

30<sup>th</sup> ANNUAL REPORT 2015-16



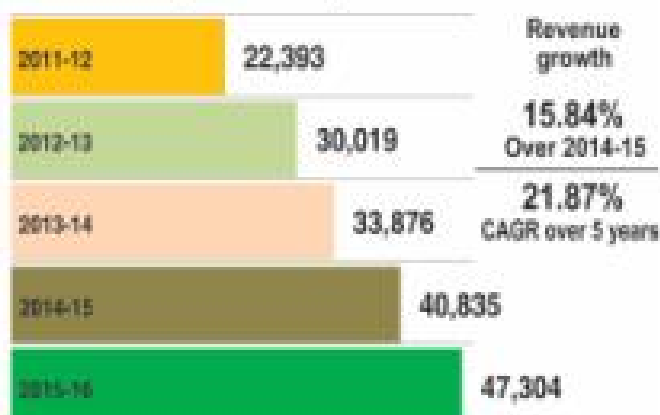
**Kovai Medical Center and Hospital Limited**

Excellence in Healthcare



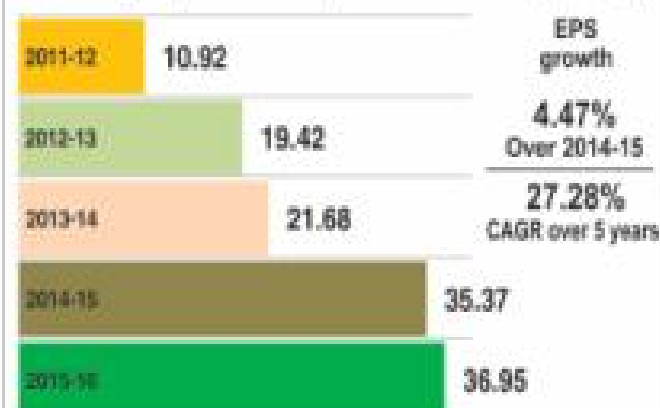
## Business growth

### Revenue (₹ In Lacs)

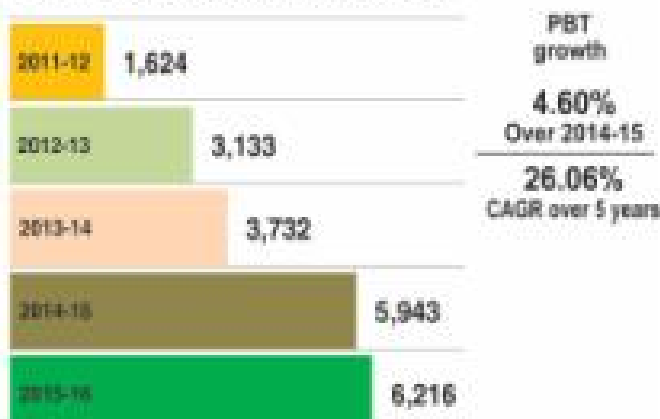


## Shareholder value accretion

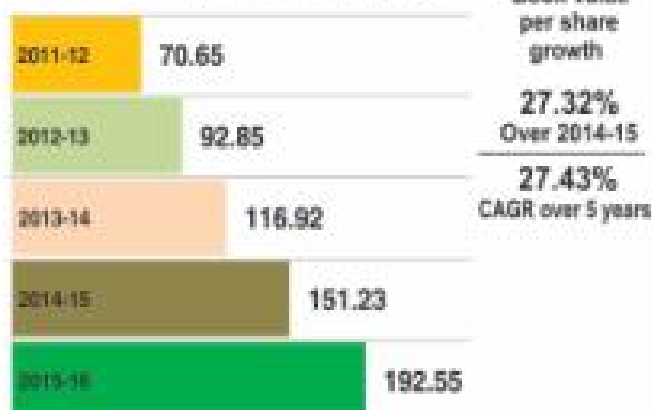
### Earnings per share (Basic / Dilute) (In ₹)



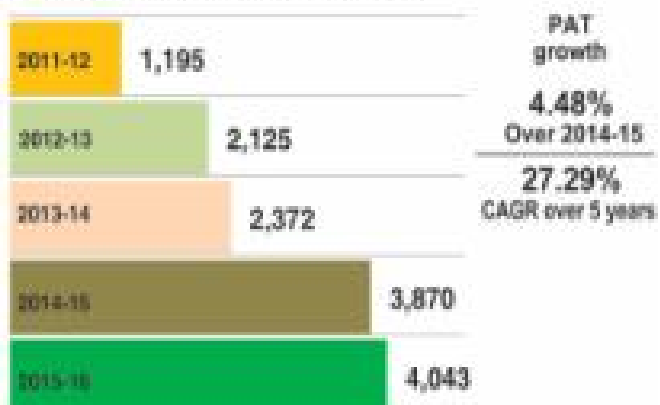
### Profit before tax (₹ In Lacs)



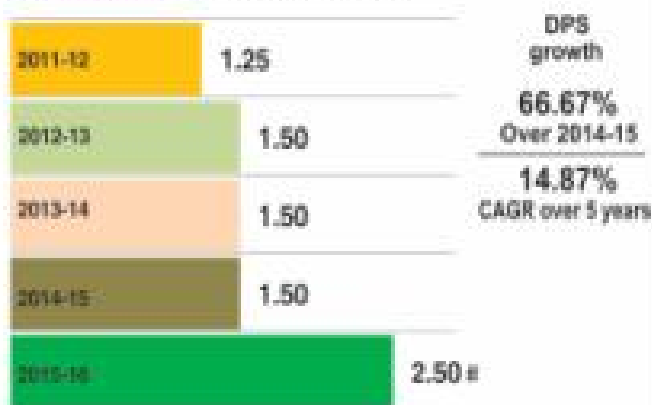
### Book value per share (In ₹)



### Profit after tax (₹ In Lacs)



### Dividend per share (In ₹)



# includes interim & proposed dividend



## BOARD OF DIRECTORS

**Dr. Nalla G Palaniswami**

Managing Director

**Dr. Thavamani Devi Palaniswami**

Joint Managing Director

**Dr. Mohan S Gounder**

Joint Managing Director

**Dr. Arun N Palaniswami**

Whole Time Director (From 25.09.2015)

**Mr.Kasi K Goundan**

Director

**Dr. M. Manickam**

Director

**CA. A.M. Palanisamy**

Director

**Dr. P.R. Perumalswami**

Director (Upto 25.09.2015)

**Dr. M.C. Thirumoorthi**

Director

**Mr. A.K. Venkatasamy**

Director

**Mr. K. Saminathan**

Director

**Dr. M.A. Muthusethupathi**

Director

**Dr. Purani P Palaniswami**

Director

**Dr. S. Krishnasamy**

Alternate Director

**CA. P.K. Gopikrishnan**

Chief Financial Officer

**CS. S.P. Chittibabu**

Company Secretary

**REGISTERED OFFICE &  
HOSPITAL COMPLEX**

Post Box No. 3209, Avanashi Road  
Coimbatore - 641 014

CIN : L85110TZ1985PLC001659  
Tel : +91 - 422 - 4323800, 3083800  
Fax : +91 - 422 - 4270639  
E-mail : secretarialdept@kmchhospitals.com  
accounts@kmchhospitals.com  
Website : www.kmchhospitals.com

**AUDITORS**

**M/s.Haribhakti & Co. LLP**

Chartered Accountants  
Coimbatore - 641 012

**REGISTRAR & SHARE TRANSFER AGENT**

**M/s.GNSA Infotech Limited**

STA Department  
Nelson Chambers  
F-Block, 4th Floor  
No.115 Nelson Manickam Road  
Aminjikarai  
Chennai - 600 029  
Phone : + 91-44-42962025  
Email : sta@gnsaindia.com

**BANKERS**

Indian Bank  
Indian Overseas Bank  
HDFC Bank Limited  
State Bank of India



## KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

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## LEADERSHIP IN HEALTHCARE



KMCH strongly believes in innovation, driven by its keen awareness of patient needs and desire to enhance clinical outcomes and to improve the cost of delivery of care. With the state of the art multi-disciplinary capabilities and world class infrastructure and technology, we enrich the quality of life of every patient in a caring and nurturing environment. Passion for excellence, increased adoption to technology, patient centric approach and enhanced clinical outcomes has culminated into the undisputed leadership position of KMCH over the last few years in the healthcare arena. We don't rest in our laurels but continuously evolve to be a national leader in the healthcare.

With this in mind we have embarked on an ambitious project towards changing the way brain stroke is managed in India. Hospitals in Germany and United States have started a unique programme for stroke management with the able assistance of highly sophisticated ambulances. They are like intensive care units with a mobile CT within it. The biggest challenge in stroke of the brain is administering a clot buster drug within the first three hours (golden hour) of stroke. Only 2% of the stroke victims are able to reach any Hospital in time for this drug. Before starting the therapy it is of paramount importance to determine whether the stroke is caused by a block in a blood vessel or if it is secondary to the bleeding into the brain. A CT scan is the only investigation that can rapidly differentiate the two. Thus having a mobile CT scan which can go right up to the patients house can be a solution where both speed and diagnosis is achieved.

The mobile stroke unit will change the way's patients are treated not only in India but in the Asian continent. Coimbatore will be the first city in a developing country in the world to start such an ambitious programme. KMCH today is an undisputed leader by having taken this bold step to bring in the first mobile stroke unit to India. We hope in the years to come K MCH will be the role model hospital for treating stroke therapy.

KMCH is making great strides in transplant procedures with the steady increase in the number of liver transplants. We have also started "Living Donor Liver Transplant Programme" for the first time in this region. Our bone marrow and kidney transplant team comprises of internationally trained Doctors and Surgeons who adopt the best procedures and protocols in the world for better clinical outcomes. The center now aims to start pancreatic transplants in the near future.



KMCH is a pioneer in cardiac and cardio-thoracic procedures in India. We offer wide range of sophisticated invasive and non-invasive procedures. Our mission is to improve patient outcome and our commitment is to build and invest in complimentary innovative technology. This will allow physicians to treat more complex cardio-thoracic procedures.

Oncology team comprises of committed and international trained medical, surgical and radiation oncologists. The Department of oncology working in a multi-disciplinary approach has treated some extremely complex body tumours in the pelvis and in the head & neck region. Radiation planning based on MRI has become the standard of care in this center for head & neck and pelvic malignancies. The Department of Nuclear Medicine with its advanced diagnostic capabilities have pioneered in targeted therapy which produces substantial relief with minimal side effects for cancer patients.

The Department of neurosurgery and neuro sciences has been making commendable progress in the diagnosis and treatment of neurological disorders. It is the only center in the region with outstanding results in the field of neurovascular surgery. The Department of neurosciences has been recognised for its outstanding work in the management of movement disorders by deep brain stimulation.



The Radiology and Imaging Department offers highly advanced neuro, cardiac, spinal, chest, abdominal and whole body diagnostic services, supporting clinical departments with better out comes. The department also imparts training in the field of interventional radiology.

Committed to conserving energy and to support clean and green energy, KMCH has successfully installed a Solar Energy Plant for taking care of its sizeable energy needs.



The envisaged Chennai Hospital will focus on cutting edge technology, best practices and protocols in the world. It is an ambitious dream to move from a two tier city to a large metro to establish a world class health care facility. We believe that this will be another milestone and a turning point in the history of KMCH.

We have come a long way in the last 25 years. We look at the future with excitement and hope as we spread our wings to fly into uncharted territories to become a national leader.



**NOTICE**

NOTICE is hereby given that the **Thirtieth Annual General Meeting** of the Members of Kovai Medical Center and Hospital Limited will be held on Tuesday, the 30<sup>th</sup> August 2016 at 11.00 a.m. at “ A.P.Kalyana Mandapam” , 738/2 Avanashi Road, Goldwins, Coimbatore – 641 014 to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) for the financial year ended 31<sup>st</sup> March, 2016 and the Reports of the Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividend and declare Final Dividend on equity shares for the Financial Year ended 31<sup>st</sup> March, 2016.
3. Dr.Mohan S Gounder, Director, retires by rotation and being eligible, offers himself for reappointment.
4. 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 Sections 139 and other applicable provisions of the Companies Act 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for time being in force), the company hereby ratifies the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, Coimbatore having ICAI Firm Registration No: 103523W as the Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting to be held for the Financial Year 2016-17 on such remuneration as may be determined by the Board of Directors.”

**SPECIAL BUSINESS**

5. 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 148 and all other applicable provisions of the Companies Act 2013 and Companies (Audit and Audits) Rules 2014 (including any statutory modifications) or re-enactment thereof, for the time being in force, Mr.V.Sakthivel (Membership No.23292) Partner, M/s RKMS & Associates, Cost Accountants, Tirupur appointed by the Board of Directors of the Company on recommendation of the Audit Committee to conduct the audit of cost records of the company for the financial year 2016-17 on a remuneration of Rs.2,00,000/- (Rupees Two lacs only) plus service tax and out-of-pocket expenses if any for the purpose of audit be and is hereby ratified and confirmed.”

**“RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**NOTES**

1. **A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited at the Registered Office of the company at Post Box No.3209, Avanashi Road, Coimbatore – 641 014 not less than 48 hours before the commencement of the meeting.**
2. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
3. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
4. The statement of material facts pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Item No.5 of special business is annexed thereto.
5. Pursuant to the provisions of Section 91 of the Companies Act 2013, the Register of members and Share Transfer Books of the Company will remain closed from Saturday, 20<sup>th</sup> August 2016 to Tuesday, 30<sup>th</sup> August 2016 (both days inclusive) in connection with the 30<sup>th</sup> Annual General Meeting.
6. Dividend upon its declaration at the meeting will be paid within statutory period of 30 days to those members whose names appear:
  - a. As members on the Register of Members of the company as on 30<sup>th</sup> August 2016 after giving effect to all valid share transfers in physical form which would be received by the company upto the closing hours of business on 19<sup>th</sup> August 2016.
  - b. As beneficial owners as per the list to be furnished by NSDL/CDSL as at the closing hours of business on 19<sup>th</sup> August 2016.
7. **Electronic Clearing Service (ECS) Facility**  
Shareholders holding shares in physical form who now wish to avail ECS facility, are requested to forward their ECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, M/s GNSA Infotech Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai – 600 029.
8. Pursuant to the provisions of Section 124(6) of the Companies Act 2013, amended, dividend for the financial year ended 31<sup>st</sup> March 2009 and thereafter, which remains unclaimed for a period of 7 years from the date of transfer of the same to the unclaimed dividend account as referred to in sub-section (1) of section 205A of the Act, will be transferred to the Investor Education and Protection Fund (IEP Fund) of the Central Government. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March 2009 or subsequent financial years are requested to make their claim to the Secretarial Department, Post Box No.3209, Avanashi Road, Coimbatore – 641 014. It may also be noted that once the unclaimed dividend is transferred to the IEP Fund as above, no claim shall lie in respect thereof.



9. The company transferred all unclaimed dividend declared upto the financial year ended 31<sup>st</sup> March 2008 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Tamil Nadu, Coimbatore Stock Exchange Building, Second Floor, 683 Trichy Road, Singanallur, Coimbatore – 641 005.
10. Members holding shares in physical form are requested to intimate the following directly to the company's Registrar and Share Transfer Agent, M/s GNSA Infotech Limited, STA Department, Nelson Chambers, F-Block, 4<sup>th</sup> Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai – 600 029.
  - a. Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
  - b. Changes, if any, in their address at an early date along with proof for address change.
  - c. Application for consolidation of folios, if shareholdings are under multiple folios.
  - d. Despatch of share certificates for consolidation.
  - e. Request for nomination forms for making nominations as per amended provisions of the Companies Act, 2013.
  - f. Members are requested to quote ledger folio numbers in all their correspondences.
11. Members holding shares in dematerialised form (electronic form) are requested to intimate any change in their address, bank mandate etc. directly to their respective Depository Participants.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent M/s GNSA Infotech Limited, Chennai.
13. The Ministry of Corporate Affairs, New Delhi (MCA) has taken a 'Green initiative' in the corporate governance by permitting paperless compliances by companies vide its Circulars which validate the sending of documents through electronic mode and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s). The members are requested to support this 'Green initiative' by registering/ updating their e-mail address with the company or Share Transfer Agent M/s GNSA Infotech Limited, Chennai.
14. Documents referred to in the accompanying Notice and the Statement of material facts are open for inspection at the Registered Office of the Company during normal business hours (9:30 am to 6:00 pm) on all working days except Saturdays and Sundays (including Public Holidays) upto the date of the Annual General Meeting.



15. Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
16. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
17. Electronic copy of the Annual Report for the year 2016 is being sent to all the members whose Email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2016 is being sent in the permitted mode.
18. Pursuant to the requirements of Corporate Governance under SEBI (LODR) Regulations 2015, the brief resume of the Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board/Committees, shareholding and relationships between Directors inter-se, are provided in the Directors' Report forming part of the Annual Report.
19. Members may also note that the Notice of the 30<sup>th</sup> Annual General Meeting and the Annual Report for the year 2016 will also be available on the Company's website for their download. The physical copies of the Notice and Annual Report will also be available at the Company's Registered Office during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's designated email id: [secretarialdept@kmchhospitals.com](mailto:secretarialdept@kmchhospitals.com).
20. As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.
21. Members seeking any information as regards the accounts are requested to write to the Company at least seven days prior to the meeting so as to enable the management to keep the information available.
22. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under :

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
- (i) Open email and open PDF file viz; “ kmchltd.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - (iii) Click on Shareholder-Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - (vii) Select “EVEN” of KMCH LTD.
  - (viii) Now you are ready for e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “ Submit” and also “ Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [madhu@ksrandco.in](mailto:madhu@ksrandco.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- I
    - (a) Initial password is provided as below/at the bottom of the Attendance Slip EVEN (E-voting Event Number) User ID and Password.
    - (b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
  - II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.
  - IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).



## NOTICE OF ANNUAL GENERAL MEETING

- V. The remote e-voting period commences on 27<sup>th</sup> August 2016 (9:00 am) and ends on 29<sup>th</sup> August 2016 (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 24<sup>th</sup> August 2016 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of August 24, 2016.
- VII. Mr.C.V.Madhusudhanan, Practising Company Secretary (Membership No.FCS 5367) partner, KSR & Co Company Secretaries LLP, Coimbatore has been appointed as the Scrutiniser to scrutinize the e-voting process in a fair and transparent manner.
- VIII. A member can opt for only one mode of voting i.e. either through e-voting or by ballot. If a member casts vote by both modes then voting done through e-voting shall prevail and ballot shall be treated as invalid.
- The facility for voting through ballot paper will be made available at the venue of the Annual General Meeting to enable the Shareholders to vote. Shareholders who have already exercised their votes through remote e-voting will not be eligible to vote again in the Annual General Meeting.
- IX. The Results shall be declared within 48 hours after the close of Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kmchhospitals.com](http://www.kmchhospitals.com) and on the website of NSDL within the aforesaid period and communicated to BSE Limited where the shares of the company are listed.

By order of the Board  
**For Kovai Medical Center and Hospital Limited**

**CS.S.P. CHITTIBABU**  
COMPANY SECRETARY

Coimbatore  
28.05.2016



**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013**

**Item No:5**

In view of the revised Cost Audit Rules as part of new Companies Act, 2013 notified by the Ministry of Corporate Affairs in the month of July 2014, the Board of Directors on the recommendation of the Audit Committee has approved the appointment of Mr.V.Sakthivel (Membership No.23292) Partner, M/s RKMS & Associates, Cost Accountants, Tirupur as Cost Auditor to conduct audit of cost records of the company for the financial year ending 31<sup>st</sup> March 2017 and fixed his remuneration as Rs.2,00,000/- (Rupees Two lacs only) plus reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor for the financial year ending 31<sup>st</sup> March 2017 has to be ratified by the shareholders.

Accordingly, the consent of the members is sought for passing an ordinary resolution set out at item no.5 of the notice for ratification of remuneration payable to the Cost Auditor for the financial year 31<sup>st</sup> March 2017.

None of the Directors, Key Managerial Personnel of the company / their relatives are in any way, concerned or interested financially or otherwise in the resolution set out at item no.5 of the notice.

The Board commends the ordinary resolution set out at item no.5 of the notice for approval by the members.

By order of the Board

Coimbatore  
28.05.2016

**CS.S.P. CHITTIBABU**  
COMPANY SECRETARY

**ANNEXURE**

The details of Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting as per Regulation 36(3) of SEBI (LODR) Regulations, 2015 are as follows:

(Refer Item No.3 of the Notice)

<b>Name of the Director</b>	<b>Dr.Mohan S Gounder</b>
Date of Birth	26.11.1973
Date of First Appointment on the Board	31.07.2004
Relationship with other Directors	Son of Dr.Nalla G Palaniswami and Dr.Thavamani Devi Palaniswami, Brother of Dr.Purani P Palaniswami and Dr.Arun N Palaniswami.
Expertise in Specific Functional areas	Expertise in Management, Operations, Consulting and teaching experience with a variety of healthcare organisations, consulting organisations and university settings.
Qualification	MD AB(USA)
Experience	Dr.Mohan S Gounder has over 17 years experience in the healthcare industry.
<b>Board Membership of other Companies as on March 31, 2016</b>	<b>Public Limited Companies</b> 1. Purani Hospital Supplies Ltd. 2. Aosta Software Technolgoies (I) Ltd. 3. EDG Pharmaceuticals (India) Ltd.
<b>Chairperson / Member of the Committee of the Board of Directors of the Company as on March 31, 2016</b>	<b>Nil</b>
<b>Chairperson / Member of the Committee of Directors of other Companies in which he is a Director as on March 31, 2016</b>	
Audit Committee	Nil
Stakeholders Relationship Committee	Nil
Nomination and Remuneration Committee	Nil
Shareholding in the Company (as on 31.03.2016)	10000
No. of Board Meetings attended during the last financial year - 2015-16	2
Terms and Conditions of appointment or re-appointment	Joint Managing Director, liable to retire by rotation.



**Dear Members,**

Your Directors take pleasure in presenting the Thirtieth Annual Report along with the audited financial statements for the year ended 31.03.2016.

**FINANCIAL HIGHLIGHTS (STANDALONE)**

(₹ in lacs)

	<u>2015-16</u>	<u>2014-15</u>
Operating Income	46,531.11	40,162.07
Other Income	773.37	672.73
<b>Total Income</b>	<b>47,304.48</b>	<b>40,834.80</b>
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	9,945.85	10,100.38
Profit Before Taxation (PBT)	6,215.90	5,942.77
Provision for Taxation	2,172.55	2,072.87
<b>Profit After Taxation (PAT)</b>	<b>4,043.35</b>	<b>3,869.90</b>
Balance of Profit brought forward	8,801.53	5,384.95
<b>Profit available for appropriations</b>	<b>12,844.88</b>	<b>9,254.85</b>
<b>Appropriations:</b>		
Adjustments related to fixed assets (Net of Deferred Tax)	-	55.78
Interim Dividend	109.42	-
Proposed Final Dividend	164.13	164.13
Tax on Dividend	55.69	33.41
Transfer to General Reserve	300.00	200.00
<b>Balance carried forward to Balance Sheet</b>	<b>12,215.64</b>	<b>8,801.53</b>

**RESULTS OF OPERATIONS**

**STANDALONE :**

The income from operations for the financial year 2015-16 was ₹ 46531.11 lacs registering a growth of 16% over the previous year income of ₹ 40162.07 Lacs. Earnings before interest, tax, depreciation and amortization (EBITDA) were ₹ 9945.85 lacs registering a negative growth of 2% over the previous year EBITDA of ₹ 10100.38 Lacs. The decrease in EBITDA as a percentage of revenue was mainly attributable to one-time expenses incurred towards Silver Jubilee Celebration and Renovation work carried out at Sulur and Main centers.

Profit after tax (PAT) for the year was ₹ 4043.35 lacs recording a growth of 4% over the PAT of ₹ 3869.90 Lacs in year 2014-15.

**SUBSIDIARY COMPANY :**

Idhayam Hospitals Erode Limited had become a wholly owned subsidiary of KMCH with effect from 23.04.2007.

A statement of salient features of financials of Idhayam Hospitals Erode Limited pursuant to Section 129(3) of the Companies Act 2013 in Form AOC-1 is annexed and forming part of the report.

During the financial year ended 31.03.2016, no Subsidiary, Associate or Joint Venture were added. The Board of Directors has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing regulations. The same is displayed on the website of the company.

**CONSOLIDATED FINANCIAL STATEMENTS :**

On consolidated basis, income from operations from current year under review was ₹ 47291.01 Lacs, higher by 16% over year 2014-15 income of ₹ 40821.78 Lacs.

Profit after tax (PAT) for the year was ₹ 4061.74 Lacs recording a growth of 5% over the PAT of ₹ 3853.36 Lacs in year 2014-15.

