

THE NEW-AGE FAMILY HOSPITAL



KMC Speciality Hospitals (India) Limited

ANNUAL REPORT

2016-2017

ANNUAL REPORT 2016-17

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
Dr T Senthilkumar	Director (From 29th September, 2016)
Mr A Krishnamoorthy	Director
CA S Chenthilkumar	Director
Mr B Pattabhiraman	Director
Mr N Bala Baskar	Director
Mr Chandrasekar Kandasamy	Nominee Director (Upto 11th February, 2017)
Mr Adithya Bharadwaj	Nominee Director (From 11th February, 2017)
Mrs Jayanthi Narayanaswamy	Director
Dr S Vijayabaskaran	Director (Upto 29th September, 2016)
Mr S Krishnamurthy	Nominee Director (Upto 9th May, 2016)
Mr G Ranganathan	Chief Financial Officer (Upto 24th January, 2017)
Mr S Badrinarayan	Chief Financial Officer (From 24th January, 2017)
Mr A Thanikainathan	Company Secretary (Upto 30th June, 2016)
Mr G Sathyan	Company Secretary (From 14th November, 2016)

BANKERS

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

AUDITORS

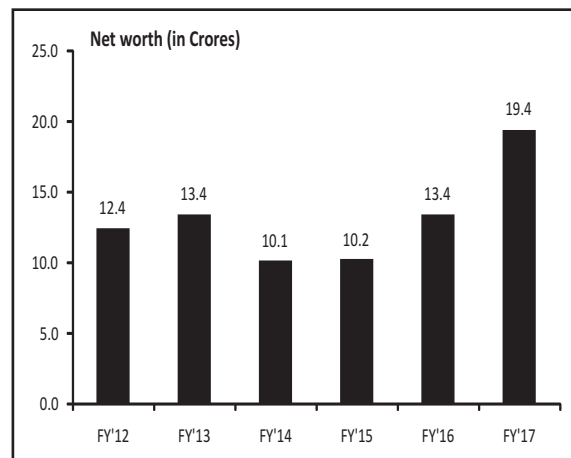
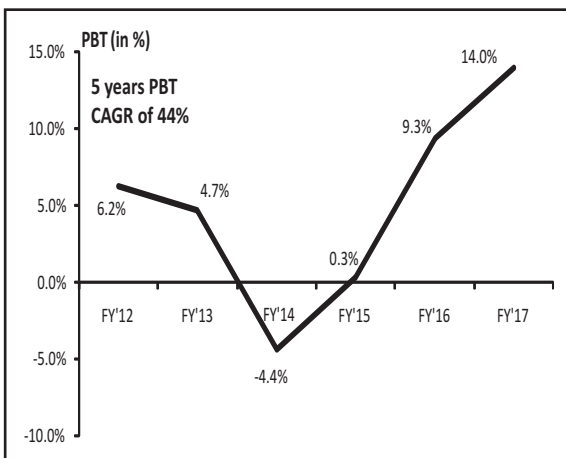
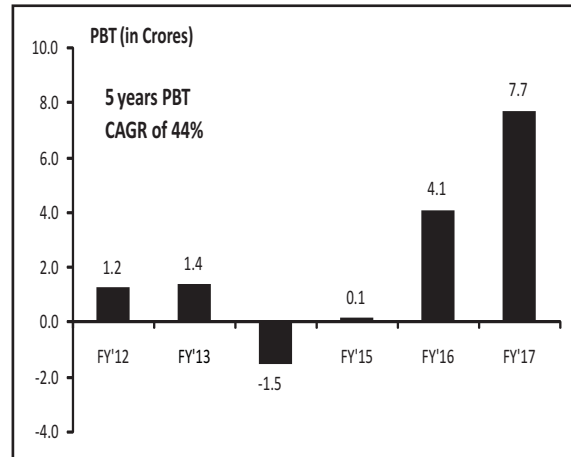
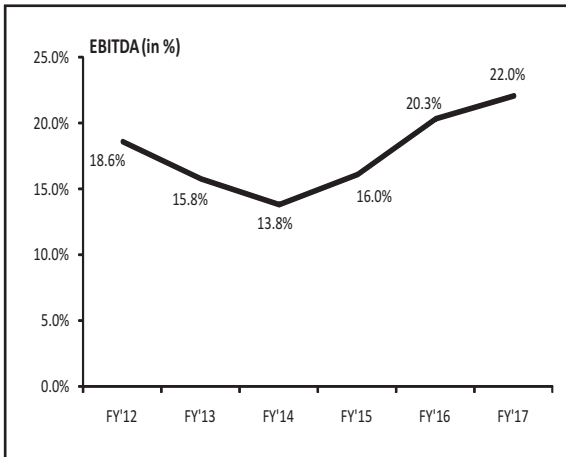
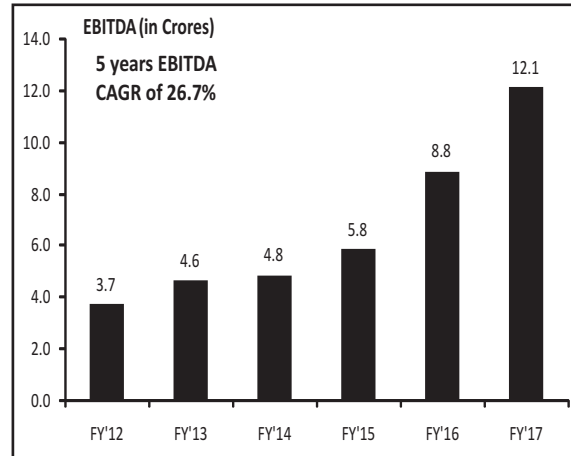
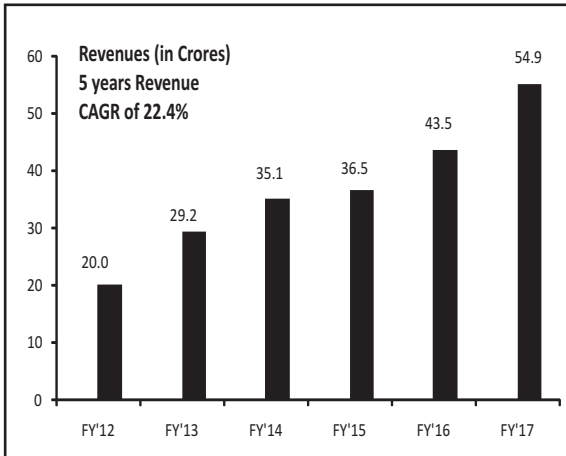
M/s. B S R & Co. LLP
Chartered Accountants
10, Mahatma Gandhi Road
Chennai - 600034

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	11
Directors' Report	12
Corporate Governance Report	38
Independent Auditors' Report	53
Balance Sheet	60
Statement of Profit and Loss	61
Cash Flow Statement	62
Notes to the Financial Statements	64
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 FOURTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Thursday, the 28th day of September, 2017 at 3:00 PM at Hotel Sangam, Collector's Office Road, 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 2017 together with the Report of the Board of Directors and the Auditors thereon.

2. To appoint a Director in place of Dr S Manivannan (DIN : 00910804), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mrs Jayanthi Narayanaswamy (DIN : 0007143462), who retires by rotation and being eligible, offers herself for re-appointment.

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an 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 fourth year in the first term of five years, in terms of Section 139 and 142 read with Audit and Auditors Rules, 2014, on such remuneration as may be decided by the Board of Directors of the Company in addition to Service Tax, travelling and out of pocket expenses be and is hereby ratified.”

SPECIAL BUSINESS:

5. Appointment of Mr Adithya Bharadwaj (DIN: 0007570055) 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 Adithya Bharadwaj (DIN: 0007570055), who was appointed as an Additional Director of the Company with effect from 11th February 2017 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 from a member under Section 160 of the Act, proposing the candidature of Mr Adithya Bharadwaj for the office of Director, is be and hereby appointed as a Nominee Director of the Company not liable to retire by rotation.

6. 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 a 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) for 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 Kavery Medical Care (Trichy) Limited, fellow subsidiaries or associate companies being related parties 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 or any other transactions involving a transfer of resources, services or obligations of whatever nature on such terms as may be mutually agreed upon with the holding company namely M/s. Sri Kavery Medical Care (Trichy) Limited, fellow subsidiaries or associate companies for an aggregate value not exceeding Rs. 75,00,00,000/- (Rupees Seventy Five crores only) per annum;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized and empowered to do all such acts, deeds, matters and things to settle any queries, difficulties, doubts that may arise with regard to any transaction with M/s. Sri Kavery Medical Care (Trichy) Limited, fellow subsidiaries or associate companies and execute such agreements, 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."

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

"RESOLVED THAT in supersession of the Resolution passed at the Annual General Meeting of the Company held on 29th September 2015, consent of the members be and is hereby accorded in terms of the provisions of Section 180(1)(c), 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) to the Board of Directors (hereinafter referred to as "the Board" which shall include any

Committee(s) thereof) to borrow from time to time all such sum(s) of money as the Board may deem requisite for the purpose of the Company, notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company and outstanding (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, provided however that the total amount so borrowed and to be borrowed

set apart for any specific purpose, provided however that the total amount so borrowed and to be borrowed and remaining outstanding at any one time shall not exceed Rs 100,00,00,000 (Rupees One Hundred Crores only) in the aggregate, with or without creating charges on one or more or all assets of the Company."

8. 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 provisions of Section 186 read with the Rules framed thereunder and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called 'the Board') which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) to give guarantee and / or to provide security in connection with a loan/any other form of debt to any other body corporate or person and to make investments or acquire by way of subscription, purchase or otherwise the securities of any other body corporate whether Indian or overseas up to a maximum amount of Rs 75,00,00,000/- (Rupees Seventy Five Crores only) outstanding at any point of time notwithstanding that the aggregate amount of all the guarantees / securities / investments so far made together with the proposed guarantees / securities / investments to be made, exceeds the prescribed limits under Section 186 (2) of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take from time to time all decisions and steps in respect of the above guarantees, securities and investments including the timing, amount and other terms and conditions of such guarantees, securities and investments and varying the same either in part or in full as it may deem appropriate and to do and perform all such acts, deeds, matters and things as may be necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution."

Place: Chennai
Date : 12th August 2017

By the order of the Board
G Sathyan
Company Secretary

Notes:

1. 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. 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.

Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

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 22nd September, 2017 to 28th September, 2017 (both days inclusive).

5. Members, proxies and Authorised Representatives are requested to bring their Attendance Slips together with their copies of the Annual Reports to the Meeting.

6. Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares to the Registrar and Transfer Agents.

7. A route map showing directions to reach the venue of the 34th Annual General Meeting is given along with this Notice as per the requirement of the Secretarial Standard – 2 on "General Meetings".

8. Members are requested to notify Change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares members are requested to advise any change of communication address immediately to the Registrar and Transfer Agent, Viz. M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600001.

9. 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.

10. 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.

