



# KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

NABH Accredited Hospital

Excellence in Healthcare

99, Avanashi Road, Coimbatore - 641 014. INDIA | Phone : (0422) 4323800

Fax : (0422) 2627782 | Web : [www.kmchhospitals.com](http://www.kmchhospitals.com) | CIN No : L85110TZ1985PLC001659



Ref: KMCH/SEC/SE/2020-21/1134

August 27, 2020

To

Corporate Relationship Department  
BSE Limited  
1<sup>st</sup> Floor, New Trading Ring  
Rotunda Building, P.J.Towers  
Dalal Street, Fort  
Mumbai – 400 001

Dear Sirs,

Sub: 34<sup>th</sup> Annual General Meeting - Annual Report 2019-20.  
Ref: Security Name: KOVAI, Security Code: 523323

\*\*\*

Pursuant to Regulation 30 read with paragraph A of Part A of Schedule III of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations), attached herewith is the Notice and the Explanatory Statement of the 34<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, 19<sup>th</sup> September 2020 at 4.00 p.m. (1ST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

Pursuant to Regulation 34(1) of the SEBI (LODR) Regulations 2015, we submit herewith the Annual Report of the Company for the Financial Year 2019-20 along with the Notice of the Annual General Meeting.

It is further confirmed that in compliance with the Circulars, the Notice convening the 34<sup>th</sup> Annual General Meeting along with Annual Report for the Financial Year 2019-20 is being sent only through e-mails to all those shareholders whose email addresses are registered with the Company / Depository Participant(s).


The same is also available on the website of the Company at [www.kmchhospitals.com](http://www.kmchhospitals.com).

Kindly take the same on record.

Thanking you

Yours faithfully

For KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

  
S.P.CHITTIBABU  
COMPANY SECRETARY



# 34<sup>th</sup> ANNUAL REPORT 2019-20



HEALTHCARE EXCELLENCE  
SINCE 1990



## Kovai Medical Center and Hospital Limited

Excellence in Healthcare



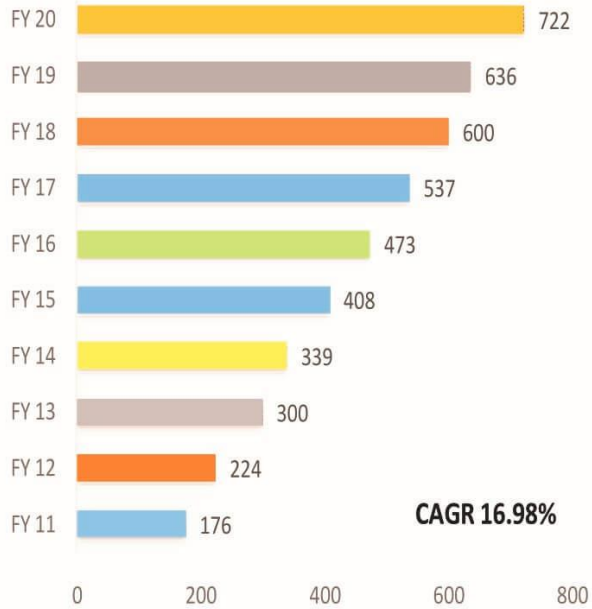
MAKING THE IMPOSSIBLE, POSSIBLE



# 10 YEARS AT A GLANCE

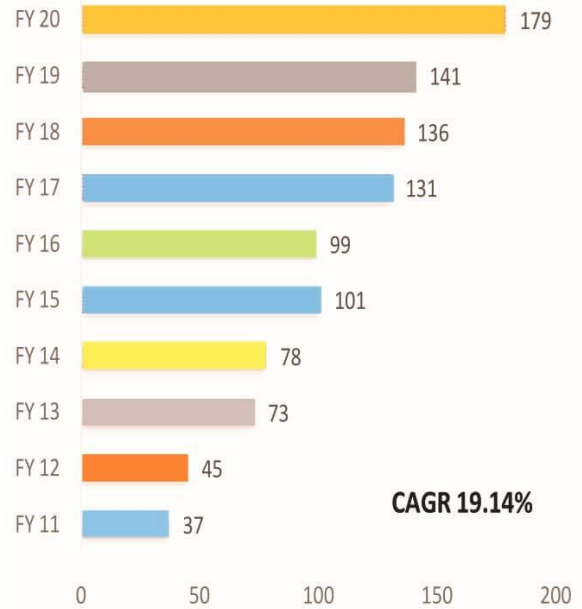
## Revenue

₹ crore



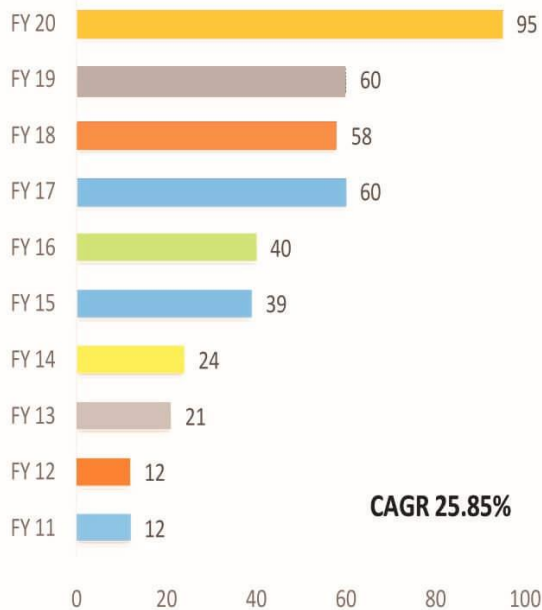
## EBITDA

₹ crore



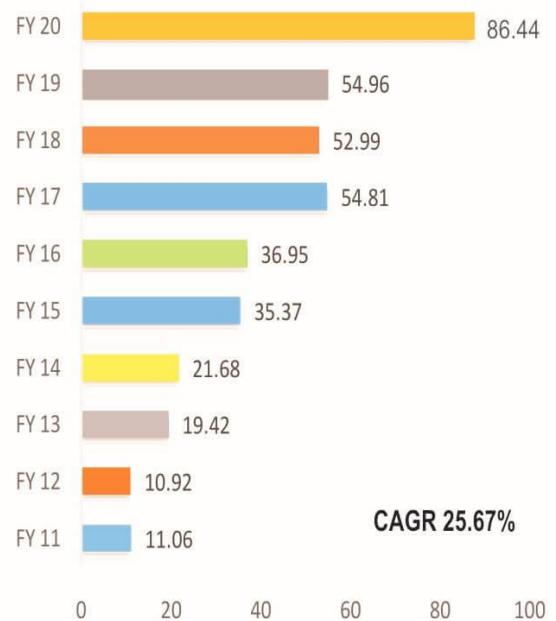
## Profit After Tax (PAT)

₹ crore



## Earning Per Share (EPS)

in ₹





## KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

### BOARD OF DIRECTORS

**Dr. Nalla G Palaniswami**  
Managing Director

**Dr. Thavamani Devi Palaniswami**  
Joint Managing Director

**Dr. Arun N Palaniswami**  
Executive Director

**Dr. Mohan S Gounder**  
Non-Independent Director

**Dr.M.C.Thirumoorthi**  
Non-Independent Director

**Dr.Purani P Palaniswami**  
(Alternate – Dr.S.Krishnasamy)  
Non-Independent Director

**Mr.Kasi K Goundan**  
Independent Director

**Dr.M.Manickam**  
Independent Director

**CA.A.M.Palanisamy**  
Independent Director

**Mr. A.K. Venkatasamy**  
Independent Director

**Mr. K. Saminathan**  
Independent Director

**Mrs.R.Bhuvaneshwari**  
Independent Director

**CA. M.K. Ravindra Kumar**  
Chief Financial Officer

**CS. S.P. Chittibabu**  
Company Secretary

**REGISTERED OFFICE & HOSPITAL COMPLEX**  
99, Avanashi Road, Coimbatore - 641 014

CIN : L85110TZ1985PLC001659

Tel : +91 - 422 - 4323800, 3083800

Fax : +91 - 422 - 2627782

Email : [secretarialdept@kmchhospitals.com](mailto:secretarialdept@kmchhospitals.com)  
[accounts@kmchhospitals.com](mailto:accounts@kmchhospitals.com)

Website : [www.kmchhospitals.com](http://www.kmchhospitals.com)

### AUDITORS

**M/s VKS Aiyer & Co**

Chartered Accountants, Coimbatore - 641 011

### SECRETARIAL AUDITORS

**M/s KSR & Co. Company Secretaries LLP**

Coimbatore - 641 018

### REGISTRAR & SHARE TRANSFER AGENT

**M/s GNSA Infotech Private Limited**

STA Department, Nelson Chambers, F-Block,  
4<sup>th</sup> Floor, No.115, Nelson Manickam Road,  
Aminjikarai, Chennai - 600 029.

Phone : + 91-44-42962025

Email : [sta@gnsaindia.com](mailto:sta@gnsaindia.com)

### BANKERS

**Indian Bank**

**Indian Overseas Bank**



## KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

S.No.	CONTENTS	PAGE NO
1	Message from Managing Director.....	1
2	Notice of Annual General Meeting.....	4
3	Directors' Report.....	16
4	Management Discussion and Analysis.....	42
5	Business Responsibility Report.....	56
6	Corporate Governance Report.....	65
7	Auditor's Report.....	85
8	Balance Sheet .....	94
9	Statement of Profit and Loss.....	95
10	Statement of Changes in Equity.....	96
11	Cash Flow Statement.....	97
12	Notes on Financial Statements.....	98



Dear Shareholders,

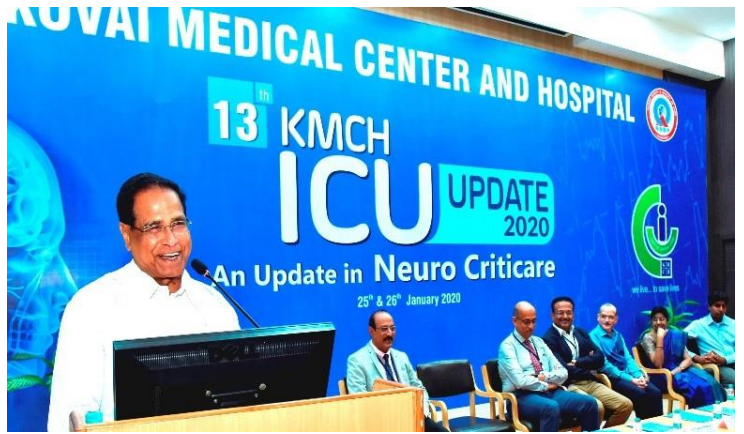
The greatest event that has taken place in the history of Kovai Medical Center and Hospital since its inception is the inauguration of the new Medical College in Coimbatore. KMCH Institute of Health Sciences and Research is the fifth Medical College in this region. The college started with an intake of 150 MBBS students with affiliation to The Tamilnadu Dr.MGR Medical University. The Medical College was inaugurated by Dr.R.V.Ramani, Member and Board of Governors, Medical Council of India. This has been my dream to set up a world class educational and research institution in Coimbatore to ensure the quality of medical education which would match with the best centers across the globe.



The Department of Radiotherapy have added the state-of-the-art variant True-beam Linear Accelerator with Asia's first hyper arc system thus allowing them to treat double the number of patients and further enabling them to perform extremely complex stereotactic radio surgeries and body treatments for the first time in this region. The equipment was inaugurated by Dr.Shantha, Past Director of Adyar Cancer Institute, Chennai. The Comprehensive Cancer Center has been a pioneer in providing quality cancer care in this region.



KMCH Intensive Care Unit conducted the ICU update 2020 proving once again its leadership in Intensive Care. It is also the only Intensive Care Unit in South India, which has been recognized for the Fellowship Program. Dr. Mathew Cherian was selected for the prestigious oration of the Critical Care Society, which was held recently in the city of Hyderabad all of which goes on to confirm the recognition of this department at the national level. The Department of Radiology added another feather in its cap, when they were selected by the National Board, New Delhi to start the country's first Post-doctoral Program in Interventional Radiology.



The Department of Cardiology continues to be a regional leader and Dr. Lawrence Jesuraj conducted the Fourth Edition of the Covai Heart Rhythm Summit purely to focus on managing patients with advanced heart failure and its management by implanting CRT (Cardiac Resynchronization Device). Dr. Lazio Geller, Professor of Cardiology at Semmelweis University, Budapest, Hungary was part of this meeting and workshop and gave his valuable insight into management of heart failure.

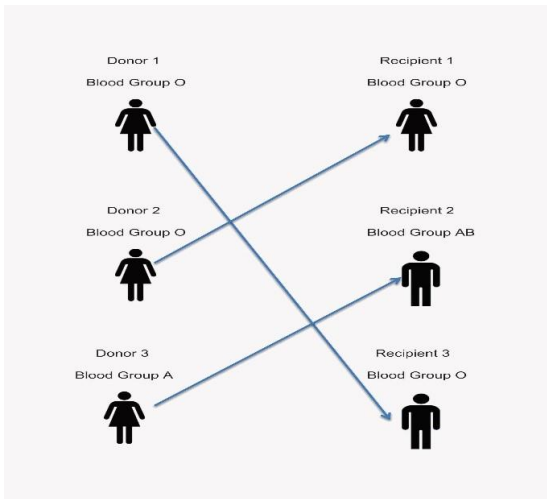


KMCH conducted the Third International Conference on Endocrinology. The Department of Endocrinology is a forerunner in world class services in their speciality, where not only do they provide quality care, but also conduct a comprehensive research in diabetes and the department has published several landmark international papers. Working along with the Rotary Club of Coimbatore Central, KMCH has joined hands to support poor underprivileged children with insulin-dependent diabetes for

a project named Project Kathir, a Ray of Hope. Several children have benefited from this project, which will support lifesaving insulin treatment, consumables and insulin pumps.

Further to the several successes in renal transplant this year, two success stories – one was the story of the first successful transplant in the world in a patient with deadly bleeding disorder (Haemophilia). The team consisting of Dr. Mangal Kumar, Nephrologist, Dr. Rama Prabhahari, Haematologist and the surgical team ensured that this patient would safely undergo the surgery without significant blood loss.





Secondly, by a technique called kidney sharing, three donors simultaneously donated to three recipients, kidneys were shared not to their own relatives, but to another patient whose immune factors matched. Thus, three related donors and three recipients were simultaneously operated where the three donors’ kidneys were shared among the three relatives in a way that the best match was given to each patient. This is again one of the first feat to be performed in the country considering the complexity of simultaneously operating on six patients, all the patients are doing well. This goes to say without doubt that not only is KMCH, the leader in steroid-free transplant, but also has leadership, talent and infrastructure to handle extreme complex surgical situations successfully.

Department of Radiation Oncology organised a National Young Radiation Oncology Conference, YROC 2020. With radiotherapy treatment becoming an indispensable tool in our fight against cancer, the theme for this national meeting was to prepare the next generation of budding radiation oncologists for the inevitable technological advancements for the decade ahead. The Conference saw active and enthusiastic participation from leading medical professionals and delegates from all over India with over 150 attendees. Many international and national faculties contributed to knowledge sharing in this conference.



The Hospital continues to receive several awards, all of which goes on to say KMCH not only takes care of patients to be best of its abilities, but also is a role model in the industry. Notable among the many awards won by KMCH is the “Best Multi Specialty Hospital in South India – 2020 from “The Economic Times”.

Success at KMCH has always been about teamwork. I wish to place my gratitude and appreciation for all the hard work my team members have put in to achieve this level of service to all. I seek their continued support and together we can deliver value to all the stakeholders – patients, shareholders and the community we serve.

2020-21 will be a tough year due to COVID-19 Pandemic. We hope that we will make it as we participate jointly in the fight against Coronavirus along with others in this difficult situation.

Stay Safe and Healthy.

With Warm Regards

**DR. NALLA G PALANISWAMI**  
**MANAGING DIRECTOR**



**NOTICE**

NOTICE is hereby given that the **Thirty Fourth Annual General Meeting** of the Members of Kovai Medical Center and Hospital Limited will be held on Saturday, the 19<sup>th</sup> September 2020 at 4.00 p.m. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OVAM) to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements for the financial year ended 31<sup>st</sup> March, 2020 and the Reports of the Directors and the Auditors thereon.
2. Dr.Mohan S Gounder (DIN: 02479218), Director, retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

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

**Re-appointment of Joint Managing Director**

“RESOLVED THAT pursuant to the provisions of Sections 196,197,198, 203, Schedule V and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof, for the time being in force), consent of the members be and is hereby accorded to the re-appointment of Dr.Thavamani Devi Palaniswami (DIN:00012135) as Joint Managing Director of the Company for a period of five years with effect from 29<sup>th</sup> July 2020 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meeting held on 20<sup>th</sup> June 2020”.

Terms of Appointment

**I. Salary**

₹ 8,00,000/- (Rupees Eight Lakhs only) per month.

[Annual increase in the salary as the Board may decide from time to time, however subject to a ceiling of ₹ 50,000/- (Rupees Fifty thousand only) per month. First increase to be effective from 29.07.2021 subject to the confirmation of the Board of Directors based on the recommendation of the Nomination and Remuneration Committee of Directors].

**II. Commission**

2% (two percent) commission on the net profits of the Company subject to a maximum ceiling specified in Section I of Part II of Schedule V of the Companies Act, 2013.

**III. Perquisites**

Perquisites as follows will be paid and / or provided in addition to salary. Perquisites shall be valued in terms of actual expenditure incurred by the Company as per Income Tax Rules. However in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy the perquisites shall be valued as per Income Tax Rules.

- a) Medical Expenses : Coverage of medical expenses / personal accident insurance for self and family.
- b) Leave Travel Concession / Allowance : For self and family, once in a year in accordance with the rules of the Company.

- c) Other Perquisites: Gas, Electricity, Water, Telephone at residence, Club Fees at Actuals
- d) Car : Use of Company's car with driver.

**IV. Other benefits**

- a) Contribution to provident fund to the extent not taxable under the Income Tax Act.
- b) Gratuity at the rate of half month's salary for each completed year of service.
- c) The above benefits under (a) and (b) shall not be included in the computation of ceiling on remuneration or perquisites.

“RESOLVED FURTHER THAT the total remuneration (i.e. salary, perquisites, commission and allowances) in any one financial year shall not exceed the limits prescribed from time to time under Section 196 and 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may for the time being, be in force and any amendments thereto.”

“RESOLVED FURTHER THAT in the absence of inadequacy of the profits in any year, Dr.Thavamani Devi Palaniswami shall be entitled to receive and be paid as minimum remuneration in that year by way of salary, allowances, perquisites and other benefits as stated above subject to the same not exceeding the limits as specified under section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force).”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary and / or give directions as may be necessary, proper or expedient to give effect to the above resolution without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution”.

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 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, Coimbatore 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 2020-21 on a remuneration of ₹ 3,50,000/- (Rupees Three Lakhs and fifty thousand only) plus GST and out-of-pocket expenses if any for the purpose of audit be and is hereby ratified and confirmed".

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

Sd/-  
**CS S.P. CHITTIBABU  
COMPANY SECRETARY**

Place : Coimbatore

Date : 20.06.2020

**NOTES**

1. Considering the present COVID-19 situation, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company being conducted through VC / OAVM.
2. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company, RTA or CDSL / NSDL (“Depositories”). Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website [www.kmchhospitals.com](http://www.kmchhospitals.com) and BSE Limited website at [www.bseindia.com](http://www.bseindia.com).
4. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
5. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The statement of material facts pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Item No.3 and 4 of special business is annexed hereto.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the day of the AGM will be provided by NSDL.
8. The Members can join the AGM in the VC / OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on a first come first served basis as per the MCA Circular. However, this number does not include the large Shareholders i.e. Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis. The Members will be able to view the proceedings on National Securities Depository Limited (NSDL) e-voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
9. 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, 5<sup>th</sup> day of September 2020 to Saturday, 19<sup>th</sup> day of September 2020 (both days inclusive) in connection with the 34<sup>th</sup> Annual General Meeting.



10. The Company has transferred the unpaid or unclaimed dividends declared up to the Financial Year 2011-12, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The details of the same are available on the website of the Company and the same can be accessed through the link: <https://www.kmchhospitals.com/wp-content/uploads/2020/08/Unclaimed-Dividend-16.08.2019.pdf>. The said uploaded details on the website of the Ministry of Corporate Affairs can be accessed through the link: <http://www.mca.gov.in>.
11. Attention of the members is drawn to the provisions of Section 124(6) of the Act which require a Company to transfer in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more. In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred shares in respect of which dividend declared for the financial year 2011-12 or earlier financial years has not been paid or claimed by the members for 7 (seven) consecutive years or more.
12. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend as per Rule 7 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
13. 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 Private 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.
14. 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.
15. 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.
16. Soft copies of the Register of Directors and Key Managerial Personal and their shareholding maintained under Section 170 of the Act and the Register of contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act will be available for inspection electronically by the members during the AGM.
17. 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 any inconvenience.
18. 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.

19. Pursuant to the requirements of Corporate Governance under SEBI (LODR) Regulations, 2015, the brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they holds directorship and membership/chairmanship of Board/Committees, shareholding and relationships between Directors inter-se, are provided in the Notice forming part of the Annual Report.
20. The Results shall be declared within 48 hours after the close of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be displayed 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.
21. **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 the 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):

- a) The remote e-voting period commences on 16<sup>th</sup> September 2020 (9:00 am) and ends on 18<sup>th</sup> September 2020 (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 4<sup>th</sup> September 2020 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.
- b) Dr.C.V.Madhusudhanan, Practising Company Secretary (Membership No. FCS 5367; CP 4408) or failing him Dr.K.S.Ravichandran, Practising Company Secretary (Membership No. FCS 3675; CP 2160) Partners of KSR & Co Company Secretaries LLP, Coimbatore have been appointed as the Scrutinizer to scrutinize the e-voting process (including remote e-voting of members at the AGM) in a fair and transparent manner.
- c) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- d) 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 4<sup>th</sup> September 2020.

**Instructions for members for Remote e-voting are as under**

The remote e-voting period begins on 16<sup>th</sup> September 2020 at 9.00 a.m. (IST) and ends on 18<sup>th</sup> September 2020 at 5.00 pm (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.

**How do I vote electronically using NSDL e-voting system?**

The way to electronically on NSDL e-voting system consists of 'Two Steps' which are mentioned below.

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nSDL.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nSDL.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID <i>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.</i>
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID <i>For example if your Beneficiary ID is 12***** then your user ID is 12*****.</i>
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company <i>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***</i>

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’, which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - i. If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - ii. If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:



- a) Click on “[Forgot User Details/Password?](#)” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
  8. Now, you will have to click on “Login” button.
  9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional / Corporate Members are required to send a scanned copy of the Board or Governing Body Resolution / Authorisation etc. authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorisation shall be sent to the Scrutinizer by e-mail at [madhu@ksrandco.in](mailto:madhu@ksrandco.in) with a copy to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [sta@gnsaindia.com](mailto:sta@gnsaindia.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [sta@gnsaindia.com](mailto:sta@gnsaindia.com)

**Instructions for members for attending the AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / Folio number, PAN, mobile number at [secretarialdept@kmchhospitals.com](mailto:secretarialdept@kmchhospitals.com) on or before 5.00 p.m. IST on 15<sup>th</sup> September 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
6. Members who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [secretarialdept@kmchhospitals.com](mailto:secretarialdept@kmchhospitals.com). The same will be replied by the company suitably.
7. Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting following the procedure mentioned in the Notice.
8. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/ 1800-222-990.

**Instructions for members for e-voting on the day of the AGM are as under:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. E-voting facility for voting at the AGM will be available from the start of the AGM and up to 15 minutes after the conclusion of the AGM.
5. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

**Sd/-  
CS S.P. CHITTIBABU  
COMPANY SECRETARY**

Place : Coimbatore

Date : 20.06.2020



**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013 ANNEXED HERETO AND FORMS PART OF THE NOTICE DATED 20<sup>th</sup> JUNE 2020****Item No: 3**

The members of the Company vide their Annual General Meeting held on 25<sup>th</sup> September 2015 had appointed Dr.Thavamani Devi Palaniswami as Joint Managing Director from 29<sup>th</sup> July 2015 to 28<sup>th</sup> July 2020. The Board in its meeting held on 20<sup>th</sup> June 2020 on the basis of recommendation of the Nomination and Remuneration Committee had resolved to re-appoint Dr.Thavamani Devi Palaniswami for a period of five years with effect from 29<sup>th</sup> July 2020 along with remuneration subject to the approval of the members.

Dr.Thavamani Devi Palaniswami MBBS AB (USA) is one of the main promoters of the Company and she is actively associated with the growth of the Company since its inception. She is a qualified Paediatrician having worked in various Hospitals in USA for more than 20 years and gained valuable experience in Hospital Management. Considering her experience and contribution to the growth of the Company, the Board of Directors have re-appointed Dr.Thavamani Devi Palaniswami as Joint Managing Director of the Company for a further period of 5 years with effect from 29<sup>th</sup> July 2020. The terms and conditions of her re-appointment and payment of remuneration are subject to the approval of the shareholders in the General Meeting.

The proposed re-appointment of Dr.Thavamani Devi Palaniswami as Joint Managing Director and the payment of remuneration are in conformity with Schedule V of the Companies Act, 2013.

In terms of Article 103(b) of the amended Articles of Association of the Company, Dr.Thavamani Devi Palaniswami is not liable to retire by rotation.

Further Dr.Thavamani Devi Palaniswami is aged above 70 years. Hence, in terms of Part I of schedule V of the Companies Act, 2013, the resolution for appointment of Dr.Thavamani Devi Palaniswami as Joint Managing Director of the company is proposed as a special resolution.

None of the Directors except Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Dr.Mohan S Gounder, Dr.Purani P Palaniswami and Dr.Arun N Palaniswami are deemed to be interested or concerned in the proposed resolution.

The Board recommends this special resolution set out in Item no.3 for the approval of the members.

**Item No: 4**

In view of the revised Cost Audit Rules as part of 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, Coimbatore as Cost Auditor to conduct audit of cost records of the Company for the Financial Year ending 31<sup>st</sup> March 2021 and fixed his remuneration as ₹3,50,000/- (Rupees Three Lakhs Fifty Thousand Only) plus GST and 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 2021 has to be ratified by the shareholders.

Accordingly, the consent of the members is sought for passing an ordinary resolution set out in Item No.4 of the notice for ratification of remuneration payable to the Cost Auditor for the financial year ending 31<sup>st</sup> March 2021.



## NOTICE OF ANNUAL GENERAL MEETING

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 in Item No.4 of the notice.

The Board commends the ordinary resolution set out in Item No. 4 of the notice for approval by the members.

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

Place : Coimbatore  
Date : 20.06.2020

Sd/-  
**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 and 4 of the Notice)

Name of the Director	<b>Dr. Thavamani Devi Palaniswami</b>	<b>Dr. Mohan S Gounder</b>
Director Identification Number (DIN)	00012135	02479218
Date of Birth	17.11.1947	26.11.1973
Date of Appointment on the Board	29.07.2000	31.07.2004
Qualifications	MBBS AB (USA)	MD AB (USA)
Expertise	Healthcare Practices & Process, Nursing, Hospital Administration and Dietary	Healthcare Practices & Process, Strategy & Information Technology
Brief Resume	Over 43 years of experiences. Initially as a Pediatrician, she is a very seasoned leader in Hospital Administration and Education Services. She handles the entire Allied Health Sciences Courses and also manages the Nursing and Dietary functions of the Hospital	Over 20 years of experience of management, operations, consulting and teaching experience with a variety of healthcare and consulting organizations and university settings. He has been a healthcare administrator as Medical Director with one of the largest healthcare practices in USA.
Relationship between Directors Inter-se	<i>Husband:</i> Dr. Nalla G Palaniswami <i>Son:</i> Dr. Mohan S Gounder & Dr. Arun N Palaniswami <i>Daughter:</i> Dr. Purani P Palaniswami	<i>Father:</i> Dr. Nalla G Palaniswami <i>Mother:</i> Dr. Thavamani Devi Palaniswami <i>Brother:</i> Dr. Arun N Palaniswami <i>Sister :</i> Dr. Purani P Palaniswami
Directorship held in other Public Companies (excluding foreign, private and Section 8 Companies)	<u>Public Limited Companies</u> 1. Purani Hospital Supplies Limited 2. Aosta Software Technologies India Limited 3. EDG Pharmaceuticals (India) Limited	<u>Public Limited Companies</u> 1. Purani Hospital Supplies Limited 2. Aosta Software Technologies India Limited 3. EDG Pharmaceuticals (India) Limited
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	Nil	Nil
Shareholding in the company (as on 31.03.2020)	12,35,647	10,000

Dear Members,

Your Directors take pleasure in presenting the Thirty Fourth Annual Report along with the audited financial statements for the year ended 31<sup>st</sup> March 2020.

