



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 | CIN No : L85110TZ1985PLC001659



Ref: KMCH/SEC/SE/2019-20/822

July 22, 2019

To

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

Dear Sirs,

Sub: Disclosure under Regulation 34 and Regulation 30(2) of SEBI (LODR) Regulations 2015- Intimation of AGM and Submission of Annual Report for the Financial year 2018-19 - reg.

Ref: Security ID: KOVAI, Security Code: 523323

This is to inform you that the Thirty Third Annual General Meeting (AGM) of the Members of the Company will be held on Friday, 16th August 2019 at 11.00 a.m. at "A.P.Kalyana Mandapam", 738/2 Avanashi Road, Goldwins, Coimbatore – 641 014 inter alia to transact the businesses stated in the Notice dated 25th May 2019 convening the said AGM.

Pursuant to amended Regulation 34(1) and Regulation 30(2) of SEBI (LODR) Regulations 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the Financial Year 2018-19 which are being despatched / sent to the Members by the permitted mode(s). The Annual Report for the Financial Year 2018-19 is also available on the website of the Company at www.kmchhospitals.com. Kindly take the above information on record.

Thanking you

Yours faithfully

For KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

S.P.CHITTIBABU
COMPANY SECRETARY



33rd
Annual Report
2018-19



KMCH MEDICAL COLLEGE HOSPITAL

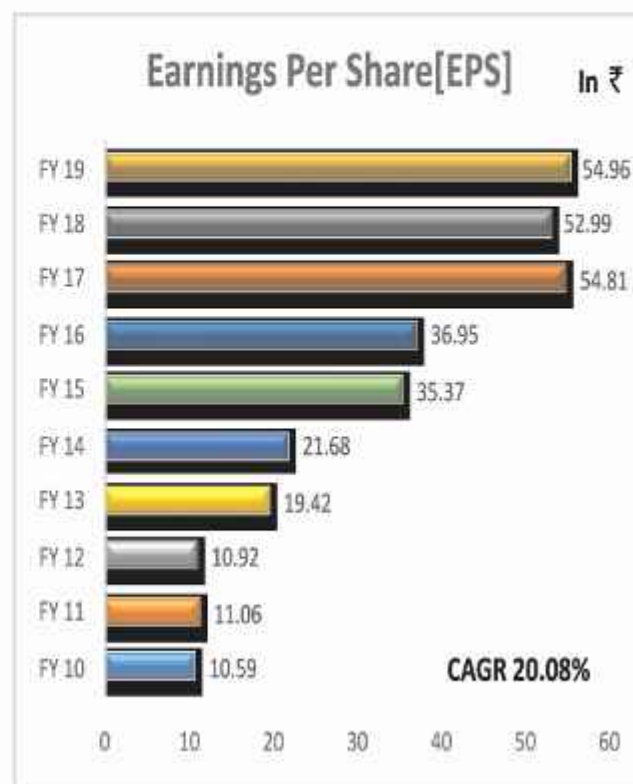
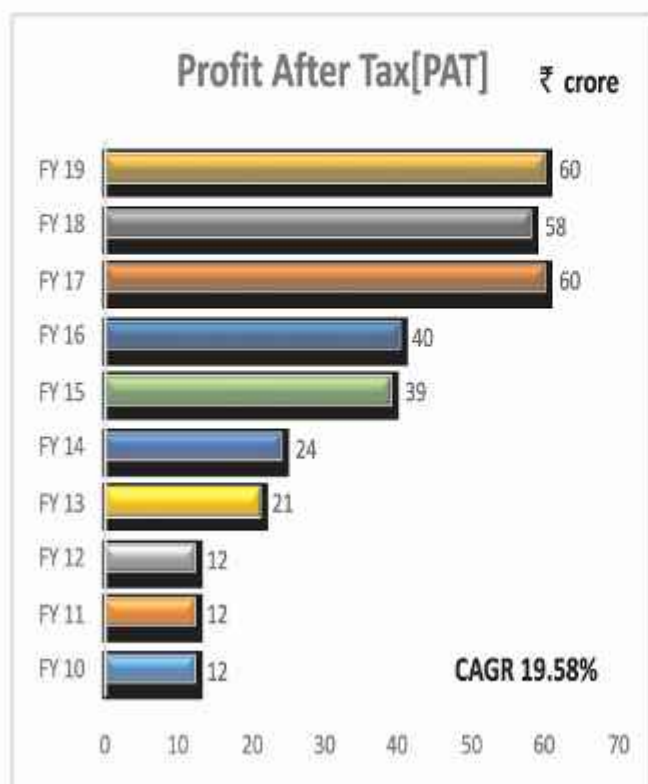
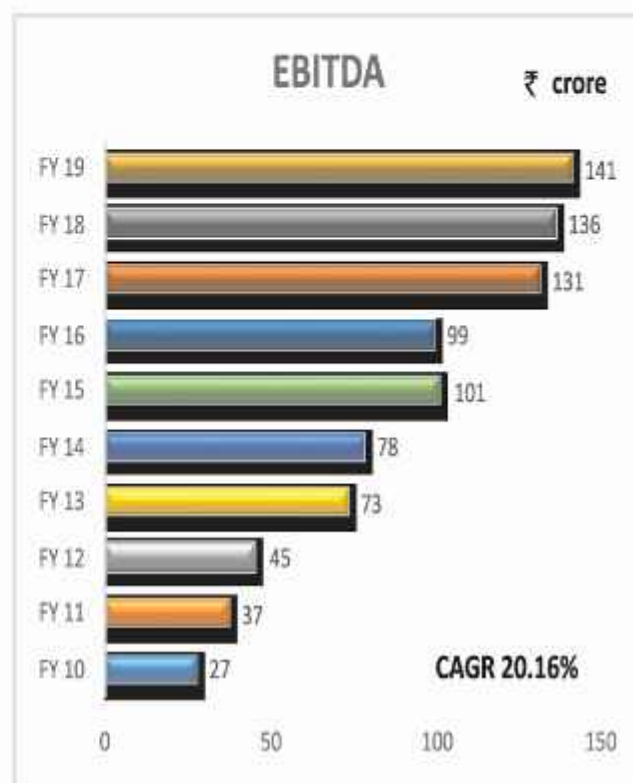
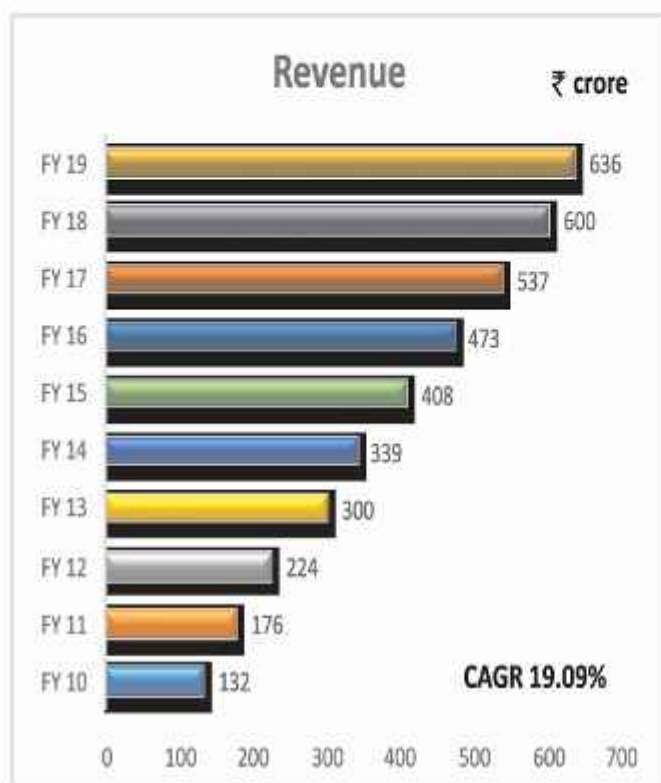