11. The Ministry of Corporate Affairs ("Ministry"), Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. As per the Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders. In case you are desirous of having a printed copy of Annual Report 2016-17, you may write to us at cs.kmcshil@kauveryhospital.com or at the registered Office of the Company. The Annual report of the Company can be accessed at www.kauveryhospital.com/investors# in the investor section. Electronic copy of the Annual Report for 2016-17 is being sent to all the members whose email 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 Annual Report for the financial year 2016-17 is being sent in the permitted mode. Electronic copy of the Notice of the 34th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email 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 34th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

12. Members may also note that the Notice of the Thirty Fourth Annual General Meeting and the Annual Report for 2017 will also be available on the Company's website www.kauveryhospital.com/investors# 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.

13. 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#>.

14. The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice by 'electronic means' (i.e. voting electronically from a place other than the venue of the General Meeting) and all the businesses may be transacted through e-voting services provided by Central Depository Services (India) Limited. The Company is providing facility for voting by electronic

means in compliance with the provisions of Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rule, 2014 and Regulation 44 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015. The E-Voting instructions/ procedure and details of Scrutinizer for the E-voting process is provided elsewhere in the report.

15. The remote e-voting period starts on Monday, 25th September, 2017, 10:00 AM (IST) and ends on Wednesday, 27th September, 2017 at 5:00 PM (IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2017 may cast their votes electronically.

16. The Facility for voting through Ballot paper shall be made available at the 34th Annual General Meeting 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 Annual General Meeting through ballot paper.

17. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.

18. The Company's website is www.kauveryhospital.com. Annual Reports of the Company and other shareholder communications are made available on the Company's website.

19. All the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail id is investor@cameoindia.com mentioning the Company's name i.e., KMC Speciality Hospitals (India) Limited so as to enable the Company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address.

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

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

Item No. 5: Appointment of Mr Adithya Bharadwaj (DIN: 0007570055) as Nominee Director

The Board of Directors had, at their meeting held on 11th February 2017, co-opted Mr Adithya Bharadwaj as Additional Director, on behalf of Investors of the Holding Company, pursuant to Section 161 of the Companies Act, 2013. Mr Adithya Bharadwaj shall hold the office of Director upto the date of the thirty fourth Annual General Meeting. The Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One Lakh only) from a member under Section 160 of the Act, signifying the candidature of Mr Adithya Bharadwaj to be appointed as Nominee Director, not liable to retire by rotation. Mr Adithya Bharadwaj 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 Annual General Meeting, has accorded its consent, to appoint Mr Adithya Bharadwaj as Nominee Director, not liable to retire by rotation. Information required under Regulation 36(3) of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 is attached to this notice as Annexure.

Brief profile of Mr Adithya Bharadwaj:

Mr Adithya Bharadwaj has over 6 years of professional experience in due diligence and private equity. He has experience in evaluating transactions and monitoring investments across healthcare, technology and consumer brands.

He is currently a Senior Associate at Stakeboat Capital LLP prior to which he worked in the Transactions Advisory Services practice of Ernst & Young with extensive experience in evaluating key business drivers, identifying and raising red flags, supporting and coordinating with multi-party due diligence teams and legal negotiations.

Mr Adithya Bharadwaj is an associate member of the Institute of Chartered Accountants of India (ICAI) and associate member of Institute of Cost Accountants of India (ICMAI). He is a national rank-holder in both intermediate and final exams held by ICMAI.

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 Mr Adithya Bharadwaj, 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 6 :

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 the 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 various transactions with M/s. Sri Kavery Medical Care (Trichy) Limited (the holding Company), fellow subsidiaries or associate companies being related parties to the Company for providing and availing various services including Sale and purchase of goods, rendering and availing of hospital services, claims made and reimbursement of claims received. These transactions are continuous in nature and are not for a specific period. M/s. Sri Kavery Medical Care (Trichy) Limited, fellow subsidiaries or associate companies are related parties 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.6 of the Notice for approval by the Members.

The members are further informed that pursuant to Clause 23 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 any member of the company who is a related party whether or not related to the particular transaction shall not be entitled to vote on this special resolution as set out at item No. 6.

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

Dr S Chandrakumar, Dr S Manivannan, and Dr T Senthilkumar individually hold 7.42%, 6.32% and 2.29% respectively in the paid up share capital of M/s. Sri Kavery Medical Care (Trichy) Limited (the holding Company).

The Board of Directors recommends the resolution set forth in item No. 6 for approval of members as a Special resolution.

Item No: 7 To approve limits of borrowing under section 180 (1) (c) and 180 (1) (a) of the companies Act, 2013.

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

At the Annual General Meeting of the Company held on 29th September 2015, the Members had accorded consent to the Board of Directors to borrow any sum or sums of money not exceeding at any time the sum of Rs. 25 crores.

It is proposed to seek the approval of the shareholders for a higher limit of Rs. 100 Crores keeping in view the Company's business requirements.

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

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

Item No: 8 To approve limits of investment(s), guarantee(s) and security(ies) under section 186 of the companies act 2013.

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make or grant any loan, investment or give guarantee or provide any security beyond the prescribed ceiling of i) Sixty per cent of the aggregate of the paid-up capital and free reserves and securities premium account or, ii) Hundred per cent of its free reserves and securities premium account, whichever is more, if a special resolution is passed by the members of the Company.

The Company had obtained approval from the members for providing loans, giving guarantees and making investments to the extent of Rs 68 crores under the erstwhile Section 372A of the Companies Act, 1956 through postal ballot in September, 2012.

This permission is sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for making investment(s), granting or providing guarantee(s) or providing security(ies) in connection with loans taken by other companies including holding, fellow subsidiary and associate companies or any other body corporate for an amount not exceeding 75 crores.

The investment(s), guarantee(s) and security (ies), as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and the relevant rules made there under.

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

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

Annexure

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

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

Name of Directors	Re-appointment		Appointment
	Dr S Manivannan	Mrs Jayanthi Narayanaswamy	Mr Adithya Bharadwaj
Directors Identification Number	00910804	0007143462	0007570055
Type	Non - Executive Director	Non – Executive Director	Nominee Director
Age & Date of Birth	47 Years 30.10.1969	59 Years 08.07.1958	28 Years 25.06.1989
Date of Appointment / Re-appointment	29.09.2016	29.09.2015	11.02.2017
Qualification	M.D., D.N.B.	M.Com., FCS,MBA	CA & CMA
Number of Equity shares held	Nil	50100	Nil
Expertise in specific functional area	Strategy, Hospital Operations, Clinical Excellence, Corporate Services viz., IT & Hospital Information System, Procurement and MIS	Secretarial, Legal and Costing	Investment Management experience in technology and healthcare sectors
List of Public Limited Companies in which outside Directorships held	2	1	Nil
Membership / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	2	Nil
No. of Board meetings attended during the year	2	5	Nil
Relationship with other Directors inter-se	Son of Dr D Senguttuvan's Brother	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, 25th September 2017 at 10.00 AM and ends on Wednesday, 27th September 2017 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, 21st September 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
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">● 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).

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 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

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 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, under help section or write an email to helpdesk.evoting@cdslindia.com

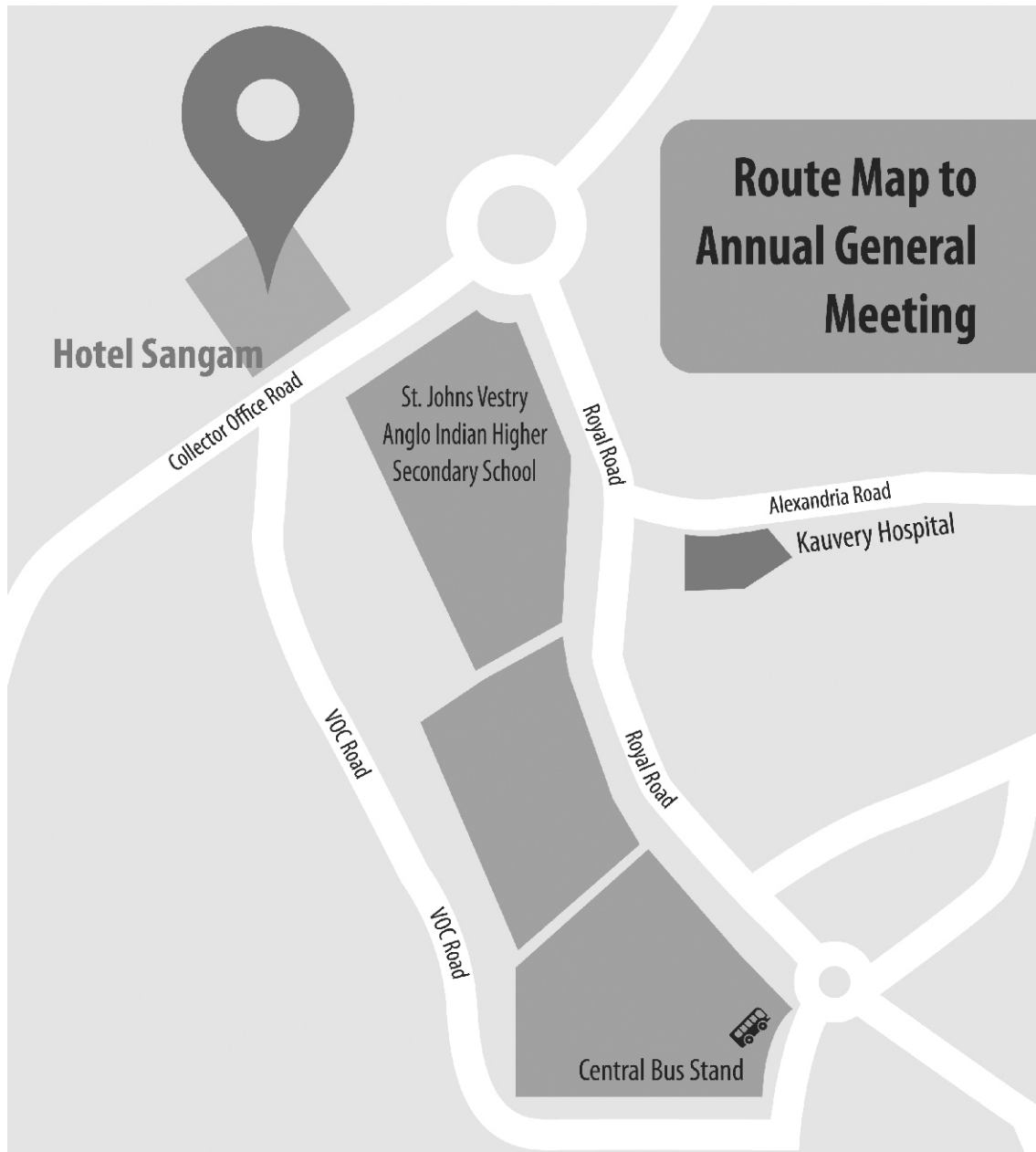
EVSN 170828121

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/investors# 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 - 2016-17

To,

The Members

Your Directors have pleasure in presenting their THIRTY FOURTH Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

1. Financial highlights for the year ended March 31, 2017

Particulars	2016-17 (Rs In Lakhs)	2015-16 (Rs In Lakhs)
Operating Income	5482.88	4256.57
Other Income	11.50	93.89
Total Income	5494.38	4350.46
Operating Expenses	4283.94	3465.89
EBIDTA	1210.44	884.57
Finance Cost	124.05	150.76
Depreciation	319.11	328.20
Profit/(Loss) before Tax	767.27	405.60
Tax Expense	171.59	84.24
Provision for Deferred Tax	-	-
Profit/(Loss) after Tax (PAT)	595.68	321.36

2. Dividend

Keeping in view the current financial status of the Company your Board has not recommended dividend for the financial year 2016-17.