**DIVIDEND**

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of ₹ 1.50 per share (15%) for the year 2015-16. This, together with the interim dividend of ₹ 1.00 per share (10%) paid on 24th June 2015 will make a total dividend of ₹ 2.50 per share (25%) for the financial year ended 31<sup>st</sup> March 2016.

The final dividend on equity shares, if approved by the members would involve the cash outflow of ₹ 197.54 Lacs including dividend distribution tax on the same and the total dividend on equity shares (including dividend tax) for the financial year 2015-16 would aggregate ₹ 131.70 Lacs (including interim dividend and tax thereon) will result in a pay out of ₹ 329.24 Lacs.

**TRANSFER TO RESERVES**

The Company proposes to transfer ₹ 300 Lacs to the General reserve out of the amount available for appropriation and an amount of ₹ 3414.11 Lacs is proposed to be retained in the Statement of Profit and Loss.

**BOARD MEETINGS**

The Board of Directors met five times during this financial year. The disclosure on Board meetings and attendance of Directors are provided in the Corporate Governance Report.

**AUDIT COMMITTEE**

The composition of Audit Committee, number of meetings held and the attendance of Directors there to have been provided under an identical head in the Corporate Governance Report.

**CORPORATE SOCIAL RESPONSIBILITIES**

During the year in pursuance of the recommendations of the CSR Committee the company has contributed ₹ 85.39 lacs being 2% of the average net profit of the company towards implementing the CSR activities. Annual Report on CSR as required under Section 135 read with schedule VII and other applicable provisions of the Companies Act, 2013 is appended as “**Annexure – I**” .

**INFORMATION ON STATUS OF COMPANY'S AFFAIRS**

Information on operational and financial performance etc., is provided in the Management Discussion and Analysis Report, which is annexed to the Directors' Report and has been prepared inter-alia in compliance with the terms of clause 49 of the listing agreement with Indian Stock Exchange.

**SHARE CAPITAL**

The paid up equity share capital of the Company as on March 31, 2016 aggregates to ₹ 10,94,22,620/- comprising of 1,09,42,262 equity share of ₹10/- each fully paid up.

**CREDIT RATING**

CARE has upgraded your company's Long term bank facilities to 'CARE A' (single A) from 'CARE A-' and short term bank facilities to 'CARE A1' (A One) from 'CARE A2'

**AWARDS**

Your Hospital has been awarded " Green Hospital - 2016" by the Association of Healthcare Providers of India and " Best Private Hospital - 2016" by the Government of Tamilnadu and The Federation of Indian Chambers of Commerce and Industry.

**HOSPITAL ACCREDITATION**

Your Hospital has been certified by National Accreditation Board for Hospitals and Health care providers (NABH) for the delivery of high standards for safety and quality care to the patients.

**DIRECTORS RESPONSIBILITY STATEMENT**

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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;
- (c) 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;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) 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

### **BOARD EVALUATION**

Pursuant to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations 2015, a structured questionnaire was administered after taking into consideration of various aspects to the Board functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance to ascertain the efficacy and functioning of Board and its members.

The performance evaluation of Independent Directors was completed. The performance evaluation of the Chairman of the Board and Non-independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the outcome of the evaluation process.

### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

Pursuant to requirement of SEBI (LODR) Regulations 2015, the company has a familiarization programme for the Independent Directors with regard to their role, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The Board members are provided with all the necessary documents / reports and internal policies to enable them to familiarize with the company's procedures and practices and the same is uploaded on the Company's website at [www.kmchhospitals.com/Familiarization\\_Programme\\_for\\_Independent\\_Directors.pdf](http://www.kmchhospitals.com/Familiarization_Programme_for_Independent_Directors.pdf).

### **DIRECTORS**

As per Articles 103(b) of the Articles of Association and Section 152(6) of the Companies Act, 2013 except the Dr.Nalla G Palaniswami and Dr.Thavamani Devi Palaniswami, all other Executive and Non-Executive Non-Independent Directors are subject to retirement by rotation. Accordingly, Dr.Mohan S Gounder, Joint Managing Director retires by rotation and being eligible has offered himself for re-appointment and all other terms and conditions of the original appointment dated 19.07.2013 stand unchanged. His retirement and re-appointment shall not be construed as break in service in his position as Joint Managing Director.

### **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

### **COMPLIANCE OF CODE OF CONDUCT**

The compliance of code of conduct by Directors have been affirmed by the Managing Director and is disclosed under point no.19 of Corporate Governance Report.

### **KEY MANAGERIAL PERSONNEL**

The Key Managerial Personnel of the company as stipulated under the Companies Act 2013 are Dr.Nalla G Palaniswami, Managing Director, Dr.Thavamani Devi Palaniswami, Joint Maging Director, Dr.Mohan S Gounder, Joint Managing Director, Dr.Arun N Palaniswami, Whole Time Director, CA .P.K.Gopikrishnan, Chief Financial Officer and Mr.S.P.Chittibabu, Company Secretary.

### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

The particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure stipulated under Section 134(3)(m) of the Companies Act 2013 read with the Companies (Accounts) Rule, 2014, are annexed herewith as “**Annexure – II**” and forms part of this Report.

**CHANGE IN THE NATURE OF BUSINESS , IF ANY**

During the year, there was no change in the nature of business of the company or any of its subsidiaries.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There were no material changes and commitments affecting financial position of the company which have occurred between the end of the financial year of the company to which the Financial Statements relate and date of the report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

As on March 31, 2016, there were no outstanding loans or guarantees covered under the provisions of Section 186 of the Act. The details of Investments covered under the provisions of Section 186 of the Act are given in Note No.13 to the financial statements.

**VIGIL MECHANISM**

The company has set up vigil mechanism for Directors and Employees to report their genuine concerns, the details of which are given in the Corporate Governance Report. The policy on Vigil Mechanism and Whistle Blower Policy have been posted on the website of the Company

**RELATED PARTY TRANSACTIONS AND POLICY ON RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company which may have a potential conflict with the interest of the company at large and particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) in **Form AOC-2** is annexed as "**Annexure – III**" and forming part of the report.

The Board has formulated Policy on Related Party Transactions and the same is uploaded on the Company's website at [http://www.kmchhospitals.com/pdf/Policy Related Party Transaction.pdf](http://www.kmchhospitals.com/pdf/Policy%20Related%20Party%20Transaction.pdf).

**RISK MANAGEMENT**

The steps taken by company to mitigate the risk are disclosed under an identical head in the Management discussion and Analysis forming part of Directors' Report.

**EXTRACT OF ANNUAL RETURN**

As required pursuant to Section 92(3) of the Companies Act 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in **MGT 9** is annexed herewith as "**Annexure – IV**" and forming part of report.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant and material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status and the company's operations in future.

**HUMAN RESOURCES DEVELOPMENT**

Your Company continues to place greater importance to the development of human resources segment. The Company sustained focus on retention through employee engagement initiative has provided the employees to realize their potential.

Learning and Development has provided various learning platform which include classroom and online self-learning modules to meet the development need of employees to help build their skills, knowledge and capability.

The total strength of the employees of the Company as on 31<sup>st</sup> March 2016 was 3933 Nos..

### **INDUSTRIAL RELATIONS**

The industrial relations scenario continued to be cordial during the year under review.

### **PARTICULARS OF REMUNERATION PAID TO KEY MANAGERIAL PERSONNEL**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the remuneration of Directors, Key Managerial Personnel and employees are enclosed as “**Annexure – V**” forming part of the report.

The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is <http://www.kmchhospitals.com/pdf/Nomination.Remuneration.Evaluation.policy.pdf>.

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act 2013. An Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under the policy.

During the year 2015-16, no complaints were received by the company related to sexual harassment.

### **DEPOSITS**

As per Section 73 of the Companies Act 2013 read with the Companies (Acceptance of Deposits), Rules 2014, the company has not accepted any deposits from the public during the year.

### **SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the company has appointed M/s KSR & Co. Company Secretaries LLP, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the company for the Financial Year 2015-16. Secretarial Audit Report is annexed herewith as “**Annexure –VI**” forming part of the report.

### **COST AUDIT**

In terms of Section 148 and other applicable provisions of the Companies Act 2013, read with Companies (Cost Records and Audit) Rules 2014, Mr.V.Sakthivel, Cost Accountant, M/s RKMS & Associates, Tirupur was appointed as Cost Auditor of the company by the Board on recommendation of Audit Committee for the Financial Year 2016-17. The remuneration of the Cost Auditor is subject to ratification by the members at the ensuing Annual General Meeting.



**STATUTORY AUDITORS**

The members had at the 29<sup>th</sup> Annual General Meeting held on 25.9.2015 approved the appointment of M/s.Haribhakti & Co. LLP., Chartered Accountants as Statutory Auditors for a period of five years from 2015-16 to 2019-20.

Rule 3(7) of Companies (Audit and Auditors) Rules 2014, states that appointment of Auditor shall be subject to ratification by the members at every Annual General Meeting till the expiry of the term of appointment of Auditor.

In view of the above, the appointment of M/s.Haribhakti & Co. LLP., Chartered Accountants as Statutory Auditors from the conclusion of this meeting, until the conclusion of the next Annual General Meeting is subject to the members ratification.

**LISTING WITH STOCK EXCHANGE**

The company confirms that it has paid the Annual Listing Fees for the year 2016-17 to BSE where the company's shares are listed. During the year the company has executed a fresh listing agreement with BSE in terms of SEBI (LODR) Regulations 2015.

**CORPORATE GOVERNANCE**

Your Company has been complying with the provisions of Corporate Governance as stipulated in Regulations 24, 27 and other relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. A separate report on Corporate Governance along with Practising Company Secretary's certificate on compliance of the Corporate Governance norms as stipulated in Regulation 34(3) 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.

**ACKNOWLEDGEMENTS**

The Board expresses its grateful appreciation for the continued assistance and co-operation received from Government Authorities, Financial Institutions, Banks, Customers, Suppliers and investors.

The Board also places on record its appreciation for the dedication and commitment extended by its consultants and employees at all levels and their contribution to the growth and progress of the company.

For and on behalf of the Board

Coimbatore  
28.05.2016

**DR. NALLA G PALANISWAMI**  
MANAGING DIRECTOR

**ANNEXURE I**
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

During the year, the company initiated sanitation and preventive health care programmes in line with CSR policy of the company and within the purview of Schedule VII of the Companies Act 2013. Web link to the CSR Policy: [http://www.kmchhospitals.com/CSR\\_Policy.pdf](http://www.kmchhospitals.com/CSR_Policy.pdf).

2. Composition of the CSR Committee.

The CSR Committee consists of Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Mr.A.K.Venkatasamy and Mr.K.Saminathan, Directors of the company.

3. Average net profit of the company for last three financial years : ₹ 4269.33 Lacs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 85.39 Lacs

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year: ₹ 77.83 Lacs (including unspent amount of previous year)

b) Amount unspent, if any: ₹ 38.60 Lacs\*

\* Work in progress (Refer Point No. 6).

c) Manner in which the amount spent during the financial year is detailed below.

₹ in Lacs

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	2	3	4	5	6	7	8
1	Construction of Toilet facilities	Sanitation	Muthamizh Nagar, Coimbatore Dist. Tamilnadu	21.65	4.20	21.65	21.65 (Direct)
2	Construction of Toilet facilities	Sanitation	Kalapatti, Coimbatore Dist. Tamilnadu	25.89	25.89	25.89	25.89 (Direct)
3	Lab test	Preventive Healthcare	Nallampatti Erode Dist. Tamilnadu	10.38	0.95	10.38	10.38 (Microbiological Laboratory)

**₹ in Lacs**

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	2	3	4	5	6	7	8
4	Construction of Toilet facilities	Sanitation	Kalapatti, Coimbatore Dist. Tamilnadu	21.79	21.79	21.79	21.79 (Direct)
5	Construction of Toilet facilities	Sanitation	Nehru Nagar, Coimbatore Dist. Tamilnadu	36.08	18.75	18.75	36.08 (Direct)
6	Construction of Toilet facilities	Sanitation	Veeriyampalayam, Coimbatore Dist. Tamilnadu	27.52	6.25	6.25	27.52 (Direct)
	<b>Total</b>			<b>143.31</b>	<b>77.83</b>	<b>104.71</b>	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report : The company is in the process of spending the balance sum of ₹ 38.60 lacs towards CSR project and the same is expected to be achieved during the year 2016-17.

#### 7. **CSR Committee Responsibility statement**

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

CSR Policy is available in the website of the Company and weblink is as under:  
[http://www.kmchhospitals.com/CSR\\_Policy.pdf](http://www.kmchhospitals.com/CSR_Policy.pdf).

Coimbatore  
19.01.2016

**Dr.Nalla G Palaniswami**  
Chairman, CSR Committee

**Mr.K.Saminathan**  
Member, CSR Committee

**ANNEXURE – II**
**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**
**Conservation of Energy**

Your company is conscious of the environmental impact of its business and proactively implements various efficiency measures in order that this impact is mitigated and minimized.

KMCH has taken many initiatives to reduce the energy cost and installed energy efficient equipments in all the departments. Initially the fluorescent lamps which consumes more power are replaced by LED lights in phased manner. These LED lamps consumes 50% less power with more illumination. Also the life of the LED lamps last for 50,000 burning hours. Movement sensors are fixed for controlling un-necessary usage of lights in rooms and corridors. Split Air conditioning units are being replaced by VRF system for more power savings.

Centralised air conditioning unit is controlled by BMS system for effective and efficient usage. All AHUs are controlled by the BMS to get better energy conservation and reduce operating hours.

For reducing the power cost KMCH is purchasing wind power from M/s Mytrah Vayu (Manjira) Private Limited wind energy under group captive method at lesser price than TANGEDCO price.

Energy conservation methods like implementation of Building Management Systems(BMS), investment in Solar water heaters / power lights etc. are the other initiatives taken by your Hospital. Taking measures like re-assessing power consumption of various medical equipments, appliances and lighting facilities have helped us to reduce the carbon footprint.

The vehicles operated for the company are in compliance of all pollution control regulations. There is a periodic maintenance check of all vehicles in order that the prescribed norms and better vehicle efficiency are maintained.

It is the continuous endeavor of your company to tap non-conventional renewable, clean resources for energy. In this regard, Solar Power Project occupies a center stage in the energy policy of the company.

During the year, your company has installed 4MW Solar Project at Karur Dist. and it has started generation at a cost of ₹ 32 crore. During the year under review this division has generated 12.01 lacs units of electricity and sold to TNEB and the same units were adjusted against the power drawn from TNEB for captive consumption generating power from the plant has resulted in substantial savings for the company as compared to the cost of purchasing power from the grid.

**Technology Absorption**

Your Hospital is a pioneer in harnessing technology to improve patient care through enhancing quality and efficiency by continuously investing in life-changing and life-saving equipments used in clinical care and surgical procedure across many departments of the Hospital to enhance patient satisfaction that will match the best of the international standards. Access to the most advanced technology provides a myriad of benefits like decreased length of stay in Hospital, quick recovery and reduced number of procedures resulting in improved patient experience.



Your Hospital has added Cathlab Machine, CT Dual Slice Scanner, C-arm image Intensifier, Colour Doppler Ultrasound System, Ventilators, X-ray system with digital radiography, Intra Aortic Balloon Pump System, Multiparameter Monitor, Operation Theater lights, Echo Cardio Ultrasound System and other equipments to the tune of ₹ 2715.06 lacs.

**Foreign Exchange Earnings & Outgo**

**(i) Earnings in Foreign Currency**

Earnings in foreign currency during the year ended March 31, 2016 : Nil (Previous year : Nil)

**(ii) Expenditure in Foreign Currency**

Expenditure in foreign currency during the year ended March 31, 2016 was ₹ 1970.38 Lacs (Previous year : ₹ 264.84 Lacs)

**ANNEXURE – III**
**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)

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

1. Details of contracts or arrangements or transactions not at arm's length basis : NIL
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts/arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) Date(s) of approval by the Board
  - (g) Amount paid as advances, if any:
  - (h) 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 arrangement or transactions at arm's length basis : Yes

(₹ in lacs)

Name(s) of the related party and nature of relationship (a)	Nature of contracts / arrangements / transactions (b)	Duration of the contracts/ arrangements/ transactions (c)	Salient terms of the contracts or arrangements or transactions including the value, if any: (d)	Date(s) of approval by the Audit Committee, if any: (e)	Amount paid as advances, if any: (f)
Purani Hospital Supplies Ltd / Directors are interested	Purchase of Hospital Consumables, Medicines & Drugs, Rent etc.	01.04.2015 to 31.03.2016	2454.31	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
Aosta Software Technologies (India) Ltd / Directors are interested	Software development and Maintenance	01.04.2015 to 31.03.2016	27.76	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
Sakthi Sugars Limited / Directors are interested	Purchase of Spirit and Advertisement	01.04.2015 to 31.03.2016	1.36	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-



(₹ in lacs)

Name(s) of the related party and nature of relationship (a)	Nature of contracts / arrangements / transactions (b)	Duration of the contracts/ arrangements/ transactions (c)	Salient terms of the contracts or arrangements or transactions including the value, if any: (d)	Date(s) of approval by the Audit Committee, if any: (e)	Amount paid as advances, if any: (f)
Tava Drugs Mart / Directors are interested	Purchase of Medicine	01.04.2015 to 31.03.2016	1.64	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
Biomed Hitech Industries Ltd. / Directors are interested	Lease Rent	01.04.2015 to 31.03.2016	34.19	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
Idhayam Hospitals Erode Ltd. / Subsidiary Company	Lease Rent Lease Advance Interest on Lease Advance (receipt)	01.04.2015 to 31.03.2016	54.96 50.00 17.43	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
NGP Estate Motors Agencies / Directors are interested	Purchase of fuel	01.04.2015 to 31.03.2016	40.87	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
Dr.Thavamani Devi Palaniswami / Promoter / JMD	Lease Rent	01.04.2015 to 31.03.2016	36.79	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
K.PHARMACY / Directors are interested	Lease Rent	01.04.2015 to 31.03.2016	2.44	10.08.2015 03.11.2015 05.02.2016 25.05.2016	-
Dr.Arun N Palaniswami / MD's Son	Consultant	01.04.2015 to 31.03.2016	14.50	10.08.2015 03.11.2015	-

**ANNEXURE - IV****Form No. MGT-9****EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31st March, 2016.**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

- i) CIN : L85110TZ1985PLC001659
- ii) Registration date : 29.08.1985
- iii) Name of the company : Kovai Medical Center and Hospital Limited
- iv) Category / Sub-category of the company : Public Limited Company
- v) Address of the registered office and contact details : Post Box No. 3209, Avanashi Road  
Coimbatore - 641 014  
Phone : +91-422-4323800, 3083800  
E-mail : secretarialdept@kmchhospitals.com  
accounts@kmchhospitals.com  
Webside: www.kmchhospitals.com
- vi) Whether listed company : Yes
- vii) Name, address and contact details of registrar and transfer agent, if any : GNSA Infotech Ltd.  
Nelson Chambers, F-Block 4<sup>th</sup> Floor,  
No. 115, Nelson Manickam Road,  
Aminjikarai, Chennai - 600 029  
Phone : +91-422-42962025  
E-mail : sta@gnsindia.com

**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:-

S. No.	Name and description of main products/ services	NIC code of the product/service	% to total turnover of the company
1	Healthcare sector	9300	100%

**III. Particulars of holding, subsidiary and associate companies -**

S. No.	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	Idhayam Hospitals Erode Limited	U85110TZ2001 PLC009631	Wholly owned	100%	2(87) of the Companies Act, 2013

**IV. Share holding pattern (Equity share capital breakup as percentage of total equity)**
**i) Category-wise share holding**

S. No.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoters</b>									
(1)	Indian									
(a)	Individuals/ HUF	1299974	31601	1331575	12.17	1302374	30101	1332475	12.18	0.01
(b)	Central/State Govt.(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies corporate	3300988	705473	4006461	36.61	4006461	-	4006461	36.61	-
(d)	FI/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	<b>4600962</b>	<b>737074</b>	<b>5338036</b>	<b>48.78</b>	<b>5308835</b>	<b>30101</b>	<b>5338936</b>	<b>48.79</b>	<b>0.01</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	45193	90011	135204	1.24	57706	77498	135204	1.24	-
(b)	Bodies corporate	-	-	-	-	-	-	-	-	-
(c)	FI / Banks	-	-	-	-	-	-	-	-	-
(d)	QFI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2)</b>	<b>45193</b>	<b>90011</b>	<b>135204</b>	<b>1.24</b>	<b>57706</b>	<b>77498</b>	<b>135204</b>	<b>1.24</b>	<b>-</b>
	<b>Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)</b>	<b>4646155</b>	<b>827085</b>	<b>5473240</b>	<b>50.02</b>	<b>5366541</b>	<b>107599</b>	<b>5474140</b>	<b>50.03</b>	<b>0.01</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual funds/UTI	-	-	-	-	-	-	-	-	-
(b)	FI/Banks	-	-	-	-	114468	-	114468	1.05	1.05
(c)	Central/ State Govt. (s)	-	-	-	-	-	-	-	-	-
(d)	Venture capital funds	-	-	-	-	-	-	-	-	-
(e)	Insurance companies	-	-	-	-	-	-	-	-	-
(f)	FII	35599	-	35599	0.33	-	-	-	-	(0.33)
(g)	Foreign venture capital Funds	-	-	-	-	-	-	-	-	-
(i)	Any other (Foreign Port Folio Investor)	-	-	-	-	21967	-	21967	0.20	0.20
	<b>Sub-Total (B)(1)</b>	<b>35599</b>	<b>-</b>	<b>35599</b>	<b>0.33</b>	<b>136435</b>	<b>-</b>	<b>136435</b>	<b>1.25</b>	<b>0.92</b>
<b>(2)</b>	<b>Non-institutions</b>									
(a)	Bodies corporate	501604	538400	1040004	9.50	514947	533100	1048047	9.58	0.08
(b)	"Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 lac"	1025477	1135307	2160784	19.75	1042997	1049197	2092194	19.12	(0.63)
	Individuals - ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	468419	129765	598184	5.47	463343	171240	634583	5.80	0.33
(d)	Any other	-	-	-	-	-	-	-	-	-
(d) i)	Non Resident Indians	213454	1350627	1564081	14.29	237132	1249361	1486493	13.58	(0.71)
(d) ii)	Director & Relatives	-	70370	70370	0.64	-	70370	70370	0.64	-
	<b>Sub-total (B)(2)</b>	<b>2208954</b>	<b>3224469</b>	<b>5433423</b>	<b>49.66</b>	<b>2258419</b>	<b>3073268</b>	<b>5331687</b>	<b>48.72</b>	<b>(0.94)</b>
	<b>Total public shareholding (B)= (B)(1)+ (B)(2)</b>	<b>2244553</b>	<b>3224469</b>	<b>5469022</b>	<b>49.98</b>	<b>2394854</b>	<b>3073268</b>	<b>5468122</b>	<b>49.97</b>	<b>(0.01)</b>
(C)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A)+(B)+(C)</b>	<b>6890708</b>	<b>4051554</b>	<b>10942262</b>	<b>100.00</b>	<b>7761395</b>	<b>3180867</b>	<b>10942262</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of promoters**

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	DR.N.PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
2	DR.THAVAMANI DEVI PALANISWAMI	1094530	10.00	NIL	1095430	10.01	NIL	0.01
3	DR.BALASUNDARAM S	86944	0.79	NIL	86944	0.79	NIL	0.00
4	DR.K.S.K.MURUGAIYAN	70000	0.64	NIL	70000	0.64	NIL	0.00
5	DR.S.K.SUNDARAMOORTHY	30000	0.27	NIL	30000	0.27	NIL	0.00
6	DR. ARUN N PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
7	DR. MOHAN S PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
8	DR.PURANI P PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
9	MRS.MALLIKA MURUGAIYAN	10000	0.09	NIL	10000	0.09	NIL	0.00
10	DR.K.C.RAMASWAMI	101	0.00	NIL	101	0.00	NIL	0.00
11	M/s. KOVAI PURANI FINANCE (P) LTD	4006461	36.61	NIL	4006461	36.61	NIL	0.00
12	MRS.VANI THIRUMOORTHY	71485	0.65	NIL	71485	0.65	NIL	0.00
13	DR.P. R.PERUMALSWAMI	45193	0.41	NIL	45193	0.41	NIL	0.00
14	DR.NANJAPPA C SADASIVAN	12513	0.11	NIL	12513	0.11	NIL	0.00
15	DR.M.C.THIRUMOORTHY	6013	0.05	NIL	6013	0.05	NIL	0.00
	<b>Total</b>	<b>5473240</b>	<b>50.02</b>	<b>NIL</b>	<b>5474140</b>	<b>50.03</b>	<b>NIL</b>	<b>0.01</b>