### FINANCIAL HIGHLIGHTS

Particulars	₹ in Lakhs	
	2019-20	2018-19
Operating Income	71,172.88	62,839.05
Other Income	1,059.14	823.99
<b>Total Income</b>	<b>72,232.02</b>	<b>63,663.04</b>
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	17,865.07	14,055.65
<b>Profit Before Taxation (PBT)</b>	<b>11,191.27</b>	<b>9,284.45</b>
Provision for Taxation	1,732.56	3,270.18
<b>Profit After Taxation</b>	<b>9,458.71</b>	<b>6,014.27</b>
Add: Other Comprehensive Income	112.12	(25.34)
<b>Total Comprehensive Income for the year</b>	<b>9,570.83</b>	<b>5,988.93</b>

### RESULTS OF OPERATIONS

The income from operations for the financial year 2019-20 was ₹ 71,172.88 Lakhs registering a growth of 13.26% over the previous year income of ₹ 62,839.05 Lakhs. Earnings before interest, tax, depreciation and amortization (EBITDA) were ₹ 17,865.07 Lakhs registering a growth of 27.10% over the previous year EBITDA of ₹14,055.65 Lakhs. Profit after tax (PAT) for the year was ₹ 9,458.71 Lakhs over the PAT of ₹ 6,014.27 Lakhs in year 2018-19.

### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Company does not have any Subsidiary Company, Joint Venture or Associate Companies as defined in the Companies Act, 2013.

### DIVIDEND

Based on company's nine months performance, the Board of Directors declared an Interim Dividend of ₹ 3/- per share (30%) for the Financial Year 2019-20. The total cash outflow was ₹ 395.74 Lakhs including dividend distribution tax. The Interim Dividend paid may be treated as Final Dividend.

### TRANSFER TO RESERVES

The Company does not propose to transfer any amount out of the profit to reserves.

### 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 had contributed ₹ 186.29 Lakhs being 2% of the last three years 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 SEBI (LODR) Regulations, 2015.

## SHARE CAPITAL

The paid up equity share capital of the Company as on March 31, 2020 aggregates to ₹ 10,94,22,620/- comprising of 1,09,42,262 equity shares of ₹ 10/- each fully paid up.

## CREDIT RATING

CARE has affirmed your Company's Long term bank facilities '**CARE A+**' (single A+) and short term bank facilities to '**CARE A1+**' (A One plus) from '**CARE A1**' (A One).

## HOSPITAL ACCREDITATION

Your Hospital has been certified by National Accreditation Board for Hospitals and Healthcare 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 the 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 Board of Directors have expressed their satisfaction with the outcome of the evaluation process. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

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

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

Pursuant to the 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 [https://www.kmchhospitals.com/wp-content/uploads/2019/07/Familiarization\\_programme\\_for\\_Independent\\_Directors.pdf](https://www.kmchhospitals.com/wp-content/uploads/2019/07/Familiarization_programme_for_Independent_Directors.pdf)

### **DIRECTORS**

As per Article 103(b) of the Articles of Association and Section 152(6) of the Companies Act, 2013, except 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, Director retires by rotation and being eligible has offered himself for re-appointment.

### **INDEPENDENT DIRECTORS**

At the 33<sup>rd</sup> Annual General Meeting of the Members of the Company held on 16<sup>th</sup> August 2019, five Independent Directors namely Mr.Kasi K Goundan, Dr.M.Manickam, CA.A.M.Palanisamy, Mr.A.K.Venkatasamy,Mr.K.Saminathan were re-appointed as Independent Directors of the Company for a second period of five (5) years with effect from 3<sup>rd</sup> September 2019.

Dr. M.A.Muthusethupathi, Independent Director of the Company retired on 2<sup>nd</sup> September 2019 and did not opt for re-appointment. The Board wishes to express their gratitude for all the valuable services rendered by him during the tenure of his of service.

Mrs.R.Bhuvaneshwari, a Corporate Lawyer was appointed as Independent Director of the company with effect from 3<sup>rd</sup> September 2019 at the 33<sup>rd</sup> Annual General Meeting of the Company held on 16<sup>th</sup> August 2019 for a period of five (5) years.

The Board is of the opinion that Mrs.R.Bhuvaneshwari possess requisite integrity, expertise, experience and proficiency.

### **RE-APPOINTMENT OF JOINT MANAGING DIRECTOR**

The members of the Company vide their Annual General Meeting held on 25<sup>th</sup> September 2015 had appointed Dr.Thavamani Devi Palaniswami as Joint Managing Director for a period upto 28<sup>th</sup> July 2020. The Board in its meeting held on 20<sup>th</sup> June 2020 had resolved to re-appoint Dr. Thavamani Devi Palaniswami for a period of five years. The Nomination and Remuneration Committee and Audit Committee in its meeting held on 20<sup>th</sup> June 2020 had recommended the re-appointment and remuneration of Dr. Thavamani Devi Palaniswami for a period of five years subject to the approval of members. The proposed re-appointment of Dr. Thavamani Devi Palaniswami as Joint Managing Director and the payment of remuneration are in conformity with Schedule V of the Companies Act 2013.

## 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 met with the criteria of their Independence laid down in Section 149(6).

## COMPLIANCE OF CODE OF CONDUCT

Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulation 2018 dated 31<sup>st</sup> December 201, The Company amended the “Code of Conduct for Insider Trading” and “Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information”. Consequently, the Board of Directors brought in all the corresponding amendments to the above two mentioned Codes and necessary disclosures have been made in our website under:

<http://www.kmchhospitals.com/wp-content/uploads/2019/04/Code-of-conduct-for-prevention-of-Insider-Trading-and-Code-of-Fire-disclosure-.pdf>

## 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 Managing Director, Dr. Arun N Palaniswami, Executive Director, CA M.K.Ravindra Kumar, Chief Financial Officer and CS S.P.Chittibabu, Company Secretary.

## 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 – IV**” 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://kmchhospitals.com/wp-content/uploads/2016/pdf/Nomination\\_Remuneration\\_&\\_Evaluation\\_Policy.pdf](http://kmchhospitals.com/wp-content/uploads/2016/pdf/Nomination_Remuneration_&_Evaluation_Policy.pdf)

## 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) Rules, 2014, are annexed herewith as “**Annexure - II**” and forms part of this Report.

## CHANGE IN THE NATURE OF BUSINESS, IF ANY

With the commencement of operation in KMCH Institute of Health Sciences and Research (KMCH-IHSR) (KMCH Medical College), the Company has got two business segments:

- Healthcare Services
- Education Services

## 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.

## COVID-19 IMPACT

Your Company as a prime healthcare service provider has taken all standard, mandatory and precautionary protections as per the guidelines issued by the Ministry of Health and Family Welfare, Government of India and Government of Tamil Nadu to ensure that the Doctors, Nurses, Staff and Para Medical Team and all patients are safe. Hygiene procedures like Wearing Face Masks, Using Hand Wash / Rub and Social Distancing was implemented extensively across all the Hospital Centers.

Following the request of Government of Tamil Nadu, KMCH Medical College Hospital has converted its 128 bed Hospital into a dedicated COVID-19 Hospital. A separate team of Doctors, Nurses and para medical staff were formed and the Hospital is run with necessary equipment including Personal Protective Equipment (PPE), Ventilators etc.

One of the divisions of KMCH – its Molecular Biology Department was recent accredited by National Accreditation Board for Testing & Calibration Laboratories (NABL) for Testing of COVID-19 Virus. This accreditation has helped us in becoming one of the approved COVID-19 Testing Laboratory.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

As on March 31, 2020, the Company has neither provided nor there any outstanding loans or guarantees covered under the provisions of Section 186 of the Companies Act 2013. The details of Investments covered under the provisions of Section 186 of the Act are given in Note No.6 – Financial Assets – Non-current to the financial statements.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

[http://kmchhospitals.com/wp-content/uploads/2016/pdf/Whistle\\_Blower\\_Policy.pdf](http://kmchhospitals.com/wp-content/uploads/2016/pdf/Whistle_Blower_Policy.pdf).

## RELATED PARTY TRANSACTIONS AND POLICY ON RELATED PARTY TRANSACTIONS

All transactions with Related Parties are at arm's length and in the ordinary course of business duly approved by the Audit Committee of the Board. Hence there are no transactions which are either not in arm's length or which are material in nature requiring disclosure in Form AOC - 2. Hence Form AOC-2 is not annexed to this 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/wp-content/uploads/2019/05/Related-Party-Transaction-Policy.pdf>

## RISK MANAGEMENT

The steps taken by the 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

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 - III**" and forming part of this 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 RESOURCE DEVELOPMENT**

Your Company continues to place great importance to the development of human resources segment and the sustained focus on retention through employee engagement initiatives has made the employees realize their potential. Learning and Development has provided various learning platforms 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 2020 was 4,516 Nos.

**PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to the Report as Annexure IV.

Statement containing particulars of Top 10 Employees and Employees drawing remuneration in excess of limits prescribed under Section 197(12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure IV forming part of this Report.

**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 2019-20, 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 or its members 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 2019-20. Secretarial Audit Report is annexed herewith as "**Annexure - V**" 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, Coimbatore was appointed as Cost Auditor of the company by the Board on recommendation of Audit Committee for the Financial

Year 2020-21. 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 32<sup>nd</sup> Annual General Meeting held on 06<sup>th</sup> August 2018 approved the appointment of M/s VKS Aiyer & Co., Chartered Accountants (FRN: 000066S), Coimbatore for a period of five years from 2018-19 to 2022-23.

**LISTING WITH STOCK EXCHANGE**

The equity shares of the Company are listed on BSE Limited.

**CORPORATE GOVERNANCE**

Your Company has been complying with the provisions of Corporate Governance as stipulated in Chapter IV 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.

**BUSINESS RESPONSIBILITY REPORT**

A Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective, as required in terms of the provisions of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 annexed separately forms part of 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**

Sd/-

**DR. NALLA G PALANISWAMI**  
**MANAGING DIRECTOR**  
**DIN: 00013536**

Sd/-

**CA.A.M.PALANISAMY**  
**DIRECTOR**  
**DIN: 00112303**

Place: Coimbatore

Date : 20.06.2020

**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 programmes and providing infrastructure facilities to the educational institution under the head promotion of education 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://kmchhospitals.com/wp-content/uploads/2016/pdf/CSR\\_Policy.pdf](http://kmchhospitals.com/wp-content/uploads/2016/pdf/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: ₹ 9,314.48 Lakhs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 186.29 Lakhs
5. Details of CSR spent during the financial year:
  - a) Total amount spent for the financial year: ₹161.61 Lakhs (including unspent amount of ₹ 12.79 Lakhs for previous year 2018-19)
  - b) Amount unspent, if any: ₹ 37.47 Lakhs
  - c) Manner in which the amount spent during the financial year is detailed below

₹ in Lakhs

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 were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs subheads: (1) Direct expenditure on projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	2	3	4	5	6	7	8
1	Construction of Infrastructure facility to Educational Institutions	Promotion of Education	Kalapatti, Coimbatore Dist. Tamil Nadu	56.50	56.50	56.50	56.50 (Direct)
2	Construction of Infrastructure facility to Educational Institution	Promotion of Education	Kalapatti, Coimbatore Dist. Tamil Nadu	67.50	67.50	67.50	67.50 (Direct)
3	Construction of Toilets	Sanitation	Kalapatti, Coimbatore Dist. Tamil Nadu	37.61	37.61	37.61	37.61 (Direct)

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 identifying suitable CSR projects and the balance amount is expected to be spent during the Financial Year 2020-21.

**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 web link is as under:

[http://kmchhospitals.com/wp-content/uploads/2016/pdf/CSR\\_Policy.pdf](http://kmchhospitals.com/wp-content/uploads/2016/pdf/CSR_Policy.pdf).

**For and on behalf of the Board**

**Sd/-**

**DR. NALLA G PALANISWAMI**

**MANAGING DIRECTOR**

**DIN: 00013536**

**Sd/-**

**K. SAMINATHAN**

**DIRECTOR**

**DIN: 01104196**

Place: Coimbatore

Date : 20.06.2020



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

Energy conservation means the efforts made to reduce the consumption of energy by using less of an energy service. Your Company constantly and continuously applies all efforts for optimum utilization of the resources.

Energy consumption is monitored through Energy Management System. Through this system, areas which consume high volume of electricity are monitored and alternate steps are taken to optimize energy utilization.

Other energy conservation techniques that are employed include using equipments with 5 star ratings, use of movement sensors in bathrooms of the patient rooms (i.e., the lights are operated based upon human movement), operating a centralized A/c plant and phasing out tube lights with LED lights.

**Caring for the Environment**

Your Company adopts the concept of zero discharge technology, under which an effluent treatment plant had been set up and the sewage water is treated for toxic effluents. The treated water is used for horticulture within the premises.

Your Company has been operating a waste management system. Through this, bio-degradable food wastes are decomposed and biogas is produced for captive consumption in the hospital canteen which in turn results in reduced LPG cost.

All the vehicles that are operated for the company adhere to pollution control regulations. Periodic maintenance activities are undertaken to comply with prescribed regulations and vehicle efficiency.

**Sustainable Development**

Your Company adopts the concept of 'Sustainable Development' i.e. meeting the needs of the present without compromising the ability of future generations to meet their own needs. By following this concept, your Company has been operating a 5.25 MW Solar Power Generation Plant which caters to 69% of electricity requirement per annum and through which the Company has been saving 44% on its electricity bills.

**Technology Absorption**

Technology plays a very significant role in improved health care in India. Your Hospital constantly endeavours to bring latest state-of-the-art technology and in its efforts to offer excellent health care, your Hospital keeps investing in latest technologies in clinical & critical care across all departments. Large investments made in Medical Equipment during the last three years are in the process of achieving peak utilization. Some of the equipment include Somatom Force 3rd Generation Dual Source CT Scanner, Philips Ingenia 1.5T Omega HP Digital MRI System, First Blood Irradiation Chambers, Fetoscopy equipment (procedures to handle delicate surgeries) and many more. During the year 2019-20, your Company invested in the "Varian tru-beam HyperArc Linear Accelerator" for Radiotherapy and Radio Surgery treatment – one of the cutting edge equipment in Radiation Oncology. Also with the commencement of KMCH Center for Advanced Lung Diseases and Transplantation, a specialized treatment center for Lung and Pulmonology Diseases, the Company has invested in multiple Lung and Pulmonology related equipment.

Investment in equipments during the year 2019-20 amounts to ₹ 7,870.79 Lakhs.

**Foreign Exchange Earnings & Outgo****(i) Earnings in Foreign Currency**

Earnings in foreign currency during the year ended March 31, 2020 : Nil (Previous Year : Nil)

**(ii) Expenditure in Foreign Currency**

Expenditure in foreign currency during the year ended March 31, 2020 was ₹ 2,280.37 Lakhs (Previous Year: ₹ 323.71 Lakhs).

**For and on behalf of the Board**

**Sd/-**

**DR. NALLA G PALANISWAMI**

**MANAGING DIRECTOR**

**DIN: 00013536**

**Sd/-**

**CA.A.M.PALANISAMY**

**DIRECTOR**

**DIN: 00112303**

Place: Coimbatore

Date : 20.06.2020

**ANNEXURE-III  
Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March 2020**

[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	99 Avanashi Road Coimbatore - 641 014 Phone: +91-422-4323800, 3083800 E-mail: <a href="mailto:secretarialdept@kmchhospitals.com">secretarialdept@kmchhospitals.com</a> Website: <a href="http://www.kmchhospitals.com">www.kmchhospitals.com</a>
vi. Whether listed company	Yes
vii. Name, address and contact details of Registrar and Transfer Agent, if any	GNSA Infotech Private Limited Nelson Chambers, F-Block, 4 <sup>th</sup> Floor No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600 029 Phone: +91-44-42962025 E-mail: <a href="mailto:sta@gnsaindia.com">sta@gnsaindia.com</a>

**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	8610	98%
2	Education	8530	2%

**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
NIL					

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

S.No.	Category of shareholders	No. of shares held at the beginning of the year (01.04.2019)				No. of shares held at the end of the year (31.03.2020)				% 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	1452793	101	1452894	13.28	1452793	101	1452894	13.28	0.00
(b)	Central/State Govt.(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies corporate	4007761	-	4007761	36.63	4025761	-	4025761	36.79	0.16
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	<b>5460554</b>	<b>101</b>	<b>5460655</b>	<b>49.90</b>	<b>5478554</b>	<b>101</b>	<b>5478655</b>	<b>50.07</b>	<b>0.16</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	81698	-	81698	0.75	80012	-	80012	0.73	-0.02
(b)	Bodies corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	QFI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2)</b>	<b>81698</b>	<b>-</b>	<b>81698</b>	<b>0.75</b>	<b>80012</b>	<b>0</b>	<b>80012</b>	<b>0.73</b>	<b>-0.02</b>
	<b>Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)</b>	<b>5542252</b>	<b>101</b>	<b>5542353</b>	<b>50.65</b>	<b>5558566</b>	<b>101</b>	<b>5558667</b>	<b>50.80</b>	<b>0.15</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual funds/UTI	-	-	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	2	-	2	-	-
(c)	Central/ State Govt. (s)	-	-	-	-	-	-	-	-	-
(d)	Venture capital funds	-	-	-	-	-	-	-	-	-
(e)	Insurance companies	-	-	-	-	-	-	-	-	-
(f)	FII	-	-	-	-	-	-	-	-	-
(g)	Foreign venture capital	-	-	-	-	-	-	-	-	-
(h)	Alternate Investment Funds	172368	-	172368	1.58	110274	0	110274	1.01	-0.57
(i)	Any other (Foreign Port Folio Investor)	445453	-	445453	4.07	334283	0	334283	3.05	-1.02
	<b>Sub-Total (B)(1)</b>	<b>617821</b>	<b>-</b>	<b>617821</b>	<b>5.65</b>	<b>444559</b>	<b>0</b>	<b>444559</b>	<b>4.06</b>	<b>-1.58</b>
<b>(2)</b>	<b>Non-institutions</b>									
(a)	Bodies corporate	283166	531700	814866	7.45	352644	531700	884344	8.08	0.63
(b)	Individuals - i.Individual shareholders holding nominal share capital upto ₹1 Lakh	1172267	527521	1699788	15.53	1343543	419611	1763154	16.11	0.58
(c)	Individuals - ii.Individual shareholders holding nominal share capital in excess of ₹1 Lakh	496694	29153	525847	4.81	523962	29153	553115	5.05	0.25
(d)	Any other	-	-	-	-	-	-	-	-	-
(i)	Non Resident Indians	763382	766780	1530162	13.98	982435	515004	1497439	13.68	-0.30
(ii)	Director & Relatives	70370	-	70370	0.64	70370	-	70370	0.64	-
(iii)	Clearing Member	1383	-	1383	0.01	19306	-	19306	0.18	0.16
(iv)	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY, MINISTRY OF CORPORATE AFFAIRS	139672	-	139672	1.28	151308	-	151308	1.38	0.11
	<b>Sub-total (B)(2)</b>	<b>2926934</b>	<b>1855154</b>	<b>4782088</b>	<b>43.70</b>	<b>3443568</b>	<b>1495468</b>	<b>4939036</b>	<b>45.14</b>	<b>1.43</b>
	<b>Total public shareholding (B)= (B)(1)+ (B)(2)</b>	<b>3544755</b>	<b>1855154</b>	<b>5399909</b>	<b>49.35</b>	<b>3888127</b>	<b>1495468</b>	<b>5383595</b>	<b>49.20</b>	<b>-0.15</b>
<b>(C)</b>	<b>Shares held by custodian for GDRs &amp; ADRs</b>									
	<b>Total (A)+(B)+(C)</b>	<b>9087007</b>	<b>1855255</b>	<b>10942262</b>	<b>100.00</b>	<b>9446693</b>	<b>1495569</b>	<b>10942262</b>	<b>100.00</b>	<b>0.00</b>

**ii. Shareholding of Promoters**

S.No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged/encumbered to total share	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	DR. PALANISWAMI N	10000	0.09	NIL	10000	0.09	NIL	0.00
2	DR. THAVAMANI DEVI PALANISWAMI	1235647	11.29	NIL	1235647	11.29	NIL	0.00
3	DR. BALASUNDARAM. S	86944	0.79	NIL	86944	0.79	NIL	0.00
4	DR. K S K MURUGAIYAN	70101	0.64	NIL	70101	0.64	NIL	0.00
5	DR. KALIANNAGOUNDER SUNDARAMOORTHY (Transmission on 28.02.2020 - DR.KAVETHA SUNDARAMOORTHY)	10000	0.09	NIL	10000	0.09	NIL	0.00
6	DR. ARUN N PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
7	DR. MOHAN S GOUNDER	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	10101	0.09	NIL	10101	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 PRIVATE LIMITED	4007761	36.63	NIL	4025761	36.79	NIL	0.16
12	MRS. VANI V THIRUMOORTHY	71485	0.65	NIL	71485	0.65	NIL	0.00
13	DR. SADASIVAN N	4200	0.04	NIL	2514	0.02	NIL	-0.02
14	DR. M C THIRUMOORTHY	6013	0.05	NIL	6013	0.05	NIL	0.00
	<b>Total</b>	<b>5542353</b>	<b>50.65</b>	<b>NIL</b>	<b>5558667</b>	<b>50.80</b>	<b>NIL</b>	<b>0.15</b>

**iii. Change in Promoters Shareholding (please specify, if there is no change)**

S.No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2019)		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. PALANISWAMI N	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09
2	DR. THAVAMANI DEVI PALANISWAMI	1235647	11.29	1235647	11.29
	At the end of the year (31.03.2020)			1235647	11.29
3	DR. BALASUNDARAM. S	86944	0.79	86944	0.79
	At the end of the year (31.03.2020)			86944	0.79
4	DR. K S K MURUGAIYAN	70101	0.64	70101	0.64
	At the end of the year (31.03.2020)			70101	0.64
5	DR. KALIANNAGOUNDER SUNDARAMOORTHY	10000	0.09	10000	0.09
	28.02.2020 - Transmission - DR.KAVETHA SUNDARAMOORTHY	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09
6	DR. ARUN N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09
7	DR. MOHAN S GOUNDER	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09
8	DR. PURANI P PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09
9	MRS. MALLIKA MURUGAIYAN	10101	0.09	10101	0.09
	At the end of the year (31.03.2020)			10101	0.09



10	DR. K C RAMASWAMI	101	0.00	101	0.00
	At the end of the year (31.03.2020)			101	0.00
11	M/s KOVAI PURANI FINANCE PRIVATE LIMITED	4007761	36.63	4007761	36.63
	14.11.2019 - Market Purchase	18000	0.16	4025761	36.79
	At the end of the year (31.03.2020)			4025761	36.79
12	MRS. VANI THIRUMOORTHY	71485	0.65	71485	0.65
	At the end of the year (31.03.2020)			71485	0.65
13	DR. SADASIVAN N	4200	0.04	4200	0.04
	31.12.2019 - Market Sale	100	0.00	4100	0.04
	10.01.2020 - Market Sale	776	0.01	3324	0.03
	17.01.2020 - Market Sale	716	0.01	2608	0.02
	24.01.2020 - Market Sale	94	0.00	2514	0.02
	At the end of the year (31.03.2020)			2514	0.02
14	DR. M C THIRUMOORTHY	6013	0.05	6013	0.05
	At the end of the year (31.03.2020)			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 (01.04.2019)		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	519300	4.75	519300	4.75
	At the end of the year (31.03.2020)	-		519300	4.75
2	M/s AUBURN LIMITED	266736	2.44	266736	2.44
	05.04.2019 - Market Purchase	1740	0.02	268476	2.45
	19.04.2019 - Market Purchase	1601	0.01	270077	2.47
	26.04.2019 - Market Purchase	1920	0.02	271997	2.49
	10.05.2019 - Market Purchase	4750	0.04	276747	2.53
	31.05.2019 - Market Purchase	1000	0.01	277747	2.54
	07.06.2019 - Market Purchase	366	0.00	278113	2.54
	21.06.2019 - Market Purchase	3000	0.03	281113	2.57
	At the end of the year (31.03.2020)			281113	2.57
3	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY, MINISTRY OF CORPORATE AFFAIRS	139672	1.28	139672	1.28
	24.04.2019 - Shares transferred from dividend unclaimed shareholders	9025	0.08	148697	1.36
	26.10.2019 - Shares transferred from dividend unclaimed shareholders	8700	0.08	157397	1.44
	16.11.2019 - Shares transferred from dividend unclaimed shareholders	11	0.00	157408	1.44
	10.01.2020 - Refund of shares to shareholder	100	0.00	157308	1.44
	24.01.2020 - Refund of shares to shareholder	2000	0.02	155308	1.42
	31.01.2020 - Refund of shares to shareholder	4000	0.04	151308	1.38
	At the end of the year (31.03.2020)			151308	1.38
4	Mr. VYNATHEYA BIDADI SHESHADRI	109006	1.00	109006	1.00
	At the end of the year (31.03.2020)			109006	1.00
5	M/s SUNDARAM ALTERNATIVE OPPORTUNITIES FUND - NANO CAP SERIES I	128882	1.18	128882	1.18
	02.08.2019 - Market Sale	22	0.00	128860	1.18
	07.08.2019 - Market Sale	3	0.00	128857	1.18
	16.08.2019 - Market Sale	676	0.01	128181	1.17
	23.08.2019 - Market Sale	2142	0.02	126039	1.15
	27.09.2019 - Market Sale	34663	0.32	91376	0.83
	04.10.2019 - Market Sale	262	0.00	91114	0.83

	18.10.2019 - Market Sale	872	0.01	90242	0.82
	At the end of the year (31.03.2020)			90242	0.82
6	M/s RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	0	0.00	0	0.00
	16.08.2019 - Market Purchase	205	0.00	205	0.00
	20.09.2019 - Market Purchase	6160	0.06	6365	0.06
	27.09.2019 - Market Purchase	68072	0.62	74437	0.68
	30.09.2019 - Market Purchase	5000	0.05	79437	0.73
	29.11.2019 - Market Purchase	3642	0.03	83079	0.76
	21.02.2020 - Market Sale	301	0.00	82778	0.76
	At the end of the year (31.03.2020)			82778	0.76
7	MR. VENKATESAN DHARMAPALAN	0	0.00	0	0.00
	27.09.2019 - Market Purchase	65341	0.60	65341	0.60
	At the end of the year (31.03.2020)			65341	0.60
8	DR. JAGADA SINGARAM JAGADEESAN	62678	0.57	62678	0.57
	At the end of the year (31.03.2020)			62678	0.57
9	MRS. MANI C MUDALIAR	62580	0.57	62580	0.57
	At the end of the year (31.03.2020)			62580	0.57
10	MR. D VENKATESAN	40848	0.37	40848	0.37
	10.01.2020 - Market Purchase	16305	0.15	57153	0.52
	At the end of the year (31.03.2020)			57153	0.52

**v. Shareholding of Directors and Key Managerial Personnel**

S.No.	Name of the Director / KMP	Shareholding at the beginning of the year (01.04.2019)		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 (31.03.2020)			10000	0.09
2	Dr. THAVAMANI DEVI PALANISWAMI	1235647	11.29	1235647	11.29
	At the end of the year (31.03.2020)			1235647	11.29
3	DR.MOHAN S GOUNDER	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09
4	DR.ARUN N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09
5	DR.M.C.THIRUMOORTHY	6013	0.05	6013	0.05
	At the end of the year (31.03.2020)			6013	0.05
6	MR. KUTTIANNA GOUNDER VENKATASAMY	2500	0.02	2500	0.02
	At the end of the year (31.03.2020)			2500	0.02
7	CA. A.M. PALANISAMY	4000	0.04	4000	0.04
	At the end of the year (31.03.2020)			4000	0.04
8	MR. K. SAMINATHAN	8000	0.07	8000	0.07
	At the end of the year (31.03.2020)			8000	0.07
9	DR. PURANI P PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2020)			10000	0.09

**V. INDEBTEDNESS**

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

₹ In Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	37,772.71	-	-	36,828.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>37,772.71</b>	-	-	<b>36,828.94</b>
<b>Change in indebtedness during the financial year</b>				
i) Addition	17,320.00	-	-	17,320.00
ii) Reduction	3,800.14	-	-	3,232.54
Net Change	<b>13,519.86</b>	-	-	<b>14,087.46</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	51,292.57	-	-	50,916.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>51,292.57</b>	-	-	<b>50,916.40</b>

**VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director and Executive Directors:**

₹ In Lakhs

S.No.	Particulars	Dr. Nalla G Palaniswami	Dr.Thavamani Devi Palaniswami	Dr. Arun N Palaniswami	Total Amount
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96.00	82.05	63.10	241.15
	(b) Value of perquisites u/s.17(2) Income-tax Act, 1961	3.62	6.74	3.84	14.20
	(c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission – as 2% of profit	233.78	233.79	-	467.57
5	Others, please specify*				
	<b>Total (A)</b>	<b>333.40</b>	<b>322.58</b>	<b>66.94</b>	<b>722.92</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)				1,194.44

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

**B. Remuneration to Other Directors**
*₹ In Lakhs*

S.No.	Particulars	Name of the Director	Total Amount
1	Independent Directors		
	• Fee for attending Board / Committee	Mr. Kasi K Goundan	0.24
		Dr. M.Manickam	0.47
		CA. A.M.Palanisamy	3.66
		Mr. A.K.Venkatasamy	3.66
		Mr. K.Saminathan	3.89
		Mrs. R.Bhuvaneshwari	0.71
	• Commission		-
	• Others*		-
	<b>Total (1)</b>		<b>12.63</b>
2	Other Non-Executive Directors		
	• Fee for attending Board meetings	Dr. Mohan S. Gounder	0.47
		Dr. M.C.Thirumoorthi	0.24
		Dr. Purani P Palaniswami (Alternate: Dr.S.Krishnasamy)	0.94
	• Commission		-
	• Others*		-
	<b>Total (2)</b>		<b>1.65</b>
	<b>Total (B) = (1+2)</b>		<b>14.28</b>

\* 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 / ED.**
*₹ In Lakhs*

S.No.	Particulars	CFO	Company Secretary	Total
		CA M.K.Ravindra Kumar	CS S.P.Chittibabu	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	56.85	10.55	67.40
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.32		0.32
	(c) Profits in lieu of salary under section 17(3) of the Income-tax, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission – as 2% of profit	-	-	-
5	Others*	-	-	-
	<b>Total</b>	<b>57.17</b>	<b>10.55</b>	<b>67.72</b>

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

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

The Company, its Directors or other Officers were not subject to Penalties / Punishment / Compounding of offences during the year ended 31st March 2020.