Kovai Medical Center and Hospital Limited

Excellence in Healthcare



10 YEARS AT A GLANCE





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

Mr. Kasi K Goundan
Independent Director

Dr. M. Manickam
Independent Director

CA A.M. Palanisamy
Independent Director

Dr. M.C. Thirumoorthi
Non-Independent Director

Mr. A.K. Venkatasamy
Independent Director

Mr. K. Saminathan
Independent Director

Dr. M.A. Muthusethupathi
Independent Director

Dr. Purani P Palaniswami
(Alternate - Dr. S. Krishnasamy)
Non-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
E-mail : secretarialdept@kmchhospitals.com
accounts@kmchhospitals.com
Website : 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,
4th Floor, No.115, Nelson Manickam Road,
Aminjikarai, Chennai - 600 029.
Phone : + 91-44-42962025
Email : sta@gnsaindia.com

BANKERS

Indian Bank
Indian Overseas Bank



KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

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KMCH – A Trendsetter in Healthcare



As we complete another year, Kovai Medical Center and Hospital (KMCH) continues to be the leader in medical care in this region and received several awards including Patient-friendly Hospital (2018) by the Association of Healthcare Providers of India, Quality Brands (2018-20) by Quality Brand Times, Mumbai, Best Hospital Pharmacy Citations 2018 by the Glenmark Group, Company of the Year 2018 - Healthcare by the Indian Chamber of Commerce and No.1 Best Multi Speciality Hospital in Coimbatore by The Week Magazine. Our Doctors continue to excel in their respective disciplines and some of the Doctors have been recognised by Indian Medical Association recently. Some Doctors received Lifetime Achievement Award, while others received Vocational Excellence Award. All this proves that our commitment to excellence and leadership has become a persistent goal and today can be defined as the character of KMCH.

Excellence does not remain the only commitment of KMCH, as we are also committed to the service for humanity and the hospital played an active role in both the floods that played havoc in the neighbouring state of Kerala and the cyclone Gaja, which caused wide spread damage in Tamil Nadu. We immediately responded by sending a medical team with supplies to bring relief to these areas. Continuing with our service, we also have been conducting several camps where treatment has been given at concessional rates to ensure that people who cannot normally afford state-of-the-art treatment are given an opportunity to do the same.



A few months ago, KMCH did a cardiac transplant for a patient enabling this poor labourer to get another chance to live. Transplant was performed under Tamil Nadu Chief Minister's Comprehensive Health Insurance Scheme, thus helping the extremely poor family to renew the life of its sole bread earner. The Department of Cardiac Surgery and Cardiology continued to do their excellent work in the form of implantation of valves percutaneously along with advanced cardiac surgeries.

Recently KMCH has introduced Emergency Medical Services (EMS) with Telemedicine to take care of transportation and critical care patients. With the help of Mobile Stroke Unit, we are able to cater to any kind of trauma, cardiac care and medical emergencies.

Continuing with our quest for providing innovative care, KMCH now introduces for the first time 'Hyperarc', the innovative technology for radiation oncology. With this new technology, KMCH Comprehensive Cancer Center introduces high precision, high speed radiotherapy. Advantages of such a treatment is that the therapy targets cancer cells with utmost precision and reduces overall treatment time. This equipment also simplifies complex treatments such as non-coplanar Stereotactic Radio Surgery (SRS) and also significantly reduces collateral side effects.



In the area of education, the hospital conducted several programs to enable general practitioners and specialists to enrich their knowledge. A Cardiac Imaging Course was conducted in association with the Massachusetts General Hospitals in the United States of America. The KMCH Breast Update was conducted in association with Breast Imaging Society of India. Basic bronchoscopy workshop was undertaken to train pulmonologist and anaesthetist to perform safe bronchoscopy. Department of Paediatrics conducted a National Conference for Paediatric Care. Further, the Department of Anaesthesia conducted the seminar on Anaesthesia and ICU updates. Recently, a Conference on Robotic Surgery was conducted to give people a clear understanding on the possibilities of this advanced treatment option available at KMCH.



All of this goes to say that KMCH is not just focussed in running just a hospital, but is committed to ensuring quality care with limitless contribution and improvement in the knowledge of medical care in the region. KMCH extended its wings further by setting up a Center at Kovilpalayam, which further ensures the people in that region need not travel all the way to the Main Center for basic medical problems and surgeries.

KMCH also continues to be a leader in transplant surgeries and has been continuously doing kidney, liver and cardiac transplants and have done extraordinarily well in transplant programs.

The future is exciting as the hospital embarks on its latest project, KMCH Medical College. We all hope and believe that the Medical College should be up and running in the next few months and we are confident that in couple of years will see the fruits of this labour.

**NOTICE**

NOTICE is hereby given that the **Thirty Third Annual General Meeting** of the Members of Kovai Medical Center and Hospital Limited will be held on Friday, the 16th August 2019 at 11.00 a.m. at "A.P.Kalyana Mandapam", 738/2, Avanashi Road, Goldwins, Coimbatore - 641014 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2019 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 2019.
3. Dr. Arun N Palaniswami (DIN: 02706099), Director, retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT Pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Act and Regulation 16(1)(b) read with Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Kasi K Goundan (DIN: 01145935), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 3rd September 2019 and whose office shall not be liable to retire by rotation".

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

"RESOLVED THAT Pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Act and Regulation 16(1)(b) read with Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. M.Manickam (DIN: 00102233) Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 3rd September 2019 and whose office shall not be liable to retire by rotation".