**iii) Change in promoters' shareholding (please specify, if there is no change)**

S. 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	DR.N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
2	DR.THAVAMANI DEVI PALANISWAMI	1094530	10.00	1094530	10.00
	14.11.2015 - Market Purchase	900	0.01	1095430	10.01
	At the end of the year (31.03.2016)		0.00	1095430	10.01
3	DR.BALASUNDARAM S	86944	0.79	86944	0.79
	At the end of the year (31.03.2016)			86944	0.79
4	DR.K.S.K.MURUGAIYAN	70000	0.64	70000	0.64
	At the end of the year (31.03.2016)			70000	0.64
5	DR.S.K.SUNDARAMOORTHY	30000	0.27	30000	0.27
	At the end of the year (31.03.2016)			30000	0.27
6	DR.ARUN N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
7	DR.MOHAN S PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
8	DR.PURANI P PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
9	MRS.MALLIKA MURUGAIYAN	10000	0.09	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
10	DR.K C RAMASWAMI	101	0.00	101	0.00
	At the end of the year (31.03.2016)			101	0.00
11	M/s. KOVAI PURANI FINANCE (P) LTD.	4006461	36.61	4006461	36.61
	At the end of the year (31.03.2016)			4006461	36.61
12	MRS.VANI THIRUMOORTHY	71485	0.65	71485	0.65
	At the end of the year (31.03.2016)			71485	0.65
13	DR.P.R.PERUMALSWAMI	45193	0.41	45193	0.41
	At the end of the year (31.03.2016)			45193	0.41
14	DR.NANJAPPA C SADASIVAN	12513	0.11	12513	0.11
	At the end of the year (31.03.2016)			12513	0.11
15	DR.M.C.THIRUMOORTHY	6013	0.05	6013	0.05
	At the end of the year (31.03.2016)			6013	0.05

**iv) Shareholding pattern of top ten shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2015)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	M/s. PAVAI PROPERTY DEVELOPERS (P) LTD	524300	4.79	524300	4.79
	11.03.2016 - Market Sale	5000	0.05	519300	4.75
	At the end of the year (31.03.2016)			519300	4.75
2	M/s. SAKTHI SUGARS LTD	200000	1.83	200000	1.83
	At the end of the year (31.03.2016)			200000	1.83
3	M/s. Runner Marketing Pvt Ltd	---	---	---	---
	31.03.2016 - Market Purchase	95000	0.87	95000	0.87
	At the end of the year (31.03.2016)			95000	0.87
4	M/s. RATNABALI CAPITAL MARKETS PRIVATE LTD	57000	0.52	57000	0.52
	03.04.2015 - Market Sale	15600	0.14	41400	0.38
	19.06.2015 - Market Purchase	15600	0.14	57000	0.52
	26.06.2015 - Market Sale	5	0.00	57005	0.52
	17.07.2015 - Market Purchase	620	0.01	57625	0.53
	24.07.2015 - Market Purchase	29	0.00	57654	0.53
	28.08.2015 - Market Purchase	1495	0.01	59149	0.54
	04.09.2015 - Market Purchase	3096	0.03	62245	0.57
	11.09.2015 - Market Purchase	256	0.00	62501	0.57
	02.10.2015 - Market Purchase	3045	0.03	65546	0.60
	09.10.2015 - Market Purchase	2454	0.02	68000	0.62
	16.10.2015 - Market Purchase	1693	0.02	69693	0.64
	23.10.2015 - Market Sale	15470	0.14	54223	0.50
	30.10.2015 - Market Purchase	15600	0.14	69823	0.64
	06.11.2015 - Market Purchase	11	0.00	69834	0.64
	01.01.2016 - Market Purchase	2988	0.03	72822	0.67
	08.01.2016 - Market Purchase	2001	0.02	74823	0.68
	15.01.2016 - Market Purchase	3096	0.03	77919	0.71
	22.01.2016 - Market Purchase	3577	0.03	81496	0.74
	19.02.2016 - Market Purchase	1997	0.02	83493	0.76
18.03.2016 - Market Purchase	2507	0.02	86000	0.79	
25.03.2016 - Market Sale	41956	0.38	44044	0.40	
31.03.2016 - Market Purchase	42500	0.39	86544	0.79	
	At the end of the year (31.03.2016)			86544	0.79

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2015)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	M/s. GRANDEUR PEAK EMERGING MARKETS OPPORTUNITY FUND	0	0.00	0	0.00
	25.09.2015 - Market Purchase	16348	0.15	16348	0.15
	01.01.2016 - Market Purchase	935	0.01	17283	0.16
	08.01.2016 - Market Purchase	4711	0.04	21994	0.20
	15.01.2016 - Market Purchase	15701	0.14	37695	0.34
	22.01.2016 - Market Purchase	5914	0.05	43609	0.40
	29.01.2016 - Market Purchase	14282	0.13	57891	0.53
	05.02.2016 - Market Purchase	5983	0.05	63874	0.58
	12.02.2016 - Market Purchase	4709	0.04	68583	0.63
	At the end of the year (31.03.2016)			68583	0.63
6	MR.DHARMAPALAN VISWANATHAN	67041	0.61	67041	0.61
	At the end of the year (31.03.2016)			67041	0.61
7	MR.VYNATHEYA BIDADI SHESHADRI	60019	0.55	60019	0.55
	26.06.2015 - Market Purchase	324	0.00	60343	0.55
	21.08.2015 - Market Purchase	4059	0.04	64402	0.59
	At the end of the year (31.03.2016)			64402	0.59
8	DR.JAGADA S JAGADEESAN	62678	0.57	62678	0.57
	At the end of the year (31.03.2016)			62678	0.57
9	MRS.MANI C MUDALIAR	62580	0.57	62580	0.57
	At the end of the year (31.03.2016)			62580	0.57
10	DR.USHA SUDINDRANATH	61331	0.56	61331	0.56
	At the end of the year (31.03.2016)			61331	0.56



**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name	Shareholding at the beginning of the year (01.04.2015)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. N. Palaniswami	10000	0.09	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
2	Dr. Thavamani Devi Palaniswami	1094530	10.00	1094530	10.00
	14.11.2015 - Market Purchase	900	0.01	1095430	10.01
	At the end of the year (31.03.2016)			1095430	10.01
3	Dr. Mohan S Palaniswami	10000	0.91	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
4	Dr. Arun N Palaniswami	10000	0.09	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
5	Dr. M.C. Thirumoorthi	6013	0.05	6013	0.05
	At the end of the year (31.03.2016)			6013	0.05
6	Mr. A.K. Venkatasamy	2500	0.02	2500	0.02
	At the end of the year (31.03.2016)			2500	0.02
7	CA. A.M. Palanisamy	4000	0.04	4000	0.04
	At the end of the year (31.03.2016)			4000	0.04
8	Mr. K. Saminathan	8000	0.07	8000	0.07
	At the end of the year (31.03.2016)			8000	0.07
9	Dr. Purani P Palaniswami	10000	6.10	10000	0.09
	At the end of the year (31.03.2016)			10000	0.09
10	CA.P.K. Gopikrishnan	100	0.00	100	0.00
	At the end of the year (31.03.2016)			100	0.00

**V. INDEBTEDNESS**

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

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	15784.30	Nil	Nil	15784.30
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>15784.30</b>	<b>Nil</b>	<b>Nil</b>	<b>15784.30</b>
<b>Change in Indebtedness during the financial year</b>				
● Addition	2525.50	Nil	Nil	2525.50
● Reduction	3025.75	Nil	Nil	3025.75
Net Change	500.25	Nil	Nil	500.25
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	15284.05	Nil	Nil	15284.05
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>15284.05</b>	<b>Nil</b>	<b>Nil</b>	<b>15284.05</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and /or Manager :**

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Dr.Nalla G Palaniswami	Dr.Thavamani Devi Palaniswami	Dr. Mohan S Gounder	Dr.Arun N Palaniswami	Total Amount
1	1. Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.00	47.12	82.21	18.60	210.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8.28	4.85	—	4.53	17.66
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—	—
2	Stock Option	—	—	—	—	—
3	Sweat Equity	—	—	—	—	—
4	Commission - as 2 % of profit	134.26	134.26	—	—	268.52
5	Others, please specify *	—	—	—	—	—
	<b>Total (A)</b>	<b>205.54</b>	<b>186.23</b>	<b>82.21</b>	<b>23.13</b>	<b>497.11</b>
	Ceiling as per the Act (being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)					671.30

\* Plus contribution to PF, Superannuation, Gratuity, Encashment of leave to the extent permitted under the Act.

**B. Remuneration to other directors:**

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of the Director	Total Amount
1	Independent Directors <ul style="list-style-type: none"> <li>● Fee for attending board meetings</li> <li>● Commission</li> <li>● Others *</li> </ul>	Mr.Kasi K Goundan Dr.M.Manickam CA.A.M.Palanisamy Mr.A.K.Venkatasamy Dr.M.A.Muthusethupathi Mr.K.Saminathan	0.11 0.27 0.52 0.52 0.11 0.52 Nil Nil
	Total (1)		2.05
2	Other Non-Executive Directors <ul style="list-style-type: none"> <li>● Fee for attending board meetings</li> <li>● Commission</li> <li>● Others *</li> </ul>	Dr.P.R.Perumalswami Dr.M.C.Thirumoorthi Dr.Purani P Palaniswami Dr.S. Krishnasamy (Alternate Director)	--- 0.11 0.11 0.41 Nil Nil
	Total (2)		0.63
	Total (B) = (1+2)		2.68
	Total Managerial Remuneration (A+B)		499.79
	Overall Ceiling as per the Act (being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)		738.43

\* Plus contribution to PF, Superannuation, Gratuity, Encashment of leave to the extent permitted under the Act.

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD.**

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49.58	8.43	58.01
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	-	0.40
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as 2 % of profit	-	-	-
5	Others *	-	-	-
	<b>Total</b>	<b>49.98</b>	<b>8.43</b>	<b>58.41</b>

\* Plus contribution to PF, Superannuation, Gratuity, Encashment of leave to the extent permitted under the Act.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B. DIRECTORS</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

**ANNEXURE – V**

Particulars of Remuneration of Directors and Employees pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration) Rules, 2014.

- i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Sl. No.	Name of the Director	Ratio
1	Dr. Nalla G Palaniswami	0.026 : 1
2	Dr. Thavamani Devi Palaniswami	0.024 : 1
3	Dr. Mohan S Gounder	0.011 : 1
4	Dr. Arun N Palaniswami	0.003 : 1
5	Mr. Kasi K Goundan	Nil
6	Dr. M.Manickam	Nil
7	CA. A.M. Palanisamy	Nil
8	Dr. P.R. Perumalswami	Nil
9	Dr. M.C. Thirumoorthi	Nil
10	Mr. A.K. Venkatasamy	Nil
11	Mr. K. Saminathan	Nil
12	Dr. M.A. Muthusethupathi	Nil
13	Dr. Purani P Palaniswami	Nil
14	Dr. S. Krishnasamy	Nil

During the year, the non-executive directors received only the sitting fees as remuneration.



- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Sl. No.	Name of the Director/ CFO/ CS	% Increase / (Decrease) in remuneration
1	Dr. Nalla G Palaniswami	17%
2	Dr. Thavamani Devi Palaniswami	23%
3	Dr. Mohan S Gounder	8%
4	Dr. Arun N Palaniswami	Nil
5	Mr. Kasi K Goundan	Nil
6	Dr. M.Manickam	Nil
7	CA. A.M.Palanisamy	Nil
8	Dr. P.R.Perumalswami	Nil
9	Dr. M.C.Thirumoorthi	Nil
10	Mr. A.K.Venkatasamy	Nil
11	Mr. K.Saminathan	Nil
12	Dr. M.A.Muthusethupathi	Nil
13	Dr. Purani P Palaniswami	Nil
14	Dr. S.Krishnasamy	Nil
15	CA. P.K.Gopikrishnan	14%
16	CS. S.P.Chittibabu	12%

- (iii) The percentage increase in the median remuneration of employees in the financial year : 24%
- (iv) The number of permanent employees on the rolls of company : 3933
- (v) The explanation on the relationship between average increase in remuneration and company performance:

There is no direct relationship between the average increase in remuneration and company performance. Increments are linked to the cost of living index and market compensation.

- vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

KMP's remuneration 2015-16 (₹ In Lacs)	% Increase / (Decrease) in KMP's remuneration (2015-16 against 2014-15)	Revenue 2015-16 (₹ In Lacs)	% Increase in revenue (2015-16 against 2014-15)
497	23%	47304	16%

- (vii) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.

Particulars	As on 31.03.2015	As on 31.03.2016	Variations	%
Market Capitalisation (Rs. In Lacs)	67,321	76,158	8,837	13%
Price earnings ratio	17.39	18.84	1.45	8%
Market quotation of the shares as on 31.03.2016 (BSE)	₹ 696/- per share of Face value of ₹ 10/- per share.			
Market quotations of the shares when the Company came out with the last public offer	The Company came out with a Right Issue in the year 1994 at a price of ₹ 10/- per share.			
Percentage increase / decrease over in the market quotations of the Company	6860%			

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentile increase granted to employees other than managerial personnel is 24%

The percentile increase granted to managerial personnel is 23%

- (ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

KMP's Name	CTC for 2015-16 (Rs. In lacs)	Revenue for 2015-16 (Rs. In lacs)	% Increase in revenue (2015-16 against 2014-15)
Dr.Nalla G Palaniswami	205.54	47304	16%
Dr.Thavamani Devi Palaniswami	186.23		
Dr.Mohan S Gounder	82.21		
Dr.Arun N Palaniswami	23.13		
CA.P.K.Gopikrishnan	49.98		
CS.S.P.Chittibabu	8.43		

- (x) The key parameters for any variable component of remuneration availed by the directors;  
The Directors are not eligible for any variable compensation other than Commission as per the provision of the Act.
- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; Nil
- (xii) We affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the Company.

(xiii) Statement of employees receiving remuneration not less than five lacs rupees per month.

Name	Dr.Nalla G Palaniswami	Dr.Thavamani Devi Palaniswami	Dr.Mohan S Gounder	Dr.Arun N Palaniswami
Designation of the employee	Managing Director	Joint Managing Director	Joint Managing Director	Whole Time Director
Remuneration (Rs. In Lacs) Gross	205.54	186.23	82.21	23.13
Qualification	MBBS, MD AB (USA)	MBBS, AB (USA)	MD AB (USA)	MBBS, MD
Date of Commencement of Employment	01.10.1989	29.07.2000	19.07.2013	25.09.2015
Last Employment	Hypertension, Obesity & Risk Factor Clinic, Wayne State University, Detroit, USA	Consultant in Paediatrics & Adolescence, City Clinic, Detroit, USA	Medical Director and Hospitalist, TeamHealth, UMC Lebanon, Tennessee, USA	Castle Medical Center, USA

Note :

1. Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Dr.Mohan S Gounder and Dr.Arun N Palaniswami are related to each other. Dr.Thavamani Devi Palaniswami is Dr.Nalla G Palaniswami's wife and Dr.Mohan S Gounder and Dr.Arun N Palaniswami are the sons of Dr.Nalla G Palaniswami.
2. Dr.Thavamani Devi Palaniswami owns more than 2% of the equity shares of the Company as on 31<sup>st</sup> March 2016.
3. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and other benefits.
4. Net remuneration is exclusive of contribution to provident fund, gratuity fund, other benefits and tax deduction.



**ANNEXURE – VI  
SECRETARIAL AUDIT REPORT**

To  
The Members,  
Kovai Medical Center and Hospital Limited  
Post Box No. 3209, Avanashi Road  
Coimbatore - 641 014

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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 processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations.
5. 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 procedures on test basis.
6. 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 KSR & Co Company Secretaries LLP**

Coimbatore  
28.05.2016

**C.V.Madhusudhanan**  
**Partner**  
(FCS: 5367; CP: 4408)



**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**For the Financial Year ended 31st March, 2016**

To,  
The Members,  
Kovai Medical Center and Hospital Limited  
Post Box No. 3209, Avanashi Road  
Coimbatore - 641 014

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kovai Medical Center and Hospital Limited (hereinafter called " the Company" ). Secretarial Audit was conducted for the financial year ended on 31st March, 2016 in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, 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.

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iv) The Depositories Act, 1996 and the Regulations framed there under.
- (v) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (vi) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
  - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
  - i. Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
- (vii) The following laws, regulations, directions, orders applicable specifically to the Company:
- a. The Medical Termination of Pregnancy Act, 1971
  - b. The Medical Termination of Pregnancy Rules, 1975
  - c. The Medical Termination of Pregnancy Regulations, 1975
  - d. The Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection Act, 1994)
  - e. The Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Rules, 1996
  - f. Blood Bank Rules under Drugs and Cosmetics (Second Amendment) Rules, 1999
  - g. The Transplantation of Human Organs and Tissues Act, 1994
  - h. The Environment Protection Act, 1986 & Bio-Medical Waste (Management & Handling) Rules, 1998
  - i. The Pharmacy Act, 1948

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

- (i) Listing Agreement entered into with Stock Exchanges.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) Secretarial Standards under Section 118 of the Companies Act, 2013

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable the provisions of Act / Regulations / Directions as mentioned above in respect of:

- a) Issue of securities both equity and / or debt.
- b) Share based employee benefits.
- c) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.
- d) Buy-back of securities.
- e) Delisting of securities





**We further report that**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. No dissenting views were found in the minutes.

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

We further report that during the period covered under the Audit, the Company has not made any specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above.

**For KSR & Co Company Secretaries LLP**

Coimbatore  
28.05.2016

**C.V.Madhusudhanan**  
**Partner**  
(FCS: 5367; CP: 4408)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well as by private players. Indian healthcare delivery system is categorized into two major components - public and private.

The Government, i.e. public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centers (PHCs) in rural areas. The private sector provides most of the secondary, tertiary and quaternary care institutions concentrating mostly 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.

### Overview of the healthcare delivery industry

India is the world's tenth largest economy in terms of nominal gross domestic product ("GDP") with a GDP of USD 1.9 trillion and accounts for approximately 20% of the world's population with 1.2 billion inhabitants (Source: CRISIL Report). The population is expected to reach 1.4 billion by 2026, of which over 50% would be aged 30 years or more, compared to 40% currently.

According to WHO estimates, approximately 9.8 million deaths occurred in India, of which 60% were on account of non-communicable diseases ("NCDs") and nearly 17% were caused due to cardiovascular diseases. While progress has been made in the past decade in improving the quality of healthcare services in India, the overall standard of healthcare infrastructure falls below global benchmarks.

As per CRISIL report the role of a robust healthcare delivery system in driving inclusive growth in India will be critical. The large unmet medical needs of its growing and ageing population presents a significant market opportunity for healthcare service providers who are able to provide high quality and affordable care to the broader population.

Urban areas in India are materially better served than rural areas in terms of distribution of medical personnel. The proportion in urban to rural areas is approximately 1.3 to 0.39 doctors, 4.2 to 1.18 total health workers, and 1.59 to 0.41 nurses and midwives, respectively (Source: WHO Strategy Report). India's overall 45 bed density is seven per 10,000 persons (compared to a global median of 27), with a bed density of two in rural areas and 25 in urban areas (Source: CRISIL Report).

### Challenges facing Indian healthcare:

Year-on-year, the challenges facing the sector have remained the same. The perennial problems facing India are still those arising from malnutrition (infant mortality, lacking in overall development), sanitation and access to affordable hospitalization and clinical care.

The cost of patient care services are increasing every year due to inflation, increase in the payouts to medical and para medical professionals. Surging cost of consumables, medicines and high cost of equipments coupled with ever changing technologies have also escalated the cost of treatment.

Providing high quality care with the desired clinical outcome at affordable prices remains a challenge to the healthcare providers.

**Competition for talent :** As the population and healthcare needs grow there is always struggle to supply adequate numbers of trained, qualified healthcare professionals, especially physician and nurses. India has a ratio of 6.5 doctors and 10 nurses for every 10,000 population against global average of 13.9 doctors and 29 nurses per 10,000 populations (Source: WHO world health statistics -2013).

In addition to the workforce shortages, patient location, lack of healthcare infrastructure and outdated facilities are the challenges faced in providing improved access to healthcare.

Further, we need an effective mechanism to address the demand for safe, affordable and quickly available healthcare to all.

### **RISK FACTORS AND CONCERNS**

1. Challenges that affect the healthcare industry will have an effect on our operations. As a provider of health care services, we are impacted by challenges that affect the industry in general. These include general economic conditions and outlook, improvements in technologies, increase in operating costs, government regulation and policy and importantly, our competitive position in the market in general. These factors will impact us and our business on an ongoing basis. We will be constrained to respond to changes adequately to remain profitable, including bringing about changes to operations, cutting down on costs, and reassessing growth plans and strategies.
2. The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition. The company has taken adequate insurance cover for all its plants as well as for third party liabilities.
3. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations. The following external risks may have an adverse impact on our business and results of operations should any of them materialise: a change in the Central or State Government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular; high rates of inflation in India may increase our costs without proportionately increasing our revenues, and as such decrease our operating margins. A slowdown in economic growth or financial instability in India could adversely affect the business and results of operations.

4. Lack of health insurance in India may adversely affect our business, cash flows and results of operations.

A large population of India is not covered by health insurance. Data provided by CRISIL(as per the Insurance Regulatory and Development Authority reports) indicates that only 17.00% of the Indian population had access to health insurance. In the absence of health insurance, procedures and diagnostics involving significant costs may not be affordable to a number of patients. Such patients may choose not to undergo such procedures, despite being in need of them, or may choose to undergo similar procedures from hospitals which are less costly. As a result, we may not be able to undertake such procedures and may lose out on revenues we may expect to realise from such procedures.

5. Costs associated with replacing obsolete equipments.

A number of medical equipment we use as part of our business have limited life span, and may become obsolete, including by reason of advancement of technology. We may be required to continually service our existing equipment and replace them whenever required, with new

equipment. Replacement of medical equipment may be costly and involve significant capital expenditure, requiring that we plan for and fund such expenditure in advance. Our cash flows and general financial condition may restrain us from replacing our medical equipment as and when appropriate. Any constraints on our ability to replace and upgrade our medical equipment may result in our inability to offer services that involve the use of such equipment, thus adversely affecting our revenues. The company continues to accord the highest priority for safety to all of its operations. All the medical equipments used by the company is subject to regular inspections and efforts are made on a continuous basis to upgrade all the equipments and technologies at every available opportunity.

## **OPPORTUNITIES**

India is the second most populous country in the world. The ever increasing population and changing demographics will drastically increase the demand for healthcare.

According to WHO, nearly 9.8 million deaths have occurred in India, out of which 60.00% were on account of Non-communicable diseases (NCDs). This increasing burden of NCDs can be largely attributed to lifestyle changes driven by rapid urbanization, higher household income levels, and increasingly sedentary lifestyle, amongst other factors. The incidence of cardio vascular, diabetes, cancer, chronic, kidney disease, Neurology disorders are on increase and are real challenge for the healthcare providers.

Among demographic spending drivers, population ageing will create additional demand for healthcare services.

Population access to healthcare clinicians, facilities and treatments varies widely between urban and non-urban areas. There is slow shift in the attitude of the non-urban population and they are keen in availing the best medical facilities and are willing to pay for good healthcare. This provides good opportunity for healthcare service providers to tap the ready market available in non-urban areas.

## **THREATS**

### **Costs**

In addition to the operating expenditure that hospitals incur, a key cost factor in a hospital is the initial capital outlay required, particularly for land and building development and equipment. The capital cost to build a hospital is typically Rs. 7-8 million per bed (for a typical 200 bed multispecialty hospital, excluding land costs) (Source: CRISIL Report). While costs for secondary-care hospitals are lower, high technology and equipment costs keep total capital costs for superspeciality tertiary care hospitals at the higher end. The use of imported equipment can further drive up equipment costs.

### **Stiff competition**

The performance of health care industry has been very encouraging and as a result of the significant growth and opportunities in the industry, many new players are entering into hospital sector. This is causing increased competition for business, man power, market share etc.

### **Adapting Market forces**

In the global healthcare there is a trend of relooking into the traditional business models to the customer focused models to face the challenges and opportunities. Scaling volume by horizontal and vertical integration, improving talents to meet the shortage, increasing access to care and concentrating on consumerism are some of the transformational strategies adopted.

### **Transformation and Digital Innovation**

Health information technology like electronic health records, mhealth and predictive analytics are adopted globally to deliver faster and accurate services. The innovative digital method enables the service providers with newer diagnostic and treatment options, process efficiency and cost reduction. The challenge here is safe guarding the information security and privacy.

### **Regulation and Compliance**

The regulatory system in the global health scenario is very much complex and evolving. The patient health, safety and privacy are the primary concern of the authorities in various countries. The increasing flow of data and sharing sensitive information through electronic media raises the risk factor of hacking and computer virus related problem. The regulations need to be simplified to enable the service provider to concentrate on the quality service.

