association of Cardiovascular and Thoracic surgeons of India and Indian Medical Association. He has rich teaching experience and is an examiner for B.P.T. (Bachelor in Physiotherapy) course for more than 12 years. He has made numerous presentations, and has many publications to his credit.

**Item No 6: Appointment of Mr Chandrasekar Kandasamy (DIN 00236761) as Nominee Director**

The Board of Directors had, at their meeting held on 30th May 2016, co-opted Mr Chandrasekar Kandasamy as Additional Director, on behalf of Investors of the Holding Company, pursuant to Section 161 of the Companies Act, 2013. Mr Chandrasekar Kandasamy shall hold the office of the Director upto the date of the thirty third AGM. The Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One lac only) from a member under Section 160 of the Act, signifying the candidature of Mr Chandrasekar Kandasamy to be appointed as nominee Director, not liable to retire by rotation. Mr Chandrasekar Kandasamy has consented to and declared as qualified for the appointment as Director, if made. The Board on receipt of the said notice from a member and on the recommendation of its Nomination and Remuneration Committee and subject to the approval of members in this AGM, has accorded its consent, to appoint Mr Chandrasekar Kandasamy as Nominee Director, not liable to retire by rotation.

Information required under Regulation 36(3) of the SEBI (LODR) Regulations 2015 is annexed to this notice as Annexure.

**Brief profile of Mr Chandrasekar Kandasamy:**

Mr.Chandrasekar Kandasamy is the Founding Managing Partner of Stakeboat Capital, with over 27 years of U.S and India based private equity/venture capital experience primarily in the technology and healthcare sectors. Mr.Chandrasekar Kandasamy has a distinguished investment track record, as more than 45 of the transactions he has led, have been successfully exited through secondary acquisitions or initial public offerings.

Prior to Stakeboat Capital, he was an Investment Director with Peepul Capital. Earlier, he was the Managing Partner of ePlanet Capital, India, where he focused on the Fund's activities in India.

Previously, he worked for five years with The Carlyle Group as a Director and Vice President. In this capacity, Mr.Chandrasekar Kandasamy was instrumental in setting up Carlyle's India operations and was responsible for sourcing, evaluating and executing various transactions. He also held Board seats in a range of successful India-based investments.

Mr.Chandrasekar Kandasamy was a World Bank sponsored intern at Poly Ventures in New York, holds a Bachelor of Electrical Engineering from Anna University in Chennai, India, and an M.B.A from Bharathidasan Institute of Management, India.

The Board of Directors of your Company recommends the passing of the Ordinary Resolution as set out in the Item no. 6 of the Notice.

Memorandum of Interest: Except, Mr Chandrasekar Kandasamy, being an appointee, none of the Directors, Key Managerial Personnel of the Company, and their relatives is concerned or interested, financial or otherwise in the resolution.

**Item No 7:****Re-appointment of Dr D Senguttuvan (DIN: 01867900) as Executive Director**

Dr D Senguttuvan, was appointed as Executive Director of the Company, by the members at the AGM held on 20th July 2013, for three years to hold office from 20th July, 2013 till 19th July, 2016

The Board of Directors of your Company considering his rich and varied experience in the Industry recommended the appointment of Dr D Senguttuvan, Executive Director of the Company for a further term of three years from 19th July, 2016 till 18th July, 2019 on the remuneration including perquisites and other terms and conditions as mentioned below.

Basic	Rs. 1,50,000 PM
House Rent Allowance	Rs. 15,000 PM
Provident Fund	Rs. 18,000 PM

**Plus**

- Bonus payable @ 8.33% of Gross Salary. (Basic + HRA)
- Gratuity as per Gratuity Act.
- Leave Travel Allowance not exceeding 50% of one month basic salary, subject to Income Tax provisions.
- Reimbursement of medical insurance premium to self and family, to the extent of Rs 25,000 per annum.
- Payment to the bills of mobile phone/s and internet connections used for official purposes.

**STATEMENT PURSUANT TO SCHEDULE V, RELEVANT TO MANAGERIAL REMUNERATION****I. GENERAL INFORMATION**

1	Nature of Industry	Health Care
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 2013-14, 2014-15 and 2015-16 are given below-	

Particulars	Amount Rs. in Lakhs		
	2013-14	2014-15	2015-16
Net Annual Sales/Revenue	3509.37	3650.93	4350.46
Net Profit after taxes	(29.59)	12.38	321.36

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

## II. INFORMATION ABOUT THE APPOINTEE

1. Background details - Dr D Senguttuvan is a leading Paediatrician with over two decades of rich and reputed experience in the field and instrumental in building the Paediatrics Department from the scrap to its current glory. Successfully inducted the DNB programme in Paediatrics in Sri Kavery Medical Care (Trichy) Ltd the Holding Company. He was the Secretary of the Tiruchy Branch of Indian Society of Paediatrics. Successfully conducted the State Level Paediatricians Meet in Trichy.

2. Past Remuneration – The proposed remuneration is same that of the remuneration fixed in the AGM held during 2013.

### 3. Job Profile and his suitability

He has more than twenty years of rich and varied experience in the healthcare industry. He is the Executive Director of this multi-speciality hospital in Trichy with renowned brand value. In spite of the competitions existing in the industry the noteworthy 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.

4. Remuneration proposed: As per the resolution proposed in item (7) above.

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

6. 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 Executive 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 Executive Director, for the approval of the shareholders of the Company.

Notice has been received from member signifying their intention to propose appointment of Dr D Senguttuvan as Executive Director of the Company along with a deposit of Rs. 1,00,000. The disclosure under Clause 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided at Annexure to this Notice.

Memorandum of Interest: Except Dr D Senguttuvan and Dr S Manivannan who is the Son of Dr D Senguttuvan's brother, 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. 7.

### Item No 8

**To approve Related Party Transactions under section 188 of the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

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, Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides that

material related party transaction, i.e. if a transaction(s) to be entered into which individually or together with previous transactions during 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 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.8 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. 8 shall not be entitled to vote on this special resolution.

Memorandum of Interest: None of the Directors or Key Managerial Person of the company or their relatives except Dr S Chandrakumar, Dr S Manivannan, Mr A K r i s h n a m o o r t h y and Mr N Balabaskar 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 hold 6.22% and 5.57% 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. 8 for approval of members as Special resolution.

**Annexure**

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

(Pursuant to Clause 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of Directors	Re - Appointment		Appointment	
	Dr S Manivannan	Dr D Senguttuvan	Dr T Senthilkumar	Mr.K.Chandrasekar
Directors Identification Number	00910804	01867900	1742558	00236761
Type	Non - Executive Director	Executive Director	Non - Executive Director	Nominee Director
Age & Date of Birth	47 Years 30.10.1969	51 Years 21.06.1965	47 Years 02.07.1969	49 Years 31.01.1967
Date of Appointment / Re-appointment	20.07.2013	19.07.2016	29.09.2016	30.05.2016
Qualification	M.D., D.N.B.	M.B.B.S., D.Ch	MS, M.Ch, FIACS	B.E., MBA.,
Number of Equity shares held	Nil	Nil	Nil	Nil
Expertise in specific functional area	Strategy, Hospital Operations, Clinical Excellence, Corporate Services viz., IT & Hospital Information System, Procurement and MIS	Strategy, Clinical Excellence in Paediatrics, Corporate Services viz., IT & Hospital Information System, Procurement and MIS	General Administration	Investment Management experience in technology and healthcare sectors
List of Public Limited Companies in which outside Directorships held	2	Nil	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	3	2	Nil	Nil
Relationship with other Directors inter-se	Son of Dr D Senguttuvan's Brother	Brother of Dr S Manivannan's Father	Nil	Nil

## **E-VOTING PROCEDURE**

### **SHAREHOLDER INSTRUCTIONS FOR E-VOTING**

**The instructions for shareholders voting electronically are as under :**

- (i) The voting period begins on Monday, 26th September 2016 at 10.00 am and ends on Wednesday, 28th September 2016 at 5.00 pm. 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 Thursday, 22nd September 2016 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](http://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](http://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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
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"><li>● 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.</li><li>● 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.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>● If both 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).</li></ul>

## **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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **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](http://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](mailto:helpdesk.evoting@cdslindia.com)

## **SHAREHOLDER INSTRUCTIONS FOR E-VOTING**

- 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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - 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.
- (xx) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