**For and on behalf of the Board**

**Sd/-**

**DR. NALLA G PALANISWAMI  
MANAGING DIRECTOR  
DIN: 00013536**

**Sd/-**

**CA.A.M.PALANISAMY  
DIRECTOR  
DIN: 00112303**

Place: Coimbatore  
Date : 20.06.2020



**ANNEXURE – IV**
**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**
**1. The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year:**

S. No.	Name of the Director	Ratio
1	Dr.Nalla G Palaniswami	128x
2	Dr.Thavamani Devi Palaniswami	124x
3	Dr. Arun N Palaniswami	26x
4	Dr. Mohan S Gounder	-
5	Dr.M.C.Thirumoorthi	-
6	Dr.Purani P Palaniswami (Alternate Dr.S.Krishnasamy)	-
7	Mr.Kasi K Goundan	-
8	Dr.M.Manickam	-
9	CA.A.M.Palanisamy	-
10	Mr.A.K.Venkatasamy	-
11	Mr.K.Saminathan	-
12	Mrs. R. Bhuvaneshwari	-

- The median remuneration of employees of the company was ₹ 2.60 Lakhs
- For this purpose sitting fees paid to the Directors have not been considered as remuneration.
- During the year, the non-executive directors received only the sitting fees as remuneration.

**2. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;**

S. No.	Name of the Director / CFO / CS	% Increase / (Decrease) in remuneration
1	Dr. Nalla G Palaniswami	17.37%
2	Dr.Thavamani Devi Palaniswami	14.12%
3	Dr. Arun N Palaniswami	21.69%
4	Dr. Mohan S Gounder	-
5	Dr.M.C.Thirumoorthi	-
6	Dr.Purani P Palaniswami (Alternate Dr.S.Krishnasamy)	-
7	Mr.Kasi K Goundan	-
8	Dr.M.Manickam	-
9	CA.A.M.Palanisamy	-
10	Mr.A.K.Venkatasamy	-
11	Mr.K.Saminathan	-
12	Mrs. R. Bhuvaneshwari	-
13	CA.M.K.Ravindra Kumar	5.73%
14	CS.S.P.Chittibabu	1.44%

- The percentage increase in the median remuneration of employees in the financial year: 10.38%
- The number of permanent employees on the rolls of company: 4,516
- 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 6%.

The percentile decrease granted to managerial personnel is 4.32%.

- 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.
- Statement of employees receiving remuneration not less than eight lakhs fifty thousand rupees per month.

Name	Dr. Nalla G Palaniswami	Dr. Thavamani Devi Palaniswami
Designation of the employee	Managing Director	Joint Managing Director
Gross Remuneration	₹ 333.40 Lakhs	₹ 322.58 Lakhs
Qualification	MBBS, MD AB(USA)	MBBS, AB(USA)
Date of Commencement of Employment	01 <sup>st</sup> October 1989	29 <sup>th</sup> July 2000
Last Employment	Hypertension, Obesity and Risk factor Clinic, Wayne State University, Detroit, USA	Consultant in Pediatrics & Adolescence, City Clinic, Detroit, USA

Note :

- Dr. Nalla G Palaniswami & Dr. Thavamani Devi Palaniswami are related to each other. Dr. Thavamani Devi Palaniswami is Dr. Nalla G Palaniswami's wife.
  - Dr. Thavamani Devi Palaniswami owns more than 2% of the equity shares of the Company as on 31<sup>st</sup> March 2020.
  - Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and other benefits.
  - Net remuneration is exclusive of contribution to provident fund, gratuity fund, other benefits and tax deduction.
- Statement of Particulars of Employees Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employee Name	Designation	Educational Qualification	Age	Experience (In Years)	Date of Joining	Remuneration in FY 2019-20 (₹ In Lakhs)	Previous Employment
Dr.Arun N Palaniswami	Executive Director	MBBS, MD - Internal Medicine	41	11+	25 September 2015	66.94	Castle Medical Center (Adventist Health Group), Hawaii, USA
Dr.J.Sivakumaran	Chief Operating Officer	B.Sc, PGDHMM, MBA, M.Phil., PGDHA, Ph.D.	62	41	04 September 2014	57.32	Satguru Partap Singh Apollo Hospital, Ludhiana

Mr.M.K.Ravindra Kumar	Chief Financial Officer	B.Com (Hons), ACA	59	40	01 June 2017	57.17	VKS Farms Limited, Coimbatore
Mr.S.Karthikeyan	Chief Executive Officer - Institute of Health Sciences and Research (IHSR)	M.Com	53	30	02 July 1990	45.32	-
Dr.S.Arun Kumar	Professor - Radiodiagnosis - IHSR	M.D. - Radiology	38	13	03 January 2019	36.00	Karpagam Faculty of Medical Sciences and Research, Coimbatore
Dr.M.G.Sridhar	Vice Principal and Professor - Biochemistry - IHSR	M.D. - Biochemistry , DNB	60	35	02 April 2018	34.40	Jawaharlal Institute of Postgraduate Medical Education and Research (JIPMER), Pondicherry
Dr.Sanjay Kumar	Associate Dean and Professor - Community Medicine - IHSR	M.D. - Community Medicine	52	12	21 June 2019	32.67	IQ City Medical College, Durgapur, West Bengal
Mr.C.Tamilselvan	Vice President - Materials	M.Sc (Physics), MBA, PGDHMM	53	31	01 May 2004	32.02	Biomed Hitech Industries Limited, Chennai
Mr. S. Anto Vaz	Chief Medical Physicist & Radiological Safety Officer (RSO)	M.Sc (Medical Physics), RSO	39	16	10 October 2010	30.03	Max Healthcare India Limited, New Delhi
Mr. N.Senthil Kumar	Senior Medical Physicist & Radiological Safety Officer (RSO)	M.Sc (Medical Physics), RSO	39	16	03 November 2010	30.03	Ministry of Health, Kuwait

**NOTE:**

1. All the Employees included in the table above are permanent employees of the Company.
2. Dr. Arun N. Palaniswami is the son of Dr. Nalla G Palaniswami and Dr. Thavamani Devi Palaniswami.
3. Remuneration disclosed is calculated as per Section 17(1) and 17(2) of the Income Tax Act, 1961.

**For and on behalf of the Board**

Sd/-  
**DR. NALLA G PALANISWAMI**  
**MANAGING DIRECTOR**  
**DIN: 00013536**

Sd/-  
**CA.A.M.PALANISAMY**  
**DIRECTOR**  
**DIN: 00112303**

Place: Coimbatore  
Date : 20.06.2020

**ANNEXURE – V****SECRETARIAL AUDIT REPORT**

To  
The Members,  
Kovai Medical Center and Hospital Limited,  
99, Avanashi Road, Coimbatore - 641 014.

Our **Secretarial Audit 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. Due to restrictions on movement of people amid COVID-19 pandemic, we had to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the Company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.
3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial year ended on 31<sup>st</sup> March, 2020. Our report does not include those statutory compliances the filing dates for which were extended by Ministry of Corporate Affairs / Securities Exchange Board of India / Medical Council of India, as the case may be, from time to time and accordingly such extended time limits remain beyond the date of our audit report.
4. 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.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further, compliance of Act, Regulations, Directions listed under Para (vi) of the report is limited to the Company obtaining necessary permissions, approvals and licenses for conduct of the relevant business or trade stated therein.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For KSR & Co Company Secretaries LLP**

**Sd/-**

**Dr.C.V.Madhusudhanan**

**Partner**

(FCS: 5367; CP: 4408)

Place: Coimbatore

Date : 20.06.2020

**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, 2020**

To  
The Members,  
Kovai Medical Center and Hospital Limited,  
99, 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 (CIN L85110TZ1985PLC001659)** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2020 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, 2020 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under.
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations framed there under.
- (iv) 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.

**(v) 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, 2018.
- 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.
- 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.



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

- (i) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.
- (ii) Issue of securities including debt instruments or securities.
- (iii) Buy-back of securities.
- (iv) Delisting of securities
- (v) Issue of Employee Stock Options
- (vi) **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
  - j) Indian Medical Council Act, 1956

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

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

#### **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 to the composition of the Board of Directors during the period covered under the Audit have been duly effected.

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 made the following specific action(s) having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:



The Company has started medical education division and has received the approval of the State Government (Health and Family Welfare Department, Government of Tamilnadu) on 16<sup>th</sup> May 2018 and from the Medical Council of India on 7<sup>th</sup> May 2019 for commencing the Undergraduate M.B.B.S. Course and has admitted the first batch of 150 students.

**For KSR & Co Company Secretaries LLP**

**Sd/-**

**Dr.C.V.Madhusudhanan**

**Partner**

(FCS: 5367; CP: 4408)

UDIN:F005367B000367773

Place: Coimbatore

Date : 20.06.2020

## MANAGEMENT DISCUSSION AND ANALYSIS

Change is the law of nature and this law applies to businesses running in modern times. Like other industries, healthcare is also approaching towards transformation beyond recognition. Several technological, regulatory and operational challenges are set to transform the way healthcare is delivered, patients are treated and private providers operate.

The healthcare industry in the times ahead will be shaped by many forces, however the critical forces governing the emergence of this business in the next decade will focus on:

- Improving patient access
- Prevent catastrophic type of expenditure (For example: COVID-19)
- Strengthening of the healthcare system through strategic purchasing
- Risk pooling and improving the overall delivery
- Impetus on digital healthcare to counter challenges of workforce shortage and operational inefficiencies.

Understanding the forces changing the healthcare landscape and devising a clear strategy to act upon it will prove to be a daunting task. For this there is a need to focus on patient experience, investing smartly on relevant technologies, establishing ecosystem through collaboration, establish an agile but robust governance structure.

### COVID-19 – IMPACT

COVID-19 Pandemic has stretched healthcare infrastructure of even the most developed countries, and is expected to cause economic recession unparalleled in the recent history. On March 11, 2020, the World Health Organization announced that the COVID-19 virus was officially a pandemic after barreling through 114 countries in three months and infecting over 118,000 people. And the spread has been unabated ever since.

The COVID-19 pandemic is straining health systems worldwide. The rapidly increasing demand on health facilities and health care workers threatens to leave some health systems overstretched and unable to operate effectively. Though the case fatality ratio for COVID-19 has been lower than SARS of 2003, the greater spread of this infection has resulted in a significant total death toll. “The best defense against any outbreak is a strong health system”. COVID-19 is revealing how fragile many of the world’s health systems and services are, forcing countries to make difficult choices on how to best meet the needs of their people.

An epidemic of this proportion needs a certain infrastructure to deal with. None of the countries, whether developed or developing or under developed, have such an infrastructure. In fact, the Covid-19 infection has exposed the so-called developed countries’ systems to the maximum. From logistics of essential commodities to healthcare facilities, everything is super-strained in almost all the nations.

### INDIA’S RESPONSE TO COVID-19

India’s response to the COVID-19 pandemic is one of the most stringent in the world, based on data from 73 countries. India has scored a perfect 100 on the “Oxford COVID-19 Government Response Tracker (OxCGRT)” that aims to track and compare government responses to the coronavirus outbreak worldwide, rigorously and consistently.

While currently all the energies in the country are focused on controlling the transmission and curtailing morbidity and mortality due to the pandemic, here we take a look at how this infection and its fallouts can impact the healthcare scenario in India.

### **1. Fast-tracking of implementation of targets for public health emergencies within National Disaster Management Plan**

Guidelines for biological disasters have been in existence since 2008 and Biological & Public Health Emergencies (BPHE) was added as a part of the National Disaster Management Plan (NDMP) itself in the most current version updated in November 2019, with the objective of enhancing the resilience of health systems by integrating disaster risk reduction into all levels of healthcare. While one can rue the fact that we recognise these requirements within a structured framework too late, the silver lining is that the crisis has made us implement some of these, in some manner or the other, immediately instead of waiting another five to ten years as planned in the NDMP. The best part is the lessons in managing this crisis at hand will help in a faster and more practical execution of several great initiatives identified in the NDMP just before the pandemic.

### **2. Community Awareness towards Hygiene will have positive impact in the long-term, though in the short-term likely to increase PHC burden significantly**

Since the days leading to the full-blown pandemic, intensive campaigns are being run promoting hand hygiene to prevent transmission of infection. This has led to very high levels of awareness and compliance to this seemingly small routine of clean hands but one which in the long run can have far-reaching implications for transmission of various other infections as well. All signs point to a protracted period of contagion and perhaps seasonal returning peaks as well, which means reasonably long cycle of special emphasis on hand hygiene, face mask, hygienic social habits and disinfection. These long cycles of focus on hygiene combined with Swachh Bharat Abhiyan may have positive impact on improved health of the society, although extent of benefit will be difficult to measure tangibly.

### **3. Gaps in Care of patients of other ailments, especially chronic diseases in the short-term can lead to long-term burden on healthcare**

As urgent takes precedence over important, the entire system focused on prevention, diagnosis, treatment and containment of COVID-19 infection is likely to miss opportunities for timely diagnosis and treatment of other diseases. Patients of chronic disease, being wary of going out, or facing difficulties in movement due to lockdown restriction might miss on treatment, ending up with long-term sequelae. These can eventually increase the possibility of complications and worsening of disease, raising the overall burden of diseases of the country to a certain extent. Unavailability of several government set-ups that have been earmarked for COVID-19 has also limited the availability of emergency treatment of acute conditions for the less privileged whose only fall back for healthcare needs are public facilities.

### **4. Strengthening of Infrastructure through Public Private Partnerships over next few years, but in the near-term, ongoing plans will see a major realignment**

It is no secret that healthcare infrastructure in India is highly inadequate to meet the needs of its large population. In terms of accessibility and quality of healthcare service the country ranks 145 among 195 countries globally. Countries that spend upwards of 8-10 per cent of GDP on healthcare are also crumbling under the huge burden of this pandemic, giving shivers to the governments across the developing world, including India., India spends a meagre 1.4 per cent of GDP as public expenditure on healthcare. Recognizing the inadequacy of this for serving such a huge population, the government had laid out ambition to increase the spending to 2.5 per cent of GDP in the next two to three years. While progress has been made in the recent past in augmenting the infrastructure and manpower through opening new tertiary institutes, increasing seats in medical colleges and implementing expansion of primary healthcare setup across the country, a lot still needs to be done. This need is acutely being felt now while we prepare for a scenario if the situation goes out of hand further, and this realization will hopefully accelerate implementation of healthcare infrastructure

strengthening. At the same time, in the short-term since a huge spend is being utilized for managing the pandemic, budgetary allocations on current plans will get realigned.

#### **5. Internalization of Pharma Supply Chain & Make-in-India focus for Medical Equipment**

Over the last few decades India has emerged as the pharma hub of the world, being the largest suppliers of generic medicines all over the world with a 20 per cent share in global supply by volume and 50 per cent of global demand for vaccines. Currently over 80 per cent the antiretroviral drugs used to combat AIDS are supplied by Indian firms, which is a significant contribution to mankind as otherwise less developed countries would not have been able to afford therapy for this global crisis. COVID19 crisis has again highlighted the contribution of Indian pharma industry as India opened export of hydroxychloroquine to scores of countries that can help save thousands of lives.

With China's perceived role in not sharing information that could have prevented the COVID19 global pandemic, there is an increasing sentiment in various countries to move their manufacturing out of China. Japan is in fact paying its companies to move their manufacturing out of China. This can thus be a big opportunity for India to internalize the entire supply chain for our own good as well as present ourselves as an end-to-end giant in the pharma supply chain. A strong pharma industry has always been a pillar of affordable healthcare in India and one can expect this trend to further strengthen now.

Another area where India and almost the entire world is over-reliant on China is medical equipment. We have seen cases of ventilators, PPE, masks, diagnostic kits – almost all equipment for sailing through the current crisis coming from China, which is a problem in times like these. In India, several non-medical equipment companies have risen to the occasion and converted their manufacturing to make ventilators and other equipment currently needed. A push through make-in-India for medical equipment can further strengthen this trend. Medical devices can be a natural area for expansion of pharma companies, because of synergies of end customers even though new manufacturing skills will need to be internalized.

#### **6. Medical Tourism will continue to see a downtrend, at least in the short-term**

India has become a hub for medical tourism, especially for neighbouring countries, middle east, central Asia and Africa. In 2015, India ranked as the third most popular destination for medical tourism, when the industry was worth \$3 billion. The number of foreign tourists coming into the country on medical visas sat at nearly 234,000 that year. By 2017, the number of arrivals more than doubled to 495,056, government figures show. These medical tourists come not just for advanced modern medicine treatment available in the country but also for rejuvenation through traditional medical practice such as Ayurveda. With international travel being a major cause of the spread of COVID-19 pandemic, the writing on the wall is clear. The influx of tourists, including medical tourists will remain slow at least for a good part of this year. One can expect picking up only next year, that too if recurrence of peak does not happen again globally in the winter months which is quite a probable scenario as per the latest research.

#### **7. Increased use of Technology, Telemedicine, Training of primary health workers and Mobile hospitals**

In the midst of the Pandemic, Ministry of Health and Family Welfare, Government of India, in collaboration with Niti Aayog, released Telemedicine Practice Guidelines enabling Registered Medical Practitioners to provide healthcare in remote settings using telemedicine. These guidelines recognize telemedicine as an enabler of healthcare access and affordability through faster access to appropriate interventions and access to services that may not otherwise be available. There have also been frequent online training sessions for nurses, paramedic staff and primary health workers for protocol to be followed for detection, isolation and communication regarding suspected infections. Increased use of technology and opening up telemedicine



through transparent guidelines will improve access to healthcare even in remote locations in geographically diverse country like India.

Additionally, recognizing the increased need of hospitals across the country, several ingenious approaches are being explored, the most interesting of which is converting train coaches into isolation wards to make mobile hospitals which can be taken to locations throughout the country as per requirement. Although mobile hospitals were a target in the NDMP 2019, such an innovative approach arose out of necessity and has benefits of moving as much capacity as required to various locations and is much faster and more efficient than road transport. If retained and built upon, this flexible concept has the capability of supplementing the healthcare infrastructure substantially.

Thus, as we face this humongous challenge and focus on sailing through with minimum damage to human lives, there are opportunities to be unravelled for improvement in the healthcare scenario in the country.

### **TRENDS IN HEALTHCARE INDUSTRY – 2020-21**

With initiatives and policies by Government, ever increasing demand and competition among the private sector providers and changing patients' needs and increasing penetration of technological innovations, healthcare in India is set to witness a new era.. This era will push healthcare providers to relook at their business models and operations in line with the changing ecosystem shaped by evolution in healthcare and other sectors that has transformed the Indian consumer.

Private healthcare has witnessed great advancements in technology and in models of operation with most of the changes being given by changing patient perception owing to the rising health awareness. These forces are not the only factor demanding a change in providers' view towards the sector, the underlying levers of change are also playing their part in changing the landscape of the market. These key lever of change will compel the providers to deliver better health outcomes whilst managing evolving consumer behaviors and patient treatments.

#### **Transformation of patients into smart consumers**

Indian healthcare sector is not untouched with new consumer behavioral trends and there is plenty of evidence to indicate that healthcare eventually in the coming decade will be led by the dictates of the consumer instead of by Government say-so or industry initiatives.

In these present days, a patient has an easy access to plethora of health related information that has led to changing consumer behavior and is also aware of healthcare needs, well informed about health conditions, self-care and will self-navigate to appropriate healthcare settings. Consequent to such an information overflow, today's patient's participation will transform from 'passive' to 'active'. By this, we will see a definite shift from a doctor driven treatment to patient driven treatment with patients playing active part in decision making regarding their health management, treatment regimens and outcomes.

Self-care will be the way forward to Indian Health System in the coming decade and increasing healthcare cost, constraints of healthcare resources and changing consumer healthcare behavior will drive most fundamental restructuring of healthcare in India. Prevention of disease and increasing efforts to educate and support patients in managing their own health will be on high priority in the coming decade.

Healthcare setting will have to drastically cut down service turnaround-time as the consumer demands minimal turnaround-time.

Patients will demand transparency around healthcare services, treatment options, outcomes, risk, cost of care, safety and credentials of healthcare professionals. Hospitals will have to practice more transparent operations,

openness to share and publish key patient information and indicators that enable patients to build higher satisfaction and greater trust.

### **Digital Health – Disrupting healthcare landscape**

Advancements in technology has been a key driving force for shaping the Hospital sector. Healthcare is also set to experience an unprecedented impact of technology and reshaping its ecosystem and building foundation blocks towards connected comprehensive care. Digital health driven transformation will force reconfiguration of the current healthcare value chain in India.

Healthcare will largely be accessed and delivered through ‘mobile’ health with India being the third largest smartphone market, increasing internet users and launch of 5G. Hospitals will be challenged to disintegrate the existing model of care and adopt ‘mobile’ health based care. Mobile health will be increasingly used for consultation, health tracking, health compliance and adherence, health records, diagnosis and patient engagement.

This industry will witness convergence of human intelligence and artificial intelligence in delivering better preventive and curative care. Artificial Intelligence (AI) will be one of the key tools to bridge the gap of specialists, doctors and skilled healthcare workforce in India. At present limited number of private hospitals have piloted AI for diagnosis and treatment planning for various diseases / disorders like cancer, cholesterol, diabetes, fertility issues and cardiac health. Future, however will witness greater implementation in areas like:

- Clinical Decision Support System: Leveraging AI to alleviate overburdened doctors, supporting them in administrative tasks and allowing to precisely diagnose using large amount of clinical data and images.
- Computational Pathology: Use of AI for assistance in inspecting samples from patients to detect any anticipated health condition or diagnostic requirement.
- Drug discovery: Mining patient’s clinical data and scientific literature to gather meaningful medical insights and further improving current therapies and creating novel therapies.

### **Paradigm Shift of Healthcare Providers**

Healthcare providers in the coming decade will be pushed to relook at their physical environment and design, operating model, technology enablement, and cost containment to cater to newer needs and devise engagement strategy with patients. Patients are no longer passive participants in their healthcare. They are demanding transparency, convenience, access and personalized products and services. There has been a gradual shift to prevention and well-being from the earlier curative approach. This has led to innovation in the care model offered by the Hospitals.

It is estimated that more than 70 percent population of India is covered under Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY), various Government (both Central, State Government) insurance schemes and other private insurance schemes. Increasing insurance patient base will lead to benchmarking and price standardization of packages and procedure by these insurance bodies. Hospitals in the coming decade will be pressed to create significant service and facility differentiation to command higher price point from cash and corporate patients. Small to medium hospitals specifically focusing in insurance and government health schemes will emerge in the coming years mainly in Tier 2 and Tier 3 cities.

Hospitals need to reconfigure existing business model and operations to provide on-demand services like 24x7 doctor consultation, weekend and night OPDs and virtual consultation and services without the constraints of time, place and monitoring. Air Ambulance will form critical part of emergency response management system and demand will increase in the coming years due to increasing traffic in urban areas and limited specialized care facilities in rural areas.

### **Innovative Diagnosis and Treatment**

The shift from curative to preventive treatment has been the driving force for the evolution of healthcare. From collecting data non-invasively, predicting the probability of diseases and disorders in an individual to prescribing a custom made treatment plan best suited according to one's own genetic make-up., newer ways of treatment and diagnosis are going to revolutionize the way healthcare is sought, while making it transparent, highly automated and sustainable.

Private hospital chains in India have already started using robotic systems for minimally invasive surgeries. Robot assisted surgeries provide enhanced precision and utmost control while performing surgeries, where it is critical to protect the nerve fibers and blood vessels attached to glands. Hospitals are expected to have a deeper penetration of robotics surgery for specialized and complex surgical procedures.

Gene Therapy technique is allowing doctors to treat a disorder by inserting a gene into a patient's cells instead of using drugs or surgery. This technology is at a very early stage in India. In August 2019, Government of India has proposed constituting a new Gene Therapy Advisory and Evaluation Committee – comprising scientists and clinicians – to rigorously monitor all clinical trials of gene therapy in India. This technology is expected to become prominent in another 8 to 10 years. However, challenges such as high cost of gene therapy, adequate insurance coverage and management practices among physicians are expected to limit its growth potential.

Non-invasive diagnosis is largely driven by the prevalence of chronic diseases such as cardiovascular and neurological diseases. With the completion of the Human Genome Project, that made available huge information based on genomic and proteomic analysis, non-invasive cancer diagnostics are gaining traction over conventional diagnostic methods. Also AI based tools are becoming prominent especially for cancer and diabetics predictions.

### **Budding Hybrid Healthcare Workforce**

Dearth of healthcare personnel will intensify in the coming years and Hospitals need to tackle this issue by leveraging and ensuring adequate training to the existing and upcoming professionals. With less than one doctor per 10,000 population and ever rising healthcare demand, allied healthcare staff will play a crucial role.

Nurses from one of the largest segments of healthcare workforce and the market is witnessing an increase in the demand for nurses specializing in specific areas of medicine such as psychiatry, obstetrics, gerontology among others.

With changing healthcare landscape, the demand for skilled labor and specialized healthcare workforce has become utmost important. Current system is facing issues such as inadequate ability to adhere to standards of hospital procedures, lack of effective communication skills and inadequate exposure to modern technology.

### **Growing Regulatory and Governance Framework**

Indian Healthcare sector in the last decade made a notable progress towards enhancing regulatory and governance framework and the government is further expected to tighten the regulations. Increasing environmental compliance, waste management, price control, reporting of outcomes, safety and security and other regulatory compliances will remain a top priority.

The Personal Data Protection Bill, draft Digital Information Security in Health Care Act (DISHA) and other such regulations will demand stringent compliances and safeguarding of personal and medical records by hospitals. These Acts seek to enforce a strong legal framework to preserve the sanctity of 'consent' in data sharing and penalize those breaching privacy norms. Hospitals are required to take stock of their current system and processes around data security and management and mitigate any gaps by adopting robust technology, security systems and controls.