### **OUTLOOK ON HEALTHCARE DELIVERY MARKET IN INDIA**

CRISIL believes that aside from a change in age demographics and rising incomes, improvement in health awareness, changes in the disease profile (towards lifestyle-related ailments), rising penetration of health insurance and increasing opportunities from medical tourism will propel demand for healthcare facilities in India. Expansion plans by major private players are expected to be skewed towards illnesses related to the IPD and hence, the share of IPD by value is expected to increase from 81.00% in 2014-15 to 83.00% in 2019-20. During the same period, the average cost for IPD treatments is expected to increase at nearly 8.00% CAGR. By 2019-20 the IPD market is estimated to reach Rs. 5.7 trillion while the OPD market size is estimated to reach Rs. 1.1 trillion.

### **Market Size**

The overall Indian healthcare market today is worth US\$ 100 billion and is expected to grow to US\$ 280 billion by 2020, a compound annual growth rate (CAGR) of 22.9 per cent. Healthcare delivery, which includes hospitals, nursing homes and diagnostics centers, and pharmaceuticals, constitutes 65 per cent of the overall market. India is expected to rank amongst the top three healthcare markets in terms of incremental growth by 2020. 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. India requires 600,000 to 700,000 additional beds over the next five to six years, indicative of an investment opportunity of US\$ 25-30 billion. Given this demand for capital, the number of transactions in the healthcare space is expected to witness an increase in near future. The average investment size by private equity funds in healthcare chains has already increased to US\$ 20-30 million from US\$ 5-15 million, as per PWC.

### **KEY GROWTH DRIVERS**

A combination of demographic and economic factors is expected to drive growth in the healthcare delivery market in India, as described below.

### **GOVERNMENT SPENDING ON HEALTHCARE CONTINUES TO REMAIN LOW, ALLOWING PRIVATE SECTOR TO INCREASE PRESENCE**

According to WHO's Global Healthcare Expenditure Database, India's total expenditure on healthcare was 4.00% of the GDP in 2013. Lower per capita spend on healthcare in India can also be partially attributed to the relatively low contribution from the government (given that only 32.20% of the total healthcare expenditure was from the government).

### **INCREASING POPULATION AS WELL AS LIFE EXPECTANCY TO REQUIRE GREATER HEALTH COVERAGE**

India's population is expected to grow to over 1.42 billion by 2026, from approximately 1.21 billion in 2011. At 7 beds per 10,000 persons, the number of beds in India significantly lags the global median of 27 beds, indicating a shortfall of nearly 2.5 million beds compared to the current global median. The growth opportunity for the healthcare delivery market in India, therefore, is immense.

Demand for healthcare delivery services in India will also be augmented by factors such as increasing life expectancy and declining infant mortality in the country. As of 2011, nearly 8.00% of the Indian population were aged 60 years or more. This proportion is expected to climb to 12.50% by 2026.

According to the "Report on the Status of Elderly in Select States of India, 2011" published by the United Nations Population Fund ("UNFPA"), chronic ailments like arthritis, hypertension, diabetes, asthma and heart diseases were commonplace among the elderly with nearly 66.00% of the respective population reporting at least one of these ailments. In terms of gender-based tendencies, while men are more likely to suffer from heart, renal and skin diseases, women showed higher tendencies for contracting arthritis, hypertension, and osteoporosis.

### **RISING INCOME LEVELS TO MAKE QUALITY HEALTHCARE SERVICES MORE AFFORDABLE**

Even though healthcare is considered as non-discretionary expense, affordability of quality healthcare facilities remains a major constraint with an estimated 59.00% of households in India having an annual income of less than ₹ 0.2 million in 2013-14. Growth in household income, and consequently, disposable incomes, is critical to the overall demand growth of the healthcare delivery industry in India. CRISIL believes that the immense opportunity in the industry can be gauged from the fact that the share of households falling in the income bracket of ₹ 0.2-0.5 million p.a. is expected to increase to 37.50% in 2017-18 from 28.00% in 2013-14.

### **INCREASING HEALTH AWARENESS TO BOOST HOSPITALISATION RATES**

Factors such as increasing urbanisation (migration of population from rural to urban areas) and rising literacy levels are expected to enhance awareness on preventive and curative healthcare and in turn, likely to boost demand for healthcare delivery services. CRISIL estimates that the hospitalisation rate (percentage of people who visit a hospital when unwell) for in-patient treatment will reach nearly 87.00% in 2019-2020 from 84.00% in 2014-2015 and 81.00% in 2008-2009.

### **DEMAND FOR NCD RELATED HEALTHCARE SERVICES TO INCREASE OVER THE NEXT FIVE YEARS**

Lifestyle-related, non-communicable illnesses exhibit a tendency to increase in tandem with rising income levels (Source: CRISIL Report). With households earnings expected to increase, the share of NCDs as a major cause of deaths in India is expected to rise. Consequently, demand for healthcare services associated with life related diseases, such as cardiac ailments, oncology and diabetes, is also expected to increase.

Increase in health insurance coverage to propel demand Low health insurance penetration is one of the major impediments to the growth of the healthcare delivery industry in India as affordability of quality healthcare facilities by the lower income groups continues to remain a concern. According to the IRDA, nearly 216 million people have health insurance coverage in India (as of 2013-14), accounting for only 17.00% of the total population.



Government or government-sponsored schemes such as the CGHS, ESIS, RSBY and Rajiv Arogyasri account for approximately 80.00% of health insurance coverage provided. Only 20.00% is through commercial insurance providers, both government and private.

### **GROWTH IN MEDICAL TOURISM TO AID DEMAND GROWTH OF HEALTHCARE DELIVERY MARKET**

The FICC-KPMG report said that medical tourism has emerged as a strong segment due to India's growing strength in healthcare delivery. The Indian medical tourism industry is pegged at US\$ 3 billion per annum, with tourist arrivals estimated at 230,000. The Indian medical tourism industry is expected to reach US\$ 6 billion by 2018, with the number of people arriving in the country for medical treatment set to double over the next four years. With greater number of hospitals getting accredited and receiving recognition, and greater awareness on the need to develop their quality to meet international standards, Kerala aims to become India's healthcare hub in five years.

### **GOVERNMENT INITIATIVES**

India's universal health plan that aims to offer guaranteed benefits to a sixth of the world's population will cost an estimated ₹ 1.6 trillion (US\$ 24.03 billion) over the next four years.

Some of the major initiatives taken by the Government of India to promote Indian healthcare industry are as follows:

- A unique initiative for healthcare 'Sehat' (Social Endeavour for Health and Telemedicine) has been launched at a government run common service centre (CSC) to empower rural citizens by providing access to information, knowledge, skills and other services in various sectors through the intervention of digital technologies and fulfilling the vision of a 'Digital India'.
- Mission Indradhanush launched by Mr. J.P. Nadda aims to immunise children against seven vaccine preventable diseases namely diphtheria, whooping cough, tetanus, polio, tuberculosis, measles and hepatitis B by 2020. Government has set a target of 95 per cent immunisation cover by end of 2016.
- The E-health initiative, which is a part of Digital India drive launched by Prime Minister Mr. Narendra Modi, aims at providing effective and economical healthcare services to all citizens. The programme aims to make use of technology and portals to facilitate people maintain health records and book online appointments with various departments of different hospitals using eKYC data of Aadhaar number.

### **EXPANSION PLAN**

To consolidate our presence in Chennai, it is planned to start the construction of Chennai hospital in Sholinganallur at OMR by 2017-18 on obtaining the necessary approval. The project may be funded by existing funds, internal accruals, incremental debt and equity. The commencement of the expansion plan is based on management estimates.

The construction of 60 beds envisaged for Emergency, Gynaec and ICU at Main Center is nearing completion and is expected to be completed by 30<sup>th</sup> September 2016.

### **Risk Management**

Risk management involves understanding, analysing and addressing risk to make sure organisations achieve their objectives. So it must be proportionate to the complexity and type of organisation involved. As we scale up our operations every year naturally the inherent risk also increases many fold. The Board

of the Company has formed a Risk Management Committee to frame, implement and monitor risk management plan for the company and is headed by Managing Director. The Audit Committee additionally oversees the areas of financial risks and control. Risk can be classified as Operational, Financial, Strategic, Legal and Information technology.

Risk factors are monitored on a continuous basis at various levels and suitable risk mitigation plans are executed as and when need arises.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has established internal control systems to protect and safe guard all its assets and resources and also to ensure that policies and procedures are properly implemented. The Company and its subsidiary have adequate and proper internal control systems in place. The company has also employed an independent firm of Chartered Accountants to review the adequacy of internal control system, procedures and policies. The internal auditors evaluate the adequacy of the internal control systems by testing the control mechanism and give their recommendations to the management.

### **INTERNAL FINANCIAL CONTROL UNDER SECTION 134(5) (e) OF THE COMPANIES ACT, 2013**

The company has implemented Internal Financial Control (IFC) program in the financial year 2015-16 partnering with leading audit firms, as per Section 134(5)(e) of the Companies Act, 2013.

The Company has engaged with M/s.Astral Consulting Limited ("Astral") for performing the risk evaluation of the design level controls.

Astral performed walkthrough of the processes and existing controls and identified significant account balances and flows of transactions and the risk within each of the processes including entity level controls and finalized the IFC scope.

Astral also documented key risks and control and developed risk control matrix (RCMs) and developed the IFC framework.

The Company has also tested the operating effectiveness of controls. Sample transactions were selected as per the sampling methodology and tests are carried out.

Adequate systems and processes, commensurate with the size of the Company and of its business are put in place to ensure compliance with the provisions of all applicable laws and such systems and processes are operating effectively.

Audit Committee and Board of Directors of the Company were appraised on the performance of the IFC.

### **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the health care sector's objectives, projections, estimates and expectations may constitute " forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.





## REPORT ON CORPORATE GOVERNANCE (Annexure to the Thirtieth Directors' Report 2015-16)

### INTRODUCTION

The Securities and Exchange Board of India (SEBI) in terms of powers conferred under SEBI Act 1992 notified SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and introduced Code of Corporate Governance (Code) by way of new Listing Agreement executed with the Stock Exchange. The company has complied with the mandatory requirements of the Code.

### 1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprise are built to last. The Company is committed to exercise the overall responsibilities. The company has a strong legacy of fair, transparent and ethical governance practice. The company is committed to learn and adopt the best practice of corporate governance.

### 2. BOARD OF DIRECTORS

#### (a) Composition

As on 31<sup>st</sup> March 2016, the strength of the Board is twelve Directors of which four are Executive Directors. As per SEBI (LODR) Regulations 2015, if the Chairman is an Executive, atleast half of the Board should comprise of independent directors. There are six independent Directors in our Board.

None of the Directors on the Board hold office of Director in more than ten Public Limited Companies or membership of the committees of the Board in more than ten committees and Chairmanship of more than five committees, across all companies.

No.	Name of the Director	Category of Directors	Directorship in other Public Ltd. Companies	Membership and/or Chairperson of Committees in other Public Ltd. Companies
1.	Dr.Nalla G Palaniswami	Promoter & Executive	2	---
2.	Dr.Thavamani Devi Palaniswami	Promoter & Executive	4	---
3.	Dr.Mohan S Gounder	Non-independent & Executive	3	---
4.	Dr.Arun N Palaniswami (From 25.9.2015)	Non-independent & Executive	3	---
5.	Mr.Kasi K Goundan	Independent & Non-Executive	---	---
6.	Dr.M.Manickam	Independent & Non-Executive	7	2
7.	CA.A.M.Palanisamy	Independent & Non-Executive	1	---
8.	Dr.P.R.Perumalswami (Upto 25.9.2015)	Non-Independent & Non-Executive	---	---
9.	Dr.M.C.Thirumoorthi	Promoter, Non-Independent & Non-Executive	1	---
10.	Mr.A.K.Venkatasamy	Independent & Non-Executive	3	---
11.	Mr.K.Saminathan	Independent & Non-Executive	---	---
12.	Dr.M.A.Muthusethupathi	Independent & Non-Executive	---	---
13.	Dr.Purani P Palaniswami	Non-Independent & Non-Executive	3	---
14.	Dr.S.Krishnasamy (Alternate Director)	Independent & Non-Executive	1	---

All independent directors possess the requisite qualifications and are very experienced in their own fields. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

**(b) Attendance of Directors at the Board Meetings and Annual General Meeting**

The Board met five times during the financial year 2015-16. The Board of Directors of the Company had met not exceeding with a maximum time gap of one hundred and twenty days. The relevant details are as under:

No.	Name of the Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended during the tenure	Attendance at the last AGM (Yes / No)
1.	Dr.Nalla G Palaniswami	5	5	Yes
2.	Dr.Thavamani Devi Palaniswami	5	5	Yes
3.	Dr.Mohan S Gounder	5	2	Yes
4.	Dr.Arun N Palaniswami (From 25.9.2015)	2	2	No
5.	Mr.Kasi K Goundan	5	1	No
6.	Dr.M.Manickam	5	3	No
7.	CA.A.M.Palanisamy	5	5	Yes
8.	Dr.P.R.Perumalswami (Upto 25.9.2015)	3	---	No
9.	Dr.M.C.Thirumoorthi	5	1	No
10.	Mr.A.K.Venkatasamy	5	5	Yes
11.	Mr.K.Saminathan	5	5	Yes
12.	Dr.M.A.Muthusethupathi	5	1	No
13.	Dr.Purani P Palaniswami	5	1	No
14.	Dr.S.Krishnasamy (Alternate Director)	4	4	No

The dates for the board meetings are fixed after taking into account the convenience of all the Directors and sufficient notice is given to them. Detailed agenda notes are sent to the Directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The Managing Director appraises the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board.

The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by the Company Secretary, Managing Director and the Chief Financial Officer regarding compliances of all laws on a quarterly basis.

### 3. COMPOSITION OF BOARD COMMITTEES

For effective and efficient functioning of the Company, the Board has formed the following Committees:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders Relationship Committee
- d. CSR Committee

#### (a) Audit Committee

The terms of reference of this committee covers matters specified under SEBI (LODR) Regulations 2015 and Section 177 of the Companies Act 2013 and other matters referred by the Board from time to time. The Committee lays emphasis on adequate disclosures and compliance with all relevant statutes.

The Board of Directors of the company has formed a Sub-Committee of the Board as Audit Committee consisting of three Non-Executive Directors viz. CA.A.M.Palanisamy, Mr.A.K.Venkatasamy and Mr.K.Saminathan. All the above Directors are Independent Directors.

S.No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1.	CA.A.M.Palanisamy	Chairman	5	5
2.	Mr.A.K.Venkatasamy	Member	5	4
3.	Mr.K.Saminathan	Member	5	4
	<b>Name of the Invitees</b>			
1.	Mr.C.S.Sathyanarayanan	Statutory Auditor	5	5
2.	CA.P.K.Gopikrishnan	Chief Financial Officer	5	5
3.	CS.S.P.Chittibabu	Company Secretary	5	5

#### (b) Nomination and Remuneration Committee

The Board of Directors of the Company have formed a Sub-Committee of the Board known as Nomination and Remuneration Committee consisting of three Non-Executive Directors viz. CA.A.M.Palanisamy, Mr.A.K.Venkatasamy and Mr.K.Saminathan. CA.A.M.Palanisamy, an Independent Director is the Chairman of the Committee.

The following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at their meeting held on 23.5.2014.

**The objectives of the Policy are :**

1. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management Personnel one level below the Board of the quality required to run the company successfully.
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
3. That the remuneration to Directors, KMP and Senior Management Personnel (one level below the Board) of the company 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.
4. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management (one level below the Board), Key Managerial Positions and to determine their remuneration.
5. To determine remuneration based on the company's size and financial position and trends and practices on remuneration prevailing in peer companies in the industry.
6. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel (one level below the Board) and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the company's operations.
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage and
8. To lay down criteria for appointment and removal of Directors, KMP and Senior Management Personnel (one level below the Board) and evaluation of their performance.

The remuneration for Managing Director and Joint Managing Directors for the Financial Year ended 31.3.2016 is paid on the basis of the approval accorded by the shareholders and in accordance with the limits laid down in Schedule V to the Companies Act, 2013.

The remuneration for the Whole Time Director for the Financial Year ended 31.3.2016 is paid on the basis of the approval accorded by the Shareholders in the 29<sup>th</sup> Annual General Meeting held on September 25, 2015 and in accordance with the limits laid down in Schedule V to the Companies Act, 2013.

The Committee also recommends the remuneration and changes therein of Managing Director and Joint Managing Directors within the limits approved by the Shareholders.

Details of remuneration paid / payable to Managing Director, Joint Managing Directors and Whole Time Director for the year ended 31<sup>st</sup> March 2016 are as follows:

₹ in lacs

Name of the Director	Total Remuneration ₹	Fixed Component ₹	Variable Component ₹
Dr.Nalla G Palaniswami Managing Director	205.54	63.00	142.54
Dr.Thavamani Devi Palaniswami Joint Managing Director	186.23	47.12	139.11
Dr.Mohan S Gounder Joint Managing Director	82.21	82.21	---
Dr.Arun N Palaniswami Whole Time Director	23.13	18.60	4.53

Non-executive Directors were paid Sitting Fees for attending Board Meetings.

**(I) Brief description of terms of reference is for :**

- (A) Appointment of the Directors and Key Managerial Personnel of the Company; and
- (B) Fixation of the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

**(II) Composition of committee and attendance of members**

Sl.No.	Name of the member and position	Attendance
1	CA.A.M.Palanisamy, Chairman	Present
2	Mr.A.K.Venkatasamy, Member	Present
3	Mr.K.Saminathan, Member	Present

This committee recommends the appointment / reappointment of Executive Directors and the appointment of employees from the level of Vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Company Secretary is the Secretary of the Committee. During the financial year 2015-16 the committee met on 16.05.2016.

The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is <http://www.kmchhospitals.com/pdf/Nomination.Remuneration.Evaluation.Policy.pdf>.

**(c) Stakeholders' Relationship Committee**

**Terms of Reference**

**Composition**

The Board of Kovai Medical Center and Hospital Limited constituted a Stakeholders Relationship Committee to facilitate prompt and effective redressal of shareholders' complaints and reporting of the same to the Board periodically. This Committee meets approximately every fortnight to consider the request for transfer of shares and investors' grievance received on regular basis.

Sl.No.	Name of the Director and Position	Attendance
1	Dr.Nalla G Palaniswami, Member	Present
2	CA.A.M.Palanisamy, Chairman	Present
3	Mr.A.K.Venkatasamy, Member	Present
4	Mr.K.Saminathan, Member	Present
	<b>Name of the Invitee</b>	
1	CS.S.P.Chittibabu, Company Secretary	Present

CA.A.M.Palanisamy, Non-executive Director is the Chairman of the committee. Dr.Nalla G Palaniswami, Mr.A.K.Venkatasamy and Mr.K.Saminathan are the other members of the committee.

The committee decided that a share transfer committee be constituted as members to approve share transfer, transmissions, issue of duplicate share certificates, rematerialisation of shares etc.

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agent. The committee met 22 times during the year 2015-16. The committee approved the transfer of 76,725 shares in physical form.

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr.S.P.Chittibabu, Company secretary is the Compliance Officer of the company. For any clarification / complaint, the shareholders may contact Mr.S.P.Chittibabu, Company Secretary at the registered office of the company

During the financial year ended 31.3.2016, the company has received twelve complaints from the shareholders. All the complaints were redressed to the satisfaction of the shareholders.

#### **(d) Corporate Social Responsibility (CSR) Committee**

The CSR Committee of the Board consists of the following Directors. Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Mr.A.K.Venkatasamy and Mr.K.Saminathan.

During the year the Committee met two times and a detailed CSR spending report is appended as Annexure forming part of the Directors Report.

#### **4. MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors of the Company had met two times during the year on 7.11.2015 and 6.2.2016 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

#### **5. REMUNERATION PAID TO DIRECTORS**

Of the total 12 directors, four are Executive Directors. The remuneration payable to these directors is determined by the Board on the recommendation of the Nomination and Remuneration Committee. The Non-Executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board.



a) **Details of Remuneration paid to Executive Directors during the financial year 2015-16.** ₹ in lacs

Particulars	Dr. Nalla G Palaniswami	Dr. Thavamani Devi Palaniswami	Dr. Mohan S Gounder	Dr. Arun N Palaniswami
Basic Salary	63.00	47.12	82.21	18.60
Bonus/ Benefits	---	---	---	---
House Rent Allowance	---	---	---	---
Others Allowances	---	---	---	---
Commission	134.26	134.26	---	---
Other Perquisites/ performance linked incentive	8.28	4.85	---	4.53
Contribution to Provident Fund / Pension	---	---	---	---
Contribution to Superannuation Fund	---	---	---	---
Stock Option	---	---	---	---
Service contracts/ notice period/ severance fees	---	---	---	---

b) **Details of Sitting Fees paid to Non-Executive Directors during the financial year 2015-16**

Apart from sitting fee, the Non-Executive Directors were not compensated in any other manner.

₹ in lacs

Name of the Director	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Stakeholders' Relationship Committee Meeting	Total
Mr.Kasi K Goundan	0.11	---	---	---	0.11
Dr.M.Manickam	0.27	---	---	---	0.27
CA.A.M.Palanisamy	0.52	---	---	---	0.52
Dr.P.R.Perumalswami (Upto 25.9.2015)	---	---	---	---	---
Dr.M.C.Thirumoorthi	0.11	---	---	---	0.11
Mr.A.K.Venkatasamy	0.52	---	---	---	0.52
Mr.K.Saminathan	0.52	---	---	---	0.52
Dr.M.A.Muthusethupathi	0.11	---	---	---	0.11
Dr.Purani P Palaniswami	0.11	---	---	---	0.11
Dr.S.Krishnasamy (Alternate Director)	0.41	---	---	---	0.41

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March, 2016.

**c. Details of shareholding of Directors as on 31st March 2016**

As on 31<sup>st</sup> March 2016, the company had four Executive Directors and eight Non-Executive Directors. Of the four Executive Directors, Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Dr.Mohan S Gounder and Dr.Arun N Palaniswami holds 11,25,430 equity shares in the company. Among the Non-Executive Directors CA.A.M.Palanisamy, Dr.M.C.Thirumoorthi, Mr.A.K.Venkatasamy, Mr.K.Saminathan and Dr.Purani P Palaniswami holds 30,513 equity shares in the company. The other Non-Executive Directors do not hold any shares in the company.

**6. ANNUAL GENERAL MEETINGS AND EXTRA - ORDINARY GENERAL MEETING**

During the period, one General Meeting was held as per the details hereunder:

Particulars	29th AGM 2015
Date of the meeting	25.09.2015
No. of Members Attended	185
No. of Proxies Attended	1
Chairman of the Meeting	Dr.Nalla G Palaniswami
Chief Financial Officer	CA.P.K.Gopikrishnan
Company Secretary	CS.S.P.Chittibabu

**7. SUBSIDIARY COMPANIES**

The financials of the subsidiary company viz., M/s Idhayam Hospitals Erode Limited have been duly reviewed by the Audit Committee and the Board of the holding company. The Board minutes of the unlisted subsidiary company has been placed before the Board of the holding company.

The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary company. The Company has also formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website of the Company ([www.kmchhospitals.com/Investor Relations/Others/Policies/Policy on subsidiaries](http://www.kmchhospitals.com/Investor%20Relations/Others/Policies/Policy%20on%20subsidiaries)).

**8. DISCLOSURES**

**(a) Related Party Transaction**

There have been no materially significant related party transactions as defined under the Companies Act, 2013 and SEBI (LODR) Regulation, 2015 with the company's Promoters, Directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of Directors were taken wherever required in accordance with the Policy.

Details of related party transactions including subsidiary company are disclosed in **Note No.34** forming part of the Accounts, as required under Accounting Standard 18 of The Institute of Chartered Accountants of India.

The Company has also formulated a policy for determining the Material RPT and the details of such policies for dealing with RPT and the Related Party Transactions are disseminated in the website of the Company.

**(b) Compliance by the Company**

The Company has fairly complied with the requirements of the Stock Exchange and SEBI. During the last three years, no penalties or strictures have been imposed on the Company, by the Stock Exchange or SEBI on any matter. The Board reviews periodically, the compliance report of all laws applicable to the Company.

**(c) Accounting Treatment**

The Accounting Standards issued by the Institute of Chartered Accountants of India is followed by the Company and the Company has not adopted, a treatment different from that prescribed by any Accounting Standard in preparation of financial statements.

**(d) Insider Trading Policy**

The code of conduct for prevention of Insider Trading, as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992 has been introduced with effect from 25.11.2002. The Company Secretary has been designated as the Compliance Officer for this purpose. The Board monitors the adherence to the various requirements as set out in the code. No violation of the code has taken place during the year.

**(e) CEO / CFO Certification**

As required by SEBI (LODR) Regulations 2015, the CEO and CFO certification on Financial Statements, Cash Flow Statement and Internal Control Systems for financial reporting for the year ended March 31, 2016 has been obtained and it has been incorporated in the Company's Annual Report.