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 28.81% to Rs. 5482.88 lakhs during the financial year 2016-17 from 4256.57 lakhs in the previous year.

Your Company has earned Profit after tax of Rs. 595.68 lakhs for the financial year 2016-17 significantly higher than Rs. 321.36 lakhs achieved during the previous year. Improvement in revenue mix and 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 Annual General Meeting.

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 22nd September, 2017 to 28th September, 2017 (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 2017, as prescribed under Section 92 read with Rule 12 of the 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	2016-17	2015-16
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 Corporate Affairs whereby every company having net worth of Rupees 500 crores or more, or turnover of Rupees 1000 crores or more or a net profit of Rupees 5 crores or more during any financial year are mandated to serve society by contributing at least 2% of the average net profits of the Company during the three immediately preceding financial years in various CSR activities as defined in Schedule VII of the Companies Act, 2013.

The net profit for the financial year 2016-17 has crossed the ceiling limit of Rs. 5 Crores and hence CSR rules are applicable to the Company. The Company has duly constituted a Corporate Social Responsibility Committee as required under Section 135 (1) of the Companies Act, 2013 and the relevant rules made thereunder.

However, the spending of at least 2% of average net profits of the Company during the three immediately preceding financial years to serve the society shall be applicable only during the current financial year 2017-18 and such details shall be disclosed in the next year's annual report of the Company.

However being a Healthcare Service provider, CSR has been integral part of the manner in which the Company is 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 2016-17 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

Pursuant to the provisions of Section 203 of the Companies Act, 2013 the Key Managerial Personnel of the Company are Dr. S Chandrakumar, Managing Director, Dr D Senguttuvan, Executive Director, Mr. S. Badrinarayan, Chief Financial Officer and Mr. Sathyan G, Company Secretary.

During the year Mr S Krishnamurthy, Dr S Vijayabaskaran and Mr Chandrasekar Kandasamy resigned from the board of the Company and Dr T Senthilkumar and Mr Adithya Bharadwaj were appointed on the board of the Company.

During the year Mr. G Ranganathan, Chief Financial Officer and Mr A Thanikainathan, Company Secretary relieved from the services of the Company.

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

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 (7) of the Companies Act, 2013, confirming that they are in compliance with the criteria as laid down in the 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 2016-17 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 are given in a separate annexure to the report in **Annexure 2**.

23. Risk Management Policy

The Company approaches Risk Management by 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 risks 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 2017. The Secretarial Audit Report issued by the 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 details of the number of meetings of the Board of Directors are 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 2017-18 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 Prevention of Sexual Harassment, 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 2016-17.

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 laid down internal financial controls and such internal financial controls are adequate and were operating effectively.

(vi) 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.

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, 2017 to the date of this report.

33. Familiarisation Programme for Independent Directors:

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The details of such familiarization programmes for the Independent Directors are posted on the website of the Company.

34. 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: Chennai
Date :12th August, 2017

(Dr S Chandrakumar)
DIN : 01867847
MANAGING DIRECTOR

(Dr D Senguttuvan)
DIN : 01867900
EXECUTIVE DIRECTOR

Annexure 1

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017
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	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	122313750	-	122313750	75	122313750	-	122313750	75	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total : (A) (1)	122313750	-	122313750	75	122313750	-	122313750	75	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub Total : (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	122313750	-	122313750	75	122313750	-	122313750	75	-
B. PUBLIC SHAREHOLDING									
(1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	600	300	900	0.0005	600	300	900	0.0005	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
C) Central govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
l) Others (specify)	-	-	-	-	-	-	-	-	-
Sub Total : (B) (1)	600	300	900	0.0005	600	300	900	0.0005	-

(2) Non Institutions									
a) Bodies Corporates	-	-	-	-	-	-	-	-	-
l) Indian	330901	713900	1044801	0.6406	388118	713700	1101818	0.6757	0.0350
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
l) Individual shareholders holding nominal share capital up to Rs.1 lakhs	6300227	6565212	12865439	7.8888	7304741	6509112	13813853	8.4703	0.5250
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	14342136	8479840	22821976	13.9939	14299039	7471123	21770162	13.3489	-1.6962
c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d) Others (specify)	-	-	-	-	-	-	-	-	-
Clearing Members	24745	-	24745	0.0151	8325	-	8325	0.0051	-0.0100
Directors and their Relatives	1756350	50300	1806650	1.1078	1756350	50300	1806650	1.1078	-
HUF	1310383	0	1310383	0.8034	1279113	0	1279113	0.7843	-0.0191
NRI	64056	832300	896356	0.5496	160329	830100	990429	0.6073	0.0576
Sub Total : (B) (2)	24128798	16641552	40770350	24.9994	25196015	15574335	40770350	24.9994	0.0000
Total Public Shareholding (B)= (B)(1)+(B)(2)	24129398	16641852	40771250	25.0000	25196615	15574635	40771250	25.0000	0.0000
Shares held by Custodians and Against which Depository Receipts has been Issued									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Total Custodian (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	146443148	16641852	163085000	100.0000	147510365	15574635	163085000	100.0000	0.0000

II. SHARE HOLDING OF PROMOTERS

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

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

Sl. No.	Shareholders Name	Shareholding at the beginning of the year		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	V TAMILSELVI	2208234	1.3540	1st April, 2016	-	-	2208234	1.3540
		10000	0.0061	26th August, 2016	Increase	Dematted	2218234	1.3601
		-10052	0.0061	22nd September, 2016	Decrease	Sale	2208182	1.3540
		-2000	0.0012	23rd September, 2016	Decrease	Sale	2206182	1.3527

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
		-1000	0.0006	10th March, 2017	Decrease	Sale	2205182	1.3521
		-25000	0.0153	24th March, 2017	Decrease	Sale	2180182	1.3368
		-374000	0.2293	31st March, 2017	Decrease	Sale	1806182	1.1075
		1806182	1.1075	31st March, 2017	-	-	1806182	1.1075
2(a)	T SENTHIL KUMAR	1714536	1.0513	1st April, 2016	-	-	1714536	1.0513
		1714536	1.0513	31st March, 2017	-	-	1714536	1.0513
2(b)	SENTHIL KUMAR T	200	0.0001	1st April, 2016	-	-	200	0.0001
		200	0.0000	31st March, 2017	-	-	200	0.0001
3	SUDHA S	1705300	1.0456	1st April, 2016	-	-	1705300	1.0456
		1705300	1.0456	31st March, 2017	-	-	1705300	1.0456
4	MEENAKSHI SUNDARI A	1571128	0.9633	1st April, 2016	-	-	1571128	0.9633
		5000	0.0030	12th August, 2016	Increase	Purchase	1576128	0.9664
		1576128	0.9664	31st March, 2017	-	-	1576128	0.9664
5	KANAGAM P	1505600	0.9231	1st April, 2016	-	-	1505600	0.9231
		1505600	0.9231	31st March, 2017	-	-	1505600	0.9231
6	SATHISH KUMAR S	1505100	0.9228	1st April, 2016	-	-	1505100	0.9228
		1505100	0.9228	31st March, 2017	-	-	1505100	0.9228
7(a)	PANDURANGAN S	1505100	0.9228	1st April, 2016	-	-	1505100	0.9228
		1505100	0.9228	31st March, 2017	-	-	1505100	0.9228
7(b)	PANDURANGAN S	327920	0.2010	1st April, 2016	-	-	327920	0.2010
		-605	0.0003	3rd June, 2016	Decrease	Sale	327315	0.2007
		490000	0.3004	10th June, 2016	Increase	Purchase	817315	0.5011
		-5000	0.0030	24th June, 2016	Decrease	Sale	812315	0.4980

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
		-3600	0.0022	8th July, 2016	Decrease	Sale	808715	0.4958
		-11801	0.0072	19th August, 2016	Decrease	Sale	796914	0.4886
		-17010	0.0104	26th August, 2016	Decrease	Sale	779904	0.4782
		779904	0.4782	31st March, 2017	-	-	779904	0.4782
8(a)	P NATARAJAN	1492650	0.9152	1st April, 2016	-	-	1492650	0.9152
		1492650	0.9152	31st March, 2017	-	-	1492650	0.9152
8(b)	P NATARAJAN	1400	0.0008	1st April, 2016	-	-	1400	0.0008
		1400	0.0008	31st March, 2017	-	-	1400	0.0008
9	KESHAV ANAND KARAPURKAR	910041	0.5580	1st April, 2016	-	-	910041	0.5580
		-10041	0.0061	22nd September, 2016	Decrease	Sale	900000	0.5518
		-1000	0.0006	30th September, 2016	Decrease	Sale	899000	0.5512
		-768	0.0004	7th October, 2016	Decrease	Sale	898232	0.5507
		-2572	0.0015	14th October, 2016	Decrease	Sale	895660	0.5491
		-21061	0.0129	21st October, 2016	Decrease	Sale	874599	0.5362
		-35099	0.0215	28th October, 2016	Decrease	Sale	839500	0.5147
		-7418	0.0045	4th November, 2016	Decrease	Sale	832082	0.5102
		-32082	0.0196	11th November, 2016	Decrease	Sale	800000	0.4905
		-50000	0.0306	2nd December, 2016	Decrease	Sale	750000	0.4598
		-25000	0.0153	9th December, 2016	Decrease	Sale	725000	0.4445
		-25000	0.0153	16th December, 2016	Decrease	Sale	700000	0.4292
		-50000	0.0306	6th January, 2017	Decrease	Sale	650000	0.3985
		-20000	0.0122	13th January, 2017	Decrease	Sale	630000	0.3863

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
9	KESHAV ANAND KARAPURKAR	-85000	0.0521	20th January, 2017	Decrease	Sale	545000	0.3341
		-45000	0.0275	27th January, 2017	Decrease	Sale	500000	0.3065
		-20000	0.0122	24th February, 2017	Decrease	Sale	480000	0.2943
		-80000	0.0490	3rd March, 2017	Decrease	Sale	400000	0.2452
		400000	0.2452	31st March, 2017	-	-	400000	0.2452
10	SENTHILKUMAR S	812000	0.4978	1st April, 2016	-	-	812000	0.4978
		812000	0.4978	31st March, 2017	-	-	812000	0.4978
10(a)	SENTHILKUMAR S	200000	0.1226	1st April, 2016	-	-	200000	0.1226
		200000	0.1226	31st March, 2017	-	-	200000	0.1226
11(a)	R. JANAKARAJ	808536	0.4957	1st April, 2016	-	-	808536	0.4957
		808536	0.4957	31st March, 2017	-	-	808536	0.4957
11(b)	R. JANAKARAJ	200	0.0001	1st April, 2016	-	-	200	0.0001
		200	0.0001	31st March, 2017	-	-	200	0.0001