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

"RESOLVED THAT Pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Act and Regulation 16(1)(b) read with 17(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, CA.A.M.Palanisamy (DIN: 00112303) Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as

amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 3rd September 2019 and whose office shall not be liable to retire by rotation".

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

"RESOLVED THAT Pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Act and Regulation 16(1)(b) read with Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. A.K.Venkatasamy (DIN: 00036191) Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 3rd September 2019 and whose office shall not be liable to retire by rotation".

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

"RESOLVED THAT Pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Act and Regulation 16(1)(b) read with Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr.K.Saminathan (DIN: 01104196), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 3rd September 2019 to and whose office shall not be liable to retire by rotation".

9. To consider and if though fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Pursuant to Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) read with Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs R.Bhuvaneshwari (DIN:01628512) who qualifies for being appointed as an Independent Non-Executive Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, from 3rd September 2019 upto 2nd September 2024".

10. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

Re-appointment of Managing Director

"RESOLVED THAT pursuant to provisions of Section 196, 197, 198, 203 read with other applicable provisions of the Companies Act, 2013 (including any statutory modifications and re-enactments thereof, for the time being in force) read with Schedule V of the said Act, the consent of the Company be and is hereby accorded to the appointment of Dr.Nalla G Palaniswami (DIN:00013536) as Managing Director of the Company for a period of five years with effect from 01.10.2019 on the terms and conditions including remuneration, allowances, perquisites and other benefits etc. as specified under with the authority to the Board to alter or vary the same from time to time with effect from such date or dates as may be decided by it and agreed to by Dr.Nalla G Palaniswami".



"RESOLVED FURTHER THAT in the absence of inadequacy of the profits in any year, Dr.Nalla G 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 under subject however, to the necessary approvals and ceiling specified under Schedule V of the Companies Act, 2013 "

I. Salary

₹ 9,00,000/- (Rupees Nine 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 1st October 2020 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. Club Fees
Fees of Club payable as per the rules of the Company.
- d. Car
Use of Company's car with driver.
- e. Telephone
Communication facilities at residence.
- f. Any other perquisites as may be allowed by the Board subject to the provisions of the Companies Act, 2013.

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. Encashment of leave at the end of the tenure as per the rules of the Company.

The above benefits under (a) to (c) shall not be included in the computation of ceiling on remuneration or perquisites.

**V. Overall Remuneration**

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, 197, 198 and 203 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. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendation of Nomination and Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Dr.Nalla G Palaniswami and accepted by the Nomination and Remuneration Committee.

11. 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 2019-20 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**

Place : Coimbatore
Date : 25.05.2019

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



NOTES

1. **A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarized certified copy of the power or other authority shall be deposited at the Registered Office of the company at 99, Avanashi Road, Coimbatore - 641 014 not less than 48 hours before the commencement of the meeting.**
2. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
3. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
4. The statement of material facts pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Item No.4 to 11 of special business is annexed thereto.
5. Pursuant to the provisions of Section 91 of the Companies Act 2013, the Register of members and Share Transfer Books of the Company will remain closed from Thursday, 8th day of August 2019 to Friday, 16th day of August 2019 (both days inclusive) in connection with the 33rd Annual General Meeting.
6. Dividend upon its declaration at the meeting will be paid within statutory period of 30 days to those members whose names appear:
 - a) As members on the Register of Members of the company as on 16th August 2019 after giving effect to all valid share transfers in physical form which would be received by the company upto the closing hours of business on 7th August 2019.
 - b) As beneficial owners as per the list to be furnished by NSDL/CDSL as at the closing hours of business on 7th August 2019.
7. Electronic Clearing Service (ECS) Facility

Shareholders holding shares in physical form who now wish to avail ECS facility, are requested to forward their ECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, M/s GNSA Infotech Private Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai-600029.

8. The Company has transferred the unpaid or unclaimed dividends declared upto financial year 2010-11, 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: <http://www.kmchhospitals.com/wp-content/uploads/2018/04/KMCH-UNCLAIMED-DIVIDEND-LIST.pdf>. The said uploaded details on the website of the Ministry of Corporate Affairs can be accessed through the link: www.mca.gov.in.

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 2010-11 or earlier financial years has not been paid or claimed by the members for 7 (seven) consecutive years or more.

9. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend and shares there to as per Rule 5 (7) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April 2019 except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrar and Share Transfer Agent M/s GNSA Infotech Private Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115, Nelson Manickam Road, Aminjikarai, Chennai - 600 029 for assistance in this regard.
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code etc. to their DPs in case the shares are held in electronic form and to M/s GNSA Infotech Private Limited in case the shares are held in physical form.
12. As per Section 72 read with relevant Rules of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No.SH-13. The said form can be obtained from M/s GNSA Infotech Private Limited. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to M/s GNSA Infotech Private Limited in case the shares are held in physical form.
13. The Companies Act, 2013 enables sending of notice of general meetings in electronic mode. Electronic copy of the Annual Report for the year 2019 is being sent to all the members whose Email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2019 is being sent in the permitted mode. The members who have not registered their email ids so far are requested to register / update their e-mail address with the Company or Share Transfer Agent M/s GNSA Infotech Private Limited, Chennai.
14. 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.
15. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for the year 2019 will also be available on the Company's website for their download. The physical copies of the Notice and Annual Report will also be available at the Company's Registered Office during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's designated email id: secretarialdept@kmchhospitals.com
16. As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.
17. Members seeking any information as regard to the accounts are requested to write to the Company at least seven days prior to the meeting so as to enable the management to keep the information available at the meeting.

**18. 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)..

The instructions for e-voting are as under:

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



- iv. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- v. The remote e-voting period commences on 13th August 2019 (9:00 am) and ends on 15th August 2019 (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 7th August 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- vi. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 7th August 2019.
- vii. 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 M/s KSR & Co Company Secretaries LLP, Coimbatore have been appointed as the Scrutinizer to scrutinize the e-voting process (Including Ballot Paper received from the members at the AGM Venue) in a fair and transparent manner.
- viii. A member can opt for only one mode of voting i.e. either through e-voting or by ballot. If a member casts vote by both modes then voting done through e-voting shall prevail and ballot shall be treated as invalid.

The facility for voting through ballot paper will be made available at the venue of the Annual General Meeting to enable the Shareholders to vote. Shareholders who have already exercised their votes through remote e-voting will not be eligible to vote again in the Annual General Meeting.
- ix. The Results shall be declared within 48 hours after the close of Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be displayed on the Company's website www.kmchhospitals.com and on the website of NSDL within the aforesaid period and communicated to BSE Limited where the shares of the company are listed.

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

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

Place : Coimbatore
Date : 25.05.2019

**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 25th MAY 2019****Item No: 4**

At the 28th Annual General Meeting of the Members of the Company held on 3rd September 2014, Mr.Kasi K Goundan was appointed as an Independent Director for a period of 5 years with effect from 3rd September 2014. His existing term expires on 2nd September 2019.