**(f) Code of Conduct**

The Company's Board has laid down code of conduct for the employees at all levels including Senior Management and Directors of the Company. A declaration signed by the Managing Director to this effect is enclosed at the end of the Report.

**(g) Code for prevention of insider trading**

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers / Designated employees. The code ensure the prevention of dealing in shares by persons having an access to unpublished price sensitive information.

**(h) Compliance with Corporate Governance Norms**

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (LODR) Regulations 2015.

**(i) Management's Discussion and Analysis Report**

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations 2015, is presented in a separate section forming part of the Annual Report.

**(j) Unpaid / Unclaimed Dividend**

In terms of Section 124(6) and other applicable provisions of Companies Act 2013, any money transferred to unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, will be transferred to Investor Education and Protection Fund set up by the Govt. of India. No claim shall lie in respect thereof.

During the year, the company has transferred a sum of ₹ 4.86 lacs pertaining to the year 2007-08 as unclaimed dividend to the Investor Education and Protection Fund pursuant to Section 124 of the Companies Act 2013.

S.No.	Financial year	Date of Declaration of Dividend	Due date for transfer to Investor Education and Protection Fund of Govt. of India
1.	2008-09	July 31, 2009	August 29, 2016
2.	2009-10	August 12, 2010	September 10, 2017
3.	2010-11	August 23, 2011	September 21, 2018
4.	2011-12	July 13, 2012	August 11, 2019
5.	2012-13	July 19, 2013	August 17, 2020
6.	2013-14	September 3, 2014	October 1, 2021
7.	Jubilee Interim Dividend 2015-16	May 29, 2015	June 27, 2022
8.	2014-15	September 25, 2015	October 23, 2022

**(k) Equity Shares in Suspense Account**

In compliance with SEBI (LODR) Regulations, the Company reports the following details of shares lying in Suspense Account.

- a. Aggregate Number of Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year : 18\*\* Shareholders – 5,200 shares
- b. Number of shareholders who approached issuer for transfer of shares from suspense account during the year : 1
- c. Number of shareholders to whom shares were transferred from suspense account during the year : 1
- d. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March 2016 : 17 shareholders – 4,200 shares

As per the listing agreement, separate Demat Suspense Account has been opened with the Depository Participant and the voting rights on the shares outstanding in the suspense account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

\*\* Folios consolidated.

**9. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The company has established a mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The company affirms that no personnel has been denied access to the Audit Committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 30 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee at e-mail id ampalanisamy@yahoo.co.in. The key directions/actions will be informed to the Managing Director of the Company.

**10. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT PERSONNEL**

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website of the company. As provided under SEBI (LODR) Regulations 2015, the Board members and Senior Management Personnel have affirmed compliance with the code of conduct for the Financial Year 2015-16.

**11. REGISTRAR & SHARE TRANSFER AGENT AND DEPOSITORY REGISTRAR**

M/s GNSA Infotech Limited is the Registrar for the demat segment and also the share transfer agent of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement. A Practising Company Secretary certifies on a quarterly basis the timely dematerialization of shares of the company.

Address and contact details of the RTA

GNSA Infotech Limited  
 STA Department  
 Nelson Chambers, F-Block,  
 4<sup>th</sup> Floor, No.115 Nelson Manickam Road  
 Aminjikarai, Chennai – 600 029  
 Tel. No.: 044 – 42962025  
 Fax No.: 044 – 42962025  
 E-mail : sta@gnsaindia.com

**12. (a) SHARE TRANSFER SYSTEM**

Request for transfer of shares held in physical forms, received by the company are processed and generally, the share certificates are despatched within the stipulated time under the Companies Act, 2013 and SEBI (LODR) Regulations 2015, these documents are clear and complete in all aspects except, in cases where there are disputes over title of shares.

Certificate of compliance for share transfer formalities as required under SEBI (LODR) Regulations, 2015 was obtained from a Company Secretary in Practice and filed with the Stock Exchange.

**(b) DEMATERIALISATION OF SHARES**

The Company has already entered into agreements, with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the Company, to select the Depository of their choice for holding and dealing in shares in electronic form.

The shareholders are requested to make use of such facility for maximizing their convenience in dealing with Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 177F01017.

As on 31.3.2016, 71% of the Company's paid-up equity capital was held in dematerialized form.

The Company has not issued any ADRs/GDRs/Warrants or any Convertible Instruments during the year.

**13. MEANS OF COMMUNICATION**

**Quarterly Results:** The quarterly financial results are generally published within forty five days from the end of each quarter.

**Audited Results:** The audited results are announced within sixty days from the end of the last quarter as stipulated in SEBI (LODR) Regulations 2015. The audited annual financial results form a part of the Annual Report and the same is being sent to the shareholders prior to the Annual General Meeting.

**Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz: [www.kmchhospitals.com](http://www.kmchhospitals.com).

**14. SHAREHOLDERS' MEETING**

The details of the Annual General Meetings / Extra-ordinary General Meeting held during the last three years are as under :

Annual General Meeting of the Company:

Year	Date	Venue	Time
2014-15	25.09.2015	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.
2013-14	03.09.2014	KMCH Auditorium, KMCH Campus, Avanashi Road, Coimbatore	3.00 p.m.
2012-13	19.07.2013	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.



The following Special Resolutions were passed by the Members during the previous three Annual General Meetings.

At the Annual General Meeting held on July 19, 2013 : Nil

At the Annual General Meeting held on September 3, 2014:

- Amendment of Articles of Association of the company pursuant to the Companies Act, 2013
- Re-appointment of Managing Director
- Approval for Borrowing in excess of the paid-up capital & free reserves of the company
- Approval for creation of charge / mortgage etc. on company's movable/immovable properties

At the Annual General Meeting held on September 25, 2015:

- Amendment of Articles of Association of the company pursuant to the Companies Act 2013
- Re-appointment of Joint Managing Director

#### **Postal Ballot**

During the year a special resolution was passed through postal ballot to amend the object clause of Memorandum of Association of the company in terms of Section 110 and other applicable provisions of the Companies Act, 2013.

**15. GENERAL SHAREHOLDERS' INFORMATION**

a. AGM Date, time and venue	30 <sup>th</sup> August 2016 at 11.00 a.m. A.P.Kalyana Mandapam 738/2 Avanashi Road Goldwins Coimbatore - 641 014
b. Financial Calender	
1 <sup>st</sup> Quarter	1 <sup>st</sup> April to 30 <sup>th</sup> June
2 <sup>nd</sup> Quarter	1 <sup>st</sup> July to 30 <sup>th</sup> September
3 <sup>rd</sup> Quarter	1 <sup>st</sup> October to 31 <sup>st</sup> December
4 <sup>th</sup> & last Quarter	1 <sup>st</sup> January to 31 <sup>st</sup> March
c. Date of Book closure	20 <sup>th</sup> August 2016 to 30 <sup>th</sup> August 2016 (both days inclusive)
d. Dividend Payment date	On or before 29 <sup>th</sup> September 2016
e. Listing of	
i. Equity Shares	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
ii. Listing Fees	Paid for the above Stock Exchange for 2015-16 and 2016-17
f. Custodial Fees	Paid the fees to NSDL and CDSL for 2015-16 & 2016-17
g. Compliance officer & Address for Correspondence	Mr.S.P.Chittibabu, Company Secretary Post Box No.3209, Avanashi Road, Coimbatore - 641 014
h. Stock Exchange Security Code for Equity Shares	
Bombay Stock Exchange Limited	Security Code: 523323 Security ID : KOVAI
i. Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 177F01017
j. Hospital Branches	1. KMCH - City Center 18 Vivekananda Road, Ram Nagar, Coimbatore - 641 009 2. KMCH - Erode Center 68 Perundurai Road, Erode - 638 011 3. KMCH Speciality Hospital 16 Palaniappa Street, Erode - 638 009 4. KMCH Sulur Hospital 242-B Trichy Road, Coimbatore - 641 402



**16. RECONCILIATION OF SHARE CAPITAL AUDIT**

For each of the quarter in the Financial Year 2015-16, a qualified Practising Company Secretary, carried out Share Capital Audit as stipulated by the Securities and Exchange Board of India to reconcile the total admitted capital, with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued / listed capital.

The Audit Reports confirm the total issued/paid-up capital, is in agreement with total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and in respect of the above, quarterly Secretarial Audit Report was filed with the Stock Exchange.

**17. STOCK MARKET DATA**

Monthly high and low quotations of shares traded on Bombay Stock Exchange for the period April 2015 to March 2016 is given below.

BSE		
Month	High ₹	Low ₹
April 2015	685.00	560.00
May 2015	630.00	552.00
June 2015	662.25	550.00
July 2015	755.00	671.00
August 2015	928.25	725.25
September 2015	840.00	725.00
October 2015	927.00	800.00
November 2015	913.00	825.00
December 2015	920.00	822.00
January 2016	900.00	753.00
February 2016	880.00	616.25
March 2016	715.00	625.00

**18. DISTRIBUTION OF SHAREHOLDERS**
**(a) Distribution of shareholding as at 31<sup>st</sup> March 2016.**

No. of Equity Shares (Slab)	No. of Shareholders	Percentage of Shareholders	Nos.	Percentage of Shareholding
1 - 500	6774	87.67	782964	7.15
501 - 1000	497	6.43	453687	4.15
1001 - 2000	153	1.98	246665	2.25
2001 - 3000	90	1.16	233317	2.13
3001 - 4000	25	0.32	88214	0.81
4001 - 5000	22	0.28	104712	0.96
5001 - 10000	54	0.70	463790	4.24
Above 10000	113	1.46	8568913	78.31
<b>Total</b>	<b>7728</b>	<b>100.00</b>	<b>10942262</b>	<b>100.00</b>

**(b) Categories of shareholders as on 31<sup>st</sup> March 2016**

S.No.	Category of Shareholders	Total number of Shares	Percentage (%)
1.	Promoters	5474140	50.03
2.	Bodies Corporate	1184482	10.82
3.	General Public	2797147	25.57
4.	Non-Resident Indians	1486493	13.58
	<b>Total</b>	<b>10942262</b>	<b>100.00</b>

**19. DECLARATION BY THE MANAGING DIRECTOR UNDER SEBI (LODR) REGULATIONS 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Regulation 34 (3) read with para D of schedule V of SEBI (LODR) Regulations 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with their respective code of conduct, as applicable to them, for the Financial Year ended 31<sup>st</sup> March 2016.

**For Kovai Medical Center and Hospital Limited**

Coimbatore  
28.05.2016

**DR. NALLA G PALANISWAMI**  
MANAGING DIRECTOR



To

The Board of Directors  
Kovai Medical Center and Hospital Limited  
Coimbatore

**CERTIFICATE PURSUANT TO REGULATION 17(8) AND PART B OF  
SCHEDULE II OF SEBI (LODR) REGULATIONS 2015 FOR THE FINANCIAL YEAR 2015-16**

We, Dr.Nalla G Palaniswami, Managing Director and CA.P.K.Gopikrishnan, Chief Financial Officer of Kovai Medical Center and Hospital Limited hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements 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 violative 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 internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances 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 over financial reporting. However, during the year there was no such instance.

Coimbatore  
28.05.2016

**Dr. Nalla G Palaniswami**  
Managing Director

**CA.P.K. Gopikrishnan**  
Chief Financial Officer



**COMPLIANCE CERTIFICATE**  
(Under clause 49 of the Listing Agreement)

To

**The members of Kovai Medical Center and Hospital Limited, Coimbatore.**

We have examined the compliance conditions of Corporate Governance by **Kovai Medical Center and Hospital Limited** ('the Company') for the year ended 31<sup>st</sup> March 2016, as stipulated in clause 49 of listing agreement (" Listing Agreement" ) of the company with the stock exchange for the period<sup>st</sup> April 2015 to 30<sup>th</sup> November 2015 and as per the relevant provisions of Securities and Exchange Board of India(Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the listing regulations for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion of the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement/listing regulation applicable.

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

**For Ramchandrar & Associates  
Company Secretaries**

**R. Ramchandrar B.Com, ACS., LLB  
Membership number: 33068  
COP : 12240**

28.05.2016  
Coimbatore

## INDEPENDENT AUDITORS' REPORT

**To the Members of Kovai Medical Center and Hospital Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Kovai Medical Center and Hospital Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 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 standalone financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors' 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 give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
  - 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 standalone financial statements – Refer Note 33 on Contingent Liabilities to the standalone financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg. No.103523W

**C.S. Sathyanarayanan**  
Partner  
Membership No.028328

Coimbatore  
28.05.2016.

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center and Hospital Limited on the standalone financial statements for the year ended 31-03-2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company 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 verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

and

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, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:



<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (₹)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Customs Act	Customs Duty	189.46 Lacs	1999 – 2000 & 2000 – 2001	High Court, Chennai.
Finance Act	Service tax	78.00 Lacs	2010 – 2011	Central Excise, Customs & Service Tax Appellate Tribunal

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company did not raise any money by way of Initial Public Offer or further public offer including debt instruments during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg. No.103523W

**C.S. Sathyanarayanan**  
Partner  
Membership No.028328

Coimbatore  
28.05.2016.



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center & Hospital Limited on the standalone financial statements for the year ended 31st March 2016]

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Kovai Medical Center & Hospital Limited (“ the Company” ) as of March 31, 2016 in conjunction with our audit of the standalone 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “ Guidance Note” ) and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the 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 judgement, 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.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

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

Coimbatore  
28.05.2016.

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg. No.103523W

**C.S. Sathyanarayanan**  
Partner  
Membership No.028328



## BALANCE SHEET

### BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016

(₹ in lacs)

Particulars	Note	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>1. Shareholder's Funds</b>					
(a) Share Capital	2	1,094.23		1,094.23	
(b) Reserves and Surplus	3	16,460.59		12,746.48	
			17,554.82		13,840.71
<b>2. Non-Current Liabilities</b>					
(a) Long - Term Borrowings	4	12,079.41		12,758.60	
(b) Deferred Tax Liabilities (Net)	5	3,316.76		2,706.79	
(c) Other Long Term Liabilities	6	285.79		205.38	
(d) Long - Term Provisions	7	565.87		346.59	
			16,247.83		16,017.36
<b>3. Current Liabilities</b>					
(a) Short - Term Borrowings	8	552.40		482.56	
(b) Trade Payables					
Total outstanding dues to Micro and small enterprises	9	70.12		33.44	
Total outstanding dues to Others	9	1,801.87		1,733.97	
(c) Other Current Liabilities	10	6,307.61		6,040.45	
(d) Short - Term Provisions	11	420.09		467.62	
			9,152.09		8,758.04
<b>TOTAL</b>			<b>42,954.74</b>		<b>38,616.11</b>
<b>ASSETS</b>					
<b>1. Non- Current Assets</b>					
(a) Fixed Assets:					
(i) Tangible Assets	12		33,712.36		28,076.43
(ii) Intangible Assets	12		37.02		16.21
(iii) Capital Work-in-Progress			1,009.54		1,666.70
(b) Non-Current Investment	13		372.27		372.27
(c) Long-Term Loans and Advances	14		748.69		819.32
<b>2. Current Assets</b>					
(a) Inventories	15	854.84		832.48	
(b) Trade Receivables	16	897.32		1,010.33	
(c) Cash and Bank Balances	17	5,093.69		5,550.75	
(d) Short -Term Loans and Advances	18	162.43		127.55	
(e) Other Current Assets	19	66.58		144.07	
			7,074.86		7,665.18
<b>TOTAL</b>			<b>42,954.74</b>		<b>38,616.11</b>

Significant Accounting Policies & Notes on Financial Statements 1 to 42

The accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328  
Coimbatore  
28.05.2016

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

**Dr. NALLA G PALANISWAMI**  
Managing Director  
DIN : 00013536  
**CA.A.M. PALANISAMY**  
Director  
DIN : 00112303

**CA.P.K. GOPIKRISHNAN**  
Chief Financial Officer  
**CS.S.P. CHITTIBABU**  
Company Secretary



## STATEMENT OF PROFIT AND LOSS

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

(₹ in lacs)

Particulars	Note	2015 - 16	2014 - 15
<b>INCOME</b>			
Revenue from Operations	20	46,531.11	40,162.07
Other Income	21	773.37	672.73
<b>Total Income</b>		<b>47,304.48</b>	<b>40,834.80</b>
<b>EXPENSES</b>			
Hospital Consumables	22	6,710.62	5,519.49
Purchase of Medicines (Pharmacy)	23	7,659.67	6,659.77
Changes in Inventories (Pharmacy)	24	21.45	62.99
Employee Benefits Expense	25	7,935.89	6,459.85
Finance Cost	26	1,665.97	2,037.71
Depreciation and Amortization Expenses	12	2,063.98	2,119.90
Other Expenses	27	15,031.00	12,032.32
<b>Total Expenses</b>		<b>41,088.58</b>	<b>34,892.03</b>
<b>Profit Before Tax</b>		<b>6,215.90</b>	<b>5,942.77</b>
<b>Tax Expenses</b>			
Current Tax (Net)	28	1,562.57	1,876.00
Prior Year Tax		-	31.87
Deferred Tax		609.98	165.00
<b>Profit for the Year</b>		<b>4,043.35</b>	<b>3,869.90</b>
<b>Earnings Per Equity Share (in ₹)</b>			
Basic & Diluted ( Face Value of ₹ 10 each )	29	36.95	35.37

Significant Accounting Policies & Notes on Financial Statements 1 to 42

The accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W

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

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328  
Coimbatore  
28.05.2016

**Dr. NALLA G PALANISWAMI**  
Managing Director  
DIN : 00013536  
**CA.A.M. PALANISAMY**  
Director  
DIN : 00112303

**CA.P.K. GOPIKRISHNAN**  
Chief Financial Officer  
**CS.S.P. CHITTIBABU**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

(₹ in lacs)

Particulars	2015 - 16		2014 - 15	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before taxation and exceptional items		<b>6,215.90</b>		<b>5,942.77</b>
Adjustment for :				
Depreciation and Amortisation	2,063.98		2,119.90	
Finance cost	1,665.97		2,037.71	
Interest Income	(489.53)		(442.45)	
(Profit) / Loss on sale of Fixed Assets	(12.61)		15.12	
Dividend Income	(0.64)	3,227.17	(0.29)	3,729.99
<b>Operating profit before working capital changes</b>		<b>9,443.07</b>		<b>9,672.76</b>
<b>Change in Working Capital</b>				
Inventories	(22.36)		135.91	
Trade & Other Payables	442.24		1,890.34	
Trade & Other Receivables	233.54	653.42	(450.03)	1,576.22
<b>Cash generated from operations</b>		<b>10,096.49</b>		<b>11,248.98</b>
Income Tax/Wealth Tax Paid		(1,569.88)		(1,529.17)
<b>Net cash from operating activities (A)</b>		<b>8,526.61</b>		<b>9,719.81</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(7,079.82)		(3,788.82)	
Sale of Fixed Assets	28.87		21.71	
Investment in shares	-		(12.00)	
Interest Received	489.53		442.45	
Dividend Received	0.64		0.29	
<b>Net cash used in investing activities (B)</b>		<b>(6,560.78)</b>		<b>(3,336.37)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Long term Borrowings (Net of repayment)	(500.25)		(2,159.13)	
Working Capital Borrowings (Net of Repayment)	69.84		63.35	
Dividend paid (including Tax on Dividend)	(326.51)		(191.90)	
Finance Cost	(1,665.97)		(2,037.71)	
<b>Net cash used in financing activities (C)</b>		<b>(2,422.89)</b>		<b>(4,325.39)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(457.06)</b>		<b>2,058.05</b>
<b>Cash and bank balances at beginning of the year</b>		<b>5,550.75</b>		<b>3,492.70</b>
<b>Less: Bank Balances not considered as Cash &amp; Cash equivalents as per AS 3</b>		<b>4,853.55</b>		<b>4,615.11</b>
<b>Cash and Cash equivalent at end of the year (Refer Note No.17)</b>		<b>240.14</b>		<b>935.64</b>

Significant Accounting Policies &amp; Notes on Financial Statements 1 to 42

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For Haribhakti & Co. LLP**

 Chartered Accountants  
 ICAI Firm Reg.No. 103523W

**C.S. SATHYANARAYANAN**

 Partner  
 Membership No. 028328

 Coimbatore  
 28.05.2016

**For and on behalf of the Board of Directors**
**Dr. NALLA G PALANISWAMI**

 Managing Director  
 DIN : 00013536

**CA.A.M. PALANISAMY**

 Director  
 DIN : 00112303

**CA.P.K. GOPIKRISHNAN**

Chief Financial Officer

**CS.S.P. CHITTIBABU**

Company Secretary

**NOTE NO 1.**
**A. Nature of Operations**

Kovai Medical Center and Hospital Limited was incorporated in the year 1985 and commenced its hospital operation in the year 1990 with the flagship of Multi-Speciality Hospital at Coimbatore and has thereafter set up the City Center, Erode Center, Erode Speciality and Sulur Hospital. The company's equity shares are listed on Bombay Stock Exchange.

**B. SIGNIFICANT ACCOUNTING POLICIES:**
**(i) BASIS OF PREPARATION**

The financial Statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act read with rule 7 of the companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared under the historical cost convention on an accrual basis. This accounting policy has been consistently applied by the company with those used in the previous year.

**(ii) USE OF ESTIMATES**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(iii) FIXED ASSETS**

Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, amortization and impairment. Cost includes preoperative expenses and all expenses related to acquisition and installation of the concerned assets.

**(iv) BORROWING COSTS**

Borrowing costs include interest and other costs incurred in connection with borrowing of funds. Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All the other borrowing costs are charged to revenue. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

**(v) IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed, as at each balance sheet date, to determine if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use,

the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised.

The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

**(vi) INVESTMENTS**

Current Investments are carried at lower of cost and market value. Long Term Investments are stated at cost. Provisions for diminution in value of long-term investments are made, if the diminution is other than temporary.

**(vii) DEPRECIATION AND AMORTIZATION**

Depreciation is provided on Straight Line Method in the manner and at the useful life as specified in Schedule II to the Companies Act, 2013. Where the cost of part of the asset is significant to the total cost of the asset and if the part of the asset has a different useful life than the main asset, useful life of that part is determined separately for depreciation. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the company for its use.

**(viii) LEASES**

Where the company is the lessee;

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 lease term.

Where the company is the lessor;

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Asset subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

**(ix) INVENTORIES**

- a) Inventories are valued at lower of cost and estimated net realizable value.
- b) Cost is arrived at on First-in-First Out (FIFO) basis.



**(x) FOREIGN CURRENCY TRANSACTIONS**

- a) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- b) Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- c) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.
- d) Premium or discount on forward exchange contracts arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**(xi) REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

**Operating Income**

- a) The income by way of Doctors' Consultancy Fees and the consequent liability towards Doctor's consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from Patients is established.
- b) The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.
- c) Revenue from sale of dietary items / pharmacy items are recognised as and when the services are rendered / goods sold.

**Income from Sponsorships**

Revenue is recognised as and when the services are rendered at the centre.

**Income from Academic services**

Revenue is recognised on pro-rata basis on the completion of such services over the duration of the program.

**Income from Interest / dividend**

- a) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- b) Dividend income is recognised as and when the right to receive payment is established.



**(xii) TAXES ON INCOME**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period

**(xiii) RETIREMENT BENEFITS**

- a) Payments to defined contribution schemes are charged as expense as and when incurred.
- b) Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance sheet date using the projected unit credit method.
- c) Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.
- d) Post employment and other long term benefits which are defined benefit plans are recognized based on the present value of the obligation determined in accordance with Accounting Standard (AS) - 15 on "Employee Benefits".

**(xiv) PROVISIONS**

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

**(xv) CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

**(xvi) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(xvii) CASH AND CASH EQUIVALENTS**

Cash flow is reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The company considers all highly liquid investments with a initial maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**Notes to Financial Statements as at and for the year ended March 31, 2016**
**2. SHARE CAPITAL**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number	( ₹ in lacs )	Number	( ₹ in lacs )
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Issued, Subscribed & Paid-up Equity Shares of ₹ 10/- each	<b>1,09,42,262</b>	<b>1,094.23</b>	<b>1,09,42,262</b>	<b>1,094.23</b>

**a. Reconciliation of the Equity shares outstanding is set out below**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number	( ₹ in lacs )	Number	( ₹ in lacs )
Number of shares outstanding at the beginning of the year	1,09,42,262	1,094.23	1,09,42,262	1094.23
Add: Issues during the year	-	-	-	-
Number of shares outstanding at the end of the year	<b>10,942,262</b>	<b>1,094.23</b>	<b>10,942,262</b>	<b>1,094.23</b>

The Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**b. The Company has no shares issued as fully paid up pursuant to contract without payment being received in cash, bonus shares and shares bought back in the immediately preceding five years.**

**c. Details of Shareholders holding more than 5% shares in the company :**

Name of the Shareholder	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Equity Shares		Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Kovai Purani Finance Private Limited	40,06,461	36.61	40,06,461	36.61
2. Dr. Thavamani Devi Palaniswami	10,95,430	10.01	10,94,530	10.00

**d. Details of Shares held by Holding Company**

There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company.