# **EVSN 160903055**

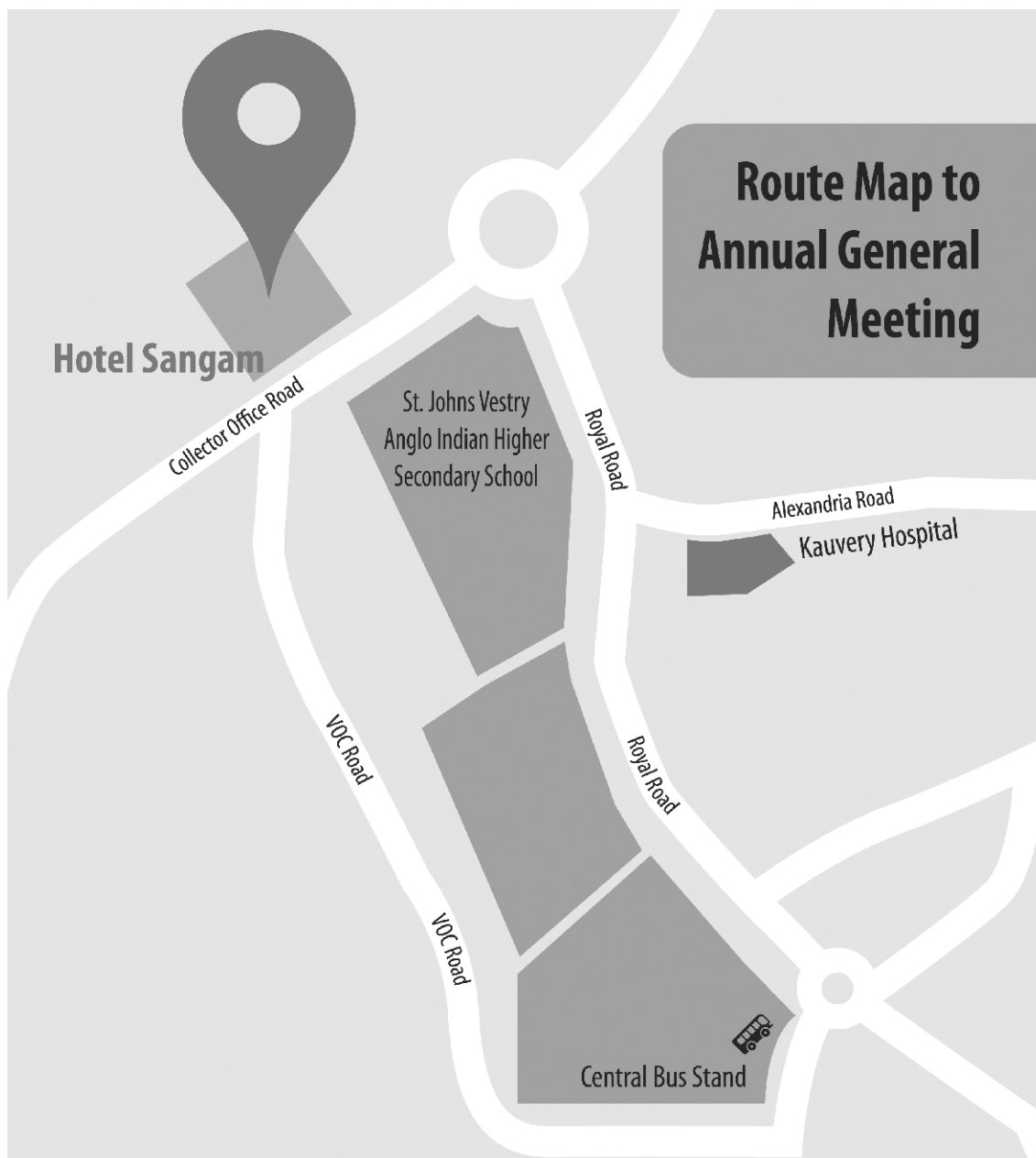
### **Voting at AGM:**

- 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](http://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 - 2015-16

To,

The Members

Your Directors have pleasure in presenting their THIRTY THIRD Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016”.

### 1. Financial highlights for the year ended March 31, 2016

Particulars	2015-16 (Rs In Lakhs)	2014-15 (Rs In Lakhs)
Operating Income	4256.57	3629.69
Other Income	93.88	21.24
<b>Total Income</b>	<b>4350.46</b>	<b>3650.93</b>
Operating Expenses	3465.89	3066.58
EBIDTA	884.57	584.35
Finance Cost	150.76	192.62
Depreciation	328.21	379.35
<b>Profit/(Loss) before Tax</b>	<b>405.60</b>	<b>12.38</b>
<b>Provision for Tax</b>	<b>84.24</b>	-
<b>Provision for Deferred Tax</b>	-	-
<b>Profit/(Loss) after Tax (PAT)</b>	<b>321.36</b>	<b>12.38</b>

### 2. Dividend

In view of the carry forward losses, of the company, your Board has not recommended dividend for the financial year 2015-16.

### 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 17.27% to Rs. 4350.46 lakhs during the financial year 2015-16 from Rs. 3629.69 lakhs in the previous year.

Your Company has earned Profit after tax of Rs. 321.36 lakhs for the financial year 2015-16 significantly higher than Rs. 12.38 lakhs achieved during the previous year. Improvement in bed occupancy coupled with better cost control contributed to the improvement in profitability.

### 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.

### 6. 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.

### 7. 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.

### 8. 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.

**9. 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.

**10. 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, 2016 to 29th September, 2016 (both days inclusive).

**11. 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.**

**12. 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 Clause 39 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As at the end of the financial year the Company's Authorized Equity Share Capital stands at 2500 lakhs consisting of 1630.85 lakhs fully paid up Equity Shares of Re. 1 each.

**13. Corporate Governance**

Your Company has been complying with the provisions of Corporate Governance as stipulated in Clause 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A separate report on Corporate Governance along with Practicing Company Secretary's certificate on compliance of the Corporate Governance norms as stipulated in Schedule V read with Clause 34(3) and 54(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

**14. 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 (Section 124 of the Companies Act, 2013), 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".

**15. Extract of the Annual Return**

The extract of Annual Return as on the Financial Year ended 31st March 2016, as prescribed under Section 92 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is attached to this report as **Annexure 1**.

**16. 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	2015-16	2014-15
1.	Foreign Exchange Earned	Nil	Nil
2.	Foreign Exchange outgo	Nil	Nil

## 17. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a 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.

## 18. 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 2015-16 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.

## 19. 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 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

## **20. 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.

## **21. 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.

## **22. Particulars of contracts or arrangements with related parties**

During the financial year 2015-16 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.

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**.

## **23. 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.

## **24. 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 11th February 2016. 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**.

## **25. 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.

## **26. 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 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the Audit Committee are included as a part of Corporate Governance Report.

## **27. 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#>.

## 28. Board Evaluation

Pursuant to the provisions of the Companies Act 2013 and the Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has completed a formal evaluation of their performance and that of its Committees and individual directors.

## 29. Listing fees:

The Company confirms that it has paid the annual listing fees for the year 2016-17 to Bombay Stock Exchange.

## 30. 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 2015-16.

## 31. 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; and

(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.

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

## 32. Material changes and commitments affecting financial position between the end of the financial year and date of the report

There is no change in the nature of business of the Company during the year. There are no material changes and commitments in the business operations of the Company since the close of the financial year on 31st March, 2016 to the date of this report.

## 33. Acknowledgments

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.

**For and on behalf of the Board of Directors**

Place: Trichy  
Date :13<sup>th</sup> August, 2016

**(Dr S Chandrakumar)**  
MANAGING DIRECTOR

**(Dr D Senguttuvan)**  
EXECUTIVE DIRECTOR

**Annexure 1**

<b>FORM NO. MGT 9</b>
<b>EXTRACT OF ANNUAL RETURN</b>
as on financial year ended on 31.03.2016
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (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	
<b>A. Promoters</b>									
(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	-	-	-	-	-	-	-	-	-
<b>Sub Total : (A) (1)</b>	122313750	-	122313750	75	122313750	-	122313750	75	-
<b>(2) Foreign</b>									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub Total : (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	122313750	-	122313750	75	122313750	-	122313750	75	-
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	600	300	900	0.0005	600	300	900	0.0005	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
C) Cenntral govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
l) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total : (B) (1)</b>	<b>600</b>	<b>300</b>	<b>900</b>	<b>0.0005</b>	<b>600</b>	<b>300</b>	<b>900</b>	<b>0.0005</b>	<b>-</b>



<b>(2) Non Institutions</b>									
a) Bodies Corporates	-	-	-	-	-	-	-	-	-
l) Indian	171609	713900	885509	0.5429	330901	713900	1044801	0.6406	0.0976
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
l) Individual shareholders holding nominal share capital up to Rs.1 lakhs	4446909	6712195	11159104	6.8425	6342041	6615512	12957553	7.9452	1.1027
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	15088642	11261454	26350096	16.1572	16056672	8479840	24536512	15.0452	-1.1120
c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d) Others (specify)	-	-	-	-	-	-	-	-	-
Clearing Members	600	-	600	0.0003	24745	-	24745	0.0151	0.0148
HUF	1494905	-	1494905	0.9166	1310383	-	1310383	0.8034	-0.1131
NRI	43436	836700	880136	0.5396	64056	832300	896356	0.5496	0.0099
<b>Sub Total : (B) (2)</b>	<b>21246101</b>	<b>19524249</b>	<b>40770350</b>	<b>24.9994</b>	<b>24128798</b>	<b>16641552</b>	<b>40770350</b>	<b>24.9994</b>	<b>0.0000</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>21246701</b>	<b>19524549</b>	<b>40771250</b>	<b>25</b>	<b>24129398</b>	<b>16641852</b>	<b>40771250</b>	<b>25</b>	<b>0</b>
<b>Shares held by Custodians and Against which Depository Receipts has been Issued</b>									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
<b>Total Custodian (C )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>143560451</b>	<b>19524549</b>	<b>163085000</b>	<b>100</b>	<b>146443148</b>	<b>16641852</b>	<b>163085000</b>	<b>100</b>	<b>0</b>