Pursuant to Sections 149, 150 and 152 and other applicable provisions of the Companies Act, 2013, the Independent Director can be re-appointed for a second term upto 5 consecutive years after obtaining the approval of the shareholders by passing a special resolution. As per Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amended Listing Regulations), w.e.f. 1st April, 2019, no listed entity shall appoint a person or continue the directorship of any persons as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Mr. Kasi K Goundan, a post graduate in Materials Science and Metallurgical Engineering from University of Cincinnati, USA, has retired with more than 45 years of service as Principal Engineer from General Motors Corporation, Detroit, USA. He participated actively in the initial fund raising programme of KMCH and has been associated with the Company as a Director since 1986. Mr. Kasi K Goundan's long corporate experience is highly valuable to KMCH.

Disclosures under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and Secretarial Standard (SS2) issued by the Institute of Company Secretaries of India are appended.

Mr. Kasi K Goundan had given a declaration to the effect that he meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, & Regulation 16 of the Listing Regulations. Mr. Kasi K Goundan being eligible, has given his consent for re-appointment as an Independent Director of the Company.

In the opinion of the Board of Directors of the Company, Mr. Kasi K Goundan continues to fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder for re-appointment as an Independent Director.

Upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25th May 2019, have recommended the appointment of Mr.Kasi K Goundan as an Independent Director of the Company for another term of five consecutive years from 3rd September 2019, subject to the approval of the shareholders, by way of a Special Resolution.

Having regard to his qualifications, knowledge and vast experience, his re-appointment to the Board of Directors of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing the Special Resolution.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mr.Kasi K Goundan is concerned or interested in this Resolution.

The Board recommends the resolution set out in Item No.4 for the approval of the members.

Item No: 5

At the 28th Annual General Meeting of the Members of the Company held on 3rd September 2014, Dr.M.Manickam was appointed as an Independent Director for a period of 5 years with effect from 3rd September 2014. His existing term expires on 2nd September 2019.

Pursuant to Sections 149, 150 and 152 and other applicable provisions of the Companies Act, 2013, the Independent Director can be re-appointed for a second term up to 5 consecutive years after obtaining the approval of the shareholders by passing a special resolution.



Dr. M.Manickam is a post graduate with specialization in Statistics from University of Madras with an academic distinction of 5th rank in the University. He is also a Master in Business Administration with specialization in Policy and Control from University of Michigan, USA. He is a leading industrialist in South India and heads the entire Sakthi Group of Industries. A very well-known and respected figure in the industrial circles he has represented various industry forums. His extensive corporate experience and his industry association is very valuable to KMCH.

Disclosures under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and Secretarial Standard (SS2) issued by the Institute of Company Secretaries of India are appended.

Dr.M.Manickam had given a declaration to the effect that he meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, & Regulation 16 of the Listing Regulations. Dr.M.Manickam being eligible, has given his consent for re-appointment as an Independent Director of the Company.

In the opinion of the Board of Directors of the Company, Dr.M.Manickam continues to fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder for re-appointment as an Independent Director.

Upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25th May 2019, have re-appointed Dr.M.Manickam as an Independent Director of the Company for another term of five consecutive years from 3rd September 2019 to 2nd September 2024, subject to the approval of the shareholders, by way of a Special Resolution.

Having regard to his qualifications, knowledge and vast experience, his re-appointment on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing the Special Resolution.

None of the Directors, Key Managerial Personnel and / or their relatives, except Dr.M.Manickam is concerned or interested in the Resolution.

The Board recommends the resolution set out in Item No.5 for the approval of the members.

Item No: 6

At the 28th Annual General Meeting of the Members of the Company held on 3rd September 2014, Mr.A.M.Palanisamy was appointed as an Independent Director for a period of 5 years w.e.f. 3rd September 2014. His existing term expires on 2nd September 2019.

Pursuant to Sections 149,150 and 152 and other applicable provisions of the Companies Act, 2013, the Independent Director can be re-appointed for a second term up to 5 consecutive years after obtaining the approval of the shareholders by passing a special resolution.

Mr. A.M.Palanisamy, is a Commerce Graduate and Fellow Member of the Institute of Chartered Accountants of India. After practising for about 16 years specializing on Production, Planning, Financial Management and Taxation, he became an Entrepreneur. He is the Chairman of Aerospace Materials Private Limited, a unique Company Manufacturing and supplying materials required for Space Vehicle (Suppliers to ISRO). He is also the Managing Trustee of reputed Schools and a Trust. He is a Member in Systems Society of India and Indian Carbon Society. He is associated with the Company as an Independent Director since 1990.

Disclosures under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and Secretarial Standard (SS2) issued by the Institute of Company Secretaries of India are appended.

Mr.A.M.Palanisamy had given a declaration to the effect that he meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, & Regulation 16 of the Listing Regulations. Mr.A.M.Palanisamy being eligible, has given his consent for re-appointment as an Independent Director of the Company.



In the opinion of the Board of Directors of the Company, Mr.A.M.Palanisamy continues to fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder for re-appointment as an Independent Director.

Upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25th May 2019, have re-appointed Mr.A.M.Palanisamy as an Independent Director of the Company for another term of five consecutive years from 3rd September 2019 to 2nd September 2024, subject to the approval of the shareholders, by way of a Special Resolution.

Having regard to his qualifications, knowledge and vast experience, his re-appointment on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing the Special Resolution.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mr.A.M.Palanisamy is concerned or interested in the Resolution.

The Board recommends the resolution set out in Item No.6 for the approval of the members.

Item No: 7

At the 28th Annual General Meeting of the Members of the Company held on 3rd September 2014, Mr.A.K.Venkatasamy was appointed as an Independent Director for a period of 5 years w.e.f. 3rd September 2014. His existing term expires on 2nd September 2019.

Pursuant to Sections 149, 150 and 152 and other applicable provisions of the Companies Act, 2013, the Independent Director can be re-appointed for a second term up to 5 consecutive years after obtaining the approval of the shareholders by passing a special resolution. As per Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amended Listing Regulations), w.e.f. 1st April, 2019, no listed entity shall appoint a person or continue the directorship of any persons as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Mr.A.K.Venkatasamy hails from a modest family of agriculturalists, an Electrical Engineer by qualification, and his entrepreneurial spirit drove him to establish Shanti Enterprises. Shanti Group of Companies, now has diverse activities including turnkey electrical projects, manufacturing of auto components and fragrance ingredients.

One of the early advisors to KMCH, he has been a Director of the Company since 1990. Having served in various Governmental Bodies, he is an active participant in the Board as an Independent Director.