A smart consumer with a high degree of health awareness and patient rights and regulatory framework will further push legal and consumer litigations pressing Hospitals to augment government, compliance and controls.

## INDIA'S HEALTHCARE INDUSTRY – CHALLENGES, OPPORTUNITIES AND THREATS

### CHALLENGES

Despite the growth in Indian Healthcare, the industry has got its plethora of challenges.

- **Buildings and Infrastructure:** A skewed distribution of healthcare infrastructure, poor maintenance of its existing facilities and lack of faith in some of the locally manufactured equipment.
- **Human Resources:** Acute Shortage of Manpower at most levels in the healthcare industry. Absence of a uniform and effective HR policy and inadequate HR database. Long term retention of qualified healthcare staff in Tier 2 & Tier 3 locations. Intense competitiveness amongst Hospitals in all Tier cities has led to unsustainable increase in remuneration for qualified personnel. This is definitely a show stopper for ensuring growth in this sector.
- **Pharma and Drugs:** Difficult to co-ordinate and regulate the pharma sector, since it is controlled by multiple government departments. Further with increased regulations in prices of drugs and consumables it is important to ensure that healthcare providers are able to remain financially sustainable in the long term.
- **Heterogeneous Markets:** Need for proper healthcare services in India are defined by the unique characteristics of local markets – demographics, disease profile, customer attitudes, seasonal variations, price sensitivity and others. Even hospitals in two different locations in the same state will operate under different set of parameters. Due to complications, involved significant management time is required in sustaining clinical standards, balancing case mix, ensuring adequate volumes and upgrading technology regularly.
- **Medical Education:** Regional imbalances in Medical Colleges and questionable quality of several medical colleges is a major challenge. There exists poor co-ordination between medical education and government health departments.

### OPPORTUNITIES

While challenges exist, the industry has innumerable opportunities to flourish in the coming years.

- **Commitment of Government:** Commitment of the Government is at a high to improve the situation. Various incentives are being passed by the Government to increase domestic productions of devices and equipment (recent manufacturing initiatives of Ventilators and PPE are clear indicators), for setting up of laboratories and diagnostics, facilities for medical education and others.
- **Human Resources:** Large population engenders massive domestic demand for healthcare services. Also India's twin demographic pattern of growth in the number of young and old people, presents an opportunity to serve the healthcare expectations of the young while attending to the increasing healthcare requirements of the elderly. Low cost qualified manpower potentially makes it possible to provide treatment to overseas patients at very competitive prices.
- **Pharma and Drugs:** Increasing domestic focus on generics. There exists high demand for drugs for both communicable and non-communicable diseases and India is favored country for clinical trials due to its established advantages.
- **Twin Disease Burden:** The rise of non-communicable diseases, and their contribution to the country's disease burden presents an important opportunity to Hospitals. Lifestyle diseases such as cardiac ailments, diabetes

and hypertension, cancer and orthopaedic ailments will drive the need for curative care. The burden of communicable and infectious diseases will also continue to be an area of focus in light of the recent pandemic.

- **Medical Education:** Medical profession being viewed as valuable, common shows preference to engaging in it. Low doctor to patient ratio also presents considerable scope for employment.
- **Preventive Health and Wellness:** Health awareness is on an increased trajectory across. More people are aware about the status of their health and are willing to invest time, money and efforts for improving it thus preventing critical illness. This awareness has led to a great opportunity in the areas of preventive health and wellness, including preventive health checks, diet and nutrition, exercise and well-being.

## THREATS

- **Rising Costs:** Input costs in healthcare are rising. Minimum wage revisions are underway in several categories of manpower; real estate continues to inflate; and import cost of equipment and consumables are high consequent to increase in INR / USD rate. Increased competition has also meant that compensation expectations for skilled manpower will go up.
- **Human Resources:** Shortage of skilled manpower is an acute problem in this sector. Unless immediate steps are taken to increase the number of doctors, nurses and paramedical personnel, the shortage will lead to prohibitive costs and derail the industry in general.
- **Regulatory interventions:** The intrinsic value of a service is more than just the cost of inputs. Any attempt to regulate the prices of healthcare inputs without providing for the comprehensive costs of providing quality services, will compromise the quality of care.
- **Medical Education:** Brain Drain and inability to retain quality faculty will have a lasting impact on the quality of doctors graduating out of the medical school.

## COMPANY OVERVIEW

Kovai Medical Center and Hospital Limited (KMCH) was incorporated under Companies Act, 1956 in 1985 and started its commercial operation on June 1990, with a capacity of 200 Bed Hospital in the outskirts of Coimbatore. Today it is grown as a 1500 bed multi-locational, multi-disciplinary Super specialty hospital. The Main Center and the Medical College Hospital is located in Coimbatore (around 1 kilometer from Coimbatore Airport).

## INFRASTRUCTURE AND FACILITIES

KMCH has pioneered several unique techniques like that of the steroid free "Kidney Transplantation", GDC coiling and clipping for "Brain Aneurysms" which saves lives and improve patient's comfort without any complication. KMCH has 24 operation theaters and several modern equipment including the state of the art "Robotic Surgical System" of the "da Vinci. Si", Varian Trilogy Linear Accelerator, the world's most advanced PET CT scan, 3D MRI, 3rd Generation Dual Source CT Scanner (latest in technology), Endo Bronchial Ultrasound (EBUS), 4D ultrasound scanner, Bi plane Cath lab, Cardiac Electro Physiology Lab, Bone Mineral Densitometer, Digital Mammography, Various Laser Equipment, Ultramodern Video endoscope operating neuro microscope, Computer assisted navigation for Hip & Knee replacements, ESWL for the removal of urinary stones.

Super specialty procedures like Deep Brain Stimulation, Bilateral Hip & Knee replacement, Kidney Transplant, Liver Transplant, Heart and Lung Transplant, Bone Marrow Transplant, Valve replacement, and advanced spine surgeries are being performed frequently. KMCH also continues to be a leader in transplant surgeries and has been continuously doing kidney, liver, pancreas and cardiac transplants and have done extraordinarily well transplant

program. KMCH has recently commenced KMCH Center for Advanced Lung Diseases and Transplantation with the induction of two senior pulmonologists.

The Department of Radiology added another feather in its cap when they were selected by the National Board, New Delhi to start the country's first Postdoctoral Program in Interventional Radiology.

The Robotic Surgery Team at KMCH is specialized in carrying out high precision and the best possible minimal invasive surgical procedures thereby reducing the usual hassles faced by patients in complicated surgical procedures. Some of the Surgeons in KMCH perform complex robotic surgeries in the fields of Food and Colon, Urology, Gynaecology and have attained excellence in their domains.

The Department of Radiotherapy have added the state-of-the-art variant Truebeam Linear Accelerator with Asia's first hyperarc system thus allowing them to treat double the number of patients and further enabling them to perform extremely complex stereotactic radio surgeries and stereotactic body treatments for the first time in this region. The Comprehensive Cancer Center has been forerunner in promoting awareness in quality cancer care in this region.

The Department of Neuro-Intervention, Neurology, Intensive Care and Physiotherapy together worked hard to bring the first Comprehensive Stroke Center in the region to ensure all patients with stroke could receive treatment in par the best in the country.

The hospital is actively involved in preventive health care too, through its health check-up programs, which are fairly popular in this region with various institutions and corporates subscribing to such health check-up schemes. We strictly practice the "Patient's Centric" culture in our approach. All our systems, people, process are geared towards delivering total care to the patients.

The hospital has over 135 internationally renowned full time clinicians and over 225 postgraduate medical professionals assisting them. With more than 4300 Technicians, paramedical, patient care and administrative staff the hospital delivers a complete care to the patients.

## **OPERATIONAL EXCELLENCE**

KMCH Intensive Care unit conducted the ICU update 2020 proving once again its leadership in Intensive care. It is also the only Intensive Care in South India, which has been recognized for the Fellowship Program. Dr. Mathew Cherian was selected for the prestigious oration of the Critical Care Society, which was held recently in the city of Hyderabad all of which goes on to confirm the recognition of this department at the national level.

Further, the department implanted the Second Most Advanced Device for management of aneurysms in the brain – the web device. The patient, a young lady, had a complex aneurysm in the brain where the device could completely cure her. The department also held a training for leading doctors across the country demonstrating the technique of implanting this device with the help of Dr. Jack Moret from Paris, France.

The Department of Cardiology continues to be a regional leader and conducted the Fourth Edition of the Covai Heart Rhythm Summit purely to focus on managing patients with advanced heart failure and its management by implanting CRT (Cardiac Resynchronization Device). Dr. Lazio Geller, Professor of Cardiology at Semmelweis University, Budapest, Hungary was part of this meeting and workshop and gave his valuable insight into management of heart failure.

The Department of Radiotherapy have added the state-of-the-art variant True-beam Linear Accelerator with Asia's first hyper arc system thus allowing them to treat double the number of patients and further enabling them to perform extremely complex stereotactic radio surgeries and stereotactic body treatments for the first time in this



region. The equipment was inaugurated by Dr. Shantha, Past Director of Adyar Cancer Institute, Chennai. The Comprehensive Cancer Center has been a pioneer in promoting awareness in quality cancer care in this region.

KMCH conducted the Third International Conference of Endocrinology. The Department of Endocrinology is a forerunner in world class services in their specialty where not only do they provide quality care, but also conduct a comprehensive research in diabetes and the department has published several landmark international papers. Working along with the Rotary Club of Coimbatore Central, KMCH has joined hands to support poor underprivileged children with insulin-dependent diabetes for a project named Project Kathir, a Ray of Hope. Several children have benefited from this project, which will support lifesaving insulin treatment, consumables and insulin pumps. Further to the several successes in renal transplant this year, two success stories – one was the story of the first successful transplant in the world in a patient with deadly bleeding disorder (Haemophilia). The team a senior Nephrologist, a Haematologist and the surgical team ensured that this patient would safely undergo the surgery without significant blood loss.

Secondly, by a technique called kidney sharing, three donors simultaneously donated to three recipients, kidneys were shared not to their own relatives, but to another patient whose immune factors matched. Thus, three related donors and three recipients were simultaneously operated where the three donors' kidneys were shared among the three relatives in a way that the best match was given to each patient again of one of the first feat to be performed in the country considering the complexity of simultaneously operating on six patients, all the patients did well. This goes to say without doubt that not only is KMCH the leader in steroid-free transplant, but also has leadership in talent, technology and infrastructure to handle any extreme complex surgical situations.

Department of Radiation Oncology organised a National Young Radiation Oncology Conference, YROC 2020. With radiotherapy treatment becoming an indispensable tool in our fight against cancer, the theme for this national meeting was to prepare the next generation of budding radiation oncologists for the inevitable technological advancements for the decade ahead. The Conference saw active and enthusiastic participation from leading medical professionals and delegates from all over India with over 150 attendees. Many international and national faculties contributed to knowledge sharing in this conference.

### **CONTINUING MEDICAL EDUCATION**

Perhaps, the greatest event that has taken place in the history of Kovai Medical Center and Hospital since its inception is the inauguration of the new Medical College in Coimbatore. KMCH Institute of Health Sciences and Research is the fifth Medical College in this region. The college started with an intake of 150 MBBS students with affiliation to The Tamilnadu Dr.MGR Medical University. The Medical College was inaugurated by Dr. R V Ramani, Member and Board of Governors, Medical Council of India. KMCH endeavors to set up a world class educational and research institution in Coimbatore to ensure the quality of medical education would match with the best centers across the globe.

### **ACCOLADES, ACHIEVEMENTS**

The Hospital continues to receive several awards, all of which goes on to say KMCH not only takes care of patients to be best of its abilities, but also is a role model in the industry. Notable among the many awards won by KMCH is the “Best Multi Specialty Hospital in South India – 2020” from “The Economic Times”.



**KMCH INSTITUTE OF HEALTH SCIENCES AND RESEARCH**

KMCH Medical College will have an annual intake of 150 undergraduate students, with the first batch of 150 Students having completed their first year of undergraduate studies. The second batch of students are slated only in the second half of 2020-21 consequent to delay in holding NEET (COVID-19 Impact).

Construction of 750 Bedded Medical College Teaching Hospital is complete and the Hospital is slated to be commissioned by August 2020. Other infrastructures like Students' Hostel, Staff Quarters have also been completed and are ready for use.

Ensuing year shows definite and great promise ahead in the field of Medical Education despite difficult times in the country.

**DISCUSSION ON FINANCIAL AND OPERATIONAL PERFORMANCE**

Below detailed table presents summaries of Financial Results of Operations for the year ended 31 March 2019 and 2020. The Company operates on two segments – Healthcare Services and Education Services.

Particulars	₹ in Lakhs	
	2019-20	2018-19
Operating Income	71,172.88	62,839.05
Other Income	1,059.14	823.99
<b>Total Income</b>	<b>72,232.02</b>	<b>63,663.04</b>
Medicines & Hospital Consumables	20,479.55	18,737.13
Employee Benefit Expense	12,486.51	11,157.64
Finance Costs	1,461.87	1,217.93
Depreciation & Amortisation Expense	5,211.93	3,553.27
Other Expenses	21,400.89	19,712.62
<b>Total Expenses</b>	<b>61,040.75</b>	<b>54,378.59</b>
<b>Profit Before Taxation (PBT)</b>	<b>11,191.27</b>	<b>9,284.45</b>
Provision for Taxation	1,732.56	3,270.18
<b>Profit After Taxation</b>	<b>9,458.71</b>	<b>6,014.27</b>
<b>Add: Other Comprehensive Income</b>	<b>112.12</b>	<b>(25.34)</b>
<b>Total Comprehensive Income for the year</b>	<b>9,570.83</b>	<b>5,988.93</b>

**REVENUES**

**Healthcare Services** – Total Operating Revenue grew 13.26% from ₹ 62,839.05 Lakhs in FY 19 to ₹ 71,172.88 Lakhs in FY 20 with Inpatient Revenues growing by 12.31% from ₹ 43,299.25 Lakhs in FY 19 to ₹ 48,628.32 Lakhs in FY 20 and Outpatient Revenues growing by 9.61% from ₹ 19,155.77 Lakhs in FY 19 to ₹ 20,996.38 Lakhs in FY 20. Increase in Revenues primarily attributable to increase in Surgeries, Inpatient and Outpatient Volumes.

**Education Services** – This is the first year of reporting on Education Services consequent to the commencement of KMCH Institute of Health Sciences & Research (KMCH Medical College). Revenues under this segment increased from ₹ 277.21 Lakhs for FY 19 (revenues from Allied Health Science Courses Students) to ₹ 1,342.26 Lakhs in FY 20 with the intake of the first batch of 150 Medical College students.

Below table shows the key drivers of revenues for the periods presented Year ended 31 March 2020.

Particulars	2019-20	2018-19	Increase / Decrease	% Increase / Decrease
Inpatients (Nos.)	76,924	67,455	9,469	14.04
Inpatients Revenue (₹ in Lakhs)	48,628.32	43,299.25	5,329.07	12.31
Outpatients (Nos.)	9,15,396	7,85,162	1,30,234	16.59
Outpatients Revenue (₹ in Lakhs)	20,996.38	19,155.77	1,840.61	9.61
KMCH IHSR Students (No. of Students)	150	-	150	
AHS Courses (No. of Students)	668	608	60	9.87
Income from Educational Institutions (₹ in Lakhs)	1,342.26	277.21	1,065.05	
Other Operating Income (₹ in Lakhs)	205.92	106.82	99.10	92.77
<b>Total (₹ in Lakhs)</b>	<b>71,172.88</b>	<b>62,839.05</b>	<b>8,333.83</b>	<b>13.26</b>

- KMCH IHSR – KMCH Institute of Health Sciences & Research – Medical College
- AHS – Allied Health Sciences Courses

Particulars	2019-20	2018-19
Bed Capacity at the end of the Period (in Nos.)	1,390	1,334
Operating Beds at the end of the Period (in Nos.)	1,286	1,256
Inpatient (in Nos.)	76,924	67,455
Outpatient - New & Review (in Nos.)	9,15,396	7,85,162
Bed Occupancy Rate	63.51%	62.99%
Average Length of Stay (in Days)	3.89	4.28
Average Revenue per occupied bed (in ₹)	16,267	15,000

## EXPENSES

### MEDICINES AND HOSPITAL CONSUMABLES

During the year ended FY 20, Cost of Medicines and Hospital Consumables increased from ₹ 18,737.13 Lakhs in FY 19 to ₹ 20,479.55 Lakhs in FY 20. Increase of 9.30% is in line with the growth in operating revenues.

### EMPLOYEE BENEFITS EXPENSES

Employee Benefit Expenses increased from ₹ 11,157.64 Lakhs in FY 19 to ₹ 12,486.51 Lakhs in FY 20, an increase of 11.91%. The increase was as a result of annual compensation increase for our employees, plus the impact of new and increased number of employed physicians / doctors for Hospitals as well as Medical College faculty.

### FINANCE COSTS

Finance Costs increased from ₹ 1,217.93 Lakhs in FY 19 to ₹ 1,461.87 Lakhs in FY 20, an increase of ₹ 243.94 lakhs. This increase in Finance Costs is primarily due to additional borrowing on account of partly capitalized Medical College and Varian Linear Accelerator (LINAC). Additional borrowing is to the extent of ₹ 14,087.46 Lakhs (net of repayment).

**DEPRECIATION AND AMORTIZATION EXPENSE**

Depreciation and Amortization Expenses has increased from ₹ 3,553.27 Lakhs in FY 19 to ₹ 5,211.93 Lakhs in FY 20, an increase of ₹ 1,658.66 Lakhs. Medical College Hospital Building (A Block), Building Improvement, Additional Medical Equipment are the main reasons for the increase in Depreciation Expense. Further the Company had re-assessed the useful life of medical equipments, consequent to which depreciation charge for the year is higher by ₹ 1092.15 Lakhs.

**OTHER EXPENSES**

Table below summarizes the Operating and Other Administrative Expenses for the year ended 31 March 2020

Particulars	Year ended 31.03.2020		Year ended 31.03.2019		Increase/ Decrease	% Increase/ Decrease
	₹ in Lakhs	% of Revenue	₹ in Lakhs	% of Revenue		
Stores, Dietary, Power & Fuel	2,583.49	3.63	2,285.16	3.64	298.33	13.06
Consultant & Professional Fees	12,174.81	17.11	11,281.93	17.95	892.88	7.91
Hospital Upkeep Expenses	1,566.24	2.20	1,413.86	2.25	152.38	10.78
Marketing & Advertising	417.28	0.59	443.49	0.71	(26.21)	(5.91)
Repairs & Maintenance	1,493.63	2.10	1,512.20	2.41	(18.57)	(1.23)
Rent	391.80	0.55	547.66	0.87	(155.86)	(28.46)
Other Administrative Expenses	2,773.64	3.90	2,228.32	3.55	545.32	24.47
	<b>21,400.89</b>	<b>30.07</b>	<b>19,712.62</b>	<b>31.37</b>	<b>1,688.27</b>	<b>8.56</b>

**LIQUIDITY**

Primary Sources of Liquidity are Cash Flows generated from our operations as well as Long Term Borrowings. It is expected that internally generated Cash Flows and our proposed drawdown from sanctioned debt will be adequate to service existing debt, fund internal growth and deploy funds for all Capital Expenditure.

**KEY FINANCIAL RATIOS**

The details of significant changes (25% or more) in the key financial ratios in FY 20 compared to 2019 is as follows:

	31 March 2020	31 March 2019	Formulae Used	Reasons for Change
Current Ratio	1.35	1.07	Current Assets / Current Liabilities	Improved Performance resulting in enhanced Cash & Cash Equivalents
Net Profit Margin	13.29%	9.57%	Profit After Tax / Revenues	Improved Performance and reduction in Corporate Tax

**RISK MANAGEMENT**

On account of multi-fold increase in scale and the expanded area of operations, your company gets exposed to a wide range of both internal and external risks and uncertainties. These internal and external factors may affect achievement of the company's objectives – whether they are strategic, operational or financial. Risk management's objective is to assure that uncertainty does not deflect the endeavor from the business goals. Adequate measures are taken to mitigate areas of significant risks that have been identified. Our risk management systems also ensure that risks are contained within manageable levels.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

KMCH is committed to maintain high standard of internal controls throughout its operations. Your company follows an internal control program that aims at safeguarding funds, provides efficient and effective management of assets and ensures accurate financial reporting. While reviewing our internal controls, sufficient regard is given to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. Your company has a dedicated team of internal auditors. They review the entire operations of the company and submit their findings to the audit committee. The audit committee takes note of the same and guides the management in implementing the suggestions.

**CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the health care sector's objectives, projections, estimates, expectations and predictions contain "forward looking statements" within the meaning of applicable laws and regulations. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. Actual results might differ materially from those either expressed or implied.

**BUSINESS RESPONSIBILITY REPORT**
**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

CIN	L85110TZ1985PLC001659
Name of the Company	KOVAI MEDICAL CENTER AND HOSPITAL LIMITED
Registered Address	No. 99, Avanashi Road, Coimbatore – 641014
Website	<a href="http://www.kmchhospitals.com">www.kmchhospitals.com</a>
E-mail ID	<a href="mailto:secretarialdept@kmchhospitals.com">secretarialdept@kmchhospitals.com</a>
Financial Year Reported	2019-20
Sector(s) that the Company is engaged in (industrial activity code-wise)	1. Healthcare Sector – NIC Code 8610 2. Education Sector – NIC Code 8530
List three key products/services that the Company manufactures / provides (as in the Balance Sheet)	Healthcare - In-patient and Out-patient services Medical Education Para-medical Education
Total number of Locations where the business activity is undertaken by the Company	KMCH's business activities includes operating hospitals and it has a presence in Coimbatore, Erode, Kovilpalayam and Sullur.  KMCH Institute of Health Sciences and Research is situated in Coimbatore
Major markets served by the Company	India

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

Paid up Capital (₹)	1,094.23 Lakhs
Total Turnover (₹)	71,172.88 Lakhs
Total Profit after Tax (₹)	9,458.71 Lakhs
Total Spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	1.71%
List of Activities in which CSR expenditure has been incurred	1. Sanitation 2. Promotion of Education

**SECTION C: OTHER DETAILS**

Does the Company have any Subsidiary Company/ Companies?	No
Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary Companies	Not Applicable
Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity /entities? [Less than 30%, 30-60%, More than 60%]	No

**SECTION D: BUSINESS REVIEW INFORMATION**
**1. Details of Director / Directors responsible for BR**

DIN Number	00013536
Name	Dr. Nalla G Palaniswami
Designation	Managing Director
Telephone number	0422-4323800
E-mail ID	<a href="mailto:secretarialdept@kmchhospitals.com">secretarialdept@kmchhospitals.com</a>

**2. Principle wise BR Policy / policies**
**1. Details of Compliances (Reply Y / N)**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by Ministry of Corporate Affairs, Government of India have identified nine areas of Responsibility which have been coined in the form of nine Business Principles. These principles are as under:

Reference	Principles	Description
P1	Principle 1	Businesses should conduct and govern themselves with <b>Ethics</b> , Transparency and Accountability
P2	Principle 2	Businesses should <b>provide goods and services</b> that are safe and contribute to sustainability throughout their life cycle
P3	Principle 3	Businesses should promote the <b>well-being of all employees</b> .
P4	Principle 4	Businesses should respect the interests of, and be <b>responsive towards all stakeholders</b> , especially those who are disadvantaged, vulnerable and marginalised
P5	Principle 5	Businesses should <b>respect and promote human rights</b>
P6	Principle 6	Businesses should <b>respect</b> , protect and make efforts to restore <b>environment</b>
P7	Principle 7	Businesses, when engaged in influencing <b>public and regulatory policy</b> , should do so in a responsible manner
	Principle 8	Businesses should <b>support inclusive growth and equitable development</b>
	Principle 9	Businesses should engage with and provide <b>value to their customers and consumers</b> in a responsible manner

S.No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Responsiveness to Stakeholders	Respect Human Rights	Environmental Responsibility	Public Policy Advocacy	Support inclusive growth	Customer Relations
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Policies have been formulated taking into consideration of laws of land, environmental and safety norms. The policies are based on and or in compliance with the applicable regulatory requirements								
4	Has the policy being approved by the Board? Is yes, it been signed by MD/owner/CEO/appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="http://kmchhospitals.com/wp-content/uploads/2016/pdf/Code-of-Conduct.pdf">http://kmchhospitals.com/wp-content/uploads/2016/pdf/Code-of-Conduct.pdf</a> <a href="http://kmchhospitals.com/wp-content/uploads/2016/pdf/CSR_Policy.pdf">http://kmchhospitals.com/wp-content/uploads/2016/pdf/CSR_Policy.pdf</a> <a href="http://kmchhospitals.com/wp-content/uploads/2016/pdf/Whistle_Blower_Policy.pdf">http://kmchhospitals.com/wp-content/uploads/2016/pdf/Whistle_Blower_Policy.pdf</a> <a href="https://www.kmchhospitals.com/wp-content/uploads/2019/07/Familiarization_programme_for_Independent_Directors.pdf">https://www.kmchhospitals.com/wp-content/uploads/2019/07/Familiarization_programme_for_Independent_Directors.pdf</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been formally communicated to internal and external stakeholders. It has been communicated to the external stakeholders through <a href="http://www.kmchhospitals.com">www.kmchhospitals.com</a>								
8	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency	The company has carried out internal/external audits as applicable for the respective policies								

b) If answer to the question at serial number 1 against any principle is 'No', please explain why?  
Not Applicable

### 3. Governance related to Business Responsibility (BR)

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board of Directors assess the BR performance of the Company annually.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?	Annually, this is the first Report.



**SECTION E: PRINCIPLE-WISE PERFORMANCE**
**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Policy relating to ethics, bribery and corruption is applicable to all stakeholders (Employees/ Vendors/Customers). The values and conduct mentioned in its existing “Code of ethics for directors, senior management and other employees” is practiced by all of its permanent staff. All the employees sign this Code at the time of joining the Company. Every year, the board members and senior management affirm compliance with this Code of Conduct. KMCH follows strict guidelines and policies in accordance with best industry practices and adopt zero tolerance approach towards any violation. We adhere to all applicable statutes in letter and spirit. Further the Company has a vigil mechanism put in place to report on issues relating to ethics, bribery, fraud and corruption.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Nil

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

The Department of Endocrinology is a forerunner in world class services in their speciality where not only do they provide quality care, but also conduct a comprehensive research in diabetes. Working along with the Rotary Club of Coimbatore Central, KMCH has joined hands to support poor underprivileged children with insulin-dependent diabetes for a project named Project Kathir, a Ray of Hope. Several children have benefited from this project, which will support lifesaving insulin treatment, consumables and insulin pumps.

KMCH conducts several medical awareness programs, screening programs for the benefit of rural community. The healthcare awareness programs for women received widespread appreciation and are extremely well received by rural woman population. They include breast cancer awareness program and cervical cancer awareness program.

KMCH has also set up health centers in rural parts of western Tamil Nadu giving primary health care and also serving local communities in that region. These Primary Health centers serve the underprivileged communities in that belt.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

**(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

KMCH adopts the concept of ‘Sustainable Development’ i.e. meeting the needs of the present without compromising the ability of future generations to meet their own needs. By following this concept, KMCH has been operating a 5.25 MW Solar Power Generation Plant which caters to 69% of electricity requirement per annum and through which the company has been saving 44% on its electricity bills.

KMCH monitors energy consumption through an Energy Management System, areas which consume high volume of electricity are monitored and alternate steps are taken to optimize energy utilization. Other energy conservation techniques that are employed include using equipment with 5 star ratings, use of movement sensors in bathrooms of the patient rooms (i.e., the lights are operated based upon human movement), operating a centralized A/c plant and phasing out tube lights with LED lights.

KMCH adopts the concept of zero discharge technology, under which an effluent treatment plant had been set up and the sewage water is treated for toxic effluents. The treated water is used for horticulture within the premises. KMCH has been operating a waste management system. Through this, bio-degradable food wastes are decomposed and biogas is produced for captive consumption in your hospital canteen which in turn results in reduced LPG cost.