## 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	-	-
	<b>Total</b>	<b>122313750</b>	<b>75</b>	<b>-</b>	<b>122313750</b>	<b>75</b>	<b>-</b>	<b>-</b>

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

Sl. No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
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(a)	V TAMILSELVI	3300000	2.0234	1st April, 2015	-	-	3300000	2.0234
		-91238	0.0559	9th October, 2015	Decrease	Sale	3208762	1.9675
		-147116	0.0902	16th October, 2015	Decrease	Sale	3061646	1.8773
		-35374	0.0216	23rd October, 2015	Decrease	Sale	3026272	1.8556

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
		-1500	0.0009	30th October, 2015	Decrease	Sale	3024772	1.8547
		-37761	0.0231	6th November, 2015	Decrease	Sale	2987011	1.8315
		-144469	0.0885	13th November, 2015	Decrease	Sale	2842542	1.7429
		-156538	0.0959	20th November, 2015	Decrease	Sale	2686004	1.6469
		-6840	0.0041	27th November, 2015	Decrease	Sale	2679164	1.6428
		-425930	0.2611	04th December, 2015	Decrease	Sale	2253234	1.3816
		-35000	0.0214	11th December, 2015	Decrease	Sale	2218234	1.3601
		-10000	0.0061	18th December, 2015	Decrease	Sale	2208234	1.3540
		2208234	1.3540	31st March, 2016	Decrease	Sale	2208234	1.3540
1(b)	TAMILSELVI V	10000	0.0061	1st April, 2015	-	-	10000	0.0061
		10000	0.0061	31st March, 2016	-	-	10000	0.0061
2(a)	SENTHIL KUMAR T	1714836	1.0514	1st April, 2015	-	-	1714836	1.0514
		-1714636	1.0513	22nd May, 2015	Decrease	Sale	200	0.0001
		200	0.0001	31st March, 2016	-	-	200	0.0001
2(b)	T SENTHIL KUMAR	0	0.0000	1st April, 2015	-	-	0	0.0000
		1714636	1.0513	22nd May, 2015	Conversion	Dematted	1714636	1.0513
		100	0.0000	9th October, 2015	Decrease	Sale	1714536	1.0513
		1714536	1.0513	31st March, 2016	-	-	1714536	1.0513
3	SUDHA S	1705300	1.0456	1st April, 2015	-	-	1705300	1.0456
		1705300	1.0456	31st March, 2016	-	-	1705300	1.0456
4	MEENAKSHI SUNDARI A	1552269	0.9518	1st April, 2015	-	Purchase	1552269	0.9518
		13330	0.0081	10th April, 2015	Increase	Purchase	1565599	0.9599
		400	0.0002	1st May, 2015	Increase	Purchase	1565999	0.9602

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
		800	0.0004	26th June, 2015	Increase	Purchase	1566799	0.9607
		500	0.0003	31st July, 2015	Increase	Purchase	1567299	0.9610
		4	0.0000	7th August, 2015	Increase	Purchase	1567303	0.9610
		-5000	0.0030	21st August, 2015	Decrease	Sale	1562303	0.9579
		5000	0.0030	28th August, 2015	Increase	Purchase	1567303	0.9610
		-5000	0.0030	9th October, 2015	Decrease	Sale	1562303	0.9579
		10325	0.0063	16th October, 2015	Increase	Purchase	1572628	0.9642
		500	0.0003	23rd October, 2015	Increase	Purchase	1573128	0.9646
		3000	0.0018	30th October, 2015	Increase	Purchase	1576128	0.9664
		-10000	0.0061	4th December, 2015	Decrease	Sale	1566128	0.9603
		-5000	0.0030	8th January, 2016	Decrease	Sale	1561128	0.9572
		2000	0.0012	22nd January, 2016	Increase	Purchase	1563128	0.9584
		3000	0.0018	29th January, 2016	Increase	Purchase	1566128	0.9603
		5000	0.0030	19th February, 2016	Increase	Purchase	1571128	0.9633
		1571128	0.9633	31st March, 2016	-	-	1571128	0.9633
5	KANAGAM P	1505600	0.9232	1st April, 2015	-	-	1505600	0.9232
		1505600	0.9232	31st March, 2016	-	-	1505600	0.9232
6	SATHISH KUMAR S	1505100	0.9228	1st April, 2015	-	-	1505100	0.9228
		1505100	0.9228	31st March, 2016	-	-	1505100	0.9228
7(a)	PANDURANGAN S	1505100	0.9228	1st April, 2015	-	-	1505100	0.9228
		1505100	0.9228	31st March, 2016	-	-	1505100	0.9228

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
7(b)	PANDURANGAN S	327920	0.2010	1st April, 2015	-	-	327920	0.2010
		327920	0.2010	31st March, 2016	-	-	327920	0.2010
8(a)	P NATARAJAN	1492650	0.9152	1st April, 2015	-	-	1492650	0.9152
		1492650	0.9152	31st March, 2016	-	-	1492650	0.9152
8(b)	P NATARAJAN	1400	0.0008	1st April, 2015	-	-	1400	0.0008
		1400	0.0008	31st March, 2016	-	-	1400	0.0008
9	P. S. MANOHARAN (HUF)	1019049	0.6248	1st April, 2015	-	-	1019049	0.6248
		35	0.0000	30th September, 2015	Increase	Purchase	1019084	0.6248
		-283	0.0001	9th October, 2015	Decrease	Sale	1018801	0.6247
		-18801	0.0115	20th November, 2015	Decrease	Sale	1000000	0.6131
		-50000	0.0306	4th December, 2015	Decrease	Sale	950000	0.5825
		-40000	0.0245	11th December, 2015	Decrease	Sale	910000	0.5579
		-85000	0.0521	18th December, 2015	Decrease	Sale	825000	0.5058
		-25000	0.0153	15th January, 2016	Decrease	Sale	800000	0.4905
		10000	0.0061	19th February, 2016	Increase	Purchase	810000	0.4966
		810000	0.4966	31st March, 2016	-	-	810000	0.4966
10(a)	SENTHIL KUMAR	812000	0.4978	1st April, 2015	-	-	812000	0.4978
		812000	0.4978	31st March, 2016	-	-	812000	0.4978
10(b)	SENTHILKUMAR S	200000	0.1226	1st April, 2015	-	-	200000	0.1226
		200000	0.1226	31st March, 2016	-	-	200000	0.1226

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
11	KESHAV ANAND KARAPURKAR	0	0.0000	1st April, 2015	-	-	0	0.0000
		20000	0.0122	18th September, 2015	Increase	Purchase	20000	0.0122
		1100	0.0006	22nd September, 2015	Increase	Purchase	21100	0.0129
		26840	0.0164	25th September, 2015	Increase	Purchase	47940	0.0293
		862101	0.5286	8th January, 2016	Increase	Purchase	910041	0.5580
		910041	0.5580	31st March, 2016	-	-	910041	0.5580
12	KESHAV ANAND KARAPURKAR	706733	0.4333	1st April, 2015	-	-	706733	0.4333
		10000	0.0061	21st August, 2015	Increase	Purchase	716733	0.4394
		85101	0.0521	30th September, 2015	Increase	Purchase	801834	0.4916
		-801834	0.4916	8th January, 2016	Decrease	Sale	0	0.0000
		0	0.0000	31st March, 2016	-	-	0	0.0000
13	KESHAV ANAND KARAPURKAR	60267	0.0369	1st April, 2015	-	-	60267	0.0369
		-60267	0.0369	8th January, 2016	Decrease	Sale	0	0.0000
		0	0.0000	31st March, 2016	-	-	0	0.0000

#### 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	Nil	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-

#### 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
<b>Indebtness at the beginning of the financial year</b>				
I) Principal Amount	126995871	-	-	126995871
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1491955	-	-	1491955
<b>Total (i+ii+iii)</b>	<b>12,84,87,826</b>	<b>0</b>	<b>0</b>	<b>12,84,87,826</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction	(34,546,690)	-	-	(34,546,690)
<b>Net Change</b>	<b>(34,546,690)</b>	<b>-</b>	<b>-</b>	<b>(34,546,690)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	92,449,181	-	-	92,449,181
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	18,750	-	-	18,750
<b>Total (i+ii+iii)</b>	<b>92,467,931</b>	<b>0</b>	<b>0</b>	<b>92,467,931</b>

**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	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	2,930,000	2,239,878	<b>5,169,878</b>
	(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	-	-	-
	<b>Total (A)</b>	<b>2,930,000</b>	<b>2,239,878</b>	<b>5,169,878</b>
	<b>Ceiling as per the Act</b>	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 Chenthilkumar	Mr N Balabaskar	Mr B Pattabhiraman	
1	<b>Independent Directors</b>					
1	(a) Fee for attending board committee meetings	140,000	140,000	110,000	-	390,000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>140,000</b>	<b>140,000</b>	<b>110,000</b>	<b>-</b>	<b>390,000</b>



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	-	100,000	20,000	60,000	<b>180,000</b>
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	-	<b>100,000</b>	-	-	<b>180,000</b>
	<b>Total Managerial Remuneration (B)=(1+2)</b>	<b>140,000</b>	<b>240,000</b>	<b>130,000</b>	<b>60,000</b>	<b>570,000</b>

#### 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.	3,250,000	977,694	4,277,694
	(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	-	-	-
	<b>Total (1)</b>	<b>3,250,000</b>	<b>977,694</b>	<b>4,277,694</b>