**3. RESERVES & SURPLUS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>a. General Reserve</b>		
Opening Balance	3,944.95	3,744.95
Add:- Transferred from surplus	300.00	200.00
Closing Balance <b>A</b>	4,244.95	3,944.95
<b>b. Surplus</b>		
Opening Balance	8,801.53	5,384.95
Add:- Profit for the year	4,043.35	3,869.90
Amount available for appropriation	12,844.88	9,254.85
Less:- Appropriations		
- Depreciation as per transition provision in Note 7 (b) of Schedule II of Companies Act, 2013 (Net of Deferred Tax)	-	55.78
- Proposed final equity dividend (amount per share ₹ 1.50 (PY:₹ 1.50))	164.13	164.13
- Interim Dividend (amount per share ₹ 1.00 (PY:Nil))	109.42	-
- Tax on Dividend	55.69	33.41
- Transferred to General Reserve	300.00	200.00
Closing Balance <b>B</b>	12,215.64	8,801.53
<b>Total (A+B)</b>	<b>16,460.59</b>	<b>12,746.48</b>

**4. LONG - TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
	Non-Current Portion	Non-Current Portion	Current Maturities	Current Maturities
Secured Borrowings				
(a) Term loans from Banks	11,867.42	12,407.60	3,065.63	2,839.00
(b) From Others	211.99	351.00	139.01	186.70
	<b>12,079.41</b>	<b>12,758.60</b>	<b>3,204.64</b>	<b>3,025.70</b>
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long - Term Debt" (Note no. 10)	-	-	(3,204.64)	(3,025.70)
<b>Net Amount</b>	<b>12,079.41</b>	<b>12,758.60</b>	<b>-</b>	<b>-</b>

**A. Security Particulars of Secured Loans :**

- I. The term loans availed from Indian Bank and Indian Overseas Bank are primarily Secured by:
  - a) Pari pasu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
  - b) Pari pasu first charge on the entire Fixed Assets (Present and Future) of the Company.
  - c) Charge on the leasehold rights of the building at Erode in the name of Idhayam Hospitals Erode Limited, Erode.
  - d) Charge on the leasehold rights of the Plant & Machinery and Medical equipments in the name of Idhayam Hospitals Erode Limited, Erode.

The above facilities are also collaterally secured by a paripasu second charge on the entire current assets (Present and Future) of the Company.
- ii. The term loans and working capital facilities are further guaranteed by the personal guarantees of the Managing Director - Dr. Nalla G Palaniswami and Joint Managing Director- Dr. Thavamani Devi Palaniswami of the Company. The term loans carries interest rate varying from 10.55 % to 11.75%.
- iii. Secured Loans from others represent Hire Purchase loans from SREI Equipments Finance Pvt. Ltd, HDFC Bank Ltd & Kotak Mahindra Prime Ltd secured by hypothecation of assets purchased out of the loans and it carries interest rates varying from 8.20% to 11%.

**B. Repayment Details :**
**I. Secured Loans from Indian Bank**

- (a) Term Loan (Subordinate Loan) - The loan is repayable in 48 monthly instalments aggregating to ₹ 216.90 Lacs (Previous Year - ₹ 271.50 Lacs)
- (b) Term Loan (I Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1513.98 Lacs (Previous Year - ₹ 1900.48 Lacs)
- (c) Term Loan (II Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,462.00 Lacs (Previous Year - ₹ 1801.50 Lacs)
- (d) Term Loan (III Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,110.00 Lacs (Previous Year - ₹ 1369.00 Lacs)
- (e) Term Loan (IV Phase) - The loan is repayable in 44 monthly instalments aggregating to ₹ 1,900.00 Lacs (Previous Year - ₹ 2280.00 Lacs)
- (f) Term Loan (Solar Power) - The loan is repayable in 108 monthly instalments aggregating to ₹ 1,262.50 Lacs commencing from January 2017 (Previous Year - Nil)

**ii. Secured Loans from Indian Overseas bank**

- (a) Term Loan (Subordinate Loan) - The loan is repayable in 48 monthly instalments aggregating to ₹ 218.64 Lacs (Previous Year - ₹ 273.12 Lacs)
- (b) Term Loan (I Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,514.08 Lacs (Previous Year - ₹ 1900.60 Lacs)
- (c) Term Loan (II Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,463.00 Lacs (Previous Year - ₹ 1802.48 Lacs)
- (d) Term Loan (III Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,108.96 Lacs (Previous Year - ₹ 1367.92 Lacs)
- (e) Term Loan (IV Phase) - The loan is repayable in 44 monthly instalments aggregating to ₹ 1,900.00 Lacs (Previous Year - ₹ 2280.00 Lacs)
- (f) Term Loan (Solar Power) - The loan is repayable in 108 monthly instalments aggregating to ₹ 1,263.00 Lacs commencing from January 2017 (Previous Year - Nil)

**iii. Secured Loans from others - SREI Equipments Finance Private Limited**

- (a) Hire Purchase Loan is repayable in a single instalment of ₹ 5.50 Lacs (Previous Year - ₹ 68.23 Lacs)  
 (b) Hire Purchase Loan is repayable in 15 equated monthly instalments aggregating to ₹ 57.73 Lacs (Previous Year - ₹ 99.62 Lacs)

**iv. Secured Loans from others - HDFC Bank Ltd**

- (a) Hire Purchase Loan is repayable in 40 equated monthly instalments aggregating to ₹ 228.48 Lacs (Previous Year - ₹ 282.27 Lacs)  
 (b) Hire Purchase Loan is repayable in 26 equated monthly instalments aggregating to ₹ 8.47 Lacs (Previous Year - ₹ 13.22 Lacs)  
 (c) Hire Purchase Loan is repayable in 29 equated monthly instalments aggregating to ₹ 7.72 Lacs (Previous Year - ₹ 11.58 Lacs)

**v. Secured Loans from others - Kotak Mahindra Prime Ltd**

- (a) Hire Purchase Loan is repayable in 26 equated monthly instalments aggregating to ₹ 43.10 Lacs (Previous Year - ₹ 62.78 Lacs)

**5. DEFERRED TAX LIABILITIES (Net)**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	Charged/ (Reversed) during the year	As at 31 <sup>st</sup> March 2015
Deferred Tax Liability Arising out of timing difference in depreciable assets (A)	3,681.61	693.88	2,987.73
Deferred Tax Asset On expenses allowable against taxable income in future years (B)	364.85	83.91	280.94
<b>Net Deferred Tax Liability (A-B)</b>	<b>3,316.76</b>	<b>609.97</b>	<b>2,706.79</b>

**6. OTHER -LONG TERM LIABILITIES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a) Rental Advances	53.66	48.91
(b) Security deposits & Other payables	232.13	156.47
<b>Total</b>	<b>285.79</b>	<b>205.38</b>

**7. LONG - TERM PROVISIONS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Provision for employee benefits (Refer Note No. 31)</b>		
(a) Gratuity (Unfunded)	481.51	322.14
(b) Long Term Compensated Absence (Unfunded)	84.36	24.45
<b>Total</b>	<b>565.87</b>	<b>346.59</b>

**8. SHORT TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Secured Borrowings		
Cash Credit Loan from banks - Indian Bank	552.40	482.56
<b>Total</b>	<b>552.40</b>	<b>482.56</b>

The Company has availed working capital facility from Indian Bank which is secured by:

- First Charge on current assets by way of hypothecation of present and future current assets including book debts and receivables.
- The above working capital facility is collaterally secured by all fixed assets mentioned in item No. A i(a) to (d) in note no.4 long term borrowings.
- The working capital facility carries interest rate varying from 10.15% to 10.45%.

**9. TRADE PAYABLES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Total outstanding dues to		
(a) Micro and Small Enterprises	70.12	33.44
(b) Others (including amount payable to related parties - Refer note no.34)	1,801.87	1,733.97
	1,871.99	1,767.41
<b>Total</b>	<b>1,871.99</b>	<b>1,767.41</b>

There are no interest amounts paid / payable to Micro and Small Enterprises. The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

**10. OTHER CURRENT LIABILITIES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a) Current Maturities of Long-Term Debt (refer note no.4 "Long Term borrowings")	3,204.64	3,025.70
(b) Accrued Salaries and Benefits	335.41	254.40
(c) Amount payable to Related parties (Companies) (Refer Note No. 34)	269.52	269.68
(d) Advance received from Patients	157.85	102.36
(e) Statutory dues	305.63	213.02
(f) Unclaimed Dividend account	42.00	39.27
(g) Creditors for capital goods	771.64	1,177.06
(h) Accrued expenses	1,220.92	958.96
<b>Total</b>	<b>6,307.61</b>	<b>6,040.45</b>

**11. SHORT TERM PROVISIONS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(a) Provision for employee benefits (Refer Note No.31)</b>		
(i) Gratuity (Unfunded)	167.52	213.96
(ii) Long Term Compensated Absence (Unfunded)	55.03	56.12
<b>(b) Others</b>		
(i) Provision for proposed dividend	164.13	164.13
(ii) Provision for tax on proposed dividend	33.41	33.41
<b>Total</b>	<b>420.09</b>	<b>467.62</b>

**13. NON -CURRENT INVESTMENT**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Long term Investments</b>		
<b>(a) Long Term - Non Trade (Quoted)</b>		
(i) 6100 (Previous year 6100) Equity Shares of ₹ 10/- each Fully paid up in Canara Bank - Market Value - ₹ 11.58 Lacs (PY - ₹ 22.44 Lacs)	2.14	2.14
(ii) 2300 (Previous year 2300) Equity Shares of ₹ 10/- each Fully paid up in Indian Overseas Bank -Market Value - ₹ 0.70 Lacs (P Y - ₹ 0.97 Lacs)	0.55	0.55
<b>(b) Long Term - Trade (Unquoted)</b>		
120000 (Previous year :120000) Equity Shares of Rs.10/- each Fully paid up in Mytrah Vayu (Manjira) Private Limited	12.00	12.00
<b>(c) Shares in Subsidiary Company, Trade (Unquoted)</b>		
372440 (Previous year : 372440) Equity Shares of ₹ 100/- each Fully Paid up in Idhayam Hospitals Erode Limited (Extent of holding 100%)	357.58	357.58
<b>Total</b>	<b>372.27</b>	<b>372.27</b>
Aggregate amount of quoted Investments	2.69	2.69
Market Value of Quoted Investments	12.28	23.41
Aggregate amount of unquoted Investments	369.58	369.58

**14. LONG TERM LOANS AND ADVANCES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Unsecured, Considered good</b>		
<b>(a) Capital Advance</b>	180.44	225.25
<b>(b) Security Deposits</b>		
Electricity and Other Deposits	140.02	123.22
<b>(c) Other loans and advances</b>		
(i) Rent and Lease Advances	379.77	429.70
(ii) Tax payment pending adjustments (Net of Provisions)	48.46	41.15
<b>Total</b>	<b>748.69</b>	<b>819.32</b>



**NOTE NO. 12. FIXED ASSETS**

(₹ in lacs)

Description of Assets	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	As at 01.04.2015	Additions	Deletions	As at 31.03.16	Upto 31.03.15	For the year	Transfer to Surplus	Deletions	Upto 31.03.16	As at 31.03.16
<b>Tangible Assets :</b>										
Land	628.87	212.52	-	841.39	-	-	-	-	-	841.39
Buildings	15,276.85	1,014.28	-	16,291.13	1,406.82	289.88	-	-	1,696.70	14,594.43
Furniture, Fixtures & Projectors	1,036.48	179.29	-	1,215.77	370.06	104.64	-	-	474.70	741.07
Office Equipments & Library	166.10	111.62	0.15	277.57	101.66	32.50	-	0.12	134.04	143.53
Plant & Machinery	19,738.96	6,052.58	263.04	25,528.50	7,250.77	1,529.56	-	249.88	8,530.45	16,998.05
Computer Installations	487.59	61.96	0.98	548.57	366.56	51.74	-	0.94	417.36	131.21
Vehicles	404.88	71.05	-	475.93	167.43	45.82	-	-	213.25	262.68
<b>Total Tangible Assets (A)</b>	<b>37,739.73</b>	<b>7,703.30</b>	<b>264.17</b>	<b>45,178.86</b>	<b>9,663.30</b>	<b>2,054.14</b>	<b>-</b>	<b>250.94</b>	<b>11,466.50</b>	<b>33,712.36</b>
<b>Intangible Assets :</b>										
Software Licence	74.58	30.65	-	105.23	58.37	9.84	-	-	68.21	37.02
<b>Total Intangible Assets (B)</b>	<b>74.58</b>	<b>30.65</b>	<b>-</b>	<b>105.23</b>	<b>58.37</b>	<b>9.84</b>	<b>-</b>	<b>-</b>	<b>68.21</b>	<b>37.02</b>
<b>Total (A+B)</b>	<b>37,814.31</b>	<b>7,733.95</b>	<b>264.17</b>	<b>45,284.09</b>	<b>9,721.67</b>	<b>2,063.98</b>	<b>-</b>	<b>250.94</b>	<b>11,534.71</b>	<b>33,749.38</b>

The title of piece of land belonging to the company measuring 5000 Sq. ft. is challenged legally by a third party which the Company is defending. The case filed against the company before the District Court, Erode has been adjudicated against the Company. The Company has filed a second appeal against the order before the Honourable High Court of Judicature, Madras. The High Court was pleased to pass an interim order of status quo until further order. The Company is confident of succeeding the matter before the Madras High Court and hence no provision is considered necessary for the amount paid towards the cost of land.

**Previous Year**  
(₹ in lacs)

Description of Assets	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	As at 01.04.2014	Additions	Deletions	As at 31.03.15	Upto 31.03.14	For the year	Transfer to Surplus	Deletions	Upto 31.03.15	As at 31.03.15
<b>Tangible Assets :</b>										
Land	628.87	-	-	628.87	-	-	-	-	-	628.87
Buildings	14,403.54	892.20	18.89	15,276.85	1,041.41	370.09	0.58	5.26	1,406.82	13,870.03
Furniture, Fixtures & Projectors	1,133.17	113.81	210.50	1,036.48	487.99	91.84	-	209.77	370.06	666.42
Office Equipments & Library	163.02	33.45	30.37	166.10	62.36	51.11	17.82	29.63	101.66	64.44
Plant & Machinery	18,979.61	1,327.77	568.42	19,738.96	6,322.68	1,460.76	18.69	551.36	7,250.77	12,488.19
Computer Installations	474.28	37.06	23.75	487.59	273.19	73.29	43.57	23.49	366.56	121.03
Vehicles	241.08	196.51	32.71	404.88	139.85	55.11	3.84	31.37	167.43	237.45
<b>Total Tangible Assets (A)</b>	<b>36,023.57</b>	<b>2,600.80</b>	<b>884.64</b>	<b>37,739.73</b>	<b>8,327.48</b>	<b>2,102.20</b>	<b>84.50</b>	<b>850.88</b>	<b>9,663.30</b>	<b>28,076.43</b>
<b>Intangible Assets :</b>										
Software Licence	62.74	11.84	-	74.58	40.67	17.70	-	-	58.37	16.21
<b>Total Intangible Assets (B)</b>	<b>62.74</b>	<b>11.84</b>	<b>-</b>	<b>74.58</b>	<b>40.67</b>	<b>17.70</b>	<b>-</b>	<b>-</b>	<b>58.37</b>	<b>16.21</b>
<b>Total (A+B)</b>	<b>36,086.31</b>	<b>2,612.64</b>	<b>884.64</b>	<b>37,814.31</b>	<b>8,368.15</b>	<b>2,119.90</b>	<b>84.50</b>	<b>850.88</b>	<b>9,721.66</b>	<b>28,092.64</b>

**15. INVENTORIES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(At Lower of cost and net realisable value)</b>		
(a) Pharmacy	440.77	462.22
(b) Hospital Consumables	336.35	289.01
(c) Stores & Spares	36.13	45.34
(d) Others #	41.59	35.91
<b>Total</b>	<b>854.84</b>	<b>832.48</b>

# Others includes fuel, canteen items and stationery etc.

**16. TRADE RECEIVABLES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Unsecured, considered good		
(a) Debts outstanding for a period exceeding six months	37.07	67.93
(b) Other Debts	860.25	942.40
<b>Total</b>	<b>897.32</b>	<b>1,010.33</b>

**17. CASH AND BANK BALANCES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a) Cash and Cheques on hand	64.44	41.14
(b) Balance with banks		
In Current accounts	79.42	293.42
In Deposit accounts	4,901.69	5,171.50
In Bank Guarantee Margin Deposit accounts	6.14	5.42
In Unclaimed Dividend accounts	42.00	39.27
<b>Total</b>	<b>5,093.69</b>	<b>5,550.75</b>
Less: Bank Balances not considered as Cash and Cash equivalents as per AS 3	4,853.55	4,615.11
The balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash flow statement is	240.14	935.64

**18. SHORT-TERM LOANS AND ADVANCES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Unsecured, considered good		
(a) Advance for Purchase	34.16	16.48
(b) Advance for Expenses	24.83	23.47
(c) Loan and Advance to Employees	1.28	0.05
(d) Prepaid Expenses	102.16	87.55
<b>Total</b>	<b>162.43</b>	<b>127.55</b>

**19. OTHER CURRENT ASSETS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Rent Receivable	8.09	6.32
Accrued Interest / Income	58.49	137.75
<b>Total</b>	<b>66.58</b>	<b>144.07</b>

**20. REVENUE FROM OPERATIONS**

(₹ in lacs)

Particulars	2015-16	2014-15
<b>I. Revenue from operations</b>		
(a) Inpatients Revenue	25,807.82	22,144.85
(b) Outpatients Revenue	9,374.29	8,097.88
(c) Pharmacy Sales	9,796.04	8,557.13
(d) Dietary Sales	1,551.66	1,344.01
<b>II. Other Operating Income</b>		
Other Operating Income	1.30	18.20
<b>Total</b>	<b>46,531.11</b>	<b>40,162.07</b>

**21. OTHER INCOME**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Interest Income	489.53	442.45
(b) Dividend income	0.64	0.29
(c) Rent Received	121.29	125.40
(d) Parking Charges	47.05	42.46
(e) Profit on Sale of Asset	12.62	1.66
(f) Miscellaneous Income	102.24	60.47
<b>Total</b>	<b>773.37</b>	<b>672.73</b>

**22. HOSPITAL CONSUMABLES**

(₹ in lacs)

Particulars	2015-16	2014-15
Inventory at the beginning of the year	289.01	349.54
Add : Purchase of Hospital Consumables	6,757.96	5,458.96
	7,046.97	5,808.50
Less: Inventory at the end of the year	336.35	289.01
<b>Total</b>	<b>6,710.62</b>	<b>5,519.49</b>

**23. PURCHASE OF MEDICINES (Pharmacy)**

(₹ in lacs)

Particulars	2015-16	2014-15
Purchase of Medicines	7,659.67	6,659.77
<b>Total</b>	<b>7,659.67</b>	<b>6,659.77</b>

**24. CHANGES IN INVENTORIES (Pharmacy)**

(₹ in lacs)

Particulars	2015-16	2014-15
Opening Stock of Medicines	462.22	525.21
Less: Closing Stock of Medicines	440.77	462.22
<b>(Increase) / Decrease in Inventories</b>	<b>21.45</b>	<b>62.99</b>

**25. EMPLOYEE BENEFITS EXPENSE**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Salaries, Allowances and Bonus	6,954.77	5,673.55
(b) Contribution to Provident and Other Funds	507.48	402.25
(c) Staff Welfare Expenses	162.83	198.14
(d) Long Term Compensated Absence ( Refer Note No. 31(d) )	140.34	60.98
(e) Gratuity ( Refer Note No. 31(d) )	170.47	124.93
<b>Total</b>	<b>7,935.89</b>	<b>6,459.85</b>

**26. FINANCE COST**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Interest expenses	1,643.12	2,030.67
(b) Other Borrowing Cost	22.85	7.04
<b>Total</b>	<b>1,665.97</b>	<b>2,037.71</b>

**27. OTHER EXPENSES**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Power and Fuel Consumed (Refer Note No. 37)	881.61	820.18
(b) Consumption of Dietary	1,062.56	946.38
(c) Consultant Charges	7,946.90	6,664.02
(d) Hospital Up Keep Expenses	855.56	794.67
(e) Consumption of Stores and Spares	158.18	132.91
(f) Lab Test Charges	335.13	239.43
(g) Water Charges	138.84	153.38
(h) Travelling and Conveyance	87.46	82.22
(i) Rent	262.51	183.53
(j) Advertisement	387.43	201.75
(k) Auditors' Remuneration (Refer Note No. 27.1)	20.30	17.25
(l) Professional Charges	108.22	57.16
(m) Directors Sitting Fee	2.68	0.84
(n) Repair and Maintenance- Building	782.06	186.36
(o) Repair and Maintenance-Machinery	797.48	648.73
(p) Repair and Maintenance-Others	250.48	200.23
(q) License Fee, Rates & Taxes	55.54	52.26
(r) Insurance	39.29	30.10
(s) Expenditure towards CSR activities	77.83	26.88
(t) Silver Jubilee Expenses	146.98	-
(u) Administration and Other Expenses	633.96	594.04
<b>Total</b>	<b>15,031.00</b>	<b>12,032.32</b>

**27.1 Auditor's Remuneration**

(₹ in lacs)

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Payments to the Auditor's</b>		
(a) For Statutory Audit	12.50	11.25
(b) For Tax Audit	2.50	2.50
(c) For Other Services	2.00	1.12
(d) For Reimbursement of Expenses	0.58	0.48
(e) For Service Tax	2.72	1.90
<b>Total</b>	<b>20.30</b>	<b>17.25</b>

**28. CURRENT TAX (NET)**

(₹ in lacs)

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
Provision for Income Tax	1,562.57	1,876.00
<b>Total</b>	<b>1,562.57</b>	<b>1,876.00</b>

**GENERAL NOTES**
**29. Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS)-20.**

Particulars	31.03.2016	31.03.2015
Profit after tax ( ₹ in lacs)	4,043.35	3,869.90
Weighted average number of shares outstanding during the year (Nos in lacs)	109.42	109.42
Earnings per share (Basic/Diluted) (in ₹)	36.95	35.37
Face value per share (in ₹)	10.00	10.00

**30. Operating Lease**

Disclosure for company as lessee :

The Company has entered into operating lease, having a lease period ranging from 1-28 years, with an option to renew the lease.

The future minimum lease payments are as follows

(₹ in lacs)

Particulars	31.03.2016	31.03.2015
Not later than one year	248.15	234.74
Later than one year and not later than five years	770.97	696.21
Later than five years	2134.47	2270.23

Disclosure for company as lessor

The Company has entered into operating lease, having a lease period ranging from 1-10 years, with an option to renew the lease.