**3. Does the company have procedures in place for sustainable sourcing?**

KMCH has a Sustainable Sourcing and Purchase policy to ensure good governance practices in our value chain. All purchases and contracts are executed in compliance with our policies. We strive to develop and encourage local suppliers while ensuring there is no compromise on quality. The underlying principles serve as guidelines for this Policy.

- Procure Quality Goods and Services which in turn enable the highest standards of patient care.
- Support and encourage meaningful participation of suppliers in a competitive process prior to the award of the supply or contract.
- Invite Tenders or proposals to help choose the vendor for the award of Purchase Order or a contract.
- Treat suppliers with courtesy, fairness, respect, honesty and professionalism to ensure that no supplier has an unfair advantage over his competitors.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

KMCH endeavours to develop the capacity of local suppliers while ensuring there is no compromise on quality so as to promote local sourcing and reduce carbon footprint.

**5. Does the company have a mechanism to recycle products and waste?**

Company follows a strict scrap disposal policy whereby we ensure that all medical and non-medical scrap which is generated inside the hospitals are collected, stored responsibly and disposed at regular intervals in compliance with all necessary rules and regulations. Bio-degradable food wastes are decomposed and biogas is produced for captive consumption in your hospital canteen which in turn results in reduced LPG cost. Sewage Water treated by the effluent treatment plant and is used for Horticultural purposes to provide landscaping to the entire facility.

**Principle 3: Businesses should promote the wellbeing of all employees**

**1. Please indicate the Total number of employees, Total number of employees hired on temporary /contractual /casual basis , Number of permanent women employees, Number of permanent employees with disabilities**

Particulars	As on 31 <sup>st</sup> March 2020
Total number of employees	4,516
Total number of employees hired on temporary / contractual / casual basis	374
Number of permanent women employees	3,303
Number of permanent employees with disabilities	1

**2. Do you have an employee association that is recognized by management?**

No

**3. What percentage of your permanent employees is members of this recognized employee association?**

Not Applicable

**4. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

The Company does not employ child labour. During the financial year 2019-20 there were no complaints relating to forced labour, involuntary labour, sexual harassment.

**5. What percentage of your employees were given safety & skill upgradation training in the last year?**

All employees in the Company (including contract employees) are provided with safety training as part of their induction programme. Aspects such as Safety Management, Patient Care Fundamentals, Incident Investigations are considered in Training Programme for all employees and contract workers. The Company has institutionalized continuous learning model for skill upgradation and development. The learning modules are also tailor made for management cadre employees.

**Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**
**1. Has the company mapped its internal and external stakeholders?**

Yes, the Company has identified its stakeholders in the Business Responsibility statement. These include, but not limited to Patients & their families, Healthcare Professionals, Employees, Investors, Business Partners / Suppliers, Media, Trade Associations, Civil society / NGO's, Local Communities and Government & Regulators.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

The Company is committed to equal opportunities in its employment practices. For employees, the company has instituted policies against unlawful discrimination and sexual harassment.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

Company's initiatives in the field of Corporate Social Responsibility are intended to cover wide spectrum of communities including the disadvantaged, vulnerable and marginalised stakeholders. These initiatives include areas like education, livelihood support, rural and infrastructure development, support to senior citizens and needy people, community hygiene and sanitation. Company engages with local community to ascertain their needs for planning, co-ordination and routine monitoring of its CSR programmes.

**Principle 5: Businesses should respect and promote human rights**
**1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors /NGOs / Others?**

Policies on Human Rights including Code of Conduct, Anti-Sexual Harassment and the Whistleblower Policy cover all aspects of Human Rights for the Company and also extends to all the stakeholders of the Company.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Company did not receive any stakeholder complaint in FY 2019-20 relating to Human Rights.

**Principle 6: Business should respect, protect and make efforts to restore the environment**
**1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company's Environment, Health and Safety Policy is applicable to all its employees. As per the Code of Conduct the Company expects its suppliers and partners to be compliant with the code and applicable laws and regulations including environmental laws and regulations.

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc?**

The Company is committed to conducting its business in a manner that minimises adverse environment impacts. Resource conservation audits, sourcing energy from renewable sources and energy conservation projects are used to combat the effect of Climate Change and Global Warming.

**3. Does the company identify and assess potential environmental risks?**

The Company is committed and pro-active when it comes to managing the environmental impact caused by its operations. Responsible disposal of different categories of waste including bio-medical waste generated from our premises, is a key focus area of our environmental strategy and provides impetus for a number of action plans as well as industrial and scientific partnerships. Necessary arrangements have also been made with authorised vendors for the disposal of e-waste, solid waste and hazardous waste. Training is provided to employees on compliance to these.

**4. Does the company have any project related to Clean Development Mechanism?**

Since the Company is in the business of providing healthcare services and is not engaged in any manufacturing process, the compliance with Clean Development Mechanism is not applicable. Hence no projects relating to the same has been undertaken by the Company.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.**

The important factors contributing to reduction in energy consumption and internal consumption apart from reduction in carbon footprint are:

- Phasing out of CFL lamps to LED lights.
- Using Solar power which is a renewable energy source.
- Energy optimization practices implemented in Transformer operation.

Apart for the above, we are involved in a range of initiatives such as:

- analyzing waste water effluents at our hospitals and assessing their impact on the environment.
- using state-of-the-art technologies to treat waste water discharge from our hospitals.
- limiting the environmental impacts of our business operations.
- carrying out environmental risk assessments.
- encouraging and supporting the proper use of medicines.

**6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Yes, the emissions/wastes generated by the company are within the permissible limits given by CPCB/SPCB

**7. Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of many Trade / Chamber Associations. Some of them are:

- Association of Healthcare Providers of India
- Indian Medical Association
- Confederation of Indian Industry
- Southern Indian Chamber of Commerce and Industry
- Services Export Promotion Council

**2. Have you advocated / lobbied through above associations for the advancement or improvement of public good?**

The Company has advocated and lobbied through various Industry Associations for improvement in the areas of Healthcare Reforms, Medical Education Reforms and Public Health Policy.

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8?**

Yes. We foster our relations with one of our most important stakeholders i.e. Society. Our commitment to grow sustainable is inclusive of our responsibilities towards various section of the community.

Pursuant to the introduction of Corporate Social Responsibility (CSR) requirement as set out in section 135 of the Companies Act, 2013, the Company formulated a CSR policy covering education, rural development, protecting the environment and enriching the community life. CSR report giving the requisite details of CSR spending for the financial year 2019-20 forms part of the Annual Report of the Company.

**2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures /any other organization?**

Our CSR philosophy is to contribute towards welfare of society through various initiatives. To make it more impactful we believe in doing things on our own and also through external Agencies. The Company would use in-house expertise to manage its initiatives.

**3. Have you done any impact assessment of your initiative?**

No independent assessment was carried out.

**4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?**

Our CSR contributions largely lies in the area of sanitation and infrastructure facilities to educational institutions. CSR report giving the requisite details of CSR spending for the financial year 2019-20 forms part of the Annual Report of the Company.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

The Company monitors the outcome of the CSR initiatives in relation to the objectives.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?**

KMCH serves their patients through their network of Hospitals in and around Coimbatore. Patients' complaints are redressed through patient service co-ordinators and counsellors. These in turn are escalated to respective Departmental Heads, Nursing Superintendents, Medical Directors depending on their gravity and exigencies of the situation. Most of these are resolved amicably which in turn brings substantial goodwill to the Hospital. KMCH also has a Grievance Redressal Committee which studies all the complaints and takes corrective / remedial action as may be required. Those further aggrieved seek available legal recourse and KMCH represents and defends the case through their legal department along with inputs / advise from domain experts. 18 cases are pending before Consumer Forums and Civil Courts pertaining to customers as at the end of the Financial year.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

Not Applicable.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?**

Nil

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company collects patient feedback (OP, IP and Master Health Checkup Patients) through physical feedback forms.

**REPORT ON CORPORATE GOVERNANCE  
(Annexure to the Thirty Fourth Directors' Report 2019-20)**

**INTRODUCTION**

The Company has adopted the requirements of Corporate Governance as specified under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), as amended from time to time, the disclosure requirements of which are detailed herein.

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

For your Company, good corporate governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel the company to take sound decisions, thus maximising long-term shareholder value without compromising on integrity, social obligations and regulatory compliances.

**2. BOARD OF DIRECTORS**
**a. Composition**

As on 31<sup>st</sup> March 2020, the strength of the Board is twelve Directors of which three are Executive Directors. As per SEBI (LODR) Regulations 2015, if the Chairman is an Executive, at least half of the Board should comprise of Independent Directors. There are six Independent Directors in our Board.

None of the Independent Directors of the Company serve as an Independent Director in more than seven listed Companies and where any Independent Director is serving as whole-time director in any listed company, such director does not serve as an Independent Director in more than three listed Companies.

The number of Directorships, Committee Membership(s)/Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and Listing Regulations.

As on 31<sup>st</sup> March, 2020, none of the Directors on the Board hold the office of Director in more than 10 Public Limited Companies. In accordance with Regulation 26 of the Listing Regulations, none of the Directors are members in more than 10 committees excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 or act as Chairperson of more than 5 committees across all listed entities in which he/she is a Director. The Audit Committee and Stakeholders' Relationship Committee are only considered in computation of limits. Further all Directors have informed about their Directorships, Committee Memberships/Chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2020 are given below:

KMCH Board comprises of qualified members who bring in required skills, competence and expertise that allows them to make effective contributions to the Board and its committees.



**Matrix of skills/ expertise/ competence of the Board of Directors**

Details of the core skills/ expertise/ competencies identified by the board of directors as required in the context of the business(es) and sector(s) in which it operates to function effectively and the names of directors who possess such skills/ expertise/ competencies.

Core Skills / Expertise / Competence	Business Leadership	Financial Expertise	Capital Projects	Corporate Governance	Govt. Liaison	Hospital Management & Quality Patient Care	New Medical Advances & Technology Absorption
Dr. Nalla G Palaniswami	✓	✓	✓	✓	✓	✓	✓
Dr. Thavamani Devi Palaniswami	✓	✓	✓	✓	✓	✓	✓
Dr. Arun N Palaniswami	✓	✓	✓	✓	✓	✓	✓
Dr. Mohan S Gounder	✓	✓	✓	✓	—	✓	✓
Dr. M.C.Thirumoorthi	✓	—	✓	✓	—	✓	✓
Dr. Purani P Palaniswami	✓	✓	✓	✓	—	✓	✓
Mr. Kasi K Goundan	✓	✓	✓	✓	—	✓	—
Dr. M.Manickam	✓	✓	✓	✓	✓	—	—
Mr. A.M.Palanisamy	✓	✓	✓	✓	✓	✓	—
Mr. A.K.Venkatasamy	✓	✓	✓	✓	✓	—	—
Mr. K.Saminathan	✓	✓	✓	✓	✓	—	—
Mrs. R.Bhuvaneshwari	✓	✓	✓	✓	—	—	—

S.No.	Name of the Director	Category of Directors	Director ship in other Public Ltd. Companies	Membership and / or Chairperson of Committees in other Public Ltd. Companies	Directorship in other Listed Companies (Category of Directorship)
1	Dr. Nalla G Palaniswami	Promoter & Executive	1	---	---
2	Dr. Thavamani Devi Palaniswami	Promoter & Executive	3	---	---
3	Dr. Arun N Palaniswami	Non-Independent & Executive	3	---	---
4	Dr. Mohan S Gounder	Non-Independent & Non-Executive	3	---	---
5	Dr. M.C.Thirumoorthi	Promoter, Non-Independent & Non-Executive	1	---	Appu Hotels Limited (Independent, Non-Executive)
6	Dr. Purani P Palaniswami (Alternate – Dr.S.Krishnasamy)	Non-Independent & Non-Executive	3	---	---
7	Mr. Kasi K Goundan	Independent & Non-Executive	---	---	---
8	Dr. M.Manickam	Independent & Non-Executive	8	2	Sakthi Sugars Limited (Chairman and Managing Director, Executive) Sakthi Finance Limited (Chairman, Non-Executive)
9	CA. A.M.Palanisamy	Independent & Non-Executive	1	---	K.P.R. Mill Limited (Independent, Non-Executive)
10	Mr. A.K.Venkatasamy	Independent & Non-Executive	2	---	---
11	Mr. K.Saminathan	Independent & Non-Executive	---	---	---
12	Dr. M.A.Muthusethupathi (Upto 02.09.2019)	Independent & Non-Executive	---	---	---
13	Mrs. R.Bhuvaneshwari (From 03.09.2019)	Independent & Non-Executive	2	4	Precot Meridian Limited (Independent, Non-Executive) Elgi Rubber Limited (Independent, Non-Executive)

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 2019-20. The meetings were held on **25<sup>th</sup> May 2019, 10<sup>th</sup> August 2019, 9<sup>th</sup> November 2019, 8<sup>th</sup> February 2020 and 25<sup>th</sup> February 2020**. 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:

S.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. Arun N Palaniswami	5	4	Yes
4	Dr. Mohan S Gounder	5	2	No
5	Dr. M.C.Thirumoorthi	5	1	Yes
6	Dr. Purani P Palaniswami (Attended by Alternate Dr. S.Krishnasamy)	5	4	Yes
7	Mr. Kasi K Goundan	5	1	No
8	Dr. M.Manickam	5	2	Yes
9	CA. A.M.Palanisamy	5	5	Yes
10	Mr. A.K.Venkatasamy	5	4	Yes
11	Mr. K.Saminathan	5	5	No
12	Dr. M.A.Muthusethupathi (Upto 02.09.2019)	2	---	No
13	Mrs.R.Bhuvaneshwari (From 03.09.2019)	3	3	NA

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.

**Terms of Reference of Audit Committee**

The role of the audit committee shall include the following:

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

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. Statement of deviations:
  - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

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	4	4
2	Mr.A.K.Venkatasamy	Member	4	4
3	Mr.K.Saminathan	Member	4	4

#### **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 23.05.2014.

#### **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, Joint Managing Director and Executive Director for the Financial Year ended 31.03.2020 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 Committee also recommends the remuneration and changes therein of Managing Director, Joint Managing Director and Executive Director within the limits approved by the Shareholders.

**(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**

S. No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	CA.A.M.Palanisamy	Chairman	2	2
2	Mr.A.K.Venkatasamy	Member	2	2
3	Mr.K.Saminathan	Member	2	2

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 of the Company is the Secretary of the Committee. During the financial year 2019-20 the committee met on 24.05.2019 and 08.11.2019. The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is

[http://kmchhospitals.com/wp-content/uploads/2016/pdf/Nomination\\_Remuneration\\_&\\_Evaluation\\_Policy.pdf](http://kmchhospitals.com/wp-content/uploads/2016/pdf/Nomination_Remuneration_&_Evaluation_Policy.pdf)

**4. REMUNERATION TO DIRECTORS**

The details of remuneration paid / payable, sitting fees and commission paid to each Director during the year ended 31<sup>st</sup> March 2020 are given below:

(₹ in Lakhs)					
S.No.	Name of the Director	Remuneration	Sitting Fees (Board & Committee Meetings)	Commission	No. of shares held
1	Dr. Nalla G Palaniswami	99.62	-	233.78	10,000
2	Dr. Thavamani Devi Palaniswami	88.79	-	233.79	12,35,647
3	Dr. Arun N Palaniswami	66.94	-	-	10,000
4	Dr. Mohan S Gounder	-	0.47	-	10,000
5	Dr. M.C.Thirumoorthi	-	0.24	-	6,013
6	Dr. Purani P Palaniswami (Attended by Alternate Dr.S.Krishnasamy)	-	0.94	-	10,000
7	Mr. Kasi K Goundan	-	0.24	-	-
8	Dr. M.Manickam	-	0.47	-	-
9	CA. A.M.Palanisamy	-	3.66	-	4,000
10	Mr. A.K.Venkatasamy	-	3.66	-	2,500
11	Mr. K.Saminathan	-	3.89	-	8,000
12	Mrs. R. Bhuvaneshwari	-	0.71	-	-



Out of the total 12 directors, three 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 and its committees.

There were no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March 2020.

### 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.

S. 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 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 15 times during the year 2019-20. The committee approved the transfer of 41,405 shares in physical form.

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. CS. S.P.Chittibabu, Company secretary is the Compliance Officer of the company. For any clarification / complaint, the shareholders may contact CS. S.P.Chittibabu, Company Secretary at the registered office of the Company. During the financial year ended 31.03.2020, the company has received 6 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. Dr.Nalla G Palaniswami is the Chairman of the Committee.

During the year the Committee met two times on 09.08.2019 and 08.02.2020 and a detailed CSR spending report is appended as Annexure forming part of the Directors Report.

## 5. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met one time during the year on 08.02.2020 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 assessed the quality, quantity and timeliness of flow of information between the company management and the Board. The Independent Directors expressed their satisfaction on the performance of the Chairperson and other non-independent Directors on the Board. The terms and conditions of the Appointment / re-appointment of Independent Directors are available on the Company's website:

<https://www.kmchhospitals.com/wp-content/uploads/2019/09/Letter-of-Appointment-for-Independent-Directors.pdf>

## 6. DISCLOSURES

### a. Related Party Transactions

There have been no materially significant related party transactions as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 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. All transactions are undertaken at arm's length and in the ordinary course of business. There were no transactions which are material in nature. 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.43 forming part of the Accounts, as required under Indian Accounting Standard 24 of The Institute of Chartered Accountants of India.

The Company has also formulated a policy for determining the Material Related Party Transactions and the details of such policies for dealing with Related Party Transactions and such 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 Company follows Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act 2013 and the Company has not adopted a treatment different from the prescribed Standards.

### d. Insider Trading Policy

SEBI (Prohibition of Insider Trading) (Amendment) Regulation 2018 dated 31<sup>st</sup> December 2018 was introduced bringing amendments to "Code of Conduct for Insider Trading" (<https://www.kmchhospitals.com/wp-content/uploads/2020/02/Code-of-Conduct-for-Regulation-Monitoring-and-Prevention-of-Insider-TradingRevised.pdf>) and "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" (<http://www.kmchhospitals.com/wp-content/uploads/2019/06/Code-of-Practices-and-Procedures-for-Fair-disclosure-of-UPSI.pdf>). Consequently, the Board of Directors brought in all the corresponding amendments to the above two mentioned Codes and necessary disclosures have been made in our website.

**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, 2020 have been obtained and incorporated in the Company's Annual Report.

**f. Statutory Auditors' Remuneration**

During the year, the Company has paid remuneration to Statutory Auditor M/s VKS Aiyer & Co., Chartered Accountants as detailed under Note: 35(1) in the Notes on Financial Statements.

**g. 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.

**h. Material Subsidiary**

The Company does not have any material subsidiaries.

**i. Familiarisation Program**

Details of Familiarisation Program Policy and programs imparted to Independent Directors are available on the Company's Website: [https://www.kmchhospitals.com/wp-content/uploads/2019/07/Familiarization\\_programme\\_for\\_Independent\\_Directors.pdf](https://www.kmchhospitals.com/wp-content/uploads/2019/07/Familiarization_programme_for_Independent_Directors.pdf)

**j. Management Discussion and Analysis Report**

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 SEBI (LODR) Regulations, 2015.

**k. Unpaid / Unclaimed Dividend**

The Ministry of Corporate Affairs notified provisions relating to unpaid / unclaimed dividends under Sections 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules. As per the new Rules, dividends not encashed / claimed seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority. The Rules mandate companies to transfer shares of shareholders whose dividends remain unpaid/ unclaimed for a continuous period of seven years to the demat account of the IEPF Authority. The shareholders whose dividend / shares are transferred to the IEPF Authority can now claim their shares / dividend from the Authority.

In accordance with the IEPF Rules, the Company sent a notice to all shareholders whose shares are due to be transferred to the IEPF Authority and published the requisite advertisement in the newspaper.

In terms of the provisions of the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, an amount of ₹5.14 Lakhs of unclaimed dividend was transferred to the Investor Education and Protection Fund during the year. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the Company's website <https://www.kmchhospitals.com/investor-relations>.

S.No.	Financial Year	Date of Declaration of Dividend	Due date for transfer to Investor Education and Protection Fund of Govt. of India
1	2012-13	19 Jul 2013	17 Aug 2020
2	2013-14	03 Sep 2014	01 Oct 2021
3	Jubilee Interim Dividend 2015-16	29 May 2015	27 Jun 2022
4	2014-15	25 Sep 2015	23 Oct 2022
5	2015-16	30 Aug 2016	28 Sep 2023
6	2016-17	11 Aug 2017	09 Sep 2024
7	2017-18	06 Aug 2018	04 Sep 2025
8	2018-19	16 Aug 2019	14 Sep 2026
9	Interim Dividend 2019-20	25 Feb 2020	23 Mar 2027

### (I) Equity Shares in Suspense Account

In compliance with SEBI (LODR) Regulations, 2015, the Company reports the following details of shares lying in Suspense Account.

- Aggregate Number of Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year : 2 Shareholders - 600 shares.
- Number of shareholder who approached issuer for transfer of shares from suspense account during the year and number of shares transferred from IEPF from suspense account during the year : 1 Shareholder – 500 shares.
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31<sup>st</sup> March 2020 : 1 Shareholder - 100 shares

As per SEBI (LODR) Regulations 2015, a 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, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

## 7. 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](mailto:ampalanisamy@yahoo.co.in). The key directions/actions will be informed to the Managing Director of the Company.

## 8. 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 2019-20.

## 9. REGISTRAR & SHARE TRANSFER AGENT AND DEPOSITORY REGISTRAR

M/s GNSA Infotech Private 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 Private Limited**

STA Department, Nelson Chambers,  
F-Block, 4th Floor, No.115 Nelson Manickam Road,  
Aminjikarai, Chennai - 600 029.  
Tel. No.: 044 – 42962025; Fax No.: 044 – 42962025,  
E-mail : [sta@gnsaindia.com](mailto:sta@gnsaindia.com)

## 10. (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 dispatched 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 31.3.2020, 86% 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.

## 11. 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).

## 12. SHAREHOLDERS MEETING

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

<b>Particulars</b>	33 <sup>rd</sup> AGM 2019
Date of the meeting	16.08.2019
No. of Members Attended	152
No. of Proxies Attended	Nil
Chairman of the Meeting	Dr.Nalla G Palaniswami
Chief Financial Officer	Mr.M.K.Ravindra Kumar
Company Secretary	Mr.S.P.Chittibabu

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

Year	Date	Venue	Time
2018-19	16.08.2019	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.
2017-18	06.08.2018	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.
2016-17	11.08.2017	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 August 11, 2017: Nil**

**At the Annual General Meeting held on August 06, 2018: Nil**

**At The Annual General Meeting held on August 16, 2019:**

- Appointment of Independent Directors
- Re-appointment of Managing Director

### Postal Ballot

During the year no ordinary or special resolutions were passed by the members through postal ballot.

**13. GENERAL SHAREHOLDERS INFORMATION**

a.	AGM Date and time	19 <sup>th</sup> September 2020 at 4.00 p.m (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
b.	Financial Calendar 1 <sup>st</sup> Quarter 2 <sup>nd</sup> Quarter 3 <sup>rd</sup> Quarter 4 <sup>th</sup> & last Quarter	1 <sup>st</sup> April to 30 <sup>th</sup> June 1 <sup>st</sup> July to 30 <sup>th</sup> September 1 <sup>st</sup> October to 31 <sup>st</sup> December 1 <sup>st</sup> January to 31 <sup>st</sup> March
c.	Date of Book closure	5 <sup>th</sup> September 2020 to 19 <sup>th</sup> September 2020 (both days inclusive)
d.	Listing of i. Equity Shares  ii. Listing Fees	BSE Limited Phiroze Jeejeebhoy Towers, Dala Street, Mumbai – 400 001  Paid for the above Stock Exchange for 2019-20
e.	Custodial Fees	Paid the fees to NSDL and CDSL for 2019-20.
f.	Compliance officer & Address for Correspondence	CS. S.P.Chittibabu, Company Secretary 99, Avanashi Road, Coimbatore – 641 014.
g.	Stock Exchange Security Code for Equity Shares : Bombay Stock Exchange Limited	Security Code: 523323 Security ID : KOVAI
h.	Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 177F01017
i.	Branches	<ol style="list-style-type: none"> <li><b>KMCH – City Center,</b> 18, Vivekananda Road, Ram Nagar, Coimbatore – 641 009.</li> <li><b>KMCH – Erode Center,</b> 68, Perundurai Road, Erode – 638 011.</li> <li><b>KMCH – Speciality Hospital,</b> 16, Palaniappa Street, Erode – 638 009.</li> <li><b>KMCH – Sulur Hospital,</b> 242-B, Trichy Road, Coimbatore – 641 402.</li> <li><b>KMCH – Kovilpalayam Hospital,</b> 87C, Sathy Main Road, Sarkar Samakulam, Kovilpalayam, Coimbatore - 641107</li> <li><b>KMCHIHSR – Medical College Hospital,</b> 99 Avanashi Road, Coimbatore – 641 014</li> </ol>

**14. RECONCILIATION OF SHARE CAPITAL AUDIT**

For each of the quarter in the Financial Year 2019-20, 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.

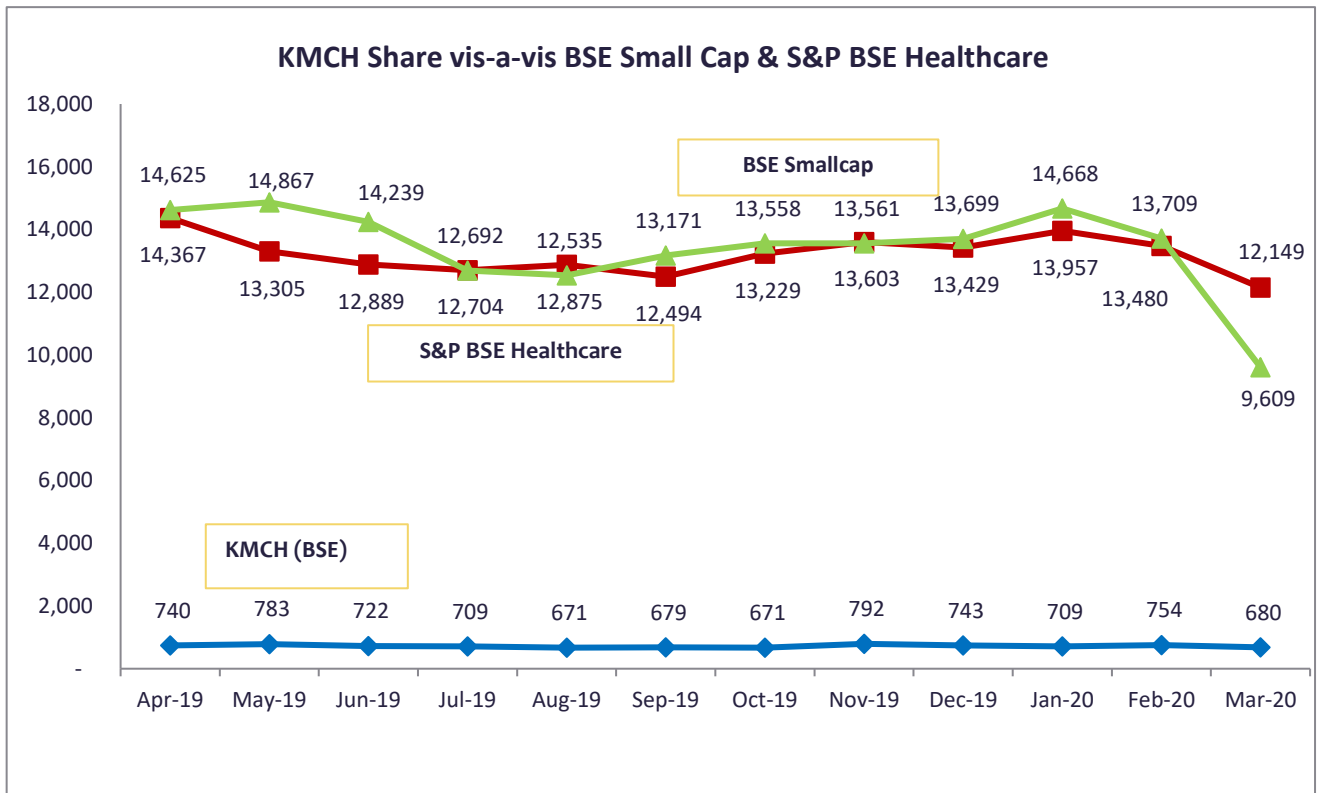
The Audit Reports confirm the total issued/paid-up capital, is in agreement with total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and in respect of the above, quarterly Secretarial Audit Report was filed with the Stock Exchange.