Disclosures under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and Secretarial Standard (SS2) issued by the Institute of Company Secretaries of India are appended.

Mr.A.K.Venkatasamy had given a declaration to the effect that he meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, & Regulation 16 of the Listing Regulations. Mr.A.K.Venkatasamy being eligible, has given his consent for re-appointment as an Independent Director of the Company.

In the opinion of the Board of Directors of the Company, Mr.A.K.Venkatasamy continues to fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder for re-appointment as an Independent Director.

Upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25th May 2019, have re-appointed Mr.A.K.Venkatasamy as an Independent Director of the Company for another term of five consecutive years from 3rd September 2019 to 2nd September 2024, subject to the approval of the shareholders, by way of a Special Resolution.

Having regard to his qualifications, knowledge and vast experience, his re-appointment on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing the Special Resolution.



None of the Directors, Key Managerial Personnel and / or their relatives, except Mr.A.K.Venkatasamy is concerned or interested in the Resolution.

The Board recommends the resolution set out in Item No.7 for the approval of the members.

Item No: 8

At the 28th Annual General Meeting of the Members of the Company held on 3rd September 2014, Mr.K.Saminathan was appointed as an Independent Director for a period of 5 years w.e.f. 3rdSeptember 2014. His existing term expires on 2nd September 2019.

Pursuant to Sections 149,150 and 152 and other applicable provisions of the Companies Act, 2013, the Independent Director can be re-appointed for a second term up to 5 consecutive years after obtaining the approval of the shareholders by passing a special resolution.

Mr.K.Saminathan from modest beginnings as an agriculturist is now a renowned Garment exporter from Tiruppur. With his extensive business experience, he is able to guide the Company and add substantial value to KMCH.

Disclosures under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and Secretarial Standard (SS2) issued by the Institute of Company Secretaries of India are appended.

Mr. K.Saminathan had given a declaration to the effect that he meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, & Regulation 16 of the Listing Regulations. Mr. K.Saminathan being eligible, has given his consent for re-appointment as an Independent Director of the Company.

In the opinion of the Board of Directors of the Company, Mr.K.Saminathan continues to fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder for re-appointment as an Independent Director.

Upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25th May 2019, have re-appointed Mr.K.Saminathan as an Independent Director of the Company for another term of five consecutive years from 3rdSeptember 2019 to 2nd September 2024, subject to the approval of the shareholders, by way of a Special Resolution.

Having regard to his qualifications, knowledge and vast experience, his re-appointment on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing the Special Resolution.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mr.K.Saminathan is concerned or interested in the Resolution.

The Board recommends the resolution set out in Item No.8 for the approval of the members.

Item No: 9

At the 28th Annual General Meeting of the Members of the Company held on 3rd September 2014, Dr.M.A.Muthusethupathi was appointed as an Independent Director for a period of 5 years w.e.f. 3rdSeptember 2014. His existing term expires on 2nd September 2019. Dr.M.A.Muthusethupathi expressed his inability to continue the Directorship.

Keeping in view of the above the Board of Directors propose to appoint Mrs.R. Bhuvaneshwari with effect from 3rdSeptember 2019 consequent to cessation of office by Dr.M.A.Muthusethupathi on 2ndSeptember 2019.

Mrs.R. Bhuvaneshwari is an Advocate by profession. Her expertise in Corporate Law, Law relating to Securities Law and Foreign Direct Investment will be of immense value to KMCH.



Disclosures under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and Secretarial Standard (SS2) issued by the Institute of Company Secretaries of India are appended.

Mrs.R.Bhuvaneshwari has given a declaration to the effect that she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, & Regulation 16 of the Listing Regulations.

In the opinion of the Board of Directors of the Company, Mrs.R.Bhuvaneshwari fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder she may be appointed as an Independent Director of the company.

Upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25th May 2019, have recommended the appointment of Mrs.R.Bhuvaneshwari as an Independent Director of the Company for a term of five consecutive years from 3rd September 2019, subject to the approval of the shareholders, by way of an Ordinary Resolution.

Having regard to her qualifications, knowledge and vast experience, her appointment on the Board of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing an Ordinary Resolution.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mrs.R.Bhuvaneshwari is concerned or interested in the Resolution.

The Board of Directors recommend passing of the resolution set out in Item No.9 of the for the approval of members.

Item No: 10

The members of the Company vide their Annual General Meeting held on 3rd September 2014 had appointed Dr.Nalla G Palaniswami as Managing Director from 01st October 2014 to 30th September 2019. The Board in its meeting held on 25th May 2019 had resolved to re-appoint Dr.Nalla G Palaniswami for a period of five years with effect from 01st October 2019. The Nomination and Remuneration Committee in its meeting held on 24th May 2019 had also recommended the re-appointment and remuneration of Dr.Nalla G Palaniswami for a period of five years subject to approval of members.

During the tenure of Dr.Nalla G Palaniswami, Koval Medical Center and Hospital Limited has established itself as one of the leading health care provider in India. Dr.Nalla G Palaniswami has made substantial and significant contribution to the development of the Company, from its conception to the establishment of a world class hospital. His vast experience in health care industry spanning over more than four decades would take the Company to newer heights in delivering quality health care at par with international standards.

The proposed re-appointment of Dr.Nalla G Palaniswami as 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 Articles of Association of the Company, Dr.Nalla G Palaniswami is not liable to retire by rotation.

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 No.10 for the approval of the members.

**Item No: 11**

In view of the revised Cost Audit Rules as part of new Companies Act, 2013 notified by the Ministry of Corporate Affairs in the month of July 2014, the Board of Directors on the recommendation of the Audit Committee has approved the appointment of Mr.V.Sakthivel (Membership No.23292) Partner, M/s RKMS & Associates, Cost Accountants, Coimbatore as Cost Auditor to conduct audit of cost records of the company for the financial year ending 31st March 2020 and fixed his remuneration as ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand Only) plus reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor for the financial year ending 31st March 2020 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.11 of the notice for ratification of remuneration payable to the Cost Auditor for the financial year ending 31st March 2020.

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. 11 of the notice.

The Board commends the ordinary resolution set out in Item No. 11 of the notice for approval by the members.