IV. (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 (a)	T SENTHIL KUMAR	1714536	1.0513	1st April, 2016	-	-	1714536	1.0513
		1714536	1.0513	31st March, 2017	-	-	1714536	1.0513
1 (b)	SENTHIL KUMAR T	200	0.0001	1st April, 2016	-	-	200	0.0001
		200	0.0001	31st March, 2017	-	-	200	0.0001
2	JEYANTHI NARAYANASWAMY	50100	0.0307	1st April, 2016	-	-	50100	0.0307
		50100	0.0307	31st March, 2017	-	-	50100	0.0307

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year	92,449,181			92,449,181
I) Principal Amount	92,449,181	-	-	92,449,181
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	92,449,181	0	0	92,449,181
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	29,039,493	-	-	29,039,493
Net Change	(29,039,493)	-	-	(29,039,493)
Indebtedness at the end of the financial year				
i) Principal Amount	63,410,419	-	-	63,410,419
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	63,410,419	0	0	63,410,419

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Dr S Chandrakumar Managing Director	Dr D Senguttuvan* Executive Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	36,72,278	31,27,365	67,99,643
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of Profit	-	-	-
5	Others, please specify	-	-	-
	Total (A)	36,72,278	31,27,365	67,99,643
	Ceiling as per the Act	Rs.1,68,00,000 /- per annum (being the maximum remuneration payable as per Schedule V of the Companies Act, 2013)	Rs.1,68,00,000 /- per annum (being the maximum remuneration payable as per Schedule V of the Companies Act, 2013)	

*Note : * Remuneration of Executive Director does not include fees paid in professional capacity.*

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr A Krisnamoorthy	CA S Chentilkumar	Mr N Bala Baskar	Mr B Pattabhiraman	
1	Independent Directors					
1	(a) Fee for attending board committee meetings	1,90,000	190,000	1,40,000	-	5,20,000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (1)	1,90,000	1,90,000	1,40,000	-	5,20,000

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount
2	Other Non Executive Directors	Dr S Manivannan	Dr S Vijayabaskaran	Dr T Senthilkumar	
	(a) Fee for attending board committee meetings	-	40,000	-	40,000
	(b) Commission				
	(c) Others, Please Specify				
	Total (2)	-	40,000	-	40,000
	Other Non Executive Directors	Mr Chandrasekar Kandasamy	Mr Adithya Bharadwaj	Mrs Jayanthi Narayanaswamy	Total Amount
	(a) Fee for attending board committee meetings	-		1,00,000	1,00,000
	(b) Commission				
	(c) Others,				
	Total (3)			1,00,000	1,00,000
	Total Managerial Remuneration (B)=(1+2+3)				6,60,000

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
1	Gross Salary	CA G Ranganathan CFO	CA S Badrinarayan CFO	Mr A Thanikainathan CS	Mr G Sathyan CS	
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	34,41,119	17,17,419	2,79,634	2,34,947	56,73,119
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission as % of profit	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (1)	34,41,119	17,17,419	2,79,634	2,34,947	56,73,119

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)
A. COMPANY –NIL					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS – NIL					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT – NIL					
Penalty			NIL		
Punishment					
Compounding					

Annexure 2

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

Details of Related Party Transactions

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

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

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

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

Annexure 3

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year 2016-17

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

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 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, 2017 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, 2017 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 (Not applicable to the Company during the Audit Period);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 (Not Applicable to the Company);
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – (Not applicable to the Company during the Audit Period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - not applicable

I have also examined compliance with the applicable clauses of the following;

Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

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

- (vi) I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis, the Company has complied with the following laws applicable specifically to the Company, as listed below;

- (a) The Tamil Nadu Narcotic Drugs Rules, 1985
- (b) The Registration of Births and Deaths Act, 1969
- (c) Tamilnadu Tax on consumption or sale of electricity act 2003
- (d) Transplantation of Human Organ Act 1994
- (e) Pre-conception and prenatal diagnostic techniques (prohibition of s*x selection) Rules, 1996.
- (f) Drugs and cosmetic Act 1940.
- (g) Pharmacy Act 1948
- (h) Bio-Medical Waste (Management and Handling) Rules, 1998.

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 Labour, Industrial and Environmental laws, rules, regulations and guidelines.

I further report that there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having major bearing on the Company's affairs.

for **M.Alagar & Associates**

Place: Chennai
Date : May 10, 2017

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

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,

1. Our report of even date is to be read along with this letter.
2. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for M.Alagar & Associates

Place: Chennai
Date : May 10, 2017

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	29.26
2.	Dr D Senguttuvan	24.92

2. Percentage increase in remuneration

S.No.	Name of the Director	Designation	% of increase / decrease in remuneration
1.	Dr S Chandrakumar	Managing Director	14.12%
2.	Dr D Senguttuvan*	Executive Director	27.34%
3.	Mr S Badrinarayan**	Chief Financial Officer	-
4.	Mr G Sathyan**	Company Secretary	-

* Remuneration to Executive Director does not include fees paid in professional capacity

** Not applicable since they were appointed during the current year.

3. Percentage increase in the median remuneration of employees

The percentage of increase in the Median employee remuneration is 9.24% as compared to the previous year.

Justification for increase in remuneration of Director and Employees: Compensation revisions take into account performance metrics on sales, operating profits apart from other specific elements attributable to various functions within the organization. The Company's performance against the above metrics were close to or marginally above budgeted levels. The revisions also need to be reviewed in the light of short and medium term forecasts and budgets on profitability apart from qualitative objectives including quality and leadership parameters. Taking into account all the above elements the remuneration levels were increased as disclosed above

4. Permanent Employees:

The Number of Permanent Employees on the rolls of the Company as on March 31, 2017 is 648 employees.

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

Average increase in Remuneration overall : 18.42%

Company Performance in terms of Revenue Compared to Previous Year : 26.29%

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

Particulars	Amount in Rs
Remuneration of KMP during the FY 2016-17*	1,24,72,762
Revenue from Operations	54,82,88,191
Remuneration as % of revenue	2.27%

* Remuneration to KMP includes remuneration paid to Managing Director, Executive Director, Chief Financial Officer and Company Secretary.

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

KMP	Annual Salary	Remuneration as % of revenue
Managing Director	36,72,278	0.67
Executive Director*	31,27,356	0.57
Chief Financial Officer Mr G Ranganathan	34,41,119	0.63
Chief Financial Officer Mr S Badrinarayan	17,17,419	0.31
Company Secretary Mr A Thanikainathan	2,79,634	0.05
Company Secretary Mr G Sathyan	2,34,947	0.04

* Annual Salary of Executive Director does not include fees paid in professional capacity

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 65.10% to Rs. 212.17 Crores as of March 31, 2017 from Rs. 128.51 Crores as of March 31, 2016. The Price Earnings Ratio is at 35.16 as of March 31, 2017, as compared to 39.40 as of March 31, 2016. The closing price of the Company's equity shares on the BSE as of March 31, 2017 was Rs. 13.01.

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

The entitlement to variable component is based on company's financial performance.

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 :

Being one of the largest and fastest growing markets, healthcare has become one of India's largest sectors - both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well as private players.

There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising. Rural India, which accounts for over 70 per cent of the population, is set to emerge as a potential demand source.

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 calibers and provides great opportunities. Indian healthcare delivery system is categorised into two major components - public and private. The private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros, tier I and tier II cities.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe.

The revenue of India's corporate healthcare sector is estimated to grow at 15 per cent in FY 2017-18

The Indian healthcare industry is expected to advance at a CAGR of 23 per cent to reach US\$ 280 billion by 2020.

2. OPPORTUNITIES AND THREATS:

Opportunities:

- ❖ Rising Incomes and affordability
- ❖ Growing elderly population, changing disease patterns
- ❖ Growing health awareness and changing attitude towards preventive healthcare
- ❖ Great potential for medical tourism.
- ❖ Encouraging avenues for attracting prospective investments.
- ❖ Increasing demand for health care services.
- ❖ Opportunity for horizontal and vertical growth.
- ❖ Increase in health insurance coverage.

Threats:

- ❖ Increased Competition
- ❖ Increase in Cost of operation
- ❖ Technological Advancements
- ❖ Man Power Attrition

3. RISKS AND CONCERNS

- ❖ Increasing competitive intensity in the healthcare sector
- ❖ Increasing cost / scarcity of resources in the Industry
- ❖ Constant change in technology and revamping of existing systems.

4. FINANCIAL AND OPERATIONAL PERFORMANCE

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, and Generally Accepted Accounting Principles (GAAP) in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the state of affairs of the Company.

Particulars	2016-17 (Rs In Lakhs)	2015-16 (Rs In Lakhs)
Operating Income	5482.88	4256.57
Other Income	11.50	93.89
Total Income	5494.38	4350.46
Operating Expenses	4283.94	3465.89
EBIDTA	1210.44	884.57
Finance Cost	124.05	150.76
Depreciation	319.11	328.20
Profit/(Loss) before Tax	767.27	405.60
Tax expense	171.59	84.24
Provision for Deferred Tax	-	-
Profit/(Loss) after Tax (PAT)	595.68	321.36

Total Operating income increased, by 28.81% to Rs. 5482.88 lakhs during the financial year 2016-17 from Rs. 4256.57 lakhs in the previous year. Your Company has earned Profit after tax of Rs. 595.68 lakhs for the financial year 2016-17 significantly higher than Rs. 321.36 lakhs achieved during the previous year. Improvement in revenue mix and bed occupancy coupled with better cost control contributed to the improvement in profitability.

5. OUT LOOK

Indian healthcare sector, being one of the fastest growing industries, there is immense scope for enhancing healthcare services penetration in India, thereby presenting ample opportunity for development of the healthcare industry.

6. 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 reports 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.

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

The Company recognizes importance of leadership, technical and behavioural development for employees across the Company. Your Company has launched continuous improvement & training programs aimed for increasing knowledge level of employees and offer rewards to those employees who performed well in such programs. Staff levels have been maintained adequately as per requirements.