**15. STOCK MARKET DATA**

Monthly high and low quotations of shares traded on Bombay Stock Exchange for the period April 2019 to March 2020 is given below.

Month	High	Low
April 2019	824.80	654.00
May 2019	824.80	700.00
June 2019	800.00	650.00
July 2019	775.00	675.00
August 2019	845.00	650.00
September 2019	712.60	654.30
October 2019	690.00	600.00
November 2019	850.00	645.00
December 2019	805.00	700.00
January 2020	764.00	660.50
February 2020	862.00	695.50
March 2020	853.95	501.25



**16. DISTRIBUTION OF SHAREHOLDERS**

 a. Distribution of shareholding as at 31<sup>st</sup> March 2020

No. of Equity Shares (Slab)	No. of Shareholders	Percentage of Shareholders	Nos.	Percentage of Shareholding
1 – 500	6450	88.83	627632	5.74
501 – 1000	398	5.48	353134	3.23
1001 – 2000	134	1.85	210871	1.93
2001 – 3000	67	0.92	172940	1.58
3001 – 4000	26	0.36	90730	0.83
4001 – 5000	20	0.28	94578	0.86
5001 – 10000	60	0.83	503187	4.60
Above 10000	106	1.46	8889190	81.24
<b>TOTAL</b>	<b>7261</b>	<b>100.00</b>	<b>10942262</b>	<b>100.00</b>

 b. Categories of shareholders as on 31<sup>st</sup> March 2020

S. No.	Category of Shareholders	Total Number of Shares	Percentage (%)
1	Promoters	5558667	50.80
2	Bodies Corporate	884344	8.08
3	General Public	3001812	27.43
4	Non-Resident Indians	1497439	13.69
	<b>Total</b>	<b>10942262</b>	<b>100.00</b>

For and on behalf of the Board

Sd/-

**DR. NALLA G PALANISWAMI**  
**MANAGING DIRECTOR**  
**DIN: 00013536**

Sd/-

**CA.A.M.PALANISAMY**  
**DIRECTOR**  
**DIN: 00112303**

Place: Coimbatore

Date : 20.06.2020

**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 2020.

For Kovai Medical Center and Hospital Limited

Sd/-

**DR. NALLA G PALANISWAMI**  
**MANAGING DIRECTOR**  
**DIN: 00013536**

Place: Coimbatore

Date : 20.06.2020

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 2019-20**

We, Dr. Nalla G Palaniswami, Managing Director and CA. M.K.Ravindra Kumar, 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.

**For and on behalf of the Board**

Sd/-

**DR. NALLA G PALANISWAMI  
MANAGING DIRECTOR**

Sd/-

**CA. M.K.RAVINDRA KUMAR  
CHIEF FINANCIAL OFFICER**

Place: Coimbatore

Date : 20.06.2020

**CERTIFICATE ON CORPORATE GOVERNANCE**

To

**The Members of Kovai Medical Center and Hospital Limited  
Coimbatore.**

I have examined the compliance conditions of Corporate Governance by **M/s Kovai Medical Center and Hospital Limited** ('the Company') for the year ended 31st March 2020, as stipulated in Regulation 17 to 27 of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. My 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 my opinion and to the best of our information and according to the explanation given to me, I certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing regulations.

I 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 R. RAMCHANDAR & ASSOCIATES  
COMPANY SECRETARY**

**Sd/-**

**R. RAMCHANDER**

**M.No.F10097 CP No.12240**

**UDIN: F010097B000364651**

Place: Coimbatore

Date : 20.06.2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

The Members,  
Kovai Medical Center and Hospital Limited,  
99, Avanashi Road, Coimbatore - 641 014.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kovai Medical Center and Hospital Limited** having CIN: L85110TZ1985PLC001659 and having registered office at 99, Avanashi Road, Coimbatore - 641 014 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of appointment in Company
1.	Dr.Nalla G Palaniswami	00013536	01.10.1989
2.	Dr.Thavamani Devi Palaniswami	00012135	29.07.2000
3.	Dr.Arun N Palaniswami	02706099	25.09.2015
4.	Dr.Mohan S Gounder	02479218	31.07.2004
5.	Mr.Kasi K Goundan	01145935	03.09.2014
6.	Dr.M.Manickam	00102233	03.09.2014
7.	Mr.A.M.Palanisamy	00112303	03.09.2014
8.	Dr.M.C.Thirumoorthi	00129814	16.09.1985
9.	Mr.A.K.Venkatasamy	00036191	03.09.2014
10.	Mr.K.Saminathan	01104196	03.09.2014
11.	Dr.M.A.Muthusethupathi#	02766069	03.09.2014
12.	Mrs.R.Bhuvaneshwari	01628512	03.09.2019
13.	Dr.Purani P Palaniswami*	02707233	03.09.2014

\* Represented by Alternate Director Dr.S.Krishnasamy.

# Ceased to be Director on 02.09.2019 upon completion of term

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For KSR & Co Company Secretaries LLP**

Sd/-

**DR. C.V. MADHUSUDHANAN**

**PARTNER**

**(FCS: 5367; CP: 4408)**

**UDIN:F005367B000446973**

Place: Coimbatore

Date : 20.06.2020

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

We have audited the accompanying Ind AS financial statements of **Kovai Medical Center and Hospital Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet.</p> <p>The Company has adopted Ind AS 116 with effect from April 1, 2019 using the modified retrospective approach wherein the ROU was created with a corresponding lease liability. Accordingly, the comparatives have not been retrospectively adjusted.</p> <p>Lease arrangements in the Company which were previously classified as operating leases under Ind AS 17 'Leases' and held as off balance sheet will need to be recognized within assets and liabilities under Ind AS 116.</p> <p>Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.</p> <p>Additionally, there is a risk the lease data which is underlying the Ind AS 116 computation is incomplete or inaccurate.</p> <p>As at March 31, 2020, the carrying amount of ROU asset was ₹ 2,838.45 lakhs and lease liability was ₹ 3,005.73 lakhs – Refer Note 3, Note 18 and Note 25 to the Ind AS financial statements.</p>	<p>Our audit procedures on adoption of Ind AS 116 includes the following:</p> <ul style="list-style-type: none"> <li>• We assessed the selection of accounting policies and practical expedients applied by the Company. We evaluated the design and implementation of key controls in respect of the lease accounting standard (Ind AS 116);</li> <li>• Assessed the company's evaluation on the identification of leases based on the contractual agreements and our understanding of the business;</li> <li>• Assessed the key terms and conditions of each lease with the underlying lease contracts;</li> <li>• Evaluated the reasonableness of the discount rates applied in determining the lease liabilities;</li> <li>• Upon transition as at April 1, 2019: <ul style="list-style-type: none"> <li>• Evaluated the method of transition and related adjustments;</li> <li>• Tested completeness of the lease data used in computing ROU asset and the lease liabilities.</li> </ul> </li> <li>• Assessed and tested the presentation and disclosures relating to Ind AS 116.</li> </ul>



### **Information other than the Ind AS Financial Statements and Auditor's report thereon**

The Company's management and the Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this Auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management and the Board of Directors for the Ind AS Financial Statements**

The Company's Management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements the management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management and the Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management and the Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) 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, the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
  - e. On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure 2**”;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act;

- h. 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:
  - 1) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 41 to Ind AS financial statements;
  - 2) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For VKS Aiyer & Co**  
**Chartered Accountants**  
**ICAI Firm Registration No: 000066S**

Sd/-

**V.S. Srinivasan**  
**Partner**  
**Membership No. 013729**  
**Place: Coimbatore**  
**Date : 20.06.2020**  
**UDIN : 20013729AAAABL5630**

**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 Ind AS financial statements for the year ended March 31, 2020]**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) During the year, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (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, to the extent applicable.
- (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. However, we have not made a detailed examination of the same.
- (vii) a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees state insurance, income tax, goods and service tax, customs 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, goods and service tax, customs duty, cess and 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, value added tax, service tax, duty of customs, duty of excise, goods and service tax on account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Customs Act	Customs Duty	189.46 lakhs	1999-2000 & 2000-2001	Madras High Court, Chennai
Income Tax Act	Income Tax	0.80 lakhs	2015-16	Commissioner of Income Tax (Appeals -1), Coimbatore

- (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 Ind AS 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 VKS Aiyer & Co**

**Chartered Accountants**

**ICAI Firm Registration No: 000066S**

**Sd/-**

**V.S. Srinivasan**

**Partner**

**Membership No. 013729**

**Place: Coimbatore**

**Date : 20.06.2020**

**UDIN : 20013729AAAABL5630**

**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 and Hospital Limited on the Ind AS financial statements for the year ended March 31, 2020]**

**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 and Hospital Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS 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 ("the Act").

**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") issued by the ICAI and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls. 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 Ind AS 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 the Ind AS 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 the Ind AS 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 Ind AS 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, to the best of our information and according to the explanation given to us, 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, 2020, 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.

**For VKS Aiyer & Co**

**Chartered Accountants**

**ICAI Firm Registration No: 000066S**

**Sd/-**

**V.S. Srinivasan**

**Partner**

**Membership No. 013729**

**Place: Coimbatore**

**Date : 20.06.2020**

**UDIN : 20013729AAAABL5630**



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020**

₹ in Lakhs

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>I ASSETS</b>			
<b>A. Non-current assets</b>			
a) Property, plant and equipment	2	61,351.83	46,843.51
b) Right of use assets	3	2,838.45	-
c) Capital work-in-progress	4	29,959.80	22,729.77
d) Intangible assets	5	86.72	86.65
e) Financial Assets			
i) Investments	6	11.68	24.10
ii) Other financial assets	7	978.91	600.18
f) Other non-current assets	8	1,254.06	1,753.07
<b>Total non current assets - (A)</b>		<b>96,481.45</b>	<b>72,037.28</b>
<b>B. Current Assets</b>			
a) Inventories	9	1,265.98	1,013.16
b) Financial Assets			
i) Trade receivables	10	842.33	1,000.69
ii) Cash and cash equivalents	11	3,208.79	2,673.20
iii) Bank balances (other than cash and cash equivalents)	12	8,093.24	7,516.26
iv) Other financial assets	13	569.37	578.84
c) Other current assets	14	259.98	142.17
<b>Total current assets - (B)</b>		<b>14,239.69</b>	<b>12,924.32</b>
<b>Total Assets (A+B)</b>		<b>1,10,721.14</b>	<b>84,961.60</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
a) Equity share capital	15	1,094.23	1,094.23
b) Other equity	16	42,009.46	33,230.12
<b>Total Equity (A)</b>		<b>43,103.69</b>	<b>34,324.35</b>
<b>B. Non-Current Liabilities</b>			
a) Financial liabilities			
i) Borrowings	17	50,463.76	33,596.40
ii) Lease liabilities	18	2,947.29	-
iii) Other financial liabilities	19	27.62	23.88
b) Provisions	20	850.91	800.34
c) Deferred tax liabilities (Net)	21	2,806.68	4,095.51
d) Other non current liabilities	22	2.36	2.21
<b>Total non current liabilities - (B)</b>		<b>57,098.62</b>	<b>38,518.34</b>
<b>C. Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	23	376.17	943.77
ii) Trade payables	24		
(a) Dues to micro and small enterprises		69.47	57.13
(b) Dues to others		2,523.68	2,334.00
iii) Lease liabilities	25	58.44	-
iv) Other financial liabilities	26	3,548.71	6,268.64
b) Provisions	27	427.16	380.32
c) Other current liabilities	28	3,515.20	2,135.05
<b>Total current liabilities - (C)</b>		<b>10,518.83</b>	<b>12,118.91</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>1,10,721.14</b>	<b>84,961.60</b>

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

For VKS Aiyer &amp; Co

Chartered Accountants

ICAI Firm Registration No: 000066S

Sd/-

V.S. Srinivasan

Partner

Membership No. 013729

Place: Coimbatore

Date : 20.06.2020

For and on behalf of the Board of Directors

Sd/-

Dr. NALLA G PALANISWAMI

Managing Director

DIN: 00013536

Sd/-

CA. A.M. PALANISAMY

Director

DIN: 00112303

Sd/-

CA. M.K. RAVINDRA KUMAR

Chief Financial Officer

Sd/-

CS. S.P. CHITTIBABU

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020**

₹ in Lakhs

Particulars		Notes	2019-20	2018-19
I	Revenue from Operations	29	71,172.88	62,839.05
II	Other Income	30	1,059.14	823.99
III	<b>Total Income (I+II)</b>		<b>72,232.02</b>	<b>63,663.04</b>
IV	<b>EXPENSES</b>			
	Cost of Medicines & Hospital consumables consumed	31	20,479.55	18,737.13
	Employee benefits expense	32	12,486.51	11,157.64
	Finance Costs	33	1,461.87	1,217.93
	Depreciation and amortization expense	34	5,211.93	3,553.27
	Other Expenses	35	21,400.89	19,712.62
	<b>Total Expenses (IV)</b>		<b>61,040.75</b>	<b>54,378.59</b>
V	<b>Profit before tax (III -IV)</b>		<b>11,191.27</b>	<b>9,284.45</b>
VI	<b>Tax expenses</b>	36		
	Current tax		2,995.20	3,129.13
	Taxation for earlier years		63.89	10.00
	Deferred tax		(1,326.53)	131.05
VII	<b>Profit for the year (V - VI)</b>		<b>9,458.71</b>	<b>6,014.27</b>
VIII	<b>Other Comprehensive Income</b>			
	i) Items that will not be reclassified to profit or loss:			
	a) Re-measurement of post employment benefit obligations		162.24	(40.55)
	b) Changes in equity instruments measured at FVTOCI		(12.42)	1.60
	ii) Income tax relating to items that will not be reclassified to profit or loss		(37.70)	13.61
IX	<b>Total Comprehensive Income for the year (VII + VIII)</b>		<b>9,570.83</b>	<b>5,988.93</b>
X	<b>Earnings Per Equity Share (In Rupees)</b>			
	Basic / Diluted (Face Value of ₹ 10 Each)	39	86.44	54.96

*Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements*

As per our report of even date

 For VKS Aiyer & Co  
 Chartered Accountants  
 ICAI Firm Registration No: 000066S

 Sd/-  
 V.S. Srinivasan  
 Partner  
 Membership No. 013729

 Place: Coimbatore  
 Date : 20.06.2020

For and on behalf of the Board of Directors

 Sd/-  
 Dr. NALLA G PALANISWAMI  
 Managing Director  
 DIN: 00013536

 Sd/-  
 CA. M.K. RAVINDRA KUMAR  
 Chief Financial Officer

 Sd/-  
 CA. A.M. PALANISAMY  
 Director  
 DIN: 00112303

 Sd/-  
 CS. S.P. CHITTIBABU  
 Company Secretary

**STATEMENT OF CHANGES IN EQUITY**
**A. Equity Share Capital**

<i>Particulars</i>	<i>₹ in Lakhs</i>
Balance as at 1st April 2018	1,094.23
Changes in Equity share capital during the year	-
Balance as at 31st March 2019	1,094.23
Changes in Equity share capital during the year	-
Balance as at 31st March 2020	1,094.23

**B. Other Equity**

Particulars	Reserve and Surplus			Items of Other Comprehensive Income (OCI)		Total
	Capital Reserve	General Reserve	Retained Earnings	Equity instruments through OCI	Other items of OCI	
<b>Balance as at April 01, 2018</b>	14.86	4,244.95	23,441.49	13.81	(78.18)	27,636.93
<b>Add:</b> Profit for the year			6,014.27			6,014.27
<b>Add:</b> Other Comprehensive Income for the year (Net of taxes)	-			1.60	(26.94)	(25.34)
<b>Less:</b> Dividend (including dividend distribution tax)			395.74			395.74
<b>Balance as at March 31, 2019</b>	<b>14.86</b>	<b>4,244.95</b>	<b>29,060.02</b>	<b>15.41</b>	<b>(105.12)</b>	<b>33,230.12</b>
<b>Add:</b> Profit for the year	-	-	9,458.71	-	-	9,458.71
<b>Add:</b> Other Comprehensive Income for the year (Net of taxes)	-	-	-	(12.42)	124.54	112.12
<b>Less:</b> Dividend (including dividend distribution tax)	-	-	791.49	-	-	791.49
<b>Balance as at March 31, 2020</b>	<b>14.86</b>	<b>4,244.95</b>	<b>37,727.24</b>	<b>2.99</b>	<b>19.42</b>	<b>42,009.46</b>

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For VKS Aiyer & Co  
Chartered Accountants  
ICAI Firm Registration No: 000066S

Sd/-  
Dr. NALLA G PALANISWAMI  
Managing Director  
DIN: 00013536

Sd/-  
CA. A.M. PALANISAMY  
Director  
DIN: 00112303

Sd/-  
V.S. Srinivasan  
Partner  
Membership No. 013729

Sd/-  
CA. M.K. RAVINDRA KUMAR  
Chief Financial Officer

Sd/-  
CS. S.P. CHITTIBABU  
Company Secretary

Place: Coimbatore  
Date : 20.06.2020

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020**

₹ in Lakhs

Particulars	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
<b>A. CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES:</b>				
Profit before tax for the year		11,191.27		9,284.45
<b>Adjustments for:</b>				
Depreciation and amortisation expense	5,211.93		3,553.27	
Exchange fluctuation loss/(gain), net	90.20		-	
Finance cost	1,192.56		1,211.51	
Non Cash transactions	157.14		3.56	
Loss/(profit) on Sale of Property, Plant & equipment (net)	39.56		(2.49)	
		6,691.39		4,765.85
<b>Operating profit before working capital changes</b>		<b>17,882.66</b>		<b>14,050.30</b>
(Increase) / Decrease in non current & current financial assets	(463.72)		(139.39)	
(Increase) / Decrease in other non current & current assets	360.69		705.56	
(Increase) / Decrease in non current & current financial liabilities	265.73		524.85	
(Decrease) / Increase in other non current & current liabilities	1,639.95		585.14	
		1,802.65		1,676.16
<b>Cash generated from operations</b>		<b>19,685.31</b>		<b>15,726.46</b>
Income tax paid		(3,068.95)		(3,121.34)
<b>Net cash from operating activities (A)</b>		<b>16,616.36</b>		<b>12,605.12</b>
<b>B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:</b>				
Purchase of Property, Plant & Equipment, Capital work in progress & Intangible assets	(26,802.53)		(27,671.17)	
Proceeds from Sale of Property, Plant & Equipment	20.57		7.79	
<b>Net cash from /(used in) investing activities (B)</b>		<b>(26,781.96)</b>		<b>(27,663.38)</b>
<b>C. CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:</b>				
Long term Borrowings (Net of Repayment)	14,087.46		16,677.79	
Short term Borrowings (Net)	(567.60)		934.90	
Repayment of lease liabilities	(273.13)		-	
Finance Cost	(1,192.56)		(1,211.51)	
Dividend Paid (including dividend distribution tax)	(776.00)		(394.35)	
<b>Net cash from/(used in) financing activities (C)</b>		<b>11,278.17</b>		<b>16,006.83</b>
<b>Net increase /(decrease) in cash and cash equivalents (A+B+C)</b>		<b>1,112.57</b>		<b>948.57</b>
Cash and cash equivalents at the beginning of the year		10,189.46		9,240.89
Less: Bank Balances not considered as Cash & Cash equivalents as per Ind AS 7 (Refer note no.12)		8,093.24		7,516.26
<b>Cash and Cash equivalents at the end of the year</b>		<b>3,208.79</b>		<b>2,673.20</b>

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

For VKS Aiyer &amp; Co

Chartered Accountants

ICAI Firm Registration No: 000066S

Sd/-

V.S. Srinivasan

Partner

Membership No. 013729

Place: Coimbatore

Date : 20.06.2020

For and on behalf of the Board of Directors

Sd/-

Dr. NALLA G PALANISWAMI

Managing Director

DIN: 00013536

Sd/-

CA. A.M. PALANISAMY

Director

DIN: 00112303

Sd/-

CA. M.K. RAVINDRA KUMAR

Chief Financial Officer

Sd/-

CS. S.P. CHITTIBABU

Company Secretary

**ACCOUNTING POLICIES AND NOTES**

Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020

**Note 1**
**A. CORPORATE INFORMATION**

Kovai Medical Center and Hospital Limited (“the Company”) is a Public Company 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 satellite centers at Coimbatore (in the name of City center, Sulur Hospital and Kovilpalayam Hospital) and Erode (in the name of Erode center and Erode Speciality Hospital). The company’s equity shares are listed in Bombay Stock Exchange (BSE).

The Company’s financial statements were authorized for issue in accordance with the resolution of the Board of Directors on 20<sup>th</sup> June, 2020 in accordance with the provisions of Companies Act, 2013 and are subject to the approval of the shareholders at the AGM.

The Company’s financial statements are reported in Indian Rupees which is also the company’s functional currency.

**Application of new and revised Indian Accounting Standards**

The Company has applied all the Indian Accounting Standards (hereinafter referred to as ‘Ind AS’) notified by the Ministry of Corporate Affairs (MCA) to the extent applicable to the Company.

**B. SIGNIFICANT ACCOUNTING POLICIES**
**I. General Information and Statement of compliance**

These financial statements (‘financial statements’) of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified by Ministry of Corporate Affairs (‘MCA’) under Section 133 of the Companies Act, 2013 (‘the Act’) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

**II. Basis of preparation and presentation**

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The presentation of financial statement is based on Ind AS Schedule III of the Companies Act, 2013.

The Financial Statements have been prepared & presented on the historical convention and on accrual basis , except for the following material items in the Balance Sheet:

- Financial assets are measured either at fair value or at amortised cost depending on their classification;
- Employee defined benefit assets/ liabilities are recognised as the net total of fair value of plan assets, adjusted for actuarial gains/losses and the present value of defined benefit obligations;
- Long term borrowings are measured at amortised cost using the effective interest rate method;
- Assets held for sale are measured at fair value less cost to sell;
- Right-of-use of Assets are recognised at the present value of lease payments that are not paid as on that date. This amount is adjusted for any lease payments made at or before the commencement of the lease and initial direct cost incurred, if any.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis, stated above and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use under Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- c) Level 3 inputs are unobservable inputs for the asset or liability.

### III. Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon 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 period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption".

### IV. Current versus non-current classification

The entity presents assets and liabilities in the balance sheet based on current/ non-current classification.

#### An asset is classified as current, when:

- a) It is expected to be realised or intended to be sold or consumed in normal operating cycle.
- b) It is held primarily for the purpose of trading.
- c) It is expected to be realised within twelve months after the reporting period, or
- d) It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### A liability is classified as current, when:

- a) It is expected to be settled in normal operating cycle.
- b) It is held primarily for the purpose of trading.
- c) It is due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The entity classifies all other liabilities as non-current. Deferred tax assets and liabilities are always classified as non-current assets and liabilities.

## V. Revenue Recognition

### a) Healthcare Services

Revenue comprises fees charged for inpatients and outpatients hospital services. The performance obligation for this stream of revenue includes dietary, accommodation, surgery, Medical/Clinical services, use of medical equipment and supply of pharmaceuticals and related products. Revenue is recognised (net off discount/concession) at the transaction price when each performance obligation is satisfied at a point of time when inpatient /outpatient have received the services and accepted /consumed the same. The income by way of Doctor's 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.

Insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.

Unbilled revenue is recorded for the service where the patients are not discharged and invoice is yet to be raised for the service rendered. Revenue is measured at the fair value of the consideration received or receivable.

### b) Sale of Goods

Revenue from dietary / pharmacy sales and other associate services, where the performance obligation is satisfied at a point of time, is recognised when the control of goods is transferred to the customer.

### c) Income from Sponsorships

Revenue from sponsorship is recognized when the amount of revenue and the cost incurred/ together with the cost to be incurred to complete the transaction can be reliably measured with reference to the stage of completion of the transaction at the end of the reporting period.

### d) Revenue from Educational Courses

Revenue from Course Fee is recognised on a straight-line basis to match with the entity's efforts/inputs that are expended evenly throughout the performance period. Other related revenues such as registration fee, course material fee are recognised as revenue when the performance obligation is satisfied.

### e) Dividend and Interest Income

- i) Dividend income from investment is recognized as and when the right to receive payment is established.
- ii) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis taking into account the amount outstanding and at the effective interest rate applicable, which is the rate that exactly discount estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## VI. Leases

### Adoption of new Standard IND AS 116 with effect from 1<sup>st</sup> April 2019

#### a) The Company as a lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To



assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as cash flows from financing activity.

**Upto 31.03.2019:**

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalised at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate from the lessor's expected inflationary cost increase.

**Transition:**

Effective 1st April 2019, the company has adopted Ind AS 116 “Leases” for all long term lease contracts existing as on 1st April 2019 using the modified retrospective method. Consequently, the company recorded the lease liability at the present value of lease payments discounted at the incremental borrowing rate and right of use asset at its carrying amount at the date of its initial application. Comparatives presented have not been retrospectively adjusted.

**b) The Company as a lessor:**

Leases for which the company is a lessor is classified as a finance or operating lease. Wherever the terms of the lease transfers substantially all the risks and ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

The Application of IND AS 116 did not have any implication as a Lessor.

**VII. Accounting policy for segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues / expenses / assets / liabilities", as the case may be. Based on the above assessment, the Company has determined its business comprise of Healthcare services and Educational services.

**VIII. Foreign currencies**
**a) Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**b) Conversion**

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign currency monetary items are reported using closing foreign exchange rate. Non- monetary items, which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

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.

**IX. Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All the other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

## **X. Employee benefits**

### **(a) Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains/losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement.

The Company's presents the first two components of defined benefit costs in the statement of Profit and Loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### **(b) Short-term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liability recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## **XI. Taxation**

Income tax expense comprises current tax and the net change in the deferred tax asset or liability during the year.

### **(a) Current Tax**

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.

**(b) Deferred Tax**

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. These are 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exist to set off current tax assets against current tax liabilities and deferred tax assets/deferred tax liabilities relate to same taxable entity and same taxation authority.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

**(c) Current and Deferred Tax for the year**

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**XII. Property, plant and equipment**

Property, plant and Equipment (PPE) being fixed assets are tangible items held for use or for administrative purposes and are measured at cost less accumulated depreciation and any accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Financing costs relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use. Items of stores and spares that meet the definition of PPE are capitalized at cost and depreciated over its useful life.

The Carrying amount of an item of PPE is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de- recognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on Property, plant and equipment (PPE) are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except for building and medical equipment's which are depreciated over the useful life as estimated by the management.

Assets under lease are depreciated over the shorter of lease term and their useful lives.

The management believes that the useful life adopted reflect the expected pattern of consumption of future economic benefits.

Particulars	Management's estimate of Useful life (No of years)	Useful life as per schedule II (No. of Years)
<b>1. Buildings</b>		
Buildings(RCC frame structure)	30	60
Buildings (Other than RCC frame Structure)	30	30
Improvement to Leasehold Buildings	Useful life or lease term whichever is lower	Useful life or lease term whichever is lower
Fences, walls, tube wells, leasehold improvement	5	5
Others (including temporary structure, etc.)	3	3
<b>2. Plant &amp; Machinery</b>		
Medical and Surgical Equipments	1 to 10	13 / 15
Solar power plant	25	25
<b>3. Electrical Installations and Equipment</b>	10	10
<b>4. Furniture and fittings</b>	10	10
<b>5. Office Equipment</b>	5	5
<b>6. Computers and data processing units</b>		
Servers and networks	6	6
End user devices, such as, desktops, laptops, etc.	3	3
<b>7. Motor Vehicles</b>		
Motor cycles, scooters and other mopeds	10	10
Motor buses, motor lorries, motor cars and motor taxies other than those used in a business of running them on hire	8	8

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE, the useful life of that part is determined separately for depreciation.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged to reflect the changed pattern.

### XIII. Intangible Assets

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset. Other software is amortised, on a straight line method, over a period of three years based on management's assessment of useful life.

#### Useful lives of intangible assets

Class of assets	Years
Software	3 years

#### **XIV. Impairment of Property, plant and equipment and intangible assets**

The carrying amounts of its tangible and Intangible 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 extent 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.

#### **XV. Inventories**

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

Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the inventory saleable.

#### **XVI. Provisions**

A provision is recognised when the Company 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 unless otherwise required by the standard 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.