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

Place : Coimbatore
Date : 25.05.2019

**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 to 10 of the Notice)

Name of the Director	Dr.Nalla G Palaniswami	Dr.Arun N Palaniswami
Director Identification Number (DIN)	00013536	02706099
Date of Birth & Age	15 Mar 1941 & 78 Years	3 Aug 1979 & 39 Years
Date of Appointment on the Board	1 Oct 1989	25 Sep 2015
Qualifications	MBBS, MD AB (USA)	MBBS, MD - Internal Medicine
Expertise	Hospital Overall Management, Strategy, Direction, Project Management, Finance & Accounts	Hospital Operations, Quality Function including accreditations – NABH etc
Brief Resume	Over 50 Years of Experience. Was practicing Medicine in USA for more than 15 years when he decided to return to India to set up KMCH. Since 01 Oct 1989 he has been been the Managing Director of KMCH steering the Company to its present state.	13 Years of Experience. Was practicing medicine in USA for 9 years. Insight into operations of various healthcare facilities across United States. Worked in Hospital Administration as Director of Quality Control in KMCH for last 4 years
Relationship between Directors Inter-se	Wife : Dr. Thavamani Devi Palaniswami, Son : Dr. Mohan S Gounder & Dr. Arun N Palaniswami, Daughter : Dr. Purani P Palaniswami	Father :Dr.Nalla G Palaniswami Mother :Dr.Thavamani Devi Palaniswami, Brother :Dr.Mohan S Gounder Sister : Dr.Purani P Palaniswami
Directorship held in other Public Companies (excluding foreign, private and Section 8 Companies)	<u>Public Limited Companies</u> 1. Biomed Hitech Industries Limited	<u>Public Limited Companies</u> 1. AOSTA Software Technologies (I) Ltd. 2. Purani Hospital Supplies Ltd. 3. EDG Pharmaceuticals (India) Ltd.
Names of other 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 31.03.2019)	10,000	10,000

Name of the Director	Mr. Kasi K Goundan	Dr. M.Manickam
Director Identification Number (DIN)	01145935	00102233
Date of Birth & Age	16 Jun 1942 & 77 Years	24 Mar 1956 & 63 Years
Date of Appointment on the Board	20 Oct 1986	17 Jan 1990
Qualifications	M.E. - Foundry Engineering, M.E. - Material Science & Metallurgical Engineering, University of Cincinnati, USA	Master in Statistics, MBA - Policy & Control, University of Michigan, USA
Expertise	Project Management, Strategy, Quality & General Management	Business & General Management & Strategy
Brief Resume	Over 45 Years of Service as Principal Engineer in General Motors Corporation, Detroit, USA	Over 35 Years of Experience in Handling Sakthi Group of Industries steering the Companies to its own Leadership positions. Represented various Trade bodies in Sugar and other industries associations.
Relationship between Directors Inter-se	Nil	Nil
Directorship held in other Public Companies (excluding foreign, private and Section 8 Companies)	Nil	<u>Public Limited Companies</u> 1. Sakthi Sugars Limited 2. Sakthi Auto Component Ltd. 3. Sakthi Finance Limited 4. Sakthi Properties (Coimbatore) Limited 5. ABT Food's Retailing (India) Ltd. 6. ABT Limited 7. Sri Chanundeswari Sugars Limited. 8. The Gounder and Company Auto Limited
Names of other listed entities in which the person also holds the Directorship and the membership of Committees of the Board	Nil	1. Sakthi Sugars Limited 2. Sakthi Finance Limited
Shareholding in the company (as on 31.03.2019)	Nil	Nil



Name of the Director	CA A. M.Palanisamy	Mr. A.K. Venkatasamy
Director Identification Number (DIN)	00112303	00036191
Date of Birth & Age	15 Aug 1950 & 68 Years	9 Dec 1940 & 78 Years
Date of Appointment on the Board	17 Jan 1990	17 Jan 1990
Qualifications	B.Com, FCA	L.E.E., DBA
Expertise	Financial Management, Strategy & Compliances	Overall Management, Business Strategy & Government Liaison
Brief Resume	A Practising Chartered Accountant for more than 16 Years, he has extensive Experience in Financial Management and Taxation. Post practice he became an entrepreneur manufacturing components of Space Vehicles.	Over 4 decades of entrepreneurship, he has established Shanti Enterprises and is today known as one of the large turnkey electrical contractors
Relationship between Directors Inter-se	Nil	Nil
Directorship held in other Public Companies (excluding foreign, private and Section 8 Companies)	<u>Public Limited Companies</u> 1. KPR Mill Limited	<u>Public Limited Companies</u> 1. Genau Extrusions Limited 2. Biomed Hitech Industries Limited
Names of other 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 31.03.2019)	4,000	2,500



NOTICE OF ANNUAL GENERAL MEETING

Name of the Director	Mr. K.Saminathan	Mrs.R.Bhuvaneshwari
Director Identification Number (DIN)	01104196	01628512
Date of Birth & Age	28 Feb 1950 & 69 Years	5 Feb 1962 & 57 Years
Date of Appointment on the Board	27 Oct 2007	NA
Qualifications	Pre University Course	B.Com., B.L.
Expertise	General Management	Corporate Law
Brief Resume	Garment Export Business from Tirupur - Business commenced from small beginnings it is today one of the largest exporter of Garments	Seasoned Advocate with Expertise in Corporate Law. Experienced in Joint ventures, Mergers & Acquisitions Collaborations and technology transfers.
Relationship between Directors Inter-se	Nil	Nil
Directorship held in other Public Companies (excluding foreign, private and Section 8 Companies)	Nil	1. Precot Meridian Limited 2. Elgi Rubber Company Limited
Names of other listed entities in which the person also holds the Directorship and the membership of Committees of the Board	Nil	1. Precot Meridian Limited 2. Elgi Rubber Company Limited
Shareholding in the company (as on 31.03.2019)	8,000	Nil

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

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

Place : Coimbatore
Date : 25.05.2019



Dear Members,

Your Directors take pleasure in presenting the Thirty Third Annual Report along with the audited financial statements for the year ended 31st March 2019.

FINANCIAL HIGHLIGHTS

Particulars	₹ in Lakhs	
	2018-19	2017-18
Revenue from operations	62,765.21	58,833.43
Other Income	823.73	713.58
Total Income	63,588.94	59,547.02
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	14,055.65	13,662.79
Profit Before Taxation (PBT)	9,284.45	8,943.52
Provision for Taxation	3,270.18	3,145.55
Profit After Taxation	6,014.27	5,797.97
Add: Other Comprehensive Income	(25.34)	(3.48)
Total Comprehensive Income for the year	5,988.93	5,794.49

RESULTS OF OPERATIONS

The revenue from operations for the financial year 2018-19 was ₹ 62,765.21 Lakhs registering a growth of 6.68% over the previous year income of ₹ 58,833.43 Lakhs. Earnings before interest, tax, depreciation and amortization (EBITDA) were ₹14,055.65 Lakhs registering a growth of 3.06% over the previous year EBITDA of ₹ 13,662.79 Lakhs. Profit after tax (PAT) for the year was ₹ 6,014.27 Lakhs as against ₹ 5,797.97 Lakhs for 2017-18.