**VII. PENALTIES/PUNISHMENT/COMPPOUNDING 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)
<b>A. COMPANY –NIL</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS – NIL</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT – NIL</b>					
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

<b>Sl.No.</b>	<b>Particulars</b>	<b>Details</b>
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
13	Dr.D.Senguttuvan	Professional fees		Fees for providing medical services	NA	NIL

**Annexure 3**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
*For the Financial Year 2015-16*

To,

The Members,

**KMC Speciality Hospitals (India) Limited**

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon

Based on my 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, I hereby report that in my opinion, the company has, during the audit period covering the year ended March 31, 2016 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. I have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the year ended March 31, 2016 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, 2015
  - (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 (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable
  - (l) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - not applicable.
- (vi) I report that, there are adequate system and process in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable labour, employment and industrial and industry specific laws as listed below ;
- (a) The Apprentices Act, 1961
  - (b) The Contract Labour (Regulation and Abolition) Act, 1970
  - (c) The Employees Provident fund and miscellaneous provisions Act, 1952
  - (d) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
  - (e) The Employee's Compensation Act, 1923
  - (f) The Industrial Employment (Standing Orders) Act, 1946
  - (g) The Tamil Nadu Industrial Establishments (National & Festival Holidays) Act, 1958
  - (h) The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
  - (i) The Tamil Nadu Payment of Subsistence Allowance Act, 1981
  - (j) Tamilnadu Tax on professions, Trade & Calling and employment Act
  - (k) The Tamil Nadu Labour Welfare Fund Act, 1972
  - (l) The Maternity Benefit Act, 1961
  - (m) The Minimum Wages Act, 1948
  - (n) The Payment of Wages Act, 1936
  - (o) The Payment of Bonus Act, 1965
  - (p) The Payment of Gratuity Act, 1972
  - (q) The Tamil Nadu Narcotic Drugs Rules, 1985

® The Registration of Births and Deaths Act, 1969

(s) Air (Prevention and Control of Pollution) Act, 1981

(t) Water (Prevention and Control of Pollution) Act, 1974

(u) Bio-Medical Waste (Management and Handling) Rules, 1998

(v) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

(w) Tamilnadu Tax on consumption or sale of electricity act 2003

(vii) I have also examined compliance with the applicable clauses of the following :

(a) Secretarial Standards issued by The Institute of Company Secretaries of India

(b) The Listing Agreements entered into by the Company with Stock Exchange(s)

During the period under review, I observed that the Company has complied with applicable statutory provisions as stated above, Rules, Regulations, Standards and Guidelines made thereunder.

**I 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.

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

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

**I further report** that during the audit period, there are no instances of :

1. Public / Rights / Preferential issue of shares / Debentures / Sweat equity.
2. Redemption / buy-back of securities.
3. Merger / amalgamation / reconstruction etc.
4. Foreign technical collaborations.

for **M. Alagar & Associates**

Place: Chennai  
Date : June 29, 2016

**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	29.36
2.	Dr D Senguttuvan	22.08

**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 0.83% as compared to the previous year.

**4. Permanent Employees:**

The Number of Permanent Employees on the rolls of the Company as on March 31, 2016 is 573 employees

**5. Relationship between average increase in remuneration and company performance**

Average increase in Remuneration overall : 10%

Company Performance in terms of Revenue Compared to Previous Year : 17.27%

**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 2015-16	4,227,694
Revenue from Operations	425,657,222
Remuneration as % of revenue	0.99



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

<b>KMP</b>	<b>Annual Salary</b>	<b>Remuneration as % of revenue</b>
Managing Director	2,930,000	0.69
Executive Director	2,239,878	0.53
Chief Financial Officer	3,250,000	0.76
Company Secretary	977,694	0.23

**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 176.49% to 12851.09 lakhs as of March 31, 2016 from ` 4647.92 lakhs as of March 31, 2015. The Price Earnings Ratio is at 39.4 as of March 31, 2016, as compared to 285 as of March 31, 2015. The closing price of the Company's equity shares on the BSE as of March 31, 2016 was Rs. 7.88.

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

Not Applicable

**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; and**

Not Applicable

## **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 2016:

Name of the Director	Category	No. of meetings attended	Attendance at last AGM held on 29.09.2015	No. of outside Directorship	No. of Chairmanship and Membership in other Committees of the Board	
					Chairman	Member
Dr S Chandrakumar	Managing Director	4	Present	6	Nil	1
Dr D Senguttuvan	Executive Director	2	Present	2	Nil	1
Dr S Manivannan	Non - Executive Non-Independent Director	3	Present	7	Nil	1
Mr A Krishnamoorthy	Independent Director	4	LOA	7	3	2
CA S Chenthilkumar	Independent Director	4	Present	Nil	1	1
Mr B Pattabhiraman	Independent Director	1	LOA	11	Nil	1
Mr S Krishnamurthy	Nominee Director	4	LOA	6	Nil	1
Dr S Vijayabaskaran	Non - Executive Non-Independent Director	4	Present	Nil	1	Nil
Mr N Bala Baskar	Independent Director	4	LOA	2	Nil	1
Ms.Jayanthi Narayanaswamy	Non - Executive Non-Independent Director	3	Present	1	1	1

As required by Clause 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian Public Companies.

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

**DISCLOSURE OF INTER-SE RELATIONSHIP OF DIRECTORS UNDER CLAUSE 36 THE SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

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

Dr D Senguttuvan is the brother of Dr S Manivannan's Father

**DATES OF BOARD MEETINGS:**

Board Meetings were held during the financial year 2015 – 2016 on the following dates –

<b>Name / Date</b>	<b>29.05.2015</b>	<b>14.08.2015</b>	<b>09.11.2015</b>	<b>11.02.2016</b>
Dr S Chandrakumar	Present	Present	Present	Present
Dr D Senguttuvan	LOA	Present	Present	LOA
Dr S Manivannan	Present	Present	Present	LOA
Mr A Krishnamoorthy	Present	Present	Present	Present
CA S Chenthilkumar	Present	Present	Present	Present
Mr B Pattabhiraman	LOA	LOA	Present	LOA
Mr S Krishnamurthy	Present	Present	Present	Present
Dr S Vijayabaskaran	Present	Present	Present	Present
Mr N Bala Baskar	Present	Present	Present	Present
Ms. Jayanthi Narayanaswamy	LOA	Present	Present	Present

**3. AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the provisions of Clause 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Section 177 of the Companies Act, 2013

The Audit Committee consists of the following Independent Directors –

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

During the financial year 2015 - 2016 the Audit Committee met as per the details given hereunder –

<b>Name of the Director</b>	<b>Audit Committee Meetings</b>			
	<b>29.05.2015</b>	<b>14.08.2015</b>	<b>09.11.2015</b>	<b>11.02.2016</b>
CA S Chenthilkumar	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	Present
Mr B Pattabhiraman	LOA	LOA	Present	LOA
Dr S Manivannan	Present	Present	Present	LOA

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

**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. Modified opinion(s) 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 Bala Baskar	Member
Mr S Krishnamurthy	Member

Committee met on 14th August 2015 to discuss and approve the re-appointment of Dr S Chandrakumar as the Managing Director.

Mr.S.Krishnamurthy has resigned from the Board of the Company with effect from 9th May 2016.

##### **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
- V. Whether to extend or continue the terms of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

## **Remuneration policy**

As required under Clause 19(4) read with Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 6. 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 was the Compliance officer of the Company till 30th June 2016.

The total number of complaints received during the financial year 2015 - 2016 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, 2016	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 21 times during the financial year 2015-2016 and ensured that all valid transfer deeds and transmission applications were acted upon and share certificates sent to the transferees promptly as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 7. ANNUAL GENERAL MEETINGS

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

YEAR	DATE	VENUE	TIME
2014 – 2015	29.09.2015	Hotel Sangam, Cantonment, Trichy – 620 001.	2.00 PM
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.	10.30 AM

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

32nd Annual General Meeting held for the year 2014-15 on 29th September 2015

- a. Special Resolution was passed for approving the re-appointment of Dr S Chandrakumar as Managing Director of the Company from the date of 32nd Annual General Meeting for three years.
- b. Special Resolution was passed to approve related party transactions under Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.
- c. Special Resolution was passed for borrowing limit not exceeding Rs. 25,00,00,000 under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013

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

- d. 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.
  - e. Special Resolution was passed approving the elevation and appointment and payment of remuneration to Dr D Senguttuvan as Executive Director of the Company from 20th July 2013 for a period of three years.
- v. Whether any special resolution u/s 110 of the Companies Act 2013. proposed to be conducted through Postal ballot NIL

**8. MEETINGS OF INDEPENDENT DIRECTORS :**

The Company's Independent Directors are required to meet at least once in every Financial Year in compliance with the provisions of the Companies Act, 2013. Such meetings are conducted informally to enable Independent Directors to discuss the matters pertaining to the Company's Affairs and to put forth their views. Further, Independent Directors also reviews the performance of the Non-Independent Directors, Chairman (after taking into account the views of Executive and Non- Executive Directors of the Company) and Board as a whole. During the Financial Year under review the Independent Directors met on 11th February, 2016 and all the Independent Directors attended the Meeting.