#### **XVII. Earnings per share**

- a) Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.
- b) For the purpose of calculating diluted earnings per share, the 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.

#### **XVIII. Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **a) Financial assets**

##### **Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

### Debt instruments at amortized cost:

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

### Debt instrument at FVTOCI:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

### Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

### Equity investments (other than investments in subsidiaries and joint ventures):

All equity investments within the scope of Ind AS 109, 'Financial Instruments', are measured at fair value either through statement of profit and loss or other comprehensive income. Company makes an irrevocable election to present in OCI the subsequent changes in the fair value on an instrument-by-instrument basis. The classification is made on initial recognition.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI. Any gains or losses on de- recognition is recognized in the OCI and are not recycled to the statement of profit or loss.



Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### **De-recognition of Financial Assets:**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de- recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### **Investment in Subsidiaries, Associates and Joint ventures:**

The Company’s investment in equity instruments of Subsidiaries, Associates and Joint venture are accounted for at cost as per Ind AS 27.

### **b) Financial Liabilities**

#### **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **i) Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

##### **ii) Trade and other payables**

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

**iii) Other financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

**Financial guarantee contracts:**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the company are initially measured at their fair values and are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

**De-recognition of Financial Liabilities:**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**d) Compound Financial Instruments:**

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

**XIX. Impairment of Financial assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

**XX. Fair value measurement:**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

**Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**XXI. Cash and cash equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**Significant accounting Judgments, estimates and assumptions:**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgments that the management has made in the process of applying the Company's accounting policies:

**a) Useful lives of depreciable assets:**

Management reviews the useful lives of depreciable assets at each reporting period. As at year end, the management assessed that the useful lives represent the expected utility of the assets to the Company. Such lives are dependent upon an assessment of both the technical lives of the asset and also their economic lives based on various internal and external factors including efficiency and operating costs. Accordingly, depreciation lives are reviewed annually using the best information available to the management.

**b) Evaluation of indicators for impairment of assets:**

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**c) Recognition of deferred tax liability:**

Significant management judgment is required to determine the amount of deferred tax asset that can be recognised based on the likely timing and the level of future taxable profits together with future tax planning strategies.

**d) Provision and contingent liability:**

Provisions and liabilities are recognised in the period when it becomes probable that there will be future outflows of funds from past events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies, the likelihood of which is remote, are not disclosed in the financial statements.

**e) Defined benefit obligation:**

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

**f) Fair value measurements:**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**g) Leases:**

Significant judgments are required in the assumptions and made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.

**Recent accounting pronouncements on Standards issued or modified:**

Ministry of Corporate affairs (“MCA”) notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from 1<sup>st</sup> April 2020.

**Note 2 - Property, Plant and Equipment (PPE)**
*₹ in Lakhs*

Particulars	Land	Buildings	Improvements to Leasehold Buildings	Furniture and Fixtures	Office Equipments	Plant & Equipments	Computers	Vehicles	Total
<b>Gross Carrying Value</b>									
<b>As at 1st April 2018</b>	7,144.56	16,310.02	355.80	1,073.29	194.03	23,941.83	319.44	456.43	49,795.40
Additions for the year	2,966.52	958.42	-	117.74	36.21	1,863.08	141.54	105.67	6,189.18
Disposals for the year	-	-	-	-	-	(7.65)	(0.02)	-	(7.67)
<b>As at 31st March 2019</b>	10,111.08	17,268.44	355.80	1,191.03	230.24	25,797.26	460.96	562.10	55,976.91
Additions for the year	-	10,392.04	592.75	375.11	192.41	7,870.80	100.71	-	19,523.82
Disposals for the year	-	-	-	-	-	(85.70)	-	-	(85.70)
<b>As at 31st March 2020</b>	10,111.08	27,660.48	948.55	1,566.14	422.65	33,582.36	561.67	562.10	75,415.03
<b>Accumulated depreciation and impairment</b>									
<b>As at 1st April 2018</b>	-	1,033.89	44.80	257.37	75.48	3,972.20	122.39	111.20	5,617.33
Depreciation for the year	-	713.67	22.59	145.50	37.68	2,444.63	88.41	65.95	3,518.43
Depreciation withdrawn during the year	-	-	-	-	-	(2.36)	-	-	(2.36)
<b>As at 31st March 2019</b>	-	1,747.56	67.39	402.87	113.16	6,414.47	210.80	177.15	9,133.40
Depreciation for the year	-	758.88	48.47	161.34	55.69	3,747.79	114.73	68.47	4,955.37
Depreciation withdrawn during the year	-	-	-	-	-	(25.57)	-	-	(25.57)
<b>As at 31st March 2020</b>	-	2,506.44	115.86	564.21	168.85	10,136.69	325.53	245.62	14,063.20
<b>Net Carrying Value</b>									
<b>As at 31st March 2019</b>	10,111.08	15,520.88	288.41	788.16	117.08	19,382.79	250.16	384.95	46,843.51
<b>As at 31st March 2020</b>	10,111.08	25,154.04	832.69	1,001.93	253.80	23,445.67	236.14	316.48	61,351.83

(i) Additions include borrowing cost capitalized amounting to ₹660.75 lakhs (Previous year: ₹ Nil)

(ii) Property, plant and equipment pledged as security against borrowings are stated in Note No:17

**Note 3 - Right of use assets**
*₹ in Lakhs*

Particulars	Land & Building	Total
<b>Gross Carrying Value</b>		
<b>As at 1st April 2018</b>	-	-
Additions for the year	-	-
Disposals for the year	-	-
<b>As at 31st March 2019</b>	-	-
Additions for the year	3,046.40	3,046.40
Disposals for the year	-	-
<b>As at 31st March 2020</b>	3,046.40	3,046.40
<b>Accumulated depreciation and impairment</b>		
<b>As at 1st April 2018</b>	-	-
Depreciation for the year	-	-
Depreciation withdrawn during the year	-	-
<b>As at 31st March 2019</b>	-	-

Depreciation for the year	<b>207.95</b>	<b>207.95</b>
Depreciation withdrawn during the year	-	-
<b>As at 31st March 2020</b>	<b>207.95</b>	<b>207.95</b>
<b>Net Carrying Value</b>		
<b>As at 31st March 2019</b>	-	-
<b>As at 31st March 2020</b>	<b>2,838.45</b>	<b>2,838.45</b>

**Note 4 - Capital work-in-progress**
*₹ in Lakhs*

Particulars	Buildings	Plant & Equipment's	Others	Total
<b>As at 1st April 2018</b>	<b>1,072.62</b>	<b>110.71</b>	<b>104.24</b>	<b>1,287.57</b>
Additions for the year	18,754.08	2,711.34	277.86	<b>21,743.28</b>
Withdrawn during the year	(86.14)	(214.76)	(0.18)	<b>(301.08)</b>
<b>As at 31st March 2019</b>	<b>19,740.56</b>	<b>2,607.29</b>	<b>381.92</b>	<b>22,729.77</b>
Additions for the year	19,091.97	6,640.44	5.99	25,738.40
Withdrawn during the year	(11,381.77)	(6,875.30)	(251.30)	(18,508.37)
<b>As at 31st March 2020</b>	<b>27,450.76</b>	<b>2,372.43</b>	<b>136.61</b>	<b>29,959.80</b>

During the year, the company has capitalized ₹ 2501.30 Lakhs (Previous year - ₹ 1192.94) as borrowing cost as per IND AS 23 - Borrowing Cost.

**Note 5 - Intangible assets**
*₹ in Lakhs*

Particulars	Computer software	Total
<b>Gross carrying Value</b>		
<b>As at 1st April 2018</b>	<b>122.64</b>	<b>122.64</b>
Additions for the year	39.80	39.80
Disposals for the year	-	-
<b>As at 31st March 2019</b>	<b>162.44</b>	<b>162.44</b>
Additions for the year	48.68	48.68
Disposals for the year	-	-
<b>As at 31st March 2020</b>	<b>211.12</b>	<b>211.12</b>
<b>Accumulated amortisation and impairment</b>		
<b>As at 1st April 2018</b>	<b>40.95</b>	<b>40.95</b>
Amortisation for the year	34.84	34.84
Amortisation withdrawn during the year	-	-
<b>As at 31st March 2019</b>	<b>75.79</b>	<b>75.79</b>
Amortisation for the year	48.61	48.61
Amortisation withdrawn during the year	-	-
<b>As at 31st March 2020</b>	<b>124.40</b>	<b>124.40</b>
<b>Net Carrying Value</b>		
<b>As at 31st March 2019</b>	<b>86.65</b>	<b>86.65</b>
<b>As at 31st March 2020</b>	<b>86.72</b>	<b>86.72</b>

**Note 6 – Investments**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Investments in Equity Instruments</b>		
At fair value through other comprehensive income		
<b>(i) Quoted, Non Trade - fully paidup</b>		
6100 (as on 31.03-2019 - 6100)		
Equity shares of ₹ 10 each in Canara Bank	5.52	17.77
2300 (as on 31.03.2019 - 2300 )		
Equity shares of ₹ 10 each in Indian Overseas Bank)	0.16	0.33
<b>(ii) Unquoted, Trade - fully paid up</b>		
60,000 (as on 31.03.2019 -60,000)		
Equity shares of ₹ 10 each fully paid up in Mytrah Vayu (Manjira) Private Limited	6.00	6.00
<b>Total</b>	<b>11.68</b>	<b>24.10</b>

*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Aggregate Market value of quoted investments	5.68	18.10
(ii) Aggregate amount of unquoted investments	6.00	6.00
<b>Total (i+ii)</b>	<b>11.68</b>	<b>24.10</b>

The investments in Level 3 hierarchy has been valued at cost approach to arrive at the fair values as there is a wide range of possible fair value measurements and the cost represents the estimate of fair value within that range considering the purpose and restriction on the transferability of the instruments.

**Note 7 - Other Financial Assets**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, Considered Good</b>		
a) Rental and lease deposits	243.03	150.33
b) Security Deposits	735.88	449.85
<b>Total</b>	<b>978.91</b>	<b>600.18</b>

**Note 8 - Other non current assets**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
a) Capital advance	1,053.96	1,474.81
b) Advance Payment of Taxes (Net of Provision)	85.85	106.36
c) Prepayments	114.25	171.90
<b>Total</b>	<b>1,254.06</b>	<b>1,753.07</b>

**Note 9 - Inventories**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
a) Pharmacy	585.61	501.00
b) Hospital Consumables	578.14	401.60
c) Stores & Spares	63.59	54.24
d) Fuel & Canteen Inventory	72.43	56.32
<b>Total (A)</b>	<b>1,299.77</b>	<b>1,013.16</b>



Less : Provision for non-moving inventory (B)	33.79	-
<b>Total (A-B)</b>	<b>1,265.98</b>	<b>1,013.16</b>

- i) For method of valuation of inventories, refer note No.1 (B) (XV)
- ii) There has been no write down of inventories in current and previous years. Provision for slow moving / non-moving inventory made during the year ₹ 33.79 lakhs (Previous year: NIL)
- iii) Inventories have been pledged as security against certain bank, refer note no.17
- iv) Cost of inventory recognised as an expense:
- a) Amount of inventories charged to statement of Profit and loss ₹ in Lakhs

Particulars	2019-20	2018-19
a) Cost of Medicines & Hospital Consumables	20,479.55	18,737.13
b) Stores and spares	238.21	200.12
c) Fuel & Canteen Inventory	1,690.91	1,427.93
<b>Total</b>	<b>22,408.67</b>	<b>20,365.18</b>

- b) Amount of inventories stated at fair value less cost to sell Nil
- c) Amount of written down of inventories Nil

**Note 10 - Trade receivables**
₹ in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured considered good	842.33	1,000.69
Trade receivables which have significant increase in Credit Risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<b>842.33</b>	<b>1,000.69</b>

**Note:** There have been no history of write off of trade receivables and hence no allowance has been made for doubtful debts.

Ageing of Trade receivables that are past due but not impaired:

₹ in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
60- 90 days	78.58	80.05
91-180 days	133.85	126.19
>180 days	105.44	182.63

**Note 11 - Cash and Cash Equivalents**
₹ in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
a) Balance with Banks		
i) In Current Accounts	122.77	33.95
ii) In term deposit accounts with maturity less than 3 months at inception	2,983.45	2,530.92
b) Cheques on hand	24.83	3.28
c) Cash on hand	77.74	105.05
<b>Total</b>	<b>3,208.79</b>	<b>2673.20</b>

**Note 12 - Bank Balance other than Cash and Cash Equivalents**
₹ in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
a) In term deposit accounts		
with maturity more than 3 months but less than 12 months at inception	7,991.55	7,468.17
b) Earmarked balances		

In margin money	45.00	6.89
In unpaid dividend Account	56.69	41.20
<b>Total</b>	<b>8,093.24</b>	<b>7,516.26</b>

Earmarked bank balances are restricted in use in the form of margin money towards security and unclaimed dividend.

**Note 13 - Other financial assets**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, Considered Good</b>		
a) Rent receivable	17.03	15.75
b) Accrued Income	336.93	279.31
c) Unbilled revenue	215.41	283.78
<b>Total</b>	<b>569.37</b>	<b>578.84</b>

**Note 14 - Other current assets**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
a) Advance for purchases	19.86	1.36
b) Advance for expenses	6.12	36.17
c) Prepaid expenses	234.00	104.64
<b>Total</b>	<b>259.98</b>	<b>142.17</b>

**Note 15 Equity share capital**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Authorized Share Capital</b>		
1,92,00,000 equity shares of ₹ 10/- each	<b>1,920.00</b>	<b>1,920.00</b>
(31-03-2019 - 1,92,00,000 Equity Shares of ₹ 10/- each)		
<b>Issued and Subscribed Capital</b>		
1,09,42,262 Equity shares of ₹ 10 each	<b>1,094.23</b>	<b>1,094.23</b>
(31-03-2019 - 1,09,42,262 Equity Shares of ₹ 10/- each)		
<b>Total</b>	<b>1,094.23</b>	<b>1,094.23</b>

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

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,09,42,262	1,094.23	1,09,42,262	1,094.23
Share Issued during the year	-	-	-	-
Share bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,09,42,262	1,094.23	1,09,42,262	1,094.23

**b. Terms/ Rights attached to the Equity Shares**

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. In the event of liquidation of Company, the holders of the Equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to be number of equity shares held by the Shareholders.

c. Shares held by Holding Company or Ultimate Holding Company – Nil

d. Details of Shareholders' holding more than 5% shares in the Company:

₹ in Lakhs

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Kovai Purani Finance Private Limited	40,25,761	36.79	40,07,761	36.63
Dr. Thavamani Devi Palaniswami	12,35,647	11.29	12,35,647	11.29

e. No shares have been 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.

#### Note 16 Other equity

₹ in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
a) Capital Reserve	14.86	14.86
b) General Reserve	4,244.95	4,244.95
c) Retained Earnings	37,727.24	29,060.02
d) Other Comprehensive Income	22.41	(89.71)
<b>Total</b>	<b>42,009.46</b>	<b>33,230.12</b>

Refer "Statement of Changes in Equity" for additions /deletions in each reserve.

#### Notes:

- Capital reserve represents the reserve created on account of amalgamation of Idhyam Hospitals Erode Limited (erstwhile subsidiary) under the pooling of interest method
- General Reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue etc.
- Retained Earnings represents the surplus / accumulated earnings of the Company and are available for distribution to Shareholders.

#### Note 17 – BORROWINGS

₹ in Lakhs

Particulars	As at 31st March 2020		As at 31st March 2019	
	Non Current	Current	Non Current	Current
<b>Secured Loan</b>				
<b>Term Loans</b>				
From Banks	50,463.76	452.64	33,596.40	3,232.54
<b>Total</b>	<b>50,463.76</b>	<b>452.64</b>	<b>33,596.40</b>	<b>3,232.54</b>

Details of amount Outstanding, Terms of repayment & Security details

#### Term Loans from Bank

a) Term loans from Indian Bank:

₹ in Lakhs

As at 31st March 2020	As at 31st March 2019	Terms of loans
-	354.48	-
-	53.20	-
-	391.43	-
-	277.50	-
-	400.00	-

594.50	734.90	Repayable in 51 monthly instalments aggregating to ₹ 594.50 lakhs. The interest is payable on monthly basis and the rate of interest varies from 8.60% to 8.65% per annum.
3,280.10	3,280.10	Repayable in 144 monthly instalments aggregating to ₹ 3,280.10 lakhs commencing from September 2020. The interest is payable on monthly basis and the rate of interest is 8.60% per annum.
2,500.00	2,500.00	Repayable in 144 monthly instalments aggregating to ₹ 2,500 lakhs commencing from January 2021. The interest is payable on monthly basis and the rate of interest varies from 8.30% to 8.75% per annum.
6,000.00	6,000.00	Repayable in 144 monthly instalments aggregating to ₹ 6,000 lakhs commencing from September 2021. The interest is payable on monthly basis and the rate of interest varies from 8.45% to 8.60% per annum.
4,400.00	4,400.00	Repayable in 144 monthly instalments aggregating to ₹ 4,400 lakhs commencing from March 2022. The interest is payable on monthly basis and the rate of interest varies from 8.25% to 8.65% per annum.
5,600.00	-	Repayable in 144 monthly instalments aggregating to ₹ 5,600 lakhs commencing from November 2022. The interest is payable on monthly basis and the rate of interest is 8.35% per annum.
2,500.00	-	Repayable in 144 monthly instalments aggregating to ₹ 2,500 lakhs commencing from March 2023. The interest is payable on monthly basis and the rate of interest is 8.25% per annum.
1,120.00	-	Repayable in 144 monthly instalments aggregating to ₹ 1,120 lakhs commencing from March 2023. The interest is payable on monthly basis and the rate of interest is 8.60% per annum.

**b) Term loans from Indian Overseas Bank:**
*₹ in Lakhs*

As at 31st March 2020	As at 31st March 2019	Terms of loans
-	354.52	-
-	55.20	-
-	388.06	-
-	277.35	-
-	400.00	-
641.80	782.20	Repayable in 55 monthly instalments aggregating to ₹ 641.80 lakhs. The interest is payable on monthly basis and the rate of interest varies from 9.40% to 9.60% per annum.
3,280.00	3,280.00	Repayable in 144 monthly instalments aggregating to ₹ 3,280 lakhs commencing from March 2021. The interest is payable on monthly basis and the rate of interest varies from 8.45% to 8.70% per annum.
2,500.00	2,500.00	Repayable in 144 monthly instalments aggregating to ₹ 2,500 lakhs commencing from January 2021. The interest is payable on monthly basis and the rate of interest varies from 8.50% to 8.80% per annum.
6,000.00	6,000.00	Repayable in 144 monthly instalments aggregating to ₹ 6,000 lakhs commencing from September 2021. The interest is payable on monthly basis and the rate of interest is 8.70% per annum.
4,400.00	4,400.00	Repayable in 144 monthly instalments aggregating to ₹ 4,400 lakhs commencing from March 2022. The interest is payable on monthly basis and the rate of interest is 8.70% per annum.

5,600.00	-	Repayable in 144 monthly instalments aggregating to ₹ 5,600 lakhs commencing from November 2022. The interest is payable on monthly basis and the rate of interest is 8.50% per annum.
2,500.00	-	Repayable in 144 monthly instalments aggregating to ₹ 2,500 lakhs commencing from March 2023. The interest is payable on monthly basis and the rate of interest is 8.45% per annum.

**c) Security details:**

- (i) The above term loans from Bank are primarily secured by first charge on the land and appurtenances therewith located at Kalapatti Village at Coimbatore and the land located at Erode, pari pasu first charge on the entire fixed assets (present and future) of the Company.
- (ii) The facilities are also collaterally secured by second charge on the entire current assets (present and future) of the Company.
- (iii) The term loans from bank are further secured by personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director - Dr.Thavamani Devi Palaniswami, of the Company.

**Note 18 - Lease Liabilities**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
Obligation in respect of lease liability	2,947.29	-
<b>Total</b>	<b>2,947.29</b>	<b>-</b>

**Note 19 - Other Financial Liabilities**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
Rental Deposits	27.62	23.88
<b>Total</b>	<b>27.62</b>	<b>23.88</b>

**Note 20 – Provisions**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Provision for Employee Benefits</b>		
- Gratuity (Refer Note No.37 (b) (i) )	850.91	800.34
<b>Total</b>	<b>850.91</b>	<b>800.34</b>

**Note 21 - Deferred Tax Liabilities (net)**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Deferred Tax Liabilities</b>		
-On PPE and intangible assets	3256.30	4,607.20
-On fair value adjustment of financial instruments	0.45	2.22
<b>(A)</b>	<b>3,256.75</b>	<b>4,609.42</b>
<b>Deferred tax assets</b>		
- On disallowances under the income tax act	(407.37)	(513.91)
- On lease liability	(42.70)	-
<b>(B)</b>	<b>(450.07)</b>	<b>(513.91)</b>
<b>Net deferred tax liability / (asset) (A-B)</b>	<b>2,806.68</b>	<b>4,095.51</b>

**Significant Components of deferred tax assets / liabilities and their movements**
*₹ in Lakhs*

Particulars	Deferred tax liabilities / (Assets) as at 01.04.2019	Charge / (credit) to Profit/Loss	Charge / (credit) to OCI	Deferred tax liabilities / (Assets) as at 31.03.2020
<b>Deferred tax liabilities</b>				
- On PPE and intangible assets	4,607.20	(1350.90)	-	<b>3,256.30</b>
- On fair value adjustment of financial instruments	2.22	(1.77)	-	<b>0.45</b>
<b>Deferred tax assets</b>				
- On disallowances under the income tax act	(513.91)	68.84	-	<b>(445.07)</b>
- On employee benefit expense	-	-	40.83	<b>40.83</b>
- On fair valuation of equity instruments	-	-	(3.13)	<b>(3.13)</b>
- On Lease Liability	-	(42.70)	-	<b>(42.70)</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>4,095.51</b>	<b>(1,326.53)</b>	<b>37.70</b>	<b>2,806.68</b>

*₹ in Lakhs*

Particulars	Deferred tax liabilities / (Assets) as at 01.04.2018	Charge / (credit) to Profit/Loss	Charge / (credit) to OCI	Deferred tax liabilities / (Assets) as at 31.03.2019
<b>Deferred tax liabilities</b>				
- On PPE and intangible assets	4,472.78	134.42	-	<b>4,607.20</b>
- On fair value adjustment of financial instruments	0.98	1.24	-	<b>2.22</b>
<b>Deferred tax assets</b>				
- On disallowances under the income tax act	(495.69)	(4.61)	-	<b>(500.30)</b>
- On employee benefit expense	-	-	(14.17)	<b>(14.17)</b>
- On fair valuation of equity instruments	-	-	0.56	<b>0.56</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>3,978.07</b>	<b>131.05</b>	<b>(13.61)</b>	<b>4,095.51</b>

**Note 22 - Other Non Current Liabilities**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
Advance rental Income	2.36	2.21
<b>Total</b>	<b>2.36</b>	<b>2.21</b>

**Note 23 – Borrowings**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Secured</b>		
Working capital loans from bank	376.17	943.77
<b>Total</b>	<b>376.17</b>	<b>943.77</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 note no.17 long term borrowings."
- The working capital facility carries interest rates @ 8.60%

**Note 24 - Trade Payables**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
Trade payables		
a. Total outstanding dues of micro and small enterprises (Refer Note No 47)	69.47	57.13
b. Total outstanding dues of creditors other than micro and small enterprises	2,523.68	2,334.00
<b>Total</b>	<b>2,593.15</b>	<b>2,391.13</b>

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.

**Note 25 - Lease Liabilities**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
Obligation in respect of lease liability	58.44	-
<b>Total</b>	<b>58.44</b>	<b>-</b>

**Note 26 - Other financial liabilities**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
a. Current maturities of long-term debt (Ref. Note No.17)	452.64	3,232.54
b. Deposits from Employees	389.25	370.00
c. Payable to related parties (Ref. Note No.42)	504.52	424.42
d. Employee Benefits Payable	570.58	521.73
e. Other payables	1,631.72	1,719.95
<b>Total</b>	<b>3,548.71</b>	<b>6,268.64</b>

Note : Other payables include accrued liabilities for expenses and Creditors for expenses.

**Note 27 - Provisions**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
a. Gratuity - Refer Note No.37 (b) (i)	406.77	362.97
b. Leave Encashment	20.39	17.35
<b>Total</b>	<b>427.16</b>	<b>380.32</b>

**Note 28 - Other Current Liabilities**
*₹ in Lakhs*

Particulars	As at 31st March 2020	As at 31st March 2019
a. Statutory dues payables	502.77	476.35
b. Creditors for capital goods	2,141.61	1,350.36
c. Unpaid dividend	56.69	41.20
d. Advance received from patients	218.14	191.40
e. Advance towards course fees	595.99	75.74
<b>Total</b>	<b>3,515.20</b>	<b>2,135.05</b>



**Note 29 - Revenue From Operations**
*₹ in Lakhs*

Particulars	2019-20	2018-19
<b>I. Revenue from operations</b>		
a. Inpatients Revenue		
i) Doctors fees & Other healthcare services	38,981.86	34,957.16
ii) Pharmacy & Dietary	9,646.46	8,342.09
b. Outpatients Revenue		
i) Doctors fees & Other healthcare services	12,762.23	11,500.38
ii) Pharmacy & Dietary	8,234.15	7,655.39
c. Income from education	1,342.26	277.21
<b>II. Other Operating Income</b>		
Lease Income	205.92	106.82
<b>Total</b>	<b>71,172.88</b>	<b>62,839.05</b>

**Note 30 - Other Income**
*₹ in Lakhs*

Particulars	2019-20	2018-19
a. Interest Income	749.79	669.58
b. Profit on sale of Property, Plant and Equipment (Net)	-	2.49
c. Other non-operating income	309.35	151.92
<b>Total</b>	<b>1,059.14</b>	<b>823.99</b>

**Note 31 - Cost of Medicines & Hospital consumables consumed**
*₹ in Lakhs*

Particulars	2019-20	2018-19
Opening Stock	902.59	962.37
<b>Add: Purchases</b>	<b>20,709.53</b>	<b>18,677.35</b>
	21,612.12	19,639.72
<b>Less: Closing Stock</b>	<b>1,132.57</b>	<b>902.59</b>
<b>Total</b>	<b>20,479.55</b>	<b>18,737.13</b>

**Note 32 - Employee Benefits Expenses**
*₹ in Lakhs*

Particulars	2019-20	2018-19
a. Salaries, Allowances & Bonus	11,128.22	9,995.39
b. Contribution to Provident and Other Funds	732.21	647.31
c. Staff Welfare Expenses	228.51	209.94
d. Compensated absence	73.59	30.15
e. Gratuity [Refer Note No. 37 (b)(i)(b)]	323.98	274.85
<b>Total</b>	<b>12,486.51</b>	<b>11,157.64</b>

**Note 33 - Finance Costs**
*₹ in Lakhs*

Particulars	2019-20	2018-19
a. Interest on Borrowings	1,192.56	1,211.51
b. Interest on lease liability	232.46	-
c. Unwinding of Interest on Financial Instrument at amortised cost	-	1.51
d. Other borrowing Cost	36.85	4.91
<b>Total</b>	<b>1,461.87</b>	<b>1,217.93</b>

**Note 34 - Depreciation and Amortisation**
*₹ in Lakhs*

Particulars	2019-20	2018-19
a. Depreciation on Property, Plant and Equipment	4,955.37	3,518.43
b. Depreciation on right of use assets	207.95	-
c. Amortisation on intangible assets	48.61	34.84
<b>Total</b>	<b>5,211.93</b>	<b>3,553.27</b>

**Note 35 - Other Expenses**
*₹ in Lakhs*

Particulars	2019-20	2018-19
a. Consumption of stores and spares	238.21	200.12
b. Power and Fuel consumed (net)	865.52	863.76
c. Consumption of Dietary	1,479.76	1,221.28
d. Consultant charges	12,033.03	11,153.56
e. Hospital upkeep expenses	1,566.24	1,413.86
f. Lab test charges	471.37	465.69
g. Travel and conveyance	147.16	101.51
h. Rent	391.80	547.66
i. Advertisement	417.28	443.49
j. Auditor's Remuneration (Refer Note.35(1) below)	34.52	27.06
k. Professional charges	141.78	128.37
l. Director's sitting fee	14.49	8.40
m. Annual Maintenance Charges	900.57	785.30
n. Repairs and Maintenance - Building	175.35	177.79
o. Repairs and Maintenance - Machinery	204.66	314.92
p. Repairs and Maintenance - Others	213.05	234.19
q. License fee, Rates & Taxes	331.86	151.96
r. Expenditure towards CSR activities	161.61	152.47
s. Donation	10.45	29.64
t. Printing & Stationery	462.31	413.88
u. Bank Charges	300.65	255.17
v. Loss on Sale of Assets (net)	39.56	-
w. Hire Charges- Vehicle	24.10	23.12
x. Uniforms, Books & other expenses	61.44	-
y. Exchange fluctuation loss	90.20	-
z. Miscellaneous expenses	623.92	599.42
<b>Total</b>	<b>21,400.89</b>	<b>19,712.62</b>

**Note 35 (1) - Auditor Remuneration**
*₹ in Lakhs*

Particulars	2019-20	2018-19
<b>Payments to the auditor</b>		
a. For Statutory Audit	22.50	16.50
b. For Taxation Matters	6.00	6.00
c. For Other Services	-	-
d. For Reimbursement of Expenses	0.75	0.63
e. For Goods and Service Tax	5.27	3.93
<b>Total</b>	<b>34.52</b>	<b>27.06</b>

**Note 36 - Tax expense**
*₹ in Lakhs*

Particulars	2019-20	2018-19
<b>A. Current Tax</b>		
Current tax on profit for the year	2,995.20	3,129.13
Change/ (Credit) in respect of current tax for earlier years	63.89	10.00
<b>TOTAL (A)</b>	3,059.09	3,139.13
<b>B. Deferred Tax</b>		
Origination/reversal of temporary differences	(1,326.53)	131.05
<b>TOTAL (B)</b>	(1,326.53)	131.05
Tax expense recognized in Statement of Profit and Loss - (C) = (A)+(B)	1,732.56	3,270.18
Tax expense recognized in Other Comprehensive Income (D)	37.70	(13.61)
<b>Total Tax Expense /(benefit) (C + D)</b>	1,770.26	3,256.57

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in Statement of Profit and Loss is as follows:

*₹ in Lakhs*

Particulars	2019-20	2018-19
<b>Profit/(loss) before tax</b>	11,191.27	9,284.45
Enacted tax rate	25.168%	34.944%
Expected income tax expense/(benefit) at statutory tax rate	2,816.62	3,244.36
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Expenses not deductible in determining taxable profits	(1,230.72)	170.08
Tax allowances and concession	(39.07)	(164.88)
Disallowances and reversals - net	159.54	(2.99)
Change/ (Credit) in respect of current tax for earlier years	63.89	10.00
<b>Tax expense for the year</b>	1,770.26	3,256.57
Effective income tax rate	15.82%	35.08%

Note: The above workings are based on provisional computation of tax expenses and are subject to finalisation of tax audit/ filing of tax returns in due course.