(₹ in lacs)

Particulars	31.03.2016	31.03.2015
Not later than one year	91.07	80.30
Later than one year and not later than five years	95.17	149.44
Later than five years	26.95	2.25

**31. The Company has provided for employee benefits as per Accounting Standard (AS) - 15 in respect of defined benefit plan (Gratuity and Long Term compensated absence).**
**a) Description of the company's defined benefit plan:**

The Company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity and Long Term compensated absence. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the Payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

**b) Reconciliation in respect of the changes in the Present value of the obligation :** (₹ in lacs)

Particulars	Gratuity		Long Term Compensated Absence	
	2016	2015	2016	2015
Present Value of the obligation at the beginning of the period	536.10	435.78	80.56	88.36
Current service cost	57.36	42.74	23.25	16.46
Interest Cost	37.29	32.95	2.93	4.20
Benefits paid	(57.54)	(24.61)	(81.51)	(68.79)
Actuarial gains and losses	75.82	49.24	114.16	40.33
<b>Present value of the Obligation at the end of the period</b>	<b>649.03</b>	<b>536.10</b>	<b>139.39</b>	<b>80.56</b>

**c) Reconciliation in respect of the changes in the fair value of Plan assets :** (₹ in lacs)

Particulars	Gratuity		Long Term Compensated Absence	
	2016	2015	2016	2015
Fair value of plan assets at the beginning of the period	-	-	-	-
Add:				
Expected rate of return				
Contribution by Employer	57.54	24.61	81.51	68.79
Benefits paid				
Actuarial (gains) and losses	(57.54)	(24.61)	(81.51)	(68.79)
<b>Fair value of plan assets at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**d) The total expenses recognized in the statement of Profit and Loss is as follows :** (₹ in lacs)

Particulars	Gratuity		Long Term Compensated Absence	
	2016	2015	2016	2015
Current Service cost	57.36	42.74	23.25	16.45
Interest Cost	37.29	32.95	2.93	4.20
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain)/Loss recognized in the year	75.82	49.24	114.16	40.33
<b>Amount Recognized in the Statement of Profit and Loss</b>	<b>170.47</b>	<b>124.93</b>	<b>140.34</b>	<b>60.98</b>



**e) Principal actuarial assumptions used as at the balance sheet date:**

Particulars	Gratuity (%)		Long Term Compensated Absence (%)	
	2016	2015	2016	2015
Discount rate	7.35	7.78	7.35	7.78
Salary Escalation rate	8.00	10.00	8.00	10.00
Attrition rate	40.00	40.00	40.00	40.00
Expected return on plan assets	-	-	-	-

The estimates of future salary increases, considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**f) Particulars for the current annual period and previous four annual periods as per the para 120(n) of AS 15;**

Particulars	Gratuity (₹ in lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of obligation	649.03	536.10	435.78	366.12	291.00
Plan assets	-	-	-	-	-
Surplus/(Deficit) in Plan assets	(649.03)	(536.10)	(435.78)	(366.12)	(291.00)
The experience adjustments arising on the plan liabilities – loss/(Gain)	(84.75)	(169.85)	(27.92)	(19.79)	(21.94)
The experience adjustments arising on the plan assets – loss/(Gain)	-	-	-	-	-

Particulars	Long Term Compensated Absence (₹ in lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of obligation	139.39	80.56	88.36	102.95	73.25
Plan assets	-	-	-	-	-
Surplus/(Deficit) in Plan assets	(139.39)	(80.56)	(88.36)	(102.95)	(73.25)
The experience adjustments arising on the plan liabilities – loss/(Gain)	(128.65)	(49.46)	(11.26)	(41.19)	(43.54)
The experience adjustments arising on the plan assets – loss/(Gain)	-	-	-	-	-

**32. Expenditure in foreign currency**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) CIF value of imports		
a. Capital goods	1921.34	226.07
b. Spares	9.61	6.25
(b) Business promotion	2.09	-
(c) Travelling expenses	-	9.82
(d) Dividend paid in Foreign Currency		
i. Dividend (₹ in Lacs)	37.34	22.70
ii. No. of Non Resident Share Holders (in Nos.)	75	76
iii. No of Shares of ₹ 10 each held by them	1,500,308	15,13,170

**33. Contingent Liabilities and Commitments as on the Closing date: (₹ in lacs)**

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>Contingent Liabilities :</b>		
a. Letters of Credit for capital equipment's	-	152.38
b. Disputed Statutory Liabilities not provided for (excluding interest,if any)	267.46	189.46
c. Claims of various nature made against the Company not acknowledged as debt	829.68	709.20
<b>Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account	614.93	929.83

**34. Related parties' disclosure under Accounting standard (AS) - 18.**

The list of related parties as identified by the management are as under

**(i) Names of related parties and description of relationship:**

- a. Key Management Personnel / Promoters : Dr. Nalla G Palaniswami  
Dr. Thavamani Devi Palaniswami  
Dr. Mohan S Gounder  
Dr. Arun N Palaniswami  
(Appointed as Whole Time Director from 25th September 2015)
- b. Subsidiary Company : Idhayam Hospitals Erode Limited
- c. Other Related Parties (Includes entities in which the Directors are interested) : Purani Hospital Supplies Limited  
: Aosta Software Technologies (India) Limited  
: ABT Industries Limited  
: Sakthi Sugars Limited  
: Biomed Hitech Industries Limited  
: K Pharmacy  
: Tava Drugs Mart  
: NGP Estate Motors Agencies  
: Dr. Purani P Palaniswami

**(ii) Related Party Transactions :**

The Company has identified related parties as per Accounting Standard 18 and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties.

(₹ in lacs)

Nature of Business	Subsidiary Company	Key Management Personnel	Other Related Parties	Total as on 31.03.16	Total as on 31.03.15
Lease Rent paid	54.96	36.79	39.12	130.87	121.59
Interest on Lease Advance Received	17.43	-	-	17.43	20.25
Purchases	-	-	2493.05	2,493.05	1,570.90
Advertisement	-	-	0.20	0.20	-
Rent Receipts	-	-	2.44	2.44	2.45
IT Software & Hardware Maintenance Charges	-	-	27.76	27.76	45.06
Consultant Charges	-	-	14.50	14.50	5.00
Directors Remuneration, Commission & Perquisites	-	497.11	-	497.11	402.61
Directors Sitting Fees	-	-	-	-	0.05
Lease Advance Paid	50.00	-	-	50.00	50.00
Amount Payable	-	268.52	98.68	367.20	358.33
Lease Advance paid (Closing Balance)	250.00	24.00	30.00	304.00	354.00

**35. Segment Reporting**

The company operates in a single segment.

**36. Corporate Social Responsibility (CSR) Activities :**

- a. Gross Amount required to be spent by the Company towards CSR Activities during the year : ₹ 85.39 Lacs  
 b. Amount spent during the year : ₹ 77.83 Lacs

₹ in Lacs

S.No.	Particulars	Paid	Yet to be paid	Total
(i)	Construction/acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	64.96	12.87	77.83

37. Power and fuel consumed is net of solar power of ₹ 79.70 Lakhs (Previous year: Nil) representing the value of units supplied to the grid against which equivalent consumption was made inhouse.

38. In-patients and out patients revenues are net of discount/free/concessional treatment/claims.



39. Income tax assessments have been completed upto the assessment year 2013-14.
40. **Disclosure as required under section 186(4) of the Companies Act, 2013**  
Loans given and Guarantees furnished by the company: Nil (Previous year: Nil)  
Investments made are given under the respective head.
41. Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.
42. Figures have been rounded off to the nearest thousands.

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Significant Accounting Policies & Notes on  
Financial Statements

1 to 42

The accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W

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

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328  
Coimbatore  
28.05.2016

**Dr. NALLA G PALANISWAMI**  
Managing Director  
DIN : 00013536  
**CA.A.M. PALANISAMY**  
Director  
DIN : 00112303

**CA.P.K. GOPIKRISHNAN**  
Chief Financial Officer  
**CS.S.P. CHITTIBABU**  
Company Secretary



**CONSOLIDATED FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Kovai Medical Center and Hospital Limited  
Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Kovai Medical Center and Hospital Limited (hereinafter referred to as " the Holding Company" ) and its subsidiary (the Holding Company and its subsidiary together referred to as " the Group" ), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as " the Consolidated Financial Statements" ).

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as " the Act" ) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure" .
- 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 32 to the consolidated financial statements;
  - (ii) The Group did not have any material foreseeable losses on long term contracts including derivative contracts;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

Coimbatore  
28.05.2016

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center & Hospital Limited on the consolidated financial statements for the year ended 31-03-2016]

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its Subsidiary Company incorporated in India, as of that date.

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

The respective Board of Directors of the of the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 the respective 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 on Audit of Internal Financial Controls Over Financial Reporting (the “ Guidance Note” ) and the Standards on Auditing specified, under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the 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 judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



**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 Holding company and its Subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a subsidiary company, incorporated in India, is based on the corresponding reports issued by us.

Coimbatore  
28.05.2016

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328



## CONSOLIDATED BALANCE SHEET

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2016

(₹ in lacs)

Particulars	Note	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>1. Shareholder's Funds</b>					
(a) Share Capital	2	1,094.23		1,094.23	
(b) Reserves and Surplus	3	16,308.17		12,575.67	
			17,402.40		13,669.90
<b>2. Non-Current Liabilities</b>					
(a) Long - Term Borrowings	4	12,079.41		12,758.60	
(b) Deferred Tax Liabilities (Net)	5	3,316.76		2,706.79	
(c) Other Long Term Liabilities	6	285.79		205.38	
(d) Long - Term Provisions	7	565.87		346.59	
			16,247.83		16,017.36
<b>3. Current Liabilities</b>					
(a) Short - Term Borrowings	8	552.40		482.56	
(b) Trade Payables					
Total outstanding dues to Micro and small enterprises	9	70.12		33.44	
Total outstanding dues to Others	9	1,801.87		1,733.97	
(c) Other Current Liabilities	10	6,309.06		6,042.41	
(d) Short - Term Provisions	11	420.09		467.62	
			9,153.54		8,760.00
<b>TOTAL</b>			<b>42,803.77</b>		<b>38,447.26</b>
<b>ASSETS</b>					
<b>1. Non- Current Assets</b>					
(a) Fixed Assets:					
(i) Tangible Assets	12		33,990.29		28,366.64
(ii) Intangible Assets	12		161.48		140.67
(iii) Capital Work-in-Progress			1,009.54		1,666.70
(b) Non-Current Investment	13		14.69		14.69
(c) Long-Term Loans and Advances	14		540.11		566.91
<b>2. Current Assets</b>					
(a) Inventories	15	854.84		832.48	
(b) Trade Receivables	16	897.32		1,010.33	
(c) Cash and Bank Balances	17	5,105.61		5,576.41	
(d) Short -Term Loans and Advances	18	162.77		127.88	
(e) Other Current Assets	19	67.12		144.55	
			7,087.66		7,691.65
<b>TOTAL</b>			<b>42,803.77</b>		<b>38,447.26</b>

Significant Accounting Policies & Notes on Financial Statements 1 to 42

The accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Reg.No. 103523W

**C.S. SATHYANARAYANAN**

Partner  
Membership No. 028328

Coimbatore  
28.05.2016

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

**Dr. NALLA G PALANISWAMI**

Managing Director  
DIN : 00013536

**CA.A.M. PALANISAMY**

Director  
DIN : 00112303

**CA.P.K. GOPIKRISHNAN**

Chief Financial Officer

**CS.S.P. CHITTIBABU**

Company Secretary



## Consolidated Statement Of Profit And Loss

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

(₹ in lacs)

Particulars	Note	2015 - 16	2014 - 15
<b>INCOME</b>			
Revenue from Operations	20	46,531.11	40,162.07
Other Income	21	759.90	659.71
<b>Total Income</b>		<b>47,291.01</b>	<b>40,821.78</b>
<b>EXPENSES</b>			
Hospital Consumables	22	6,710.62	5,519.49
Purchase of Medicines (Pharmacy)	23	7,659.67	6,659.77
Changes in Inventories (Pharmacy)	24	21.45	62.99
Employee Benefits Expense	25	7,936.19	6,460.15
Finance Cost	26	1,665.97	2,037.71
Depreciation and Amortization Expenses	12	2,074.03	2,160.94
Other Expenses	27	14,988.79	11,994.50
<b>Total Expenses</b>		<b>41,056.72</b>	<b>34,895.55</b>
<b>Profit Before Tax</b>		<b>6,234.29</b>	<b>5,926.23</b>
<b>Tax Expenses</b>			
Current Tax (Net)	28	1,562.57	1,876.00
Prior Year Tax		-	31.87
Deferred Tax		609.98	165.00
<b>Profit for the Year</b>		<b>4,061.74</b>	<b>3,853.36</b>
<b>Earnings Per Equity Share (in ₹)</b>			
Basic & Diluted ( Face Value of ₹ 10 each )	29	37.12	35.22

Significant Accounting Policies & Notes on Financial Statements 1 to 42

The accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W

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

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328  
Coimbatore  
28.05.2016

**Dr. NALLA G PALANISWAMI**  
Managing Director  
DIN : 00013536  
**CA.A.M. PALANISAMY**  
Director  
DIN : 00112303

**CA.P.K. GOPIKRISHNAN**  
Chief Financial Officer  
**CS.S.P. CHITTIBABU**  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016 (₹ in lacs)

Particulars	2015 - 16		2014 - 15	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>Profit before taxation and exceptional items</b>		<b>6,234.29</b>		<b>5,926.23</b>
Adjustment for :				
Depreciation and Impairment	2,074.03		2,160.94	
Finance cost	1,665.97		2,037.71	
Interest Income	(476.06)		(429.43)	
(Profit) / Loss on sale of Fixed Assets	(10.74)		22.06	
Dividend Income	(0.64)	3,252.56	(0.29)	3,790.99
<b>Operating profit before working capital changes</b>		<b>9,486.85</b>		<b>9,717.22</b>
<b>Change in Working Capital</b>				
Inventories	(22.36)		135.91	
Trade & Other Payables	441.71		1,889.78	
Trade & Other Receivables	179.57	598.92	(503.53)	1,522.16
<b>Cash generated from operations</b>		<b>10,085.77</b>		<b>11,239.38</b>
Income Tax/Wealth Tax Paid		(1,559.79)		(1,525.43)
<b>Net cash from operating activities (A)</b>		<b>8,525.98</b>		<b>9,713.95</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(7,079.46)		(3,788.82)	
Sale of Fixed Assets	28.87		27.44	
Investment in shares	-		(12.00)	
Interest Received	476.06		429.43	
Dividend Received	0.64		0.29	
<b>Net cash used in investing activities (B)</b>		<b>(6,573.89)</b>		<b>(3,343.66)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Long term Borrowings (Net of repayment)	(500.25)		(2,159.13)	
Working Capital Borrowings (Net of Repayment)	69.84		63.35	
Dividend paid (including Tax on Dividend)	(326.51)		(191.90)	
Finance Cost	(1,665.97)		(2,037.71)	
<b>Net cash used in financing activities (C)</b>		<b>(2,422.89)</b>		<b>(4,325.39)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(470.80)</b>		<b>2,044.90</b>
<b>Cash and bank balances at beginning of the year</b>		<b>5,576.41</b>		<b>3,531.51</b>
<b>Less: Bank Balances not considered as Cash &amp; Cash equivalents as per AS 3</b>		<b>4,862.55</b>		<b>4,633.11</b>
<b>Cash and Cash equivalent at end of the year (Refer Note No.17)</b>		<b>243.06</b>		<b>943.30</b>

Significant Accounting Policies & Notes on Financial Statements 1 to 42

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Reg.No. 103523W

**C.S. SATHYANARAYANAN**

Partner  
Membership No. 028328

Coimbatore  
28.05.2016

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

**Dr. NALLA G PALANISWAMI**

Managing Director  
DIN : 00013536

**CA.A.M. PALANISAMY**

Director  
DIN : 00112303

**CA.P.K. GOPIKRISHNAN**

Chief Financial Officer

**CS.S.P. CHITTIBABU**

Company Secretary

**1. SIGNIFICANT ACCOUNTING POLICIES:**
**(i) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:**

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting standards notified under the relevant provisions of the Companies Act, 2013.

**(ii) PRINCIPLES OF CONSOLIDATION:**

The consolidated financial statements relate to Kovai Medical Center and Hospital Limited ("the Company") and its Subsidiary Companies. The Consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary Companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- b) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**(III) ACCOUNTING OF INVESTMENTS:**

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 - "Accounting for Investments".

**(iv) FIXED ASSETS**

Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, amortization and impairment. Cost includes preoperative expenses and all expenses related to acquisition and installation of the concerned assets.

**(v) BORROWING COSTS**

Borrowing costs include interest and other costs incurred in connection with borrowing of funds. Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All the other borrowing costs are charged to revenue. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

**(vi) IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed, as at each balance sheet date, to determine if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable

amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

**(vii) DEPRECIATION AND AMORTIZATION**

Depreciation is provided on Straight Line Method in the manner and the useful life as specified in Schedule II to the Companies Act, 2013. Where the cost of part of the asset is significant to the total cost of the asset and if the part of the asset has a different useful life than the main asset, useful life of that part is determined separately for depreciation. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the company for its use.

**(viii) LEASES**

Where the company is the lessee;

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 lease term.

Where the company is the lessor;

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Asset subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

**(ix) INVENTORIES**

- a) Inventories are valued at lower of cost and estimated net realizable value.
- b) Cost is arrived at on First-in-First Out (FIFO) basis.

**(x) FOREIGN CURRENCY TRANSACTIONS**

- a) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- b) Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- c) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.
- d) Premium or discount on forward exchange contracts arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**(xi) REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

**Operating Income**

- a) The income by way of Doctors' Consultancy Fees and the consequent liability towards Doctor's consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from Patients is established.
- b) The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.
- c) Revenue from sale of dietary items / pharmacy items are recognised as and when the services are rendered / goods sold.

**Income from Sponsorships**

Revenue is recognised as and when the services are rendered at the centre.

**Income from Academic services**

Revenue is recognised on pro-rata basis on the completion of such services over the duration of the program.

**Income from Interest / dividend**

- a) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- b) Dividend income is recognised as and when the right to receive payment is established.



**(xii) TAXES ON INCOME**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period

**(xiii) RETIREMENT BENEFITS**

- a) Payments to defined contribution schemes are charged as expense as and when incurred.
- b) Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.
- c) Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.
- d) Post employment and other long term benefits which are defined benefit plans are recognized based on the present value of the obligation determined in accordance with Accounting Standard (AS) - 15 on "Employee Benefits".

**(xiv) PROVISIONS**

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



**(xv) CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

**(xvi) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(xvii) CASH AND CASH EQUIVALENTS**

Cash flow is reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The company considers all highly liquid investments with a initial maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**2. SHARE CAPITAL**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number	( ₹ in lacs )	Number	( ₹ in lacs )
<b>Authorised</b> Equity Shares of ₹ 10/- each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
<b>Issued, Subscribed and Paid-up</b> Equity Shares of ₹ 10/- each	<b>1,09,42,262</b>	<b>1,094.23</b>	<b>1,09,42,262</b>	<b>1,094.23</b>

**a. Reconciliation of the Equity shares outstanding is set out below**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number	( ₹ in lacs )	Number	( ₹ in lacs )
Number of shares outstanding at the beginning of the year	1,09,42,262	1,094.23	1,09,42,262	1094.23
Add: Issues during the year	-	-	-	-
Number of shares outstanding at the end of the year	<b>10,942,262</b>	<b>1,094.23</b>	<b>10,942,262</b>	<b>1,094.23</b>

The Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**b. The Company has no shares issued as fully paid up pursuant to contract without payment being received in cash, bonus shares and shares bought back in the immediately preceding five years.**

**c. Details of Shareholders holding more than 5% shares in the company :**

Name of the Shareholder	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Equity Shares		Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Kovai Purani Finance Private Limited	40,06,461	36.61	40,06,461	36.61
2. Dr. Thavamani Devi Palaniswami	10,95,430	10.01	10,94,530	10.00

**3. RESERVES AND SURPLUS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>a. General Reserve</b>		
Opening Balance	3,944.95	3,744.95
Add:- Transferred from surplus	300.00	200.00
Closing Balance <b>A</b>	4,244.95	3,944.95
<b>b. Surplus</b>		
Opening Balance	8,630.72	5,280.45
Add:- Profit for the year	4,061.74	3,853.36
Amount available for appropriation	12,692.46	9,133.81
Less:- Appropriations		
- Depreciation as per transition provision in Note 7 (b) of Schedule II of Companies Act, 2013 (Net of Deferred Tax)	-	105.55
- Proposed final equity dividend (amount per share ₹ 1.50 (PY:₹ 1.50))	164.13	164.13
- Interim Dividend (amount per share ₹ 1.00 (PY:Nil))	109.42	-
- Tax on Dividend	55.69	33.41
- Transferred to General Reserve	300.00	200.00
Closing Balance <b>B</b>	12,063.22	8,630.72
<b>Total (A+B)</b>	<b>16,308.17</b>	<b>12,575.67</b>

**4. LONG - TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
	Non-Current Portion	Non-Current Portion	Current Maturities	Current Maturities
Secured Borrowings				
(a) Term loans from Banks	11,867.42	12,407.60	3,065.63	2,839.00
(b) From Others	211.99	351.00	139.01	186.70
	<b>12,079.41</b>	<b>12,758.60</b>	<b>3,204.64</b>	<b>3,025.70</b>
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long - Term Debt" (Note no. 10)	-	-	(3,204.64)	(3,025.70)
<b>Net Amount</b>	<b>12,079.41</b>	<b>12,758.60</b>	<b>-</b>	<b>-</b>

**A. Security Particulars of Secured Loans :**

- I. The term loans availed from Indian Bank and Indian Overseas Bank are primarily Secured by:
  - a) Pari pasu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
  - b) Pari pasu first charge on the entire Fixed Assets (Present and Future) of the Company.
  - c) Charge on the leasehold rights of the building at Erode in the name of Idhayam Hospitals Erode Limited, Erode.
  - d) Charge on the leasehold rights of the Plant & Machinery and Medical equipments in the name of Idhayam Hospitals Erode Limited, Erode.

The above facilities are also collaterally secured by a paripasu second charge on the entire current assets (Present and Future) of the Company.
- ii. The term loans and working capital facilities are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director- Dr. Thavamani Devi Palaniswami of the Company.The term loans carries interest rate varying from 10.55 % to 11.75%.
- iii. Secured Loans from others represent Hire Purchase loans from SREI Equipments Finance Pvt. Ltd, HDFC Bank Ltd & Kotak Mahindra Prime Ltd secured by hypothecation of assets purchased out of the loans and it carries interest rates varying from 8.20% to 11%.

**B. Repayment Details :**
**I. Secured Loans from Indian Bank**

- (a) Term Loan(Subordinate Loan) -The loan is repayable in 48 monthly instalments aggregating to ₹ 216.90 Lacs (Previous Year-₹ 271.50 Lacs)
- (b) Term Loan (I Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1513.98 Lacs (Previous Year- ₹ 1900.48 Lacs)
- (c) Term Loan (II Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,462.00 Lacs (Previous Year- ₹ 1801.50 Lacs)
- (d) Term Loan (III Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,110.00 Lacs (Previous Year - ₹ 1369.00 Lacs)
- (e) Term Loan (IV Phase) - The loan is repayable in 44 monthly instalments aggregating to ₹ 1,900.00 Lacs (Previous Year - ₹ 2280.00 Lacs)
- (f) Term Loan (Solar Power) - The loan is repayable in 108 monthly instalments aggregating to ₹ 1,262.50 Lacs commencing from January 2017 (Previous Year - Nil)

**ii. Secured Loans from Indian Overseas bank**

- (a) Term Loan (Subordinate Loan) - The loan is repayable in 48 monthly instalments aggregating to ₹ 218.64 Lacs (Previous Year - ₹ 273.12 Lacs)
- (b) Term Loan (I Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,514.08 Lacs (Previous Year - ₹ 1900.60 Lacs)
- (c) Term Loan (II Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,463.00 Lacs (Previous Year - ₹ 1802.48 Lacs)
- (d) Term Loan (III Phase) - The loan is repayable in 48 monthly instalments aggregating to ₹ 1,108.96 Lacs (Previous Year - ₹ 1367.92 Lacs)
- (e) Term Loan (IV Phase) - The loan is repayable in 44 monthly instalments aggregating to ₹ 1,900.00 Lacs (Previous Year - ₹ 2280.00 Lacs)
- (f) Term Loan (Solar Power) - The loan is repayable in 108 monthly instalments aggregating to ₹ 1,263.00 Lacs commencing from January 2017 (Previous Year - Nil)

**iii. Secured Loans from others - SREI Equipments Finance Private Limited**

- (a) Hire Purchase Loan is repayable in a single instalment of ₹ 5.50 Lacs (Previous Year - ₹ 68.23 Lacs)
- (b) Hire Purchase Loan is repayable in 15 equated monthly instalments aggregating to ₹ 57.73 Lacs (Previous Year - ₹ 99.62 Lacs)

**iv. Secured Loans from others - HDFC Bank Ltd**

- (a) Hire Purchase Loan is repayable in 40 equated monthly instalments aggregating to ₹ 228.48 Lacs (Previous Year - ₹ 282.27 Lacs)
- (b) Hire Purchase Loan is repayable in 26 equated monthly instalments aggregating to ₹ 8.47 Lacs (Previous Year - ₹ 13.22 Lacs)
- (c) Hire Purchase Loan is repayable in 29 equated monthly instalments aggregating to ₹ 7.72 Lacs (Previous Year - ₹ 11.58 Lacs)

**v. Secured Loans from others - Kotak Mahindra Prime Ltd**

- (a) Hire Purchase Loan is repayable in 26 equated monthly instalments aggregating to ₹ 43.10 Lacs (Previous Year - ₹ 62.78 Lacs)

**5. DEFERRED TAX LIABILITIES (Net)**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	Charged/ (Reversed) during the year	As at 31 <sup>st</sup> March 2015
Deferred Tax Liability Arising out of timing difference in depreciable assets (A)	3,681.61	693.88	2,987.73
Deferred Tax Asset On expenses allowable against taxable income in future years (B)	364.85	83.91	280.94
<b>Net Deferred Tax Liability (A-B)</b>	<b>3,316.76</b>	<b>609.97</b>	<b>2,706.79</b>

**6 OTHER -LONG TERM LIABILITIES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a) Rental Advances	53.66	48.91
(b) Security deposits & Other payables	232.13	156.47
<b>Total</b>	<b>285.79</b>	<b>205.38</b>

**7. LONG - TERM PROVISIONS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Provision for employee benefits (Refer Note No. 31)</b>		
(a) Gratuity (Unfunded)	481.51	322.14
(b) Long Term Compensated Absence (Unfunded)	84.36	24.45
<b>Total</b>	<b>565.87</b>	<b>346.59</b>

**8. SHORT TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Secured Borrowings		
Cash Credit Loan from banks - Indian Bank	552.40	482.56
<b>Total</b>	<b>552.40</b>	<b>482.56</b>

The Company has availed working capital facility from Indian Bank which is secured by:

- First Charge on current assets by way of hypothecation of present and future current assets including book debts and receivables.
- The above working capital facility is collaterally secured by all fixed assets mentioned in item No. A i(a) to (d) in note no.4 long term borrowings.
- The working capital facility carries interest rate varying from 10.15% to 10.45%.