## **9. 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, 2016.

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 adopted a Vigil Mechanism as per Section 177 of the Companies Act, 2013 and Revised Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 to the extent applicable to the Company including CEO/CFO certification. As required under Regulation 17(8) Read With Part B Of Schedule II Of The Sebi (Listing Obligations And Disclosure Requirements) Regulations, 2015, 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 – <http://www.kauveryhospital.com/investors#>

**F. A.The Distribution pattern of the shareholdings as on 31.03.2016 is as follows –**

<b>Pattern of Holding No. of Shares</b>	<b>No. of Share Holders</b>	<b>No. of Shares</b>	<b>% of Holding to Total No. of Shares</b>
1 - 5000	50966	9317837	5.72
5001 - 10000	176	1354411	0.83
10001 - 20000	97	1382062	0.85
20001 - 30000	32	758183	0.46
30001 - 40000	8	282722	0.17
40001 - 50000	13	627314	0.38
50001 - 100000	13	852209	0.53
Above 100000	48	148510262	91.06
<b>TOTAL</b>	<b>51353</b>	<b>163085000</b>	<b>100.00</b>

**G. GENERAL SHAREHOLDER INFORMATION**

**(i) Annual General Meeting Date, Time and Venue**

**33rd Annual General Meeting:**

Date and Time : 29th September 2016 at 3.00p.m

Venue : Hotel Sangam, Cantonment, Trichy – 620 001

**(ii) Financial calendar**

Tentative Financial Calendar for the year 2016-17

**Financial Year** April 1, 2016 to March 31, 2017

First Quarter Results On or before August 14, 2016

Half Yearly Results On or before November 14, 2016

Third Quarter Results On or before February 14, 2017

Fourth Quarter and Annual Results On or before May 30, 2017

**(iii) Date of book closure**

23rd September, 2016 to 29th September, 2016 (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 2015-16.

**(v) Market Price data and performance in comparison to broad based indices of BSE Sensex**

The closing market price of equity shares on March 31, 2016 (last trading day of the year) was Rs.7.88 on BSE.

Monthly share price movement during the financial year 2015-16.

Month	KMC SPECIALITY HOSPITALS (INDIA) LIMITED			BSE LTD INDEX	
	High Price	Low Price	No. of Shares traded	High Price	Low Price
April-15	3.30	2.56	230415	29094.61	26897.54
May-15	3.50	2.10	179935	28071.16	26423.99
June-15	3.65	1.98	283690	27968.75	26307.07
July-16	3.00	2.00	423554	28578.33	27416.39
August-15	4.23	2.25	1043276	28417.59	25298.42
September-15	4.20	2.90	377900	26471.82	24833.54
October-15	5.89	3.35	1034202	27618.14	26168.71
November-15	5.18	3.76	873093	26824.30	25451.42
December-15	8.16	5.21	2576371	26256.42	24867.73
January-16	10.84	7.50	1925892	26197.27	23839.76
February-16	9.11	7.10	495023	25002.32	22494.61
March-16	9.49	7.08	409644	25479.62	23133.18

**(vi) Dematerialization of shares and liquidity**

Shares comprising 89.80 % of the Paid up Capital have been dematerialized as on 31.03.2016.

**(vii) 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](mailto:cs.kmcshil@kauveryhospital.com) besides sending the duly filled in form annexed at the end of this book to the Share Registrars and Transfer Agents, to enable the company to avail the benefits of reduction of paperwork and cost, assured / timely / quality services to the investors, contributing to global sustainability etc.

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 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. As required under Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirement), 2015, a declaration to this effect signed by the Managing Director & CEO is provided elsewhere in the annual report. The Code of Conduct policy is available on the Company's website: [www.kauveryhospital.com](http://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**

<b>Registered Office</b>	6, Royal Road, Cantonment, Trichy – 620001 Ph: 0431 4077777   Fax : 0431 2415402
<b>Website address</b>	<a href="http://www.kauveryhospital.com">www.kauveryhospital.com</a>
<b>E-mail</b>	<a href="mailto:cs.kmcshil@kauveryhospital.com">cs.kmcshil@kauveryhospital.com</a>

**For and on behalf of the Board of Directors**

Place: Trichy.

Date : 13th August 2016

**Dr S Chandrakumar**  
MANAGING DIRECTOR

**Dr D Senguttuvan**  
Executive Director

#### **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, 2016, 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, 2016.

Place : Trichy.

Date : 13th August, 2016

**Dr S Chandrakumar**  
Managing Director

**CEO & CFO CERTIFICATION AS PER CLAUSE 17(8) READ WITH PART B OF SCHEDULE II OF THE  
SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We certify to the Board that:

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2016 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 : Trichy  
Date : 13th August 2016

**Dr. S. Chandrakumar**  
Managing Director & CEO

**CA G Ranganathan**  
Chief Financial Officer

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34(3) AND 53(F) READ WITH SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 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

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, 2016 as stipulated in Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the Stock Exchange for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing regulations for the period 1st December 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination 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/Listing Regulations, as applicable.

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: 13th August, 2016



**B S R & Co. LLP**  
**Chartered Accountants**

No.10,Mahatma Gandhi Road,  
Nungambakkam,  
Chennai-600 034. India.

Telephone No. : +91 44 3914 5000  
Fax : +91 44 3914 5999

**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, 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these 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 of 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. 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 obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

*Chartered Accountants*

### **INDEPENDENT AUDITORS' REPORT**

To the Members of KMC Speciality Hospitals (India) Limited

Page 2 of 2

#### **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, 2016 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", 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 purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as 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 the written representations received from the directors as on March 31, 2016 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164 (2) of the Act ;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 30 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 30, 2016

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

### ***Chartered Accountants***

#### **Annexure 'A' to the Independent Auditors' Report To the members of KMC Speciality Hospitals (India) Limited for the year ended March 31, 2016**

- (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 no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. During the course of reconciliation of inventory records with the physical inventory for the current year, the management has observed certain discrepancies. The management is in the process of carrying out a comprehensive evaluation for identification of the reasons for these discrepancies and in the opinion of the management, the impact, if any, arising on account of the said evaluation will be not be material to the financial statements.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered by section 2(76) 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, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

**B S R & Co. LLP**  
**Chartered Accountants**

**Annexure 'A' to the Independent Auditors' Report**  
**To the members of KMC Speciality Hospitals (India) Limited**  
**for the year ended March 31, 2016**

- (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 by the Company with the appropriate authorities except for certain delays in remittances of tax deducted at source ranging from 1 to 11 days, remittances of service tax ranging from 1 to 30 days and with respect to remittances of provident fund ranging from 1 to 4 days. As explained to us, the Company did not have any dues on account of 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, 2016 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/-

- (viii) 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 loans or borrowings from any financial institutions, government or dues to debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) As more fully discussed in note 40 to the financial statements, an employee has misappropriated cash collected from certain customers aggregating to Rs. 585,354/- during the year. On the basis of the information and explanations given to us, no other fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Companies Act, 2013.

**B S R & Co. LLP**  
**Chartered Accountants**

**Annexure 'A' to the Independent Auditors' Report**  
**To the members of KMC Speciality Hospitals (India) Limited**  
**for the year ended March 31, 2016**

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Chinnsamy Ganesan**  
*Partner*  
Membership No: 27501

Place : Chennai  
Date : May 30, 2016

**B S R & Co. LLP**  
**Chartered Accountants**

**Annexure “B” to Independent Auditors’ Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“ the Act “ )**

**Page 1 of 2**

We have audited the internal financial controls over financial reporting of KMC Speciality Hospitals (India) Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**BSR & Co. LLP**  
*Chartered Accountants*

**Annexure “B” to Independent Auditors’ Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“ the Act “ )**

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the said Guidance Note.

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

**Chinnsamy Ganesan**  
*Partner*  
Membership No: 27501

Place : Chennai  
Date : May 30, 2016

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Balance Sheet as at March 31, 2016**

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

Particulars	Note	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	163,085,000	163,085,000
Reserves and surplus	4	(29,025,990)	(61,162,219)
		<b>134,059,010</b>	<b>101,922,781</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	59,858,937	94,931,586
Deferred tax liabilities (net)	6	-	-
Other long-term liabilities	7	1,383,003	1,359,478
Long-term provisions	8	2,943,003	18,738,189
		<b>64,184,943</b>	<b>115,029,253</b>
<b>Current liabilities</b>			
Short-term borrowings	9	11,221,146	9,643,121
Trade payables	10	30,333,711	29,631,299
Other current liabilities	11	54,632,260	53,428,822
Short-term provisions	8	399,045	338,268
		<b>96,586,162</b>	<b>93,041,510</b>
<b>TOTAL</b>		<b>294,830,115</b>	<b>309,993,544</b>
<b>ASSETS</b>			
<b>Non - current assets</b>			
Fixed assets			
Tangible assets	12	227,456,722	253,459,316
Intangible assets	13	474,263	428,571
Long-term loans and advances	14	36,921,513	29,154,871
Other non-current assets	15	231,596	862,642
		<b>265,084,094</b>	<b>283,905,400</b>
<b>Current assets</b>			
Inventories	16	6,239,362	7,270,624
Trade receivables	17	15,233,694	11,935,206
Cash and bank balances	18	3,333,757	3,033,021
Short-term loans and advances	19	962,905	751,705
Other current assets	20	3,976,303	3,097,588
		<b>29,746,021</b>	<b>26,088,144</b>
<b>TOTAL</b>		<b>294,830,115</b>	<b>309,993,544</b>