Reference: IBEF Health Care Update

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 2017:

Name of the Director	Designation	Attended at previous AGM held on 29/09/2016	Total board meetings attended	No. of Directorships in Listed entities including this listed entity	Number of memberships and Chairmanship in Audit/Stakeholder Committee(s) including this listed entity	
					Chairman*	Member**
Dr S Chandrakumar	Managing Director	YES	5	1	0	1
Dr D Senguttuvan	Executive Director	YES	5	1	0	1
Dr S Manivannan	Non - Executive Non-Independent Director	YES	2	1	1	2
Dr T Senthikumar (from 29 th September, 2016)	Non - Executive Non-Independent Director	NA	2	1	0	0
Mr A Krishnamoorthy	Independent Director	YES	5	2	1	4
CA S Chenthikumar	Independent Director	YES	5	1	1	1
Mr N Bala Baskar	Independent Director	YES	5	1	0	2
Mr B Pattabhiraman	Independent Director	YES	2	1	0	1
Mrs Jayanthi Narayanasamy	Non - Executive Non-Independent Director	NO	5	2	1	2
Mr Adithya Bharadwaj (from 11th February, 2017)	Nominee Director	NA	0	1	0	0
Dr S Vijayabaskaran (upto 29th September, 2016)	Non - Executive Non-Independent Director	YES	2	0	0	0
Mr Chandrasekar Kandasamy (upto 11th February, 2017)	Nominee Director	YES	2	0	0	0

* Pursuant to Clause 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes Chairmanship of Audit Committee and Stakeholders Relationship Committee in Listed Public Companies only.

** Pursuant to Clause 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes Membership of Audit Committee and Stakeholders Relationship Committee in Public Companies whether Listed or unlisted.

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 OF 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

Number of shares held by non-executive Directors:

Dr T Senthilkumar holds 1714736 equity shares of the Company

Mrs Jayanthi Narayanaswamy holds 50100 equity shares of the Company

DATES OF BOARD MEETINGS:

Board Meetings were held during the financial year 2016 – 2017 on the following dates :-

Name / Date	30-May-16	13-Aug-16	14-Nov-16	24-Jan-17	11-Feb-17
Dr S Chandrakumar	Present	Present	Present	Present	Present
Dr D Senguttuvan	Present	Present	Present	Present	Present
Dr S Manivannan	LOA	LOA	Present	LOA	Present
Dr T Senthilkumar (from 29th September, 2016)	NA	NA	Present	Present	LOA
Mr A Krishnamoorthy	Present	Present	Present	Present	Present
CA S Chenthilkumar	Present	Present	Present	Present	Present
Mr N Bala Baskar	Present	Present	Present	Present	Present
Mr B Pattabhiraman	LOA	Present	LOA	LOA	Present
Mrs Jayanthi Narayanaswamy	Present	Present	Present	Present	Present
Mr Adithya Bharadwaj (from 11 th February, 2017)	NA	NA	NA	NA	NA
Dr S Vijayabaskaran (upto 29 th September, 2016)	Present	Present	NA	NA	NA
Mr Chandrasekar Kandasamy (upto 11 th February, 2017)	NA	Present	Present	LOA	LOA

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 Non-Executive Directors –

CA S Chenthilkumar	Chairman
Mr A Krishnamoorthy	Member
Mr B Pattabhiraman	Member
Dr S Manivannan	Member
Mr N Bala Baskar (from 24 th January, 2017)	Member

During the financial year 2016 - 2017 the Audit Committee met as per the details given hereunder –

Name of the Director	Audit Committee Meetings				
	30-May-16	13-Aug-16	14-Nov-16	24-Jan-17	11-Feb-17
CA S Chenthilkumar	Present	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	Present	Present
Mr B Pattabhiraman	LOA	Present	LOA	LOA	Present
Dr S Manivannan	LOA	LOA	Present	LOA	Present
Mr N Bala Baskar	NA	NA	NA	NA	Present

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

- I. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement 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

During the financial year 2016 - 2017 the Nomination and Remuneration Committee met as per the details given hereunder :-

Name of the Director	Nomination and Remuneration Committee Meetings				
	30-May-16	13-Aug-16	14-Nov-16	24-Jan-17	11-Feb-17
Mr A Krishnamoorthy	Present	Present	Present	Present	Present
CA S Chenthilkumar	Present	Present	Present	Present	Present
Mr N Bala Baskar	Present	Present	Present	Present	Present

Brief description of terms of reference

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

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. **DETAILS OF REMUNERATION TO DIRECTORS:**

The Non- executive directors do not draw any remuneration from the Company other than the sitting fees for attending each meeting of the Board and committees thereof. The Company pays sitting fees of Rs.20,000/- to all the non-executive directors for attending each meeting of the Board and Rs. 10,000/- for Audit, Nomination & Remuneration and other Committee meetings thereof which is within the limits prescribed under the Companies Act, 2013.

During the financial year 2016-17, the sitting fee paid to Non - Executive Directors were as under:

S.No	Name of the Director	Sitting Fees paid
1.	Mr A Krishnamoorthy	1,90,000
2.	CA S Chenthilkumar	1,90,000
3.	Mr N Balabaskar	1,40,000
4.	Dr S Vijayabaskaran	40,000
5.	Mrs Jayanthi Narayansamy	1,00,000

There are no other particular pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company. The Company pays remuneration by way of Salary, perquisites and allowances to the Managing Director and Executive Director. Details of the remuneration and perquisites paid to the whole time directors are as under

S.No.	Name of Director	Salary Paid
1	Dr S Chandrakumar	36,72,278
2	Dr D Senguttuvan*	31,27,365

* Remuneration to Dr D Senguttuvan does not include fees paid in professional capacity.

6. 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.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

The constitution of Stakeholders Relationship Committee is as follows:

Dr S Manivannan	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 demat / remat / sub-division / consolidation / transposition / transmission of shares etc.

Mr G Sathyan, Company Secretary is the Compliance officer of the Company.

The total number of complaints received during the financial year 2016 - 2017 is categorized as under

Number of shareholders' complaints received during the year	2
Number of Complaints resolved during the year	2
Number of Complaints not resolved during the year	Nil
Number of Complaints pending as on March 31, 2017	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 24 times during the financial year 2016-2017 and ensured that all valid transfer deeds & 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.

8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The constitution of Corporate Social Responsibility Committee is as follows:

Mr A Krishnamoorthy	Chairman
Dr S Chandrakumar	Member
Dr D Senguttuvan	Member

Brief description of terms of reference

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013
- Recommend the amount of expenditure to be incurred on the activities referred to be undertaken by the Company;
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time

9. BORROWING AND BANKING COMMITTEE

The constitution of Borrowing and Banking Committee is as follows

Dr S Chandrakumar	Member
Dr D Senguttuvan	Member
Mr Adithya Bharadwaj	Member

Brief description of terms of reference

- Exercise borrowing powers not exceeding Rs. 25,00,000/- (Rupees Twenty Five Lakhs only)
- Grant for opening and closing of bank accounts, authorizing persons to sign cheques, documents and any other document for the operation of all present and future bank accounts of the Company.

10. RELATED PARTY TRANSACTION COMMITTEE

The Constitution of Related Party Transaction Committee is as follows :

CA S Chenthilkumar	Chairman
Mr A Krishnamoorthy	Member
Mr Adithya Bharadwaj	Member

Brief descriptions of the terms of reference:

- Evaluate and recommend to the Audit Committee and Board the fairness of all related party transactions of the Company including those on arm's length basis and on ordinary course;
- Recommend the related party transactions for approval or taking on record by the Audit Committee and Board;
- Monitor all the related party transactions of the Company from time to time;
- Ensure all transactions with related parties are done on arm's length basis.

11. Subsidiary Companies:

The Company has no subsidiary Companies

12. ANNUAL GENERAL MEETINGS

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

YEAR	DATE	VENUE	TIME
2015 – 2016	29.09.2016	Hotel Sangam, Cantonment, Trichy – 620 001.	3.00 PM
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

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 2016-17.

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

33rd Annual General Meeting held for the year 2015-16 on 29th September 2016

a. Special Resolution was passed for Re-appointment of Dr D Senguttuvan (DIN:01867900) as Executive Director

b. Special Resolution was passed 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

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

v. Whether any special resolution u/s 110 of the Companies Act 2013. proposed to be conducted through Postal ballot
NIL

13. 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 review 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, 2017 and all the Independent Directors attended the Meeting.

14. 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, 2017.

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

B. DETAILS OF NON-COMPLIANCE

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

C. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated and adopted a Vigil Mechanism as per Section 177 of the Companies Act, 2013 and Revised 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 details of establishment of Whistle Blower Policy is posted on 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

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 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. The Distribution pattern of the shareholdings as on 31.03.2017 is as follows

Pattern of Holding No. of Shares	No. of Share Holders	No. of Shares	% of Holding to Total No. of Shares
1 - 5000	51327	9666283	5.9271
5001 - 10000	174	1312455	0.8047
10001 - 20000	102	1467927	0.9000
20001 - 30000	40	986236	0.6047
30001 - 40000	8	282999	0.1735
40001 - 50000	15	697954	0.4279
50001 - 100000	18	1246998	0.7646
Above 100000	46	147424148	90.3971
TOTAL	51730	163085000	100.00

G. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting Date, Time and Venue of the 34th Annual General Meeting

Date and Time : 28th September 2017 at 3.00 P.M.

Venue : Hotel Sangam, Cantonment, Trichy – 620 001

(ii) Financial calendar

Tentative Financial Calendar for the year 2017-18

Financial Year April 1, 2017 to March 31, 2018

First Quarter Results On or before August 14, 2017

Half Yearly Results On or before November 14, 2017

Third Quarter Results On or before February 14, 2018

Fourth Quarter and Annual Results On or before May 30, 2018

(iii) Date of book closure

22nd September, 2017 to 28th September, 2017 (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 2017-18.

(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, 2017 (last trading day of the year) was Rs.13.01 on BSE.

Monthly share price movement during the financial year 2016-17.

Month	KMC SPECIALITY HOSPITALS (INDIA) LIMITED			BSE LTD INDEX	
	High Price	Low Price	No. of Shares traded	High Price	Low Price
April-16	9.74	6.69	622173	26100.54	24523.20
May-16	10.64	7.56	514084	26837.20	25057.93
June-16	9.54	7.00	498167	27105.41	25911.33
July-16	8.73	7.27	324657	28240.20	27034.14
August-16	9.10	6.90	499508	28532.25	27627.97
September-16	12.36	7.10	1294879	29077.28	27716.78
October-16	11.99	10.10	475656	28477.65	27488.30
November-16	11.60	8.60	528073	28029.80	25717.93
December-16	10.99	9.40	543424	26803.76	25753.74
January-17	13.75	9.30	826384	27980.39	26447.06
February-17	16.40	11.40	984665	29065.31	27590.10
March-17	14.95	12.20	546734	29824.62	28716.21

(vi) Dematerialization of shares and liquidity

Shares comprising of 90.45% of the Paid up Capital have been dematerialized as on 31.03.2017

(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 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 besides sending the duly filled in form annexed at the end of this book to the Registrar 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 Registrar 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 & INSIDER TRADING CODE

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/investors#.