**Note 37 - Employee Benefits**
**(a) Defined contribution plans :**

The Company makes contributions towards provident fund and employee's state insurance as a defined contribution retirement benefit fund for qualifying employees. The provident fund is operated by the regional provident fund commissioner. The Employees state insurance is operated by the Employees State Insurance Corporation. Under these schemes, the Company is required to contribute a specific percentage of the payroll cost as per the statute.

The total expenses recognized in the Statement of Profit and Loss of ₹ 732.21 lakhs (for the year ended March 31, 2019: ₹ 647.31 lakhs) represents contributions payable to these plans by the Company.

**(b) Defined benefit plans :**
**i) Gratuity**

The company operates a defined benefit plan for payment of post-employment benefits in the form of Gratuity. 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 benefits are common for all the employees of the company.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

<b>Investment Risk:</b>	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
<b>Interest risk:</b>	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
<b>Salary risk:</b>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
<b>Longevity risk:</b>	The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:**

₹ in Lakhs

Particulars	Valuation as at	
	31.03.2020	31.03.2019
Discount rate(s)	5.45%	6.66%
Expected Return on Assets	-	-
Salary Escalation	Uniform 8.0%	Uniform 8.0%
Attrition Rate	Uniform 30.0%	Uniform 30.0%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

**(b) Amount recognized in statement of profit and loss in respect of these defined benefit plans are as follows:**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Current service cost	248.74	214.82
Net Interest on Defined Benefit Obligations	75.24	60.03
Expected return on Plan assets	-	-
Past service cost and (gain) / loss from settlements	-	-
<b>Expenses recognized in the statement of profit and loss</b>	<b>323.98</b>	<b>274.85</b>

**(c) Recognized in Other Comprehensive Income for the year:**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Return on plan assets (excluding amounts included in net interest expenses)	-	-
Actuarial gains/losses arising from changes in demographic assumptions	-	15.91
Actuarial gains/losses arising from changes in financial assumptions	30.62	2.57
Actuarial gains/losses arising from experience adjustments	(192.86)	22.07
<b>Amount recognized in OCI for the current period</b>	<b>(162.24)</b>	<b>40.55</b>

**(d) Movements in the present value of the defined benefit obligation are as follows:**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Present value of obligations as at the beginning of the year	1,163.31	915.16
Current service cost	248.74	214.82
Past service cost	-	-
Net Interest on Defined Benefit Obligations	75.24	60.03
<b>Remeasurement (gains)/losses:</b>		
Actuarial gains/losses arising from changes in demographic assumptions	-	15.91
Actuarial gains/losses arising from changes in financial assumptions	30.62	2.57
Actuarial gains/losses arising from experience adjustments	(192.86)	22.07
Benefits paid	(67.37)	(67.25)
<b>Present value of obligations as at the end of the year</b>	<b>1,257.68</b>	<b>1,163.31</b>

**(e) Change in fair value of plan assets:**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Fair value of plan assets as at the beginning of the period	-	-
Return on plan assets	-	-
Contributions	67.37	67.25
Benefits paid	(67.37)	(67.25)
Actuarial gain/(loss) on plan assets	-	-
<b>Fair value of plan assets as at the end of the period</b>	<b>-</b>	<b>-</b>

**(f) Net Liability recognized in Balance Sheet:**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Present value of obligations	1,257.68	1,163.31
Fair Value of Plan Assets	-	-
<b>Amount recognized</b>	<b>1,257.68</b>	<b>1,163.31</b>

**(g) Sensitivity analysis:**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Discount rate + 100 basis points	1,217.89	1,134.05
Discount rate - 100 basis points	1,284.11	1,194.36
Salary Escalation rate + 1%	1,276.18	1,185.75
Salary Escalation rate - 1%	1,224.81	1,141.70
Attrition rate + 1%	1,243.73	1,159.52
Attrition rate - 1%	1,256.51	1,167.22

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**(h) Experience adjustments:**

Particulars	₹ in Lakhs	
	31.03.2020	31.03.2019
Defined Benefit Obligation	1,257.68	1,163.31
Plan Assets	-	-
Surplus / (Deficit) in Plan Assets	(1,257.68)	(1,163.31)
Experience Adjustments on Plan Liabilities – Loss/(Gain)	(192.86)	22.07
Experience Adjustments on Plan Assets – Gain/(Loss)	-	-

**Note 38 - Financial instruments**
**(a) Capital Management**

The Company manages its capital with the objective to maximize the return to stakeholders through the optimisation of the debt and equity mix. The Company's overall strategy remains unchanged from previous year.

The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). Net debts are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

The following table summarizes the capital structure and gearing ratio of the Company:

Particulars	₹ in Lakhs	
	31.03.2020	31.03.2019
Long term borrowings (including Current maturities) (Refer Note:17)	50,916.40	36,828.94
Short term Borrowings (Refer Note : 23)	376.17	943.77
<b>Total Borrowings (a)</b>	<b>51,292.57</b>	<b>37,772.71</b>
Cash and Cash equivalents (Refer Note:11)	3,208.79	2,673.20
Bank Balances other than cash and cash equivalents (Refer Note : 12)	8,093.24	7,516.26
<b>Total Cash (b)</b>	<b>11,302.03</b>	<b>10,189.46</b>
<b>Net Debt (c) = (a)-(b)</b>	<b>39,990.54</b>	<b>27,583.25</b>
Equity (Refer Note :15)	1,094.23	1,094.23
Other Equity (Refer Note : 16)	42,009.46	33,230.12
<b>Total Equity (d)</b>	<b>43,103.69</b>	<b>34,324.35</b>
<b>Net Debt to Equity Ratio = (c)/(d)</b>	<b>92.78%</b>	<b>80.36%</b>

**Note:**

- i) Equity includes all capital and reserves of the company that are managed as capital.
- ii) Debt is defined as long term and short term borrowings (excluding derivatives and financial guarantee contracts) as stated in Notes 17 and 23.

**(b) Fair Value Measurement**
**(i) Financial instruments by category**

The carrying values of financial instruments by categories as at March 31, 2020 were as follows:

₹ in Lakhs

Particulars	Note	FVTPL	FVTOCI	Amortised cost	Total Carrying value	Total Fair value
<b>Financial Assets</b>						
Investments	6	-	5.68	6.00	11.68	11.68
Trade Receivables	10	-	-	842.33	842.33	842.33
Other financial assets	7,13	-	-	1,548.28	1,548.28	1,548.28
Cash & Cash Equivalent	11	-	-	3,208.79	3,208.79	3,208.79
Other Bank Balances	12	-	-	8,093.24	8,093.24	8,093.24
<b>Financial Liabilities</b>						
Borrowings	17,23	-	-	51,292.57	51,292.57	51,292.57
Trade payables	24	-	-	2,593.15	2,593.15	2,593.15
Lease Liabilities	18,25	-	-	3,005.73	3,005.73	3,005.73
Other financial liabilities	19,26	-	-	3,123.69	3,123.69	3,123.69

The carrying values of financial instruments by categories as at March 31, 2019 were as follows:

₹ in Lakhs

Particulars	Note	FVTPL	FVTOCI	Amortised cost	Total Carrying value	Total Fair value
<b>Financial Assets</b>						
Investments	6	-	18.10	6.00	24.10	24.10
Trade Receivables	10	-	-	1,000.69	1,000.69	1,000.69
Other financial assets	7,13	-	-	1,179.02	1,179.02	1,179.02
Cash & Cash Equivalent	11	-	-	2,673.20	2,673.20	2,673.20
Other Bank Balances	12	-	-	7,516.26	7,516.26	7,516.26
<b>Financial Liabilities</b>						
Borrowings	17,23	-	-	37,772.71	37,772.71	37,772.71
Trade payables	24	-	-	2,391.13	2,391.13	2,391.13
Other financial liabilities	19,26	-	-	3,059.98	3,059.98	3,059.98

**(ii) Fair Value Hierarchy**

The Company has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)



**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2020 :**

₹ in lakhs

Particulars	Note	Level 1	Level 2	Level 3	Carrying Values
<b>Financial Assets</b>					
At amortised costs					
Investments – Non-current Unquoted	6	-	-	6.00	6.00
Trade Receivables	10	-	-	842.33	842.33
Cash and Cash Equivalents	11	-	-	3,208.79	3,208.79
Other Bank Balances	12	-	-	8,093.24	8,093.24
Other financial assets	7,13	-	-	1,548.28	1,548.28
At fair value through Other Comprehensive Income					
Investments – Non-current	6	5.68	-	-	5.68
<b>Financial Liabilities</b>					
At amortised costs					
Borrowings	17,23	-	-	51,292.57	51,292.57
Trade payables	24	-	-	2,593.15	2,593.15
Lease Liabilities	18,25	-	-	3,005.73	3,005.73
Other financial liabilities	19,26	-	-	3,123.69	3,123.69

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2019:**

₹ in Lakhs

Particulars	Note	Level 1	Level 2	Level 3	Carrying values
<b>Financial Assets</b>					
At amortised costs					
Investments – Non-current Unquoted	6	-	-	6.00	6.00
Trade Receivables	10	-	-	1,000.69	1,000.69
Cash and Cash Equivalents	11	-	-	2,673.20	2,673.20
Other Bank Balances	12	-	-	7,516.26	7,516.26
Other financial assets	7,13	-	-	1,179.02	1,179.02
At fair value through Other Comprehensive Income					
Investments – Non-current	6	18.10	-	-	18.10
<b>Financial Liabilities</b>					
At amortised costs					
Borrowings	17,23	-	-	37,772.71	37,772.71
Trade payables	24	-	-	2,391.13	2,391.13
Other financial liabilities	19,26	-	-	3,059.98	3,059.98

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

**iii) Valuation technique used to determine fair value**

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values.

The investment included in Level 3 hierarchy have been valued at cost approach to arrive at the fair values as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range considering the purpose and restriction on the transferability of the instruments.

The estimated fair value amounts as at March 31, 2020 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

There were no transfers between Level 1, Level 2 and Level 3 during the year.

**(c) Financial Risk Management**

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit Ratings
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts
Market risk Interest rate risk	Long-term borrowings at variable rates	Cash flow forecasting, Sensitivity analysis

**(i) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Credit risk management**
**Credit risk rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- A. Low credit risk
- B. Moderate credit risk
- C. High credit risk

Assets Group	Description of category	Particulars	Provision for expected credit loss *
Low credit risk	Assets where the counter- party has strong capacity to meet the obligations and where the risk of default is negligible or nil	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets.	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong.	Nil	12 month expected credit loss/life time expected credit loss.
High credit risk	Assets where there is a high probability of default.	Nil	12 month expected credit loss/life time expected credit loss/fully provided for

\* Based on past experience and historical trend, there have not been any write off of trade receivables and hence no allowance is made for expected credit on trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Any subsequent recoveries made are recognized in statement of profit and loss.

#### Classification of Financial assets among risk categories:

Credit rating	Particulars	₹ in Lakhs	
		31.03.2020	31.03.2019
Low credit risk	Cash and cash equivalents, others	13,704.32	12,393.27
Moderate credit risk	Nil	-	-
High credit risk	Nil	-	-

#### Expected credit loss for trade receivables

The Company's trade receivables does not have any expected credit loss as healthcare services are generally provided once the Company receives the entire payment either before or during the course of treatment except in case of insurance claims. Moreover, company has almost recovered all the insurance claims in the past. During the periods presented, the Company made no write-offs of trade receivables.

#### (ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities as at 31 March, 2020**

₹ in Lakhs

Particulars	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	376.17	452.64	13,125.76	37,338.00	51,292.57
Other financial liabilities	-	3,096.95	19.94	6.80	3,123.69
<b>Total</b>	<b>376.17</b>	<b>3,549.59</b>	<b>13,145.70</b>	<b>37,344.80</b>	<b>54,416.26</b>

**Maturities of financial liabilities as at 31 March, 2019**

₹ in Lakhs

Particulars	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	943.77	3,232.54	5,598.82	27,997.58	37,772.71
Other financial liabilities	-	3,038.18	15.09	6.71	3,059.98
<b>Total</b>	<b>943.77</b>	<b>6,270.72</b>	<b>5,613.91</b>	<b>28,004.29</b>	<b>40,832.69</b>

**(iii) Interest rate risk**

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. However, The company's variable rate borrowings are subject to interest rate risk. Below is the overall exposure of the borrowings:

**Interest rate risk exposure**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
Fixed rate borrowing	-	-
Variable rate borrowing	50,916.40	36,828.94
<b>Total</b>	<b>50,916.40</b>	<b>36,828.94</b>

**Sensitivity Analysis :**

The following table demonstrates the sensitivity to a reasonably possible change (100 basis points) in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on variable rate borrowings, as follows:

₹ in Lakhs

Particulars	2019-20	2018-19
<b>Interest sensitivity</b>	-	-
Interest rates – increase by 100 basis points	383.99	242.26
Interest rates – decrease by 100 basis points	403.27	242.19

**Note 39 - Earnings per Share (EPS) (computed in accordance with Ind AS 33)**

Particulars	2019-20	2018-19
Profit for the year attributable to owners of the Company ₹ in Lakhs	9,458.71	6,014.27
Weighted Average Number of Equity Shares outstanding during the year for the purpose of Basic Earnings / Diluted Earnings Per Share (Nos. in Lakhs)	109.42	109.42
<b>Basic/ Diluted Earnings Per Share (in ₹ )</b>	<b>86.44</b>	<b>54.96</b>

**Note 40 - Leases**

The Company has adopted Ind AS 116 “Leases” on all lease contracts with effect from April 1, 2019. The disclosures as required under the standard are given below:

**i) The following is the reconciliation of lease liabilities during the year ended March 31, 2020:**

₹ in Lakhs	
Particulars	2019-20
Opening balance	-
Addition on account of Ind AS 116 as at April 1, 2019	2,607.65
Additions for the year	438.75
Finance cost accrued	232.46
Less: Payment of lease liabilities	273.13
<b>Closing balance</b>	<b>3,005.73</b>
The following is the break up of Non-current and Current lease liabilities as at March 31, 2020	
Non- Current	2,947.29
Current	58.44
Amount recognized in the Statement of Profit and Loss for the year ended March 31, 2020	
Interest expense on lease liabilities	232.46
Depreciation on Right-of-Use Assets	207.95

**ii) Details of contractual maturities of lease liabilities as at March 31, 2020 :**
**Company as lessee**

₹ in Lakhs	
Particulars	31-03-2020
Less than one year	599.38
One to five years	1,451.87
More than five years	3,518.76
<b>Total</b>	<b>5,570.01</b>

**Note:** The above maturities are disclosed on an undiscounted basis.

**Company as lessor**

₹ in Lakhs		
Particulars	31-03-2020	31-03-2019
Less than one year	72.40	56.23
One to five years	136.20	101.99
More than five years	21.92	41.31
<b>Total</b>	<b>230.52</b>	<b>199.53</b>

iv) Rental expense recorded for short-term leases was ₹ 353.71 lakhs for the year ended March 31, 2020.

**Note 41 - Contingent Liabilities and Commitments as on the closing date**

₹ in Lakhs		
Particulars	31-03-2020	31-03-2019
<b>Contingent Liabilities:</b>		
a. Letter of Credit for capital equipment	526.06	1790.33
b. Disputed Statutory Liabilities not provided for (excluding interest, if any)	190.26	270.64
c. Claims of various nature made against the Company not acknowledged as debt	1,100.57	1,071.56
<b>Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account	16,598.51	21,554.25

**Note 42 - Related Party Disclosures under Ind AS – 24**
**A. Relationship:**

List of Related parties where control exists and other related parties with whom the Company had transactions and their relationships.

S.No.	Nature of relationship	Name of related parties
1.	Key Management Personnel / Directors	<ul style="list-style-type: none"> <li>• Dr. Nalla G Palaniswami</li> <li>• Dr. Thavamani Devi Palaniswami</li> <li>• Dr. Arun N Palaniswami</li> <li>• Dr. Mohan S Gounder</li> <li>• Dr.M.C.Thirumoorthi</li> <li>• Dr.Purani P Palaniswami</li> <li>• Dr.S.Krishnasamy</li> <li>• Mr.Kasi K Goundan</li> <li>• Dr.M.Manickam</li> <li>• CA.A.M.Palanisamy</li> <li>• Mr.A.K.Venkatasamy</li> <li>• Mr.K.Saminathan</li> <li>• Mrs.R.Bhuvaneshwari</li> </ul>
2.	Other Related Parties (includes entities in which the Directors are interested)	<ul style="list-style-type: none"> <li>• Purani Hospital Supplies Limited</li> <li>• Aosta Software Technologies (India) Ltd</li> <li>• Sakthi Sugars Limited</li> <li>• Biomed Hitech Industries Limited</li> <li>• NGP Estate Motors Agencies</li> <li>• Dr. K.S.K. Murugaiyan</li> <li>• CK Hosieries</li> </ul>

**B. Related party transactions**
*₹ in Lakhs*

Particulars	2019-20		2018-19	
	Key Management Personnel	Other Related Parties	Key Management Personnel	Other Related Parties
Lease obligation paid	143.01	36.54	83.28	36.52
Purchases	-	4840.25	-	4084.69
Advertisement	-	0.21	-	0.21
IT Software purchase & Hardware Maintenance Charges	-	53.64	-	133.51
Consultant Charges	-	25.50	-	21.75
Directors Remuneration, Commission & Perquisites	722.92	-	692.82	-
Amount payable	480.92	320.23	399.68	195.39
Lease Advance paid (Closing balance)	49.00	30.00	49.00	30.00

Guarantees given by Managing Director and Joint Managing Director are restricted to the amount of outstanding borrowings (Refer Note No.17).

The remuneration to key management personnel does not include the provision made for Gratuity as they are determined on an actuarial basis for the company as a whole.

Disclosure requirements under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Nil (Previous Year: Nil).

- C. Disclosure of transactions of the listed entity with any person or entity belonging to the Promoter / Promoter group which holds 10% or more shareholding in the listed entity - Dr.Thavamani Devi Palaniswami.

₹ in Lakhs

Particulars	31-03-2020	31-03-2019
Lease rent paid	143.01	83.28
Purchase of Fuel	96.04	81.39
Remuneration, Commission & Perquisites	322.58	282.66
Amount Payable	255.60	199.84

### Note 43 - Segment reporting

The company is engaged in the business of Healthcare and Medical Education activities. Details of segment wise Revenue and results along with segment assets and liabilities are given below:

#### a. Segment revenues and results

₹ in Lakhs

Particulars	Segment Revenue		Segment Results	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Healthcare	69,715.48	62,556.64	13,296.24	11,179.56
Education	1,457.40	282.41	(643.10)	(677.18)
<b>Total</b>	<b>71,172.88</b>	<b>62,839.05</b>	<b>12,653.14</b>	<b>10,502.38</b>
Finance cost	-	-	1,461.87	1,217.93
<b>Profit before tax (PBT)</b>	-	-	<b>11,191.27</b>	<b>9,284.45</b>
Income tax	-	-	1,732.56	3,270.18
<b>Profit after tax (PAT)</b>	-	-	<b>9,458.71</b>	<b>6,014.27</b>

#### b. Segment assets and liabilities

₹ in Lakhs

Particulars	As at 31-03-2020	As at 31-03-2019
<b><u>Segment assets</u></b>		
Healthcare	79,338.31	68,885.36
Education	22,293.19	11,091.48
Unallocated	9,089.64	4,984.76
<b>Total</b>	<b>1,10,721.14</b>	<b>84,961.60</b>
<b><u>Segment liabilities</u></b>		
Healthcare	48,792.48	47,085.43
Education	18,824.97	3,551.82
Unallocated	-	-
<b>Total</b>	<b>67,617.45</b>	<b>50,637.25</b>



**c. Other Information**
*₹ in Lakhs*

Particulars	Depreciation and amortisation		Additions to Non-Current assets	
	March 31 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019	March 31 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019
Healthcare	5,029.24	3,553.27	10,145.44	6,723.20
Education	182.69	-	36,022.75	21,963.15
<b>Total</b>	<b>5,211.93</b>	<b>3,553.27</b>	<b>46,168.19</b>	<b>28,686.35</b>

**Note 44 - Expenditure in foreign currency:**
*₹ in Lakhs*

Particulars	31-03-2020	31-03-2019
I. CIF value of imports – Capital goods	2,280.37	323.71
II. Dividend paid in foreign currency		
a. Dividend	31.70	29.37
b. No. of Non Resident shareholders (in Nos.)	67	55
c. No. of Shares of ₹ 10 each held by them (in Nos.)	10,56,543	9,78,834

**Note 45 - Corporate Social Responsibility (CSR) Activities:**
**a) Gross amount required to be spent by the company**
*₹ in Lakhs*

Particulars	Amount
Gross amount required to be spent by the company during the year 2019-20	186.29
Unspent amount pertaining to FY 2018-19	12.79
<b>Total</b>	<b>199.08</b>

**b) Amount spent during the year: ₹ 161.61 lakhs**
*₹ in Lakhs*

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	159.73	1.88	161.61

**Note 46** - Income tax assessments have been completed upto the Assessment year 2017-18.

**Note 47 - Disclosure pertaining to micro, small and medium enterprises**
*₹ in Lakhs*

Particulars	31.03.20	31.03.19
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in:	-	-
Principal amount due to micro, small and medium enterprises	62.99	57.13
Interest due on above	6.48	-
<b>Total</b>	<b>69.47</b>	<b>57.13</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	6.48	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	6.48	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006.	-	-
The Company has disclosed the suppliers who have registered themselves under "Micro, Small and Medium Enterprises Development Act, 2006" to the extent they have identified on the basis of information available with the Company.		

**Note 48 - Disclosure as required under section 186(4) of the Companies Act, 2013**

Loans and guarantees furnished by the Company: Nil (Previous year – Nil).  
Investments made are given under the respective head.

**Note 49 - Disclosure for changes in accounting estimates – Useful life of Property, Plant and Equipment**

The company has, re-estimated the useful lives of medical equipments based on the assessment of technical life of the assets and economic life of the assets. Consequent to the re-estimation of useful life, the depreciation charge for the year ended March 31, 2020 is higher by ₹ 1,092.15 lakhs.

**Note 50** - The Company elected to exercise the non-revisable option permitted under section 115 BAA of the Income-tax Act, 1961 as introduced by the Taxation Law (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for Income-tax for the year ended March 31, 2020 and re-measured its Deferred Tax Liabilities and Assets based on the rate prescribed by the said section. Had the tax rate remained the same as last year, the charge in respect of current tax and deferred tax expenses would have been higher by ₹ 1,575.67 lakhs.

**Note 51** - The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The management has considered the possible effects that may result from the pandemic on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets. The management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial results.

**Note 52** - Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification. All figures are in lakhs unless otherwise stated.

*Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements*

**As per our report of even date**

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

For VKS Aiyer & Co  
Chartered Accountants  
ICAI Firm Registration No: 000066S

Sd/-  
Dr. NALLA G PALANISWAMI  
Managing Director  
DIN: 00013536

Sd/-  
CA. A.M. PALANISAMY  
Director  
DIN: 00112303

Sd/-  
V.S. Srinivasan  
Partner  
Membership No. 013729

Sd/-  
CA. M.K. RAVINDRA KUMAR  
Chief Financial Officer

Sd/-  
CS. S.P. CHITTIBABU  
Company Secretary

Place: Coimbatore  
Date : 20.06.2020

# AWARDS



**Tamilnadu Chief Minister's Comprehensive Health Insurance Scheme's Best Performance Award 2019 - Received by Coimbatore and Erode**



**AHPI - Healthcare Excellence Patient Friendly Hospital Award - 2020**

**YET AGAIN !**  
**KMCH**  
**Ranked**  
**No. 1**  
**Hospital**  
**in Coimbatore**  
by The Week- Hansa Research Survey 2019



We dedicate this recognition to our patients and **Team KMCH**



**Best Liver Transplant Unit Award 2019**  
- Transplant Authority of Government of Tamilnadu (TRANSTAN)



**Best Renal Transplant Unit Award 2019**  
- Transplant Authority of Government of Tamilnadu (TRANSTAN)



# KMCH LAUNCHED THE FIRST STATE-OF-THE-ART



HEALTHCARE EXCELLENCE  
SINCE 1990

## Comprehensive **STROKE** center



### THREE DECADES OF LEADERSHIP IN STROKE CARE

- ◆ First Center to Start Thrombectomy in TN
- ◆ First Center to start Angioplasty of Brain Blood Vessels
- ◆ Asia's first Mobile Stroke Unit launched
- ◆ First Center to have dedicated Stroke ICU

### OUR RESPONSE TIME FOR STROKE

Door to Emergency CT / MRI in **10** minutes

Door to Clot Lysis in **20** minutes

Door to Angio & Clot removal in **45** minutes



## Kovai Medical Center and Hospital Limited

Excellence in Healthcare

Accredited by NABH



99, AVANASHI ROAD, COIMBATORE - 641 014. PH: +91 422 4323 800 - 802, 3083 800 [www.kmchhospitals.com](http://www.kmchhospitals.com)

KMCH CITY CENTER - RAMNAGAR  
Ph: +91 422 - 4378720, 2232511.

KMCH SULUR MULTISPECIALITY HOSPITAL  
Ph: +91 422-2228222.

KMCH KOVILPALAYAM HOSPITAL  
Ph: +91 422-2564278, 77084 33399.

KMCH SPECIALITY HOSPITAL-ERODE  
Ph: +91 424 - 2256456, 2226456.

KOVAI MEDICAL CENTER-ERODE  
Ph: +91 424 - 2262838, 2264141.

MAKING THE IMPOSSIBLE, POSSIBLE