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 **BSR & Co. LLP**  
Chartered Accountants  
ICAI Firm registration No.101248W/W-100022

**Chinnsamy Ganesan**  
Partner  
Membership No: 27501

Place: Chennai  
Date : May 30, 2016

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

Place: Trichy  
Date : May 30, 2016

**CA. S Chenthil Kumar**  
Director

**A. Thanikainathan**  
Company Secretary



**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Statement of profit and loss for the year ended March 31, 2016**

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

<b>Particulars</b>	<b>Note</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
<b>Income</b>			
Revenue from operations	21	425,657,222	362,969,482
Other income	22	9,388,863	2,124,210
		<b>435,046,085</b>	<b>365,093,692</b>
<b>Expenses</b>			
Cost of materials consumed	23	10,219,669	10,851,310
Purchases of stock-in-trade		59,932,832	53,804,859
Changes in inventory	24	4,678	(792,878)
Hospital operating expenses	25	148,755,044	129,662,050
Employee benefit expense	26	98,046,102	88,849,323
Finance costs	27	15,076,579	19,261,728
Depreciation and amortisation	28	32,820,888	37,934,693
Other expenses	29	29,630,064	24,283,640
		<b>394,485,856</b>	<b>363,854,725</b>
<b>Profit before tax</b>		<b>40,560,229</b>	<b>1,238,967</b>
<b>Tax expense</b>			
Current tax		8,424,000	-
Deferred tax charge/(benefit)		-	-
Total tax expense		<b>8,424,000</b>	-
<b>Profit after tax</b>		<b>32,136,229</b>	<b>1,238,967</b>

<b>Earnings per share:</b>	36		
Basic and Diluted		0.20	0.01

**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

Place : Chennai  
Date : May 30, 2016

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

Place : Trichy  
Date : May 30, 2016

**CA. S Chenthil Kumar**  
Director

**A. Thanikainathan**  
Company Secretary

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**  
**Cash flow statement for the year ended March 31, 2016**  
(All amounts are in Indian Rupees except share data or as stated)

Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A Cash flows from operating activities</b>			
<b>Net Profit before tax</b>		<b>40,560,229</b>	<b>1,238,967</b>
<b>Adjustments:</b>			
Depreciation and amortisation		32,820,888	37,934,693
Liabilities / provisions no longer required written back		(8,510,433)	(1,033,059)
Bad debts written off		3,539,133	1,354,025
Assets written off		153,444	-
Provision for doubtful debts		705,423	-
Provision for capital work-in-progress		-	843,459
Interest expenses		15,076,579	19,261,728
Interest income		(251,467)	(304,832)
Profit on disposal of fixed assets, net		-	(290,002)
<b>Operating cash flow before working capital changes</b>		<b>84,093,796</b>	<b>59,004,979</b>
(Increase)/decrease in inventories		1,031,262	106,837
(Increase)/decrease in trade receivables		(7,543,044)	(2,664,487)
(Increase)/decrease in loans and advances and other current assets		(902,244)	2,152,193
Increase/(decrease) in current liabilities and provisions		(3,153,959)	5,712,182
<b>Cash generated from operating activities</b>		<b>73,525,811</b>	<b>64,311,704</b>
Taxes paid		(16,187,216)	(10,025,546)
<b>Net cash generated from operating activities (A)</b>		<b>57,338,595</b>	<b>54,286,158</b>
<b>B Cash flow from investing activities</b>			
Purchase of fixed assets		(8,210,393)	(9,621,227)
Sale of fixed assets		-	378,600
Bank deposits (having original maturity of more than three months)		-	700,000
Interest received		190,983	374,936
<b>Net cash used in investing activities (B)</b>		<b>(8,019,410)</b>	<b>(8,167,691)</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**  
**Cash flow statement for the year ended March 31, 2016**  
(All amounts are in Indian Rupees except share data or as stated)

Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>C Cash flow from financing activities</b>			
Proceeds from loans and borrowings		-	3,815,628
Repayment of loans and borrowings		(32,968,665)	(30,626,132)
Interest paid		(16,549,784)	(19,506,764)
<b>Net cash used in financing activities (C)</b>		<b>(49,518,449)</b>	<b>(46,317,268)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(199,264)</b>	<b>(198,801)</b>
Cash and cash equivalents at the beginning of the year		3,033,021	3,231,822
<b>Cash and cash equivalents at the end of the year</b>		<b>2,833,757</b>	<b>3,033,021</b>
<b>Components of Cash and cash equivalents</b>			
Cash on hand	18	952,024	883,154
Cheques on hand		-	371,955
Balances with banks			
- on current accounts		1,881,733	1,777,912
		<b>2,833,757</b>	<b>3,033,021</b>

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 : Chennai  
Date : May 30, 2016

Place : Trichy  
Date : May 30, 2016

## **KMC SPECIALITY HOSPITALS (INDIA) LIMITED**

### **Notes to the financial statements for the year ended March 31, 2016**

(All amounts are in Indian Rupees, except share data or 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, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014, 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, 2016

(All amounts are in Indian Rupees, except share data or 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, 2016**

(All amounts are in Indian Rupees, except share data or 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 year end 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, 2016**

(All amounts are in Indian Rupees, except share data or 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 realisation 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.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### **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, 2016**  
(All amounts are in Indian Rupees except share data or as stated)

**3 Share Capital**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b>		
250,000,000 (Previous year: 250,000,000) equity shares of Rs. 1/- each	250,000,000	250,000,000
	<b>250,000,000</b>	<b>250,000,000</b>
<b>Issued, subscribed and paid up</b>		
163,085,000 (Previous year: 163,085,000) equity shares of Rs. 1/- each fully paid up	163,085,000	163,085,000
	<b>163,085,000</b>	<b>163,085,000</b>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares of Rs. 1/- each fully paid up</b>				
At the beginning and 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, 2016		As at March 31, 2015	
	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, 2016		As at March 31, 2015	
	No. of shares	% of total equity shares	No. 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, 2016**

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

**4 Reserves and surplus**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Deficit in the statement of profit and loss</b>		
At the commencement of the year	(61,162,219)	(62,401,186)
Profit for the year	32,136,229	1,238,967
At the end of the year	<b>(29,025,990)</b>	<b>(61,162,219)</b>
	<b>(29,025,990)</b>	<b>(61,162,219)</b>

**5 Long-term borrowings**

Particulars	Non-Current		Current*	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Secured</b>				
Term loans from banks	59,858,937	94,931,586	32,590,244	32,003,671
Other loans	-	-	-	60,614
	<b>59,858,937</b>	<b>94,931,586</b>	<b>32,590,244</b>	<b>32,064,285</b>

\* 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, 2016**

(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 EMIs of INR 10,463/-. The loan is secured by hypothecation of fixed assets acquired there under. The loan was fully repaid during the current year.

**6 Deferred tax liabilities (net)**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax liabilities on account of :</b>		
Fixed Assets	(18,107,543)	(21,835,758)
	<b>(18,107,543)</b>	<b>(21,835,758)</b>
<b>Deferred tax asset on account of :</b>		
Unabsorbed carry forward losses/ depreciation (refer note below)	12,500,505	11,817,690
Provision for employee benefits	1,104,982	1,234,832
Provision for property tax	26,014	5,232,086
Provision for bad and doubtful debts	450,170	222,428
Expenditure covered by section 43B of Income-tax Act, 1961	4,025,872	3,328,722
	<b>18,107,543</b>	<b>21,835,758</b>
<b>Net deferred tax liability/ (asset)</b>	-	-

**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, 2016	As at March 31, 2015
Security deposits	1,383,003	1,359,478
	<b>1,383,003</b>	<b>1,359,478</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Notes to the financial statements for the year ended March 31, 2016**

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

**8 Provisions**

Particulars	Long - term		Short - term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Provision for employee benefits</b>				
Gratuity (refer note 34)	1,260,854	1,821,039	258,783	214,779
Compensated absences	1,682,149	1,483,267	140,262	123,489
<b>Other provision</b>				
Provision for property tax	-	15,433,883	-	-
	<b>2,943,003</b>	<b>18,738,189</b>	<b>399,045</b>	<b>338,268</b>

Particulars	Provision for property tax	
	As at March 31, 2016	As at March 31, 2015
<b>Additional disclosure relating to provisions</b>		
At the commencement of the year	15,433,883	14,280,878
Add : Provision made during the year	1,507,221	1,286,333
Less : Provision no longer required written back	(6,837,678)	-
Less : Provision utilised / paid during the year	(10,103,426)	(133,328)
<b>At the end of the year</b>	<b>-</b>	<b>15,433,883</b>

**9 Short-term borrowings**

Particulars	As at March 31, 2016	As at March 31, 2015
Loans repayable on demand		
Cash credit facilities from banks (Secured) (refer note below)	11,221,146	9,643,121
	<b>11,221,146</b>	<b>9,643,121</b>

**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 Kavery 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, 2016**  
(All amounts are in Indian Rupees except share data or as stated)

**10 Trade payables**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Trade payables	30,333,711	29,631,299
	<b>30,333,711</b>	<b>29,631,299</b>

For dues to micro and small suppliers, refer to note 33.