**9. TRADE PAYABLES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Total outstanding dues to		
(a) Micro and Small Enterprises	70.12	33.44
(b) Others (including amount payable to related parties - Refer note no.34)	1,801.87	1,733.97
	1,871.99	1,767.41
<b>Total</b>	<b>1,871.99</b>	<b>1,767.41</b>

There are no interest amounts paid / payable to Micro and Small Enterprises. The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

**10. OTHER CURRENT LIABILITIES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a) Current Maturities of Long-Term Debt (refer note no.4 "Long Term borrowings")	3,204.64	3,025.70
(b) Accrued Salaries and Benefits	335.41	254.40
(c) Amount payable to Related parties (Companies) (Refer Note No. 34)	269.52	269.68
(d) Advance received from Customers	157.85	102.36
(e) Statutory dues	306.03	213.42
(f) Unpaid Dividend account	42.00	39.27
(g) Creditors for capital goods	771.64	1,177.06
(h) Accrued expenses	1,221.97	960.52
<b>Total</b>	<b>6,309.06</b>	<b>6,042.41</b>

**11. SHORT TERM PROVISIONS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Provision for Employee Benefits</b>		
(a) Gratuity	167.52	213.96
(b) Long Term Compensated Absence	55.03	56.12
(c) Proposed Dividend	164.13	164.13
(d) Dividend Tax on proposed Dividend	33.41	33.41
<b>Total</b>	<b>420.09</b>	<b>467.62</b>

**13. NON -CURRENT INVESTMENT**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Long term Investments</b>		
(a) Long Term - Non Trade <b>(Quoted)</b>		
(i) 6100 (PY : 6100) Equity Shares of ₹ 10/- each Fully paid up in Canara Bank - Market Value - ₹ 11.58 Lacs (PY : ₹ 22.44 Lacs)	2.14	2.14
(ii) 2300 (PY : 2300) Equity Shares of ₹ 10/- each Fully paid up in Indian Overseas Bank - Market Value - ₹ 0.70 Lacs (PY : ₹ 0.97 Lacs)	0.55	0.55
(b) Long Term - Trade <b>(Unquoted)</b>		
120000 (PY : 120000) Equity Shares of ₹10/- each Fully paid up in Mytrah Vayu (Manjira) Private Limited	12.00	12.00
<b>Total</b>	<b>14.69</b>	<b>14.69</b>
Aggregate amount of quoted Investments	2.69	2.69
Market Value of Quoted Investments	12.28	23.41
Aggregate amount of unquoted Investments	12.00	12.00

**14. LONG TERM LOANS AND ADVANCES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Unsecured, Considered good</b>		
(a) Capital Advance	180.44	225.25
(b) Security Deposits Electricity and Other Deposits	147.40	130.18
(c) Other loans and advances		
(i) Rent and Lease Advances	129.77	129.70
(ii) Tax payment pending adjustments (Net of Provisions)	79.00	81.78
(ii) MAT credit entitlement	3.50	-
<b>Total</b>	<b>540.11</b>	<b>566.91</b>



**12. FIXED ASSETS** (₹ in lacs)

Description of Assets	GROSS BLOCK			DEPRECIATION BLOCK					NET BLOCK		
	As at 01.04.2015	Additions	Deletions	As at 31.03.16	Upto 31.03.15	For the year	Transfer to Surplus	Provision for Impairment	Deletions	Upto 31.03.16	As at 31.03.16
<b>Tangible Assets :</b>											
Land	628.87	212.52	-	841.39	-	-	-	-	-	-	841.39
Buildings	15,614.42	1,014.28	-	16,628.70	1,474.72	295.19	-	-	-	1,769.91	14,858.79
Furniture, Fixtures & Projectors	1,079.89	179.29	-	1,259.18	411.31	104.64	-	-	-	515.95	743.23
Office Equipments & Library	218.56	111.62	0.15	330.03	151.49	32.50	-	-	0.12	183.87	146.16
Plant & Machinery	19,986.42	6,052.58	317.54	25,721.46	7,482.49	1,533.42	-	0.88	302.16	8,714.63	17,006.82
Computer Installations	500.32	61.96	0.98	561.30	379.28	51.74	-	-	0.94	430.08	131.22
Vehicles	404.88	71.05	-	475.93	167.43	45.82	-	-	-	213.25	262.68
<b>Total Tangible Assets (A)</b>	<b>38,433.36</b>	<b>7,703.30</b>	<b>318.67</b>	<b>45,817.99</b>	<b>10,066.72</b>	<b>2,063.31</b>	<b>-</b>	<b>0.88</b>	<b>303.22</b>	<b>11,827.69</b>	<b>33,990.29</b>
<b>Intangible Assets :</b>											
Software Licence	74.58	30.65	-	105.23	58.37	9.84	-	-	-	68.21	37.02
Good will	124.46	-	-	124.46	-	-	-	-	-	-	124.46
<b>Total Intangible Assets (B)</b>	<b>199.04</b>	<b>30.65</b>	<b>-</b>	<b>229.69</b>	<b>58.37</b>	<b>9.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68.21</b>	<b>161.48</b>
<b>Total (A+B)</b>	<b>38,632.40</b>	<b>7,733.95</b>	<b>318.67</b>	<b>46,047.68</b>	<b>10,125.09</b>	<b>2,073.15</b>	<b>-</b>	<b>0.88</b>	<b>303.22</b>	<b>11,895.90</b>	<b>34,151.77</b>

The title of piece of land belonging to the company measuring 5000 Sq. ft. is challenged legally by a third party which the Company is defending. The case filed against the company before the District Court, Erode has been adjudicated against the Company. The Company has filed a second appeal against the order before the Honourable High Court of Judicature, Madras. The High Court was pleased to pass an interim order of status quo until further order. The Company is confident of succeeding the matter before the Madras High Court and hence no provision is considered necessary for the amount paid towards the cost of land.



**Previous Year**  
(₹ in lacs)

Description of Assets	GROSS BLOCK						DEPRECIATION BLOCK						NET BLOCK
	As at 01.04.2014	Additions	Deletions	As at 31.03.15	Upto 31.03.14	For the year	Transfer to Surplus	Provision for Impairment	Deletions	Upto 31.03.15	As at 31.03.15		
<b>Tangible Assets :</b>													
Land	628.87	-	-	628.87	-	-	-	-	-	-	628.87		
Buildings	14,741.11	892.20	18.89	15,614.42	1,104.00	375.40	0.58	5.26	1,474.72	14,139.70			
Furniture, Fixtures & Projectors	1,176.58	113.81	210.50	1,079.89	518.73	91.84	10.51	209.77	411.31	668.58			
Office Equipments & Library	215.48	33.45	30.37	218.56	90.45	51.11	39.56	29.63	151.49	67.07			
Plant & Machinery	19,487.06	1,327.77	828.41	19,986.42	6,748.47	1,496.49	36.21	798.68	7,482.49	12,503.93			
Computer Installations	487.01	37.06	23.75	500.32	285.91	73.29	43.57	23.49	379.28	121.04			
Vehicles	241.08	196.51	32.71	404.88	139.85	55.11	3.84	31.37	167.43	237.45			
<b>Total Tangible Assets (A)</b>	<b>36,977.19</b>	<b>2,600.80</b>	<b>1,144.63</b>	<b>38,433.36</b>	<b>8,887.41</b>	<b>2,143.24</b>	<b>134.27</b>	<b>1,098.20</b>	<b>10,066.72</b>	<b>28,366.64</b>			
<b>Intangible Assets :</b>													
Software Licence	62.74	11.84	-	74.58	40.67	17.70	-	-	58.37	16.21			
Good will	124.46	-	-	124.46	-	-	-	-	-	124.46			
<b>Total Intangible Assets (B)</b>	<b>187.20</b>	<b>11.84</b>	<b>-</b>	<b>199.04</b>	<b>40.67</b>	<b>17.70</b>	<b>-</b>	<b>-</b>	<b>58.37</b>	<b>140.67</b>			
<b>Total (A+B)</b>	<b>37,164.39</b>	<b>2,612.64</b>	<b>1,144.63</b>	<b>38,632.40</b>	<b>8,928.08</b>	<b>2,160.94</b>	<b>134.27</b>	<b>1,098.20</b>	<b>10,125.09</b>	<b>28,507.31</b>			

**15. INVENTORIES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(At Lower of cost and net realisable value)</b>		
(a) Pharmacy	440.77	462.22
(b) Hospital Consumables	336.35	289.01
(c) Stores & Spares	36.13	45.34
(d) Others #	41.59	35.91
<b>Total</b>	<b>854.84</b>	<b>832.48</b>

# Others includes fuel, canteen items and stationery etc.

**16. TRADE RECEIVABLES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Unsecured, considered good		
(a) Debts outstanding for a period exceeding six months	37.07	67.93
(b) Other Debts	860.25	942.40
<b>Total</b>	<b>897.32</b>	<b>1,010.33</b>

**17. CASH AND BANK BALANCES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a) Cash and Cheques on hand	64.44	41.14
(b) Balance with banks		
In current accounts	82.34	301.08
In Deposit accounts	4,910.69	5,189.50
In Bank Guarantee Margin Deposit accounts	6.14	5.42
In Unclaimed Dividend accounts	42.00	39.27
<b>Total</b>	<b>5,105.61</b>	<b>5,576.41</b>
Less: Bank Balances not considered as Cash and Cash equivalents as per AS 3	4,862.55	4,633.11
The balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash flow statement is	243.06	943.30

**18. SHORT-TERM LOANS AND ADVANCES**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Unsecured, considered good		
(a) Advance for Purchase	34.16	16.48
(b) Advance for Expenses	24.83	23.47
(c) Loan and Advance to Employees	1.28	0.05
(d) Prepaid Expenses	102.50	87.88
<b>Total</b>	<b>162.77</b>	<b>127.88</b>

**19. OTHER CURRENT ASSETS**

(₹ in lacs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Rent Receivable	8.09	6.32
Accrued Interest / Income	59.03	138.23
<b>Total</b>	<b>67.12</b>	<b>144.55</b>

**20. REVENUE FROM OPERATIONS**

(₹ in lacs)

Particulars	2015-16	2014-15
<b>I. Revenue from operations</b>		
(a) Inpatients Revenue	25,807.82	22,144.85
(b) Outpatients Revenue	9,374.29	8,097.88
(c) Pharmacy Sales	9,796.04	8,557.13
(d) Dietary Sales	1,551.66	1,344.01
<b>II. Other Operating Income</b>		
Other Operating Income	1.30	18.20
<b>Total</b>	<b>46,531.11</b>	<b>40,162.07</b>

**21. OTHER INCOME**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Interest Income	476.06	429.43
(b) Dividend income	0.64	0.29
(c) Rent Received	121.29	125.40
(d) Parking Charges	47.05	42.46
(e) Profit on Sale of Asset	12.62	1.66
(f) Miscellaneous Income	102.24	60.47
<b>Total</b>	<b>759.90</b>	<b>659.71</b>

**22. HOSPITAL CONSUMABLES**

(₹ in lacs)

Particulars	2015-16	2014-15
Inventory at the beginning of the year	289.01	349.54
Add : Purchase of Hospital Consumables	6,757.96	5,458.96
	7,046.97	5,808.50
Less: Inventory at the end of the year	336.35	289.01
<b>Total</b>	<b>6,710.62</b>	<b>5,519.49</b>

**23. PURCHASE OF MEDICINES (Pharmacy)**

(₹ in lacs)

Particulars	2015-16	2014-15
Purchase of Medicines	7,659.67	6,659.77
<b>Total</b>	<b>7,659.67</b>	<b>6,659.77</b>

**24. CHANGES IN INVENTORIES (Pharmacy)**

(₹ in lacs)

Particulars	2015-16	2014-15
Opening Stock of Medicines	462.22	525.21
Less: Closing Stock of Medicines	440.77	462.22
<b>(Increase) / Decrease in Inventories</b>	<b>21.45</b>	<b>62.99</b>

**25. EMPLOYEE BENEFITS EXPENSE**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Salaries, Allowances & Bonus	6,955.07	5,673.85
(b) Contribution to Provident and Other Funds	507.48	402.25
(c) Staff Welfare Expenses	162.83	198.14
(d) Long Term Compensated Absence ( Refer Note No. 31(d) )	140.34	60.98
(e) Gratuity ( Refer Note No. 31(d) )	170.47	124.93
<b>Total</b>	<b>7,936.19</b>	<b>6,460.15</b>

**26. FINANCE COST**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Interest expenses	1,643.12	2,030.67
(b) Other Borrowing Cost	22.85	7.04
<b>Total</b>	<b>1,665.97</b>	<b>2,037.71</b>

**27. OTHER EXPENSES**

(₹ in lacs)

Particulars	2015-16	2014-15
(a) Power and Fuel Consumed (Refer Note No. 37)	881.61	820.18
(b) Consumption of Dietary	1,062.56	946.38
(c) Consultant Charges	7,946.90	6,664.02
(d) Hospital Up Keep Expenses	855.56	794.67
(e) Consumption of Stores and Spares	158.18	132.91
(f) Lab Test Charges	335.13	239.43
(g) Water Charges	138.84	153.38
(h) Travelling and Conveyance	87.46	82.22
(i) Rent	236.11	157.13
(j) Advertisement	387.43	201.75
(k) Auditors' Remuneration (Refer Note No. 27.1)	22.80	19.29
(l) Professional Charges	109.22	57.94
(m) Directors Sitting Fee	2.68	0.84
(n) Repair and Maintenance- Building	782.06	186.36
(o) Repair and Maintenance-Machinery	797.48	648.73
(p) Repair and Maintenance-Others	250.48	200.23
(q) License Fee, Rates & Taxes	55.54	52.26
(r) Insurance	39.29	30.10
(s) Expenditure towards CSR activities	77.83	26.88
(t) Silver Jubilee Expenses	146.98	-
(u) Administration and Other Expenses	641.65	579.80
<b>Total</b>	<b>14,988.79</b>	<b>11,994.50</b>

**27.1 Auditor's Remuneration**

(₹ in lacs)

Particulars	2015-16	2014-15
<b>Payments to the Auditor's</b>		
(a) For Statutory Audit	13.50	12.75
(b) For Tax Audit	2.50	2.50
(c) For Other Services	3.00	1.37
(d) For Reimbursement of Expenses	0.75	0.54
(e) For Service Tax	3.05	2.13
<b>Total</b>	<b>22.80</b>	<b>19.29</b>

**28. CURRENT TAX (NET)**

(₹ in lacs)

Particulars	2015-16	2014-15
Provision for Income Tax	1,566.07	1,876.00
Less : MAT Credit	3.50	-
<b>Total</b>	<b>1,562.57</b>	<b>1,876.00</b>

**GENERAL NOTES**
**29. Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS)-20.**

Particulars	31.03.2016	31.03.2015
Profit after tax ( ₹ in lacs)	4,061.74	3,853.36
Weighted average number of shares outstanding during the year (Nos in lacs)	109.42	109.42
Earnings per share (Basic/Diluted) (in ₹)	37.12	35.22
Face value per share (in ₹)	10.00	10.00

**30. Operating Lease**

Disclosure for company as lessee;

The Company has entered into operating lease, having a lease period ranging from 1-28 years, with an option to renew the lease.

The future minimum lease payments are as follows

(₹ in lacs)

Particulars	31.03.2016	31.03.2015
Not later than one year	215.27	184.34
Later than one year and not later than five years	705.21	696.21
Later than five years	2134.47	2270.23

Disclosure for company as lessor;

The Company has entered into operating lease, having a lease period ranging from 1-10 years, with an option to renew the lease.

(₹ in lacs)

Particulars	31.03.2016	31.03.2015
Not later than one year	91.07	80.30
Later than one year and not later than five years	95.17	149.44
Later than five years	26.95	2.25

**31. The Company has provided for employee benefits as per Accounting Standard (AS) - 15 in respect of defined benefit plan (Gratuity and Long Term compensated absence).**
**a) Description of the company's defined benefit plan:**

The Company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity and Long Term compensated absence. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the Payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

**b) Reconciliation in respect of the changes in the Present value of the obligation :** (₹ in lacs)

Particulars	Gratuity		Long Term Compensated Absence	
	2016	2015	2016	2015
Present Value of the obligation at the beginning of the period	536.10	435.78	80.56	88.36
Current service cost	57.36	42.74	23.25	16.46
Interest Cost	37.29	32.95	2.93	4.20
Benefits paid	(57.54)	(24.61)	(81.51)	(68.79)
Actuarial gains and losses	75.82	49.24	114.16	40.33
<b>Present value of the Obligation at the end of the period</b>	<b>649.03</b>	<b>536.10</b>	<b>139.39</b>	<b>80.56</b>

**c) Reconciliation in respect of the changes in the fair value of Plan assets :** (₹ in lacs)

Particulars	Gratuity		Long Term Compensated Absence	
	2016	2015	2016	2015
Fair value of plan assets at the beginning of the period	-	-	-	-
Add:				
Expected rate of return	-	-	-	-
Contribution by Employer	57.54	24.61	81.51	68.79
Benefits paid	(57.54)	(24.61)	(81.51)	(68.79)
Actuarial (gains) and losses	-	-	-	-
<b>Fair value of plan assets at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**d) The total expenses recognized in the statement of Profit and Loss is as follows :** (₹ in lacs)

Particulars	Gratuity		Long Term Compensated Absence	
	2016	2015	2016	2015
Current Service cost	57.36	42.74	23.25	16.45
Interest Cost	37.29	32.95	2.93	4.20
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain)/Loss recognized in the year	75.82	49.24	114.16	40.33
<b>Amount Recognized in the Statement of Profit and Loss</b>	<b>170.47</b>	<b>124.93</b>	<b>140.34</b>	<b>60.98</b>

**e) Principal actuarial assumptions used as at the balance sheet date:**

Particulars	Gratuity (%)		Long Term Compensated Absence (%)	
	2016	2015	2016	2015
Discount rate	7.35	7.78	7.35	7.78
Salary Escalation rate	8.00	10.00	8.00	10.00
Attrition rate	40.00	40.00	40.00	40.00
Expected return on plan assets	-	-	-	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**f) Particulars for the current annual period and previous four annual periods as per the para 120(n) of AS 15;**

Particulars	Gratuity (₹ in lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of obligation	649.03	536.10	435.78	366.12	291.00
Plan assets	-	-	-	-	-
Surplus/(Deficit) in Plan assets	(649.03)	(536.10)	(435.78)	(366.12)	(291.00)
The experience adjustments arising on the plan liabilities – loss / (Gain)	(84.75)	(169.85)	(27.92)	(19.79)	(21.94)
The experience adjustments arising on the plan assets – loss / (Gain)	-	-	-	-	-

Particulars	Long Term Compensated Absence (₹ in lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of obligation	139.39	80.56	88.36	102.95	73.25
Plan assets	-	-	-	-	-
Surplus/(Deficit) in Plan assets	(139.39)	(80.56)	(88.36)	(102.95)	(73.25)
The experience adjustments arising on the plan liabilities – loss / (Gain)	(128.65)	(49.46)	(11.26)	(41.19)	(43.54)
The experience adjustments arising on the plan assets – loss / (Gain)	-	-	-	-	-

**32. Contingent Liabilities and Commitments as on the Closing date: (₹ in lacs)**

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>Contingent Liabilities:</b>		
a) Letters of Credit for capital equipment's	-	152.38
b) Disputed Statutory Liabilities not provided for (excluding interest, if any)	267.46	189.46
c) Claims of various nature made against the Company not acknowledged as debt	829.68	709.20
<b>Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account	614.93	929.83



**33. Additional Information as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries**

Name of the entity	Net Assets		Share in profit & loss	
	As a % of Consolidated Net Assets	Amount (₹ in lacs)	As a % of Consolidated Profit or (Loss)	Amount (₹ in lacs)
Parent Company Kovai Medical Center and Hospital Limited	98.10%	17,071.70	100.36%	4,076.32
Subsidiary Idhayam Hospitals Erode Limited	1.90%	330.70	(0.36%)	(14.58)

**34. Related parties' disclosure under Accounting standard (AS) - 18.**

The list of related parties as identified by the management are as under

**(i) Names of related parties and description of relationship:**

- a. Key Management Personnel / Promoters : Dr. Nalla G Palaniswami  
 Dr. Thavamani Devi Palaniswami  
 Dr. Mohan S Gounder  
 Dr. Arun N Palaniswami  
 (Appointed as Whole Time Director from 25th September 2015.)
- b. Other Related Parties (Includes entities in which the Directors are interested) : Purani Hospital Supplies Limited  
 : Aosta Software Technologies (India) Limited  
 : ABT Industries Limited  
 : Sakthi Sugars Limited  
 : Biomed Hitech Industries Limited  
 : K Pharmacy  
 : Tava Drugs Mart  
 : NGP Estate Motors Agencies  
 : Dr. Purani P Palaniswami

**(ii) Related Party Transactions :**

The Company has identified related parties as per Accounting Standard 18 and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties.

(₹ in lacs)

Nature of Business	Key Management Personnel	Other Related Parties	Total as on 31.03.16	Total as on 31.03.15
Lease Rent paid	36.79	39.12	75.91	66.99
Purchases	-	2493.05	2,493.05	1,570.90
Advertisement	-	0.20	0.20	-
Rent Receipts	-	2.44	2.44	2.45
IT Software & Hardware Maintenance Charges	-	27.76	27.76	45.06
Consultant Charges	-	14.50	14.50	5.00
Directors Remuneration, Commission & Perquisites	497.11	-	497.11	402.61
Directors Sitting Fees	-	-	-	0.05
Amount Payable	268.52	98.68	367.20	358.33
Lease Advance paid (Closing Balance)	24.00	30.00	54.00	54.00

**35. Segment Reporting**

The company operates in a single segment.

**36. Corporate Social Responsibility (CSR) Activities :**

a. Gross Amount required to be spent by the Company towards CSR Activities during the year : ₹ 85.39 Lacs

b. Amount spent during the year : ₹ 77.83 Lacs

₹ in Lacs

S.No.	Particulars	Paid	Yet to be paid	Total
(i)	Construction/acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	64.96	12.87	77.83

**37.** Power and fuel consumed is net of solar power of ₹ 79.70 Lakhs (Previous year: Nil) representing the value of units supplied to the grid against which equivalent consumption was made inhouse.

**38.** In-patients and out patients revenues are net of discount/free/concessional treatment/claims.



39. Income tax assessments have been completed upto the assessment year 2013-14.
40. **Disclosure as required under section 186(4) of the Companies Act, 2013**  
Loans given and Guarantees furnished by the company: Nil (Previous year: Nil)  
Investments made are given under the respective head.
41. Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.
42. Figures have been rounded off to the nearest thousands.

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Significant Accounting Policies & Notes on Financial Statements 1 to 42

The accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W

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

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328  
Coimbatore  
28.05.2016

**Dr. NALLA G PALANISWAMI**  
Managing Director  
DIN : 00013536  
**CA.A.M. PALANISAMY**  
Director  
DIN : 00112303

**CA.P.K. GOPIKRISHNAN**  
Chief Financial Officer  
**CS.S.P. CHITTIBABU**  
Company Secretary

**FORM AOC -1**

(Pursuant to first proviso to sub Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

**PART - A -SUBSIDIARIES**

(₹ in lacs)

S.No.	Particulars	Idhayam Hospitals Erode Limited
1.	Reporting Period	1 <sup>st</sup> April 2015 to 31 <sup>st</sup> March 2016
2.	Reporting Currency	INR
3.	Share Capital	372.44
4.	Reserves & Surplus	(291.74)
5.	Total Assets	332.15
6.	Total Liabilities	332.15
7.	Investments	Nil
8.	Turnover	50.40
9.	Profit before Taxation	18.39
10.	Provision for Taxation	Nil
11.	Profit after Taxation	18.39
12.	Proposed Dividend	Nil
13.	% of shareholding	100%



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### Awards & Accolades



Association of Healthcare Providers (India) (AHP)



Govt. of Tamil Nadu & FICCI



Association of Healthcare Providers (India) (AHP)



## Kovai Medical Center and Hospital Limited

Avanashi Road, Coimbatore - 641 014, Ph : +91 422 4323800 - 802, 3083800

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**Kovai Medical Center and Hospital Limited**

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