The Company also has in place a prevention of Insider Trading Code based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

The familiarization programme for the Independent Directors can be accessed in the web link: <http://www.kauveryhospital.com/investors#>

I. ADDRESS FOR CORRESPONDENCE

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

For and on behalf of the Board of Directors

Place: Chennai.

Date : 12th August 2017

(Dr S Chandrakumar)

DIN : 01867847

MANAGING DIRECTOR

(Dr D Senguttuvan)

DIN : 01867900

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, 2017, 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, 2017.

Place: Chennai.

Date : 12th August 2017

(Dr S Chandrakumar)

DIN : 01867847

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 2017 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.
 2. Significant changes in accounting policies during the year and same have been disclosed in the notes to the financial statements.
 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.

Place :Chennai
Date : 12th August 2017

Dr. S. Chandrakumar
DIN : 01867847
Managing Director & CEO

S Badrinarayan
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:

To

The Members,

M/S. KMC Speciality Hospitals (India) Limited,

CIN: L85110TN1982PLC009781

6, Royal Road, Cantonment, Trichy – 620001.

We have examined the compliance of conditions of Corporate Governance by KMC Speciality Hospitals (India) Limited, for the year ended March 31, 2017 as stipulated SEBI Listing Regulations, 2015 of the said company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for 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 our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations, 2015.

We 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

M/s. M. Alagar & Associates

M. Alagar

Practising Company Secretary

FCS No. 7488 / C P No. 8196

Place: Chennai

Date: 12th August, 2017

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 AUDITOR'S 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, 2017, 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.

Auditor's 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 AUDITOR'S 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, 2017 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, 2017 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2017 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 29 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.
 - iv the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in note 37 to the financial statements and as represented to us by the Management, a sum of Rs. 3,297,500/- was received from transactions which are not permitted.

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No: 203491

Place : Chennai

Date : May 27, 2017

B S R & Co. LLP

Chartered Accountants

**Annexure A to the Independent Auditor's Report
To the members of KMC Speciality Hospitals (India) Limited
for the year ended March 31, 2017
Page 1 of 3**

- (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 & confirmation from the custodian, 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. The discrepancies noticed on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments made and providing guarantees and securities, as applicable.
- (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 Auditor's Report
To the members of KMC Speciality Hospitals (India) Limited
for the year ended March 31, 2017
Page 2 of 3

- (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 provident fund ranging from 1 to 5 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, 2017 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 any financial institutions or banks. The Company did not have any outstanding loans or borrowings from any financial institutions, government or dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company did not raise monies by way of initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, no material 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 Auditor's Report
To the members of KMC Speciality Hospitals (India) Limited
for the year ended March 31, 2017
Page 3 of 3

- (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 audit.
- (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

S Sethuraman
Partner
Membership No.: 203491

Place : Chennai
Date : May 27, 2017

B S R & Co. LLP
Chartered Accountants

Annexure B to Independent Auditor's Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (" the Act")

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, 2017 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.

Auditor's 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 Auditor's Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (" the Act ")

Page 2 of 2

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, 2017, 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

S Sethuraman

Partner

Membership No.: 203491

Place : Chennai

Date : May 27, 2017

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Balance Sheet as at March 31, 2017**

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

	Note	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	163,085,000	163,085,000
Reserves and surplus	4	30,542,206	(29,025,990)
		193,627,206	134,059,010
Non-current liabilities			
Long-term borrowings	5	34,564,273	59,858,937
Deferred tax liabilities (net)	6	-	-
Other long-term liabilities	7	2,070,645	1,383,003
Long-term provisions	8	1,029,763	2,943,003
		37,664,681	64,184,943
Current liabilities			
Short-term borrowing	9	-	11,221,146
Trade payables	10		
- Total outstanding dues of micro and small enterprises		1,274,279	2,965,047
- Total outstanding dues of creditors other than micro and small enterprises		31,096,272	27,360,556
Other current liabilities	11	69,670,642	54,640,368
Short-term provisions	8	573,610	399,045
		102,614,803	96,586,162
TOTAL		333,906,690	294,830,115
ASSETS			
Non - current assets			
Fixed assets			
Tangible assets	12	244,431,018	227,456,722
Intangible assets	13	372,013	474,263
Long-term loans and advances	14	45,016,264	36,921,513
Other non-current assets	15	999,427	231,596
		290,818,722	265,084,094
Current assets			
Inventories	16	6,770,361	6,239,362
Trade receivables	17	17,850,766	15,233,694
Cash and bank balances	18	8,701,225	3,333,757
Short-term loans and advances	19	2,460,785	962,905
Other current assets	20	7,304,831	3,976,303
		43,087,968	29,746,021
TOTAL		333,906,690	294,830,115

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

S Sethuraman
Partner
Membership No: 203491

Place: Chennai
Date : May 27, 2017

for and on behalf of the board of directors of
KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Dr. S Chandrakumar
Managing Director
S Badrinarayan
Chief Financial Officer

Place: Chennai
Date : May 27, 2017

CA. S Chenthil Kumar
Director

G Sathyan
Company Secretary

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Statement of profit and loss for the year ended March 31, 2017**

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

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	21	548,288,191	425,657,222
Other income	22	1,149,960	9,388,863
		<u>549,438,151</u>	<u>435,046,085</u>
Expenses			
Cost of materials consumed	23	14,111,704	10,219,669
Purchases of stock-in-trade - Pharmacy Products		75,298,986	59,932,832
Changes in inventory	24	(1,237,647)	4,678
Employee benefit expense	25	115,801,906	98,046,102
Finance costs	26	12,405,955	15,076,579
Depreciation and amortisation	27	31,911,061	32,820,888
Other expenses	28	224,418,640	178,385,108
		<u>472,710,605</u>	<u>394,485,856</u>
Profit before tax		76,727,546	40,560,229
Tax expense			
Current tax		17,159,350	8,424,000
Deferred tax charge/(benefit)		-	-
Total tax expense		<u>17,159,350</u>	<u>8,424,000</u>
Profit after tax		59,568,196	32,136,229

Earnings per share:	35		
Basic and Diluted		0.37	0.20

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

S Sethuraman
Partner
Membership No: 203491

Place: Chennai
Date : May 27, 2017

for and on behalf of the board of directors of
KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Dr. S Chandrakumar
Managing Director

S Badrinarayan
Chief Financial Officer

Place: Chennai
Date : May 27, 2017

CA. S Chenthil Kumar
Director

G Sathyan
Company Secretary

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Cash flow statement for the year ended March 31, 2017**

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

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
A Cash flows from operating activities			
Profit before tax		76,727,546	40,560,229
Adjustments:			
Depreciation and amortisation		31,911,061	32,820,888
Liabilities / provisions no longer required written back		(10,450)	(8,510,433)
Bad debts written off		1,698,053	3,539,133
Assets written off		-	153,444
Provision for doubtful debts		7,287,566	705,423
Interest expenses		12,405,955	15,076,579
Interest income from Banks		(151,869)	(66,376)
Interest income from others		(230,145)	(185,091)
Operating cash flow before working capital changes		129,637,717	84,093,796
(Increase)/decrease in inventories		(530,999)	1,031,262
(Increase)/decrease in trade receivables		(11,602,691)	(7,543,044)
(Increase)/decrease in loans and advances and other current assets		(6,468,206)	(902,244)
Increase/(decrease) in current liabilities and provisions		7,516,063	(3,153,959)
Cash generated from operating activities		118,551,884	73,525,811
Taxes paid		(17,255,344)	(16,187,216)
Net cash generated from operating activities (A)		101,296,540	57,338,595
B Cash flow from investing activities			
Purchase of fixed assets		(43,050,172)	(8,210,393)
Bank deposits (having original maturity of more than three months)		(217,849)	-
Interest received		523,562	190,983
Net cash used in investing activities (B)		(42,744,459)	(8,019,410)

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Cash flow statement for the year ended March 31, 2017
(All amounts are in Indian Rupees except share data or as stated)

Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
C Cash flow from financing activities			
Proceeds from loans and borrowings		82,618,274	-
Repayment of loans and borrowings		(122,878,182)	(32,968,665)
Interest paid		(12,424,705)	(16,549,784)
Net cash used in financing activities (C)		<u>(52,684,613)</u>	<u>(49,518,449)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)		5,867,468	(199,264)
Cash and cash equivalents at the beginning of the year		2,833,757	3,033,021
Cash and cash equivalents at the end of the year		<u>8,701,225</u>	<u>2,833,757</u>
		As at March 31, 2017	As at March 31, 2016
Components of Cash and cash equivalents			
Cash on hand	18	1,314,725	952,024
Balances with banks			
- on current accounts		7,386,500	1,881,733
		<u>8,701,225</u>	<u>2,833,757</u>

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

S Sethuraman
Partner
Membership No: 203491

Dr. S Chandrakumar
Managing Director

CA. S Chenthil Kumar
Director

S Badrinarayan
Chief Financial Officer

G Sathyan
Company Secretary

Place: Chennai
Date : May 27, 2017

Place: Chennai
Date : May 27, 2017

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2017

(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, 2017

(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, 2017

(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 yearend rates. The resultant exchange differences are recognised in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2017

(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, 2017**

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

3 Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised		
250,000,000 (Previous year: 250,000,000) equity shares of Rs. 1/- each	250,000,000	250,000,000
	250,000,000	250,000,000
Issued, subscribed and paid up		
163,085,000 (Previous year: 163,085,000) equity shares of Rs. 1/- each fully paid up	163,085,000	163,085,000
	163,085,000	163,085,000

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 1/- each fully paid up				
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, 2017		As at March 31, 2016	
	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, 2017		As at March 31, 2016	
	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, 2017
(All amounts are in Indian Rupees except share data or as stated)

4 Reserves and surplus

Particulars	As at March 31, 2017	As at March 31, 2016
Surplus / (deficit) in the statement of profit and loss		
At the commencement of the year	(29,025,990)	(61,162,219)
Profit for the year	59,568,196	32,136,229
At the end of the year	30,542,206	(29,025,990)
	30,542,206	(29,025,990)

5 Long-term borrowings

Particulars	Non-Current		Current*	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Secured				
Term loans from banks	34,564,273	59,858,937	28,846,146	32,590,244
Other loans	-	-	-	-
	34,564,273	59,858,937	28,846,146	32,590,244

* 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 outstanding as at March 31, 2017, were availed from State Bank of India:
- (i) Term loan-I was availed for INR 50 million during October 2010 from Axis Bank and is repayable in 60 monthly installments of INR 833,334/- commencing from November 30, 2012, being 24 months from the date of sanction. During the current year, the said loan was taken over by State Bank of India. The term loan is repayable in 14 instalments of INR 833,334/- each commencing from November 28, 2016.
 - (ii) Term loan-II was availed for INR 50 million during February 2012 from Axis Bank and is repayable in 60 monthly installments of INR 833,334/- , commencing from January 31, 2014, being 24 months from the date of sanction. During the current year, the said loan was taken over by State Bank of India. The term loan is repayable in 28 instalments of INR 833,334/- each commencing from November 28, 2016.
 - (iii) Term loan-III was availed for INR 30 million during the financial year 2013-14 from Axis Bank and is repayable in 60 monthly installments of INR 500,000/- commencing from April 30, 2014, being 10 months from the date of sanction. During the current year, the said loan was taken over by State Bank of India. The term loan is repayable in 24 instalments of INR 500,000/- each commencing from November 28, 2016.
- b) Term loan from City Union Bank for INR 50 million was availed on January 2, 2013 and is repayable in 84 equated monthly installments (EMIs) of INR 933,244/- commencing from August 01, 2013, being 6 months after the date of availment. During the current year, the said loan was taken over by State Bank of India. The term loan is repayable in 45 instalments of INR 750,000/- each commencing from December 28, 2016.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