**11 Other current liabilities**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Current maturities of long-term borrowings (also refer note 5)	32,590,244	32,064,285
Interest accrued but not due on borrowings	18,750	1,491,955
Liabilities towards purchase of fixed assets	-	1,193,396
Advance from patients	3,780,044	4,020,222
Income received in advance	878,954	849,111
Statutory liabilities	3,283,122	2,864,890
Employee benefits payable	7,664,701	4,528,518
Other liabilities	6,416,445	6,416,445
	<b>54,632,260</b>	<b>53,428,822</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**

**Notes to the financial statements for the year ended March 31, 2016**

(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
<b>GROSS BLOCK</b>										
Balance as at April 1, 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	-	-	-	(854,429)	(810,634)	-	-	(77,806)	-	(1,742,869)
<b>Balance as at March 31, 2015</b>	<b>4,043,397</b>	<b>143,998,461</b>	<b>88,898,510</b>	<b>114,266,739</b>	<b>66,865,862</b>	<b>7,378,469</b>	<b>50,713</b>	<b>13,515,514</b>	<b>1,054,762</b>	<b>440,072,427</b>
Additions	-	-	-	5,275,175	850,342	277,551	-	346,992	-	6,750,060
Deletions	-	-	-	(4,930,027)	-	-	-	-	-	(4,930,027)
<b>Balance as at March 31, 2016</b>	<b>4,043,397</b>	<b>143,998,461</b>	<b>88,898,510</b>	<b>114,611,887</b>	<b>67,716,204</b>	<b>7,656,020</b>	<b>50,713</b>	<b>13,862,506</b>	<b>1,054,762</b>	<b>441,892,460</b>
<b>ACCUMULATED DEPRECIATION</b>										
Balance as at April 1, 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)
<b>Balance as at March 31, 2015</b>	<b>-</b>	<b>33,687,613</b>	<b>24,202,393</b>	<b>69,072,764</b>	<b>43,615,189</b>	<b>6,419,398</b>	<b>31,964</b>	<b>8,703,147</b>	<b>880,643</b>	<b>186,613,111</b>
Depreciation for the year	-	2,909,087	8,826,123	7,820,298	9,795,265	892,232	2,764	2,233,200	120,241	32,599,210
Deletions	-	-	-	(4,776,583)	-	-	-	-	-	(4,776,583)
<b>Balance as at March 31, 2016</b>	<b>-</b>	<b>36,596,700</b>	<b>33,028,516</b>	<b>72,116,479</b>	<b>53,410,454</b>	<b>7,311,630</b>	<b>34,728</b>	<b>10,936,347</b>	<b>1,000,884</b>	<b>214,435,738</b>
<b>NET BLOCK</b>										
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
Balance as at March 31, 2016	4,043,397	107,401,761	55,869,994	42,495,408	14,305,750	344,390	15,985	2,926,159	53,878	227,456,722

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**

**Notes to the financial statements for the year ended March 31, 2016**

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

**13 Intangible assets**

Particulars	Software	Total
<b>GROSS BLOCK</b>		
Balance as at April 1, 2014	183,600	183,600
Additions	631,065	631,065
Deletions	-	-
<b>Balance as at March 31, 2015</b>	<b>814,665</b>	<b>814,665</b>
Additions	267,370	267,370
Deletions	-	-
<b>Balance as at March 31, 2016</b>	<b>1,082,035</b>	<b>1,082,035</b>
<b>ACCUMULATED AMORTISATION</b>		
Balance as at April 1, 2014	137,736	137,736
Amortisation for the year	248,358	248,358
Deletions	-	-
<b>Balance as at March 31, 2015</b>	<b>386,094</b>	<b>386,094</b>
Amortisation for the year	221,678	221,678
Deletions	-	-
<b>Balance as at March 31, 2016</b>	<b>607,772</b>	<b>607,772</b>
<b>NET BLOCK</b>		
Balance as at March 31, 2015	428,571	428,571
Balance as at March 31, 2016	474,263	474,263

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

Particulars	As at March 31, 2016	As at March 31, 2015
<b>To parties other than related parties</b>		
Capital advances	24,750	25,183
Deposits with government authorities	2,519,902	2,366,043
Security deposits	-	150,000
Other loans and advances		
Advance taxes (net of provision)	33,856,861	26,093,645
	<b>36,401,513</b>	<b>28,634,871</b>
<b>To related parties</b>		
Advances towards windmill deposit	520,000	520,000
	<b>520,000</b>	<b>520,000</b>
	<b>36,921,513</b>	<b>29,154,871</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Notes to the financial statements for the year ended March 31, 2016**

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

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

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Bank deposits (due to mature after 12 months from the reporting date) *	200,000	700,000
Interest accrued on deposits (due to mature after 12 months from the reporting date)	31,596	162,642
	<b>231,596</b>	<b>862,642</b>

\* Deposits under lien

200,000

700,000

**16 Inventories \***

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Traded goods - Pharmacy items	3,304,871	3,309,549
Consumables - Surgical material and medical stores * (also refer note 2.6)	2,934,491	3,961,075
	<b>6,239,362</b>	<b>7,270,624</b>

**17 Trade receivables**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured - Considered good	3,403,897	583,597
Unsecured - Considered doubtful	1,361,552	656,129
Less: Provision for doubtful debts	(1,361,552)	(656,129)
	<b>3,403,897</b>	<b>583,597</b>
Other receivables		
Unsecured - Considered good	11,829,797	11,351,609
	<b>11,829,797</b>	<b>11,351,609</b>
	<b>15,233,694</b>	<b>11,935,206</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Notes to the financial statements for the year ended March 31, 2016**

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

**18 Cash and bank balances**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Cash and cash equivalents		
Cash on hand	952,024	883,154
Cheques on hand	-	371,955
Balance with banks		
- on current accounts	1,881,733	1,777,912
	<u>2,833,757</u>	<u>3,033,021</u>
Other bank balances*	500,000	-
	<b>3,333,757</b>	<b>3,033,021</b>
* Deposits under lien	500,000	-
<b>Details of bank balances/ deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,881,733	1,777,912
Bank deposits due to mature within 12 months of the reporting date included under 'other bank balances'	500,000	-
Bank deposits due to mature after 12 months of the reporting date included under 'other non-current assets' (refer note 15)	200,000	700,000

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

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Other short-term loans and advances</b>		
To parties other than related parties		
Prepaid expenses	359,468	584,131
Advance for availment of services	303,920	55,784
Employee advances	299,517	111,790
	<b>962,905</b>	<b>751,705</b>

**20 Other current assets (Unsecured, considered good)**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Unbilled revenue	3,784,773	3,097,588
Interest accrued on deposits (due to mature within 12 months from the reporting date)	191,530	-
	<b>3,976,303</b>	<b>3,097,588</b>



**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Notes to the financial statements for the year ended March 31, 2016**

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

**21 Revenue from operations**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
<b>Revenue from medical and healthcare services</b>		
Income from hospital services	313,608,526	265,280,174
Sale of pharmacy products	111,686,204	96,770,429
	<b>425,294,730</b>	<b>362,050,603</b>
<b>Other operating revenues</b>		
Sale of scrap	68,797	533,004
Others	293,695	385,875
	<b>362,492</b>	<b>918,879</b>
	<b>425,657,222</b>	<b>362,969,482</b>
<b>Breakup of revenue from medical and healthcare services</b>		
Revenue from in-patient services	256,373,262	213,253,396
Revenue from out-patient services	55,300,635	50,518,516
Sales of pharmacy products	111,686,204	96,770,429
Others	1,934,629	1,508,262
	<b>425,294,730</b>	<b>362,050,603</b>

**22 Other income**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Interest income from banks	66,376	110,406
Interest income from others	185,091	194,426
Rental income	132,000	123,000
Liabilities / provisions no longer required written back	8,510,433	1,033,059
Profit on disposal of fixed assets, net	-	290,002
Miscellaneous income	494,963	373,317
	<b>9,388,863</b>	<b>2,124,210</b>

**23 Cost of materials consumed**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Inventory at the beginning of the year	3,961,075	4,860,790
Add: Purchases	9,193,085	9,951,595
Inventory at the end of the year	(2,934,491)	(3,961,075)
	<b>10,219,669</b>	<b>10,851,310</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**  
**Notes to the financial statements for the year ended March 31, 2016**  
(All amounts are in Indian Rupees except share data or as stated)

**24 Changes in inventory**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Opening stock		
Traded goods - Pharmacy items	3,309,549	2,516,671
Closing stock		
Traded goods - Pharmacy items	(3,304,871)	(3,309,549)
	<b>4,678</b>	<b>(792,878)</b>

**25 Hospital operating expenses**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Professional fees paid to consultants	98,984,799	84,178,311
Power and fuel	16,237,739	14,878,840
Repairs and maintenance		
- Buildings	1,183,057	1,724,862
- Plant and machinery	3,709,298	3,089,262
- Others	6,610,432	5,851,793
Testing fees	14,460,992	12,567,504
Medical gas	1,822,688	1,601,632
Rent	1,980,381	1,911,246
Blood and medical record scan charges	2,523,138	2,544,758
Health club expenses	1,242,520	1,313,842
	<b>148,755,044</b>	<b>129,662,050</b>