SUBSIDIARY COMPANY

During the year, Chennai Bench of National Company Law Tribunal ordered the sanction of the Scheme of Amalgamation of Idhayam Hospitals Erode Limited with Kovai Medical Center and Hospital Limited. All necessary statutory formalities including necessary filings with Registrar of Companies, BSE Limited have been complied with. Necessary effect has been given in the financial statements. Hence Form AOC – 1 is not annexed to this Report.

DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a dividend of ₹ 3/- per share (30 %) for the year 2018-19.

The dividend on equity shares, if approved by the members would involve a cash outflow of ₹ 395.74 Lakhs including dividend distribution tax.

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 allocated ₹ 165.26 Lakhs being 2% of the last three years' average profit before tax 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

Based on the Order received from Chennai Bench of National Company Law Tribunal (with regard to the Amalgamation of Idhayam Hospitals Erode Limited with Kovai Medical Center and Hospital Limited), the Authorised Share Capital of the transferor Company Idhayam Hospitals Erode Limited gets added to the Authorised Share Capital of the transferee Company M/s Kovai Medical Center and Hospital Limited. The new Authorised Share Capital of KMCH is now 1,92,00,000 Equity Shares at a face value of ₹ 10/- each amounting to ₹ 19,20,00,000/-.

The paid up equity share capital of the Company as on March 31, 2019 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 as 'CARE A+' (single A plus) 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 Health care providers (NABH) for the delivery of high standards for safety and quality care to the patients.

DIRECTORS RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- (b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit and Loss of the company for that period
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities

- (d) The Directors had prepared the annual accounts on a going concern basis
- (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.

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 requirement of SEBI (LODR) Regulations 2015, the company has a familiarization programme for the Independent Directors with regard to their role, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The Board members are provided with all the necessary documents / reports and internal policies to enable them to familiarize with the company's procedures and practices and the same is uploaded on the Company's website at www.kmchhospitals.com/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.Arun N Palaniswami Director retires by rotation and being eligible has offered himself for re-appointment.

Dr. Mohan S Gounder, Joint Managing Director resigned from his executive position due to his pre-occupations in his professional capacity. He however continues to remain in the Board of Directors as Non-Independent Non-Executive Director. The Board wishes to express their gratitude for all the valuable services rendered by him during his tenure of service as Joint Managing Director.

RE-APPOINTMENT OF MANAGING DIRECTOR

The members of the Company at the Annual General Meeting held on 3rd September 2014 had appointed Dr. Nalla G Palaniswami as Managing Director for a period upto 30th September 2019. The Board in its meeting held on 25th May 2019 had resolved to re-appoint Dr.Nalla G Palaniswami for a period of five years with effect from 1st October 2019. The Nomination and Remuneration Committee and Audit Committee in its meeting held on 24th May 2019 had recommended the re-appointment and remuneration of Dr.Nalla G Palaniswami for a period of five years subject to approval of members at the ensuing annual general meeting. The proposed re-appointment of Dr.Nalla G Palaniswami as Managing Director and the payment of remuneration are in conformity with Schedule V of the Companies Act 2013.



INDEPENDENT DIRECTORS

At the 28th Annual General Meeting of the Members of the Company held on 3rd September 2014, six Independent Directors namely Mr.Kasi K Goundan, Dr.M.Manickam, CA A.M.Palanisamy, Mr.A.K.Venkatasamy, Mr.K.Saminathan and Dr.M.A.Muthusethupathi were appointed as Independent Directors for a period of 5 years with effect from 3rd September 2014. Their existing term expires on 2nd September 2019.

Dr.M.A.Muthusethupathi due to is professional pre-occupations expressed his inability to offer himself for re-appointment as an Independent Director whose term expires on 2nd September 2019.

Pursuant to Sections 149, 150 and 152 and other applicable provisions of the Companies Act, 2013, the Independent Director can be re-appointed for a second term upto 5 consecutive years after obtaining the approval of the shareholders by passing a special resolution. As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amended Listing Regulations), with effect from 1st April, 2019, no listed entity shall appoint a person or continue the directorship of any persons as a Non-Executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Independent Directors seeking re-appointment for the second term of next five years have given a declaration to the effect that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, & Regulation 16 of the Listing Regulations.

In the opinion of the Board of Directors of the Company, Independent Directors seeking re-appointment continue to fulfill the conditions specified in the Companies Act, 2013 and Rules made thereunder for re-appointment as Independent Directors.

Upon the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 25th May 2019, have recommended the appointment of Independent Directors seeking re-appointment for another term of five consecutive years from 3rd September 2019, subject to the approval of the shareholders, by way of a Special Resolution.

Nomination and Remuneration Committee of the Board and members of the Board also recommend the appointment of Mrs. R. Bhuvaneshwari as an Independent Director with effect from 3rd September 2019 subject to the approval of shareholders by way of ordinary resolution. The appointment of Mrs. R. Bhuvaneshwari is consequent to the expiry of term of office of Dr.M.A. Muthusethupathi.

Having regard to their qualifications, knowledge and vast experience, the Board of Directors feel that their appointment to the Board of Directors of the Company as an Independent Director will be in the interest of the Company. Accordingly, the Board of Directors recommend passing the respective Resolutions.

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

The compliance of code of conduct by Directors have been affirmed by the Managing Director and is disclosed in the Corporate Governance Report.



KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the company as stipulated under the Companies Act 2013 are Dr.Nalla G Palaniswami, Managing Director, Dr.Thavamani Devi Palaniswami, Joint Managing Director, Dr.Arun N Palaniswami, Executive Director, CA M.K.Ravindra Kumar, Chief Financial Officer and CS S.P.Chittibabu, Company Secretary.

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

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

CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year, there were no changes in the nature of business of the company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

As on March 31, 2019, the Company has neither provided nor there any outstanding loans or guarantees covered under the provisions of Section 186 of the Act. The details of Investments covered under the provisions of Section 186 of the Act are given in Note No.5 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 (www.kmchhospitals.com/wp-content/uploads/2016/pdf/Whistle_Blower_Policy.pdf).

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 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 31st March 2019 was 4393 Nos.

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://www.kmchhospitals.com/pdf/Nomination_Remuneration_Evaluation_policy.pdf.

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

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

During the year 2018-19, no complaints were received by the company related to sexual harassment.

DEPOSITS

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

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the company has appointed M/s KSR & Co. Company Secretaries LLP, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the company for the Financial Year 2018-19. 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 2019-20. 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 32nd Annual General Meeting held on 06th August 2018 approved the appointment of M/s VKS Aiyer & Co., Chartered Accountants (FRN: 000066S), Coimbatore for a period of five years from the Financial Year 2018-19 to 2022-23.