(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 fixed assets created/ purchased out of bank finance.
- (ii) Equitable mortgage over commercial building belonging to the Company with build up area 111,083 sq. ft built on land measuring 24, 864 sq. ft situated at No. 5, Royal road (land belonging to Sri Kavery Medical Care (Trichy) Limited, the Holding Company, situated at Ward No. K, block no. 17, New T.S. No. 5, Trichy, Jt I&II, sub regn dist of KAbhishekapuram, Trichy - 620 001.
- (iii) Extension of equitable mortgage over commercial land measuring 14,500 sq. ft situated at No.6, Alexandria road, Cantonment, Trichy - 620 001 belonging to the Company (title deed no. 3942/1995 & 3943/1995), situated in Ward No.K, Block no. 17, New T.S. No. 2 & 3/2, in Trichy Jt. I&II, sub regn dt of K Abhishekapuram, Trichy- 620 001.
- (iv) Personal guarantees of Dr.S.Chandrakumar, Managing Director, Dr. S Manivannan, Director and Dr. D Senguttuvan, Executive Director of the Company.

6 Deferred tax liabilities (net)

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred tax liabilities on account of :		
Fixed Assets	(19,506,708)	(18,107,543)
	(19,506,708)	(18,107,543)
Deferred tax asset on account of :		
Unabsorbed carry forward losses/ depreciation (refer note below)	11,547,552	12,500,505
Provision for bad and doubtful debts	2,859,658	450,170
Expenditure covered by section 43B of Income-tax Act, 1961	5,099,498	5,130,854
Others	-	26,014
	19,506,708	18,107,543
Net deferred tax liability/ (asset)	-	-

Note : Since the Company has carry forward losses and unabsorbed depreciation as per taxation laws, the recognition of deferred tax asset has been restricted to the extent of deferred tax liability.

7 Other long-term liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Security deposits	2,070,645	1,383,003
	2,070,645	1,383,003

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

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

8 Provisions

Particulars	Long - term		Short - term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits				
Gratuity (refer note 33)	-	1,260,854	-	258,783
Compensated absences	1,029,763	1,682,149	573,610	140,262
	1,029,763	2,943,003	573,610	399,045

9 Short-term borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
Loans repayable on demand		
Cash credit facilities from banks (Secured) (refer note below)	-	11,221,146
	-	11,221,146

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

The cash credit facility was availed from Axis bank during October 2010. During the year, the cash credit facility has been taken over by State Bank of India at the interest rate of 11.40% p.a (Base rate + 2.25% p.a) and is secured by:

- (i) Hypothecation of current assets viz., stocks and receivables. Refer note 5 for collateral security details.

10 Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016
Total outstanding dues of micro and small enterprises	1,274,279	2,965,047
Total outstanding dues of creditors other than micro and small enterprises*	31,096,272	27,360,556
	32,370,551	30,325,603

For dues to micro and small enterprises, refer to note 32.

* Includes dues to Holding Company.

14,504

24,105

11 Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Current maturities of long-term borrowings (also refer note 5)	28,846,146	32,590,244
Interest accrued but not due on borrowings	-	18,750
Due to related party (holding company)	1,131,336	8,108
Liabilities towards purchase of fixed assets	12,281,424	-
Advance from patients	5,515,108	3,780,044
Income received in advance	697,287	878,954
Statutory liabilities	4,279,745	3,283,122
Employee benefits payable	10,503,151	7,664,701
Other liabilities	6,416,445	6,416,445
	69,670,642	54,640,368

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Notes to the financial statements for the year ended March 31, 2017
 (All amounts are in Indian Rupees except share data or as stated)

12. Tangible assets

Particulars	Land	Buildings	Leasehold improvements	Surgical and other equipments	Electrical installation	Computers	Books	Furniture and fixtures	Vehicles	Total
GROSS BLOCK										
Balance as at April 1, 2015	4,043,397	143,998,461	88,898,510	114,266,739	66,865,862	7,378,469	50,713	13,515,514	1,054,762	440,072,427
Additions	-	-	-	5,275,175	850,342	277,551	-	346,992	-	6,750,060
Deletions	-	-	-	(4,930,027)	-	-	-	-	-	(4,930,027)
Balance as at March 31, 2016	4,043,397	143,998,461	88,898,510	114,611,887	67,716,204	7,656,020	50,713	13,862,506	1,054,762	441,892,460
Additions	-	-	-	45,631,622	1,248,091	908,240	-	794,526	-	48,582,479
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	4,043,397	143,998,461	88,898,510	160,243,509	68,964,295	8,564,260	50,713	14,657,032	1,054,762	490,474,939
ACCUMULATED DEPRECIATION										
Balance as at April 1, 2015	-	33,687,613	24,202,393	69,072,764	43,615,189	6,419,398	31,964	8,703,147	880,643	186,613,111
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)
Balance as at March 31, 2016	-	36,596,700	33,028,516	72,116,479	53,410,454	7,311,630	34,728	10,936,347	1,000,884	214,435,738
Depreciation for the year	-	2,901,139	8,802,008	10,972,482	6,725,338	331,242	2,756	1,819,340	53,878	31,608,183
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	39,497,839	41,830,524	83,088,961	60,135,792	7,642,872	37,484	12,755,687	1,054,762	246,043,921
NET BLOCK										
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
Balance as at March 31, 2017	4,043,397	104,500,622	47,067,986	77,154,548	8,828,503	921,388	13,229	1,901,345	-	244,431,018

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2017

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

13 Intangible assets

Particulars	Software	Total
GROSS BLOCK		
Balance as at April 1, 2015	814,665	814,665
Additions	267,370	267,370
Deletions	-	-
Balance as at March 31, 2016	1,082,035	1,082,035
Additions	200,628	200,628
Deletions	-	-
Balance as at March 31, 2017	1,282,663	1,282,663
ACCUMULATED AMORTISATION		
Balance as at April 1, 2015	386,094	386,094
Amortisation for the year	221,678	221,678
Deletions	-	-
Balance as at March 31, 2016	607,772	607,772
Amortisation for the year	302,878	302,878
Deletions	-	-
Balance as at March 31, 2017	910,650	910,650
NET BLOCK		
Balance as at March 31, 2016	474,263	474,263
Balance as at March 31, 2017	372,013	372,013

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

Particulars	As at March 31, 2017	As at March 31, 2016
To parties other than related parties		
Capital advances	6,573,240	24,750
Deposits with government authorities	3,770,170	2,519,902
Security deposits	200,000	-
Other loans and advances		
Advance taxes (net of provision)	33,952,854	33,856,861
	44,496,264	36,401,513
To related parties		
Advances to holding Company towards windmill deposit	520,000	520,000
	520,000	520,000
	45,016,264	36,921,513

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

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

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

Particulars	As at March 31, 2017	As at March 31, 2016
Bank deposits (due to mature after 12 months from the reporting date) *	917,849	200,000
Interest accrued on deposits (due to mature after 12 months from the reporting date)	81,578	31,596
	999,427	231,596

* Deposits under lien	917,849	200,000
-----------------------	---------	---------

16 Inventories *

Particulars	As at March 31, 2017	As at March 31, 2016
Traded goods - Pharmacy items	4,542,518	3,304,871
Consumables - Surgical material and medical stores * (also refer note 2.6)	2,227,843	2,934,491
	6,770,361	6,239,362

17 Trade receivables

Particulars	As at March 31, 2017	As at March 31, 2016
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured - Considered good	3,752,713	3,403,897
Unsecured - Considered doubtful	8,649,118	1,361,552
Less: Provision for doubtful debts	(8,649,118)	(1,361,552)
	3,752,713	3,403,897
Other receivables		
Unsecured - Considered good*	14,098,053	11,829,797
	14,098,053	11,829,797
	17,850,766	15,233,694

* includes receivable from Holding Company.

441,289

655,704

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

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

18 Cash and bank balances

Particulars	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Cash on hand	1,314,725	952,024
Balance with banks		
- on current accounts	7,386,500	1,881,733
	8,701,225	2,833,757
Other bank balances*	-	500,000
	8,701,225	3,333,757
* Deposits under lien	-	500,000
Details of bank balances/ deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	7,386,500	1,881,733
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)	917,849	200,000

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

Particulars	As at March 31, 2017	As at March 31, 2016
Other short-term loans and advances		
To parties other than related parties		
Prepaid expenses	292,282	359,468
Advance for availment of services	142,136	303,920
Employee advances	384,108	299,517
Gratuity fund (refer note 33)	1,642,259	-
	2,460,785	962,905

20 Other current assets (Unsecured, considered good)

Particulars	As at March 31, 2017	As at March 31, 2016
Unbilled revenue	7,304,831	3,784,773
Interest accrued on deposits (due to mature within 12 months from the reporting date)	-	191,530
	7,304,831	3,976,303

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

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

21 Revenue from operations

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from medical and healthcare services		
Income from hospital services	400,386,609	313,608,526
Sale of pharmacy products	146,440,093	111,686,204
	546,826,702	425,294,730
Other operating revenues		
Sale of scrap	183,319	68,797
Others	1,278,170	293,695
	1,461,489	362,492
	548,288,191	425,657,222
Breakup of revenue from medical and healthcare services		
Revenue from in-patient services	337,847,859	256,373,262
Revenue from out-patient services	60,676,153	55,300,635
Sales of pharmacy products	146,440,093	111,686,204
Others	1,862,597	1,934,629
	546,826,702	425,294,730

22 Other income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income from banks	151,869	66,376
Interest income from others	230,145	185,091
Rental income	132,000	132,000
Liabilities / provisions no longer required written back	10,450	8,510,433
Miscellaneous income	625,496	494,963
	1,149,960	9,388,863

23 Cost of materials consumed

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventory at the beginning of the year	2,934,491	3,961,075
Add: Purchases - Consumables	13,405,056	9,193,085
Inventory at the end of the year	(2,227,843)	(2,934,491)
	14,111,704	10,219,669

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Notes to the financial statements for the year ended March 31, 2017
(All amounts are in Indian Rupees except share data or as stated)

24 Changes in inventory

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock		
Traded goods - Pharmacy items	3,304,871	3,309,549
Closing stock		
Traded goods - Pharmacy items	(4,542,518)	(3,304,871)
	(1,237,647)	4,678