**26 Employee benefit expense**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Salaries, wages and bonus	85,740,722	77,454,781
Contribution to provident and other funds	8,425,779	7,915,203
Staff welfare expenses	3,879,601	3,479,339
	<b>98,046,102</b>	<b>88,849,323</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Notes to the financial statements for the year ended March 31, 2016**

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

**27 Finance Costs**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Interest		
- on term loans	15,063,971	19,172,300
- on others	12,608	14,588
Other processing charges	-	74,840
	<b>15,076,579</b>	<b>19,261,728</b>

**28 Depreciation and amortisation**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Depreciation of tangible assets (refer note 12)	32,599,210	37,686,335
Amortisation of intangible assets (refer note 13)	221,678	248,358
	<b>32,820,888</b>	<b>37,934,693</b>

**29 Other expenses**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Rates and taxes	2,773,662	1,929,801
Business promotion & Publicity	5,815,303	6,610,092
Travelling and communication expenses	4,101,927	3,232,230
Printing and stationery	3,472,400	2,528,714
Legal and professional charges (refer note below)	4,686,681	3,524,882
Security charges	785,277	1,005,739
Bad debts written off	3,539,133	1,354,025
Provision for doubtful debts	705,423	-
Assets written off	153,444	-
Insurance	357,590	471,575
Bank charges	1,316,603	944,483
Directors sitting fees	570,000	480,000
Provision for capital work-in-progress	-	843,459
Miscellaneous expenses	1,352,621	1,358,640
	<b>29,630,064</b>	<b>24,283,640</b>
<b>Payment to auditors (excluding service tax)</b>		
Statutory audit	1,550,000	1,300,000
Quarterly limited reviews	450,000	450,000
Reimbursement of expenses	185,852	177,693
	<b>2,185,852</b>	<b>1,927,693</b>

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Notes to the financial statements for the year ended March 31, 2016**

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

**30 Contingent liabilities and commitments**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Contingent liabilities</b>		
<b>Claims against the Company not acknowledged as debts</b>		
- disputed customs duty	8,524,905	8,524,905
- disputed municipal rent	917,260	917,260
<b>Guarantees given</b>		
- Guarantees given to bankers on behalf of Sri Kavery Medical Care (Trichy) Limited	615,000,000	615,000,000
<b>Others</b>	230,400,821	118,417,427
<b>Commitments</b>		
Estimated value of contracts remaining to be executed on capital account and not provided for	74,250	15,877

**31 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.

**32 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".

**33 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, 2016 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, 2016**  
(All amounts are in Indian Rupees except share data or as stated)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) The amounts remaining dues to micro and small suppliers as at the end of the year		
- Principal amount	2,954,597	2,935,108
- Interest due on the above amount	10,450	9,205
(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.	10,450	9,205
(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.	-	-

**34 Employee benefits**

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>(a) Change in present value defined benefit obligation</b>		
Projected benefit obligations at the beginning of the year	4,700,891	4,073,407
Service cost	1,596,282	765,007
Interest cost	401,767	315,725
Actuarial (gain) / loss	(752,759)	108,043
Benefits settled	(606,282)	(561,291)
<b>Projected benefit obligations at the end of the year</b>	<b>5,339,899</b>	<b>4,700,891</b>
<b>(b) Change in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	2,665,073	2,914,268
Expected return on plan assets	280,353	240,105
Contributions	1,506,210	68,411
Actuarial gain / (loss)	(25,092)	3,580
Benefits paid	(606,282)	(561,291)
<b>Fair value of plans assets at end of the year</b>	<b>3,820,262</b>	<b>2,665,073</b>
<b>(c) Reconciliation of present value of defined benefit obligation and the fair value of plan assets</b>		
Present value of defined benefit obligation at the end of the year	5,339,899	4,700,891
Fair value of plan assets at the end of the year	3,820,262	2,665,073
<b>Funded status amount of liability recognized in balance sheet</b>	<b>1,519,637</b>	<b>2,035,818</b>
<b>Classification into current/non current</b>		
Classified as long term provision	1,260,854	1,821,039
Classified as short term provision	258,783	214,779

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**

**Notes to the financial statements for the year ended March 31, 2016**

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

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
<b>(d) Expenses recognised in the statement of profit and loss</b>		
Current service cost	1,596,282	765,007
Interest cost	401,767	315,725
Expected return on plan assets	(280,353)	(240,105)
Actuarial (gain) / loss	(727,667)	104,463
<b>Net gratuity cost</b>	<b>990,029</b>	<b>945,090</b>
<b>(e) Financial assumptions at Balance sheet date:</b>		
Discount rate	7.80%	7.80%
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, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	5,339,899	4,700,891	4,073,407	2,184,444	436,774
Plan asset	3,820,262	2,665,073	2,914,268	860,757	615,165
Surplus/(deficit)	(1,519,637)	(2,035,818)	(1,159,139)	(1,323,687)	178,391
Experience adjustments in plan liabilities - (loss) / gain	752,759	(108,043)	(603,429)	(842,516)	-
Experience adjustments in plan Assets - loss / (gain)	25,092	(3,580)	-	-	-

**KMC SPECIALITY HOSPITALS (INDIA) LIMITED****Notes to the financial statements for the year ended March 31, 2016**

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

**35 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 Centre (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, 2016	For the year ended March 31, 2015
<b>Holding company - Sri Kavery Medical Care (Trichy) Limited</b>		
Revenue from hospital services rendered	4,434,635	3,600,667
Hospital services availed	452,027	791,854
Sale of goods	744,533	477,973
Purchase of goods	83,371	92,797
Rental income	132,000	123,000
Rental expenses	210,000	210,000
Advance received (net of payments and TDS)	2,698,157	2,364,853
Claims made on behalf of the Holding Company	111,983,394	72,082,566
Reimbursement of claims received on behalf of the Holding Company	101,958,958	62,740,038
<b>Fellow subsidiary - Kauvery Medical Centre (Karaikudi) Limited</b>		
Sale of fixed assets	-	92,762
Hire Charges	-	48,000
Expenses Recharged	1,465	3,141
<b>Key managerial personnel</b>		
<b>Remuneration *</b>		
- Dr. S. Chandrakumar, Managing Director	3,217,912	3,247,912
- Dr. D.Senguttuvan, Executive Director	2,455,878	2,380,440
- Mr. G. Ranganathan, Chief Financial Officer	3,099,828	736,300
- Mr. A. Thanikainathan, Company Secretary	975,294	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, 2016**  
(All amounts are in Indian Rupees except share data or as stated)

**c) Balances outstanding as at the year end**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Sri Kavery Medical Care (Trichy) Limited</b>		
Loans and advances	520,000	520,000
Trade payables	32,213	-
Claims received payable	-	1,266,061
Trade receivable	655,704	21,600
Guarantees and collaterals	615,000,000	615,000,000

**36 Earnings per share**

The computation of earnings per share is set out below:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit attributable to the equity share holders (Rs.)	32,136,229	1,238,967
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.)	0.20	0.01

**37 Operating lease obligations**

**a) As lessee**

The Company has taken land for its hospital building and premises for staff accomodation, under cancellable and non-cancellable operating lease arrangements. The land lease was taken for a period of 42 years and premises for staff accomodation 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.1,980,381 (Previous year: Rs.1,911,246). The schedule for future minimum lease payments in respect of non-cancellable operating lease is set out below:

Particulars	As at March 31, 2016	As at March 31, 2015
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	6,720,000	6,930,000

**b) As lessor**

The Company had entered into an operating lease arrangement in respect of certain office space during the previous year with a lease term of 29 years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent income recognised during the year amounts to Rs.132,000/- (Previous year: Rs.123,000/-). The schedule for future minimum lease payments in respect of non-cancellable operating lease is set out below:

Particulars	As at March 31, 2016	As at March 31, 2015
Not later than one year	132,000	132,000
Later than one year but not later than five years	544,000	532,000
Later than five years	3,033,000	3,177,000

**38 Earnings / Expenditure in foreign currency**

- -



**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**

**Notes to the financial statements for the year ended March 31, 2016**

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

39. During the course of reconciliation of inventory records with the physical inventory for the current year, the management has observed certain discrepancies. The management is in the process of carrying out a comprehensive evaluation for identification of the reasons for these discrepancies and in the opinion of the management the impact, if any, arising on account of the said evaluation will not be material to the financial statements.

**40. Misappropriation of funds**

During the year, one of the employees had misappropriated the collections made from certain customer aggregating to Rs. 585,354/-. Based on internal management inquiries conducted in this regard, the management has decided to terminate the employee and no specific action was taken for recovery of the money from the concerned employee. The management has adjusted the inventory records after performing a comprehensive physical inventory verification.

**41. Prior year comparatives**

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

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

Place : Chennai  
Date : May 30, 2016

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

Place: Trichy  
Date : May 30, 2016

**CA. S Chenthil Kumar**  
Director

**A. Thanikainathan**  
Company Secretary



**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 Thursday, the 29th day of September 2016 at 3.00 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	
Special Business	
4	
5	
6	
7	
8	

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix One  
Rupee  
Revenue  
Stamp

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.



**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 Thursday the 29th day of September, 2016 at 3.00 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](mailto:cs.kmcshil@kauveryhospital.com)  
Website: [www.kauveryhospital.com](http://www.kauveryhospital.com)