25 Employee benefits expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	101,530,884	85,740,722
Contribution to provident and other funds	9,109,549	8,425,779
Staff welfare expenses	5,161,473	3,879,601
	115,801,906	98,046,102

26 Finance Costs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest		
- on term loans	9,905,956	15,063,971
- on others	11,623	12,608
Other processing charges	2,488,376	-
	12,405,955	15,076,579

27 Depreciation and amortisation

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets (refer note 12)	31,608,183	32,599,210
Amortisation of intangible assets (refer note 13)	302,878	221,678
	31,911,061	32,820,888

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Notes to the financial statements for the year ended March 31, 2017
(All amounts are in Indian Rupees except share data or as stated)

28 Other Expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Hospital operating expenses		
Professional fees paid to consultants	125,571,011	98,984,799
Power and fuel	16,007,761	16,237,739
Repairs and maintenance		
- Buildings	2,813,977	1,183,057
- Plant and machinery	3,719,796	3,709,298
- Others	9,257,929	6,610,432
Sub-contracting charges	16,733,368	14,460,992
Medical gas	2,005,183	1,822,688
Rent	2,016,876	1,980,381
Blood and medical record scan charges	2,681,368	2,523,138
Health club expenses	1,282,475	1,242,520
A	182,089,744	148,755,044
Administrative Expenses		
Rates and taxes	1,763,982	2,773,662
Business promotion and publicity	9,690,059	5,815,303
Travelling and communication expenses	5,595,786	4,101,927
Printing and stationery	5,648,133	3,472,400
Legal and professional charges (refer note below)	5,351,057	4,686,681
Security charges	739,246	785,277
Bad debts written off	1,698,053	3,539,133
Provision for doubtful debts	7,287,566	705,423
Assets written off	-	153,444
Insurance	295,170	357,590
Bank charges	1,759,840	1,316,603
Directors sitting fees	758,500	570,000
Miscellaneous expenses	1,741,504	1,352,621
B	42,328,896	29,630,064
A + B	224,418,640	178,385,108
Payment to auditors (excluding service tax)		
Statutory audit	1,550,000	1,550,000
Quarterly limited reviews	450,000	450,000
Reimbursement of expenses	230,056	185,852
	2,230,056	2,185,852

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

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

29 Contingent liabilities and commitments

Particulars	As at March 31, 2017	As at March 31, 2016
Contingent liabilities		
Claims against the Company not acknowledged as debts		
- disputed customs duty	8,524,905	8,524,905
- disputed municipal rent	917,260	917,260
Guarantees given		
- Guarantees given to bankers on behalf of Sri Kavery Medical Care (Trichy) Limited	350,000,000	615,000,000
Others	334,592,854	230,400,821
Commitments		
Estimated value of contracts remaining to be executed on capital account and not provided for	68,389,402	74,250

The Company also receives claims, which arise in the ordinary course of the business. However, the management does not believe that such matters would have a material effect on the financial statements.

30 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.

31 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".

32 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, 2017 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, 2017

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

Particulars	As at March 31, 2017	As at March 31, 2016
(i) The amounts remaining dues to micro and small suppliers as at the end of the year		
- Principal amount	1,262,656	2,954,597
- Interest due on the above amount	11,623	10,450
(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.	11,623	10,450
(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.	-	-

33 Employee benefits
Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to INR 9,109,549/- (previous year : INR 8,425,779/-)

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, 2017	For the year ended March 31, 2016
(a) Change in present value defined benefit obligation		
Projected benefit obligations at the beginning of the year	5,339,899	4,700,891
Service cost	1,610,426	1,596,282
Interest cost	531,799	401,767
Actuarial (gain) / loss	(902,554)	(752,759)
Benefits settled	(1,021,720)	(606,282)
Projected benefit obligations at the end of the year	5,557,850	5,339,899
(b) Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	3,820,262	2,665,073
Expected return on plan assets	426,513	280,353
Contributions	3,977,788	1,506,210
Actuarial gain / (loss)	(2,734)	(25,092)
Benefits paid	(1,021,720)	(606,282)
Fair value of plans assets at end of the year	7,200,109	3,820,262
(c) Reconciliation of present value of defined benefit obligation and the fair value of plan assets		
Present value of defined benefit obligation at the end of the year	5,557,850	5,339,899
Fair value of plan assets at the end of the year	7,200,109	3,820,262
Funded status amount of (asset) liability recognized in balance sheet	(1,642,259)	1,519,637
Classification into current/non current		
Classified as long term provision	-	1,260,854
Classified as short term provision	-	258,783
Classified as short term loans and advances	1,642,259	-

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to the financial statements for the year ended March 31, 2017

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

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
(d) Expenses recognised in the statement of profit and loss		
Current service cost	1,610,426	1,596,282
Interest cost	531,799	401,767
Expected return on plan assets	(426,513)	(280,353)
Actuarial (gain) / loss	(899,820)	(727,667)
Net gratuity cost	<u>815,892</u>	<u>990,029</u>
(e) Financial assumptions at Balance sheet date:		
Discount rate	7.28%	7.80%
Attrition rate	5.00%	5.00%
Estimated rate of return on plan assets	8.05%	9.00%
Long term rate of compensation increase	5.00%	5.00%

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, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	5,557,850	5,339,899	4,700,891	4,073,407	2,184,444
Plan asset	7,200,109	3,820,262	2,665,073	2,914,268	860,757
Surplus/(deficit)	1,642,259	(1,519,637)	(2,035,818)	(1,159,139)	(1,323,687)
Experience adjustments in plan liabilities - (loss) / gain	902,554	752,759	(108,043)	(603,429)	(842,516)
Experience adjustments in plan Assets - loss / (gain)	2,734	25,092	(3,580)	-	-

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

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

34 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 Kauvery Medical Centre (Karaikudi) Limited Arogya Seva Hospitals Private Limited
Key management personnel (KMP)	Dr. S. Chandrakumar, Managing Director Dr. D. Senguttuvan, Executive Director Dr. S Manivannan, Non-Executive Director Mr.S Badrinarayan, Chief Financial Officer (from January 2017) Mr.G Ranganathan, Chief Financial Officer (until February 2017)
Relative of Key management personnel	Dr. N Suchitra

b) Transaction with related parties during the year

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Holding company - Sri Kavery Medical Care (Trichy) Limited		
Revenue from hospital services rendered	5,416,736	4,434,635
Hospital services availed	496,813	452,027
Sale of goods	1,061,725	744,533
Purchase of goods	95,171	83,371
Rental income	132,000	132,000
Rental expenses	210,000	210,000
Reimbursement of expenses	93,959	-
Advance received (net of payments and TDS)	7,067,122	2,698,157
Claims made on behalf of the Holding Company	104,192,033	111,983,394
Reimbursement of claims received on behalf of the Holding Company	100,528,900	101,958,958
Fellow subsidiary - Kauvery Medical Centre (Karaikudi) Limited		
Expenses Recharged	-	1,465
Key managerial personnel		
Remuneration *		
- Dr. S. Chandrakumar, Managing Director	3,672,278	3,217,912
- Dr. D.Senguttuvan, Executive Director (including doctor Fees paid in professional capacity)	18,209,301	15,000,457
- Mr. G. Ranganathan, Chief Financial Officer	3,441,119	3,099,828
- Mr.S Badrinarayan, Chief Financial Officer	1,717,419	-

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

Relative of Key management personnel

Doctor fees paid in professional capacity 7,077,417 5,807,486

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

(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, 2017	As at March 31, 2016
Sri Kavery Medical Care (Trichy) Limited		
Loans and advances	520,000	520,000
Dues to holding Company	14,504	24,105
Claims reimbursable	1,131,336	8,108
Trade receivable	441,289	655,704
Guarantees and collaterals	350,000,000	615,000,000

Disclosure in accordance with Section 186 of the Companies Act, 2013:

The above guarantees represents financial guarantee provided by the Company for term loans availed by the holding company.

35 Earnings per share

The computation of earnings per share is set out below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit attributable to the equity share holders (Rs.)	59,568,196	32,136,229
Weighted average number of equity shares outstanding during the year	163,085,000	163,085,000
Face value of share (Rs.)	1.00	1.00
Basic and diluted earnings per share (Rs.)	0.37	0.20

36 Operating lease obligations**a) As lessee**

The Company has taken land for its hospital building and premises for staff accommodation, under cancellable and non-cancellable operating lease arrangements. The land lease was taken for a period of 42 years and premises for staff accommodation are, in general, taken for a period ranging between 1 - 2 years and the lease arrangements are subject to renewal at mutual consent thereafter. The lease rent expense recognised during the year amounts to Rs. 2,016,876 (Previous year: Rs.1,980,381). The schedule for future minimum lease payments in respect of non-cancellable lease is set out below:

Particulars	As at March 31, 2017	As at March 31, 2016
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	6,510,000	6,720,000

KMC SPECIALITY HOSPITALS (INDIA) LIMITED**Notes to the financial statements for the year ended March 31, 2017**

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

Particulars	As at March 31, 2017	As at March 31, 2016
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	6,510,000	6,720,000

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.132,000/-). The schedule for future minimum lease payments in respect of non-cancellable :

Particulars	As at March 31, 2017	As at March 31, 2016
Not later than one year	132,000	132,000
Later than one year but not later than five years	556,000	544,000
Later than five years	2,889,000	3,033,000

37. Disclosure of Specified Bank Notes (SBN)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA Notification G.S.R. 308(E) dated March 31, 2017. The details of SBN held and transacted during the period November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	SBNs	Other Demomination Notes	Total
Closing cash in hand as on November 8, 2016	1,318,000	38,392	1,356,392
Add: Permitted receipts	-	26,879,559	26,879,559
Add: Non permitted receipts	3,297,500	-	3,297,500
Less: Permitted payments	-	1,235,000	1,235,000
Less: Amount deposited in banks	4,615,500	25,072,378	29,687,878
Closing cash in hand as on December 30, 2016	-	610,573	610,573

38. Misappropriation of funds

During the previous year ended March 31, 2016, 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.

39. Prior year comparatives

Prior year's figures have been regrouped wherever necessary to conform 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

S Sethuraman
Partner
Membership No: 203491

Place: Chennai
Date : May 27, 2017

for and on behalf of the board of directors of
KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Dr. S Chandrakumar
Managing Director

S Badrinarayan
Chief Financial Officer

Place: Chennai
Date : May 27, 2017

CA. S Chenthil Kumar
Director

G Sathyan
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 28th day of September 2017 at 3.00 P.M. at Hotel Sangam, Collector's Office Road, Cantonment, Trichy – 620 001 and at any adjournment thereof in respect of such resolutions as are indicated below

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

Signed this _____ day of _____ 2017

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, duly completed.

I hereby record my presence at the Annual General Meeting of the Company at Hotel Sangam, Collector's Office Road, Cantonment, Trichy – 620 001 on Thursday the 28th day of September, 2017 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
Website: www.kauveryhospital.com