LISTING WITH STOCK EXCHANGE

The equity shares of the Company are listed on the 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 and subsequent amendments. A separate report on Corporate Governance along with Practising Company Secretary's Certificate on compliance of the Corporate Governance norms as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

ACKNOWLEDGEMENTS

The Board expresses its grateful appreciation for the continued assistance and co-operation received from Government Authorities, 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

Place: Coimbatore
Date : 25.05.2019

**Sd/-
DR. NALLA G PALANISWAMI
MANAGING DIRECTOR**

**Sd/-
CA.A.M.PALANISAMY
DIRECTOR**

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

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

During the year, the company initiated sanitation programmes and 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.

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: ₹ 8263.00 Lakhs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 165.26 Lakhs.
5. Details of CSR spent during the financial year:
- a) Total amount spent for the financial year: ₹ 152.47 lakhs
- b) Amount unspent, if any: ₹ 12.79 Lakhs
- c) Manner in which the amount spent during the financial year is detailed below

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 (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	2	3	4	5	6	7	8
1	Construction of Sewage Treatment Plant	Sanitation	Kalapatti, Coimbatore Dist. TN	13.44	13.44	13.44	13.44 (Direct)
2	Construction of Infrastructure facility to Educational Institution	Promotion of Education	Kalapatti, Coimbatore Dist. TN	53.50	53.50	53.50	53.50 (Direct)

3	Construction of Montessori School	Promotion of Education	Thottipalayam, Coimbatore Dist. TN	3.00	3.00	3.00	3.00 (Implementing Agency)
4	Construction of Toilet facilities	Sanitation	Gobi, Erode Dist. TN	5.03	5.03	5.03	5.03 (Direct)
5	Renovation work at School Building	Promotion of Education	Thuckanaicken palayam, Erode Dist. TN	15.00	15.00	15.00	15.00 (Direct)
6	Construction of Infrastructure facility to Educational Institution	Promotion of Education	Kalapatti, Coimbatore Dist. TN	62.50	62.50	62.50	62.50 (Direct)
TOTAL				152.47	152.47	152.47	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. The company is in the process of spending the balance amount of ₹ 12.79 lakhs towards CSR Project and the same is expected to be achieved during the year 2019-20.

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 at www.kmchhospitals.com/wp-content/uploads/2016/pdf/CSR_Policy.pdf.

For and on behalf of the Board

Place: Coimbatore
Date : 25.05.2019

**Sd/-
DR. NALLA G PALANISWAMI
MANAGING DIRECTOR**

**Sd/-
K.SAMINATHAN
DIRECTOR**

**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 your 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 4 MW Solar Power Generation Plant which caters to 58% of electricity requirement per annum and through which the company has been saving 44% on its electricity bills.

During the year, your Company has added additional 1.25 MW Capacity in Solar Plant situated near Karur, Tamil Nadu. The total capacity of the Solar Plant installations is now put at 5.25 MW. With this installation the Company has been producing 60% of the Electricity requirement and has been saving more than 50% 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 2017-18 are in the process of achieving peak utilization. Some of the equipments 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 2018-19, Information Technology Department underwent major modernization with the induction of high powered Servers along with corresponding IT infrastructure to facilitate enhanced and superior processing of data / images.

Investments in equipment in 2018-19 amounts to ₹ 1057.84 Lakhs.



Foreign Exchange Earnings & Outgo

(i) Earnings in Foreign Currency

Earnings in foreign currency during the year ended March 31, 2019 : Nil (Previous Year : Nil)

(ii) Expenditure in Foreign Currency

Expenditure in foreign currency during the year ended March 31, 2019 was ₹ 353.08 Lakhs (Previous Year : ₹ 235.40 Lakhs).

For and on behalf of the Board

Place: Coimbatore
Date : 25.05.2019

Sd/-
DR. NALLA G PALANISWAMI
MANAGING DIRECTOR

Sd/-
CA.A.M.PALANISAMY
DIRECTOR

**Annexure III
Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March 2019.

[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: secretarialdept@kmchhospitals.com
Website: www.kmchhospitals.com
- 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, 4th Floor
No.115 Nelson Manickam Road, Aminjikarai,
Chennai - 600 029
Phone: +91-44-42962025
E-mail: sta@gnsaindia.com

II. Principal business activities of the company

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

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

III. Particulars of holding, subsidiary and associate companies

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
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 (01.04.2018)				No. of shares held at the end of the year (31.03.2019)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	Promoters									
(1)	Indian									
(a)	Individuals/ HUF	1451591	101	1451692	13.27	1452793	101	1452894	13.28	0.01
(b)	Central/State Govt. (s)	-	-	-	-	-	-	-	-	-
(c)	Bodies corporate	4006461	-	4006461	36.61	4007761	-	4007761	36.63	0.01
(d)	FI/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1)	5458052	101	5458153	49.88	5460554	101	5460655	49.90	0.02
(2)	Foreign									
(a)	NRIs - Individuals	55406	71485	126891	1.16	81698	-	81698	0.75	-0.41
(b)	Bodies corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	QFI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)	55406	71485	126891	1.16	81698	-	81698	0.75	-0.41
	Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)	5513458	71586	5585044	51.04	5542252	101	5542353	50.65	-0.39
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual funds/UTI	-	-	-	-	-	-	-	-	-
(b)	FI/Banks	-	-	-	-	-	-	-	-	-
(c)	Central/ State Govt. (s)	-	-	-	-	-	-	-	-	-
(d)	Venture capital funds	-	-	-	-	-	-	-	-	-
(e)	Insurance companies	-	-	-	-	-	-	-	-	-
(f)	FI	-	-	-	-	-	-	-	-	-
(g)	Foreign venture capital	-	-	-	-	-	-	-	-	-
(h)	Alternate Investment Funds	172368	-	172368	1.58	172368	-	172368	1.58	-
(i)	Any other (Foreign Port Folio Investor)	299050	-	299050	2.73	445453	-	445453	4.07	1.34
	Sub-Total (B)(1)	471418	-	471418	4.31	617821	-	617821	5.65	1.34
(2)	Non-institutions									
(a)	Bodies corporate	334296	531900	866196	7.92	283166	531700	814866	7.45	-0.47
(b)	Individuals - i.Individual shareholders holding nominal share capital up to ₹ 1 lakh	973968	883652	1857620	16.98	1172267	527521	1699788	15.53	-1.44
	Individuals - ii.Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	462680	94523	557203	5.09	496694	29153	525847	4.81	-0.29
(d)	Any other	-	-	-	-	-	-	-	-	-
(j)	Non Resident Indians	393289	1101316	1494605	13.66	763382	766780	1530162	13.98	0.32
(ii)	Director & Relatives	-	70370	70370	0.64	70370	-	70370	0.54	-
(iii)	Clearing Member	1110	-	1110	0.01	1383	-	1383	0.01	-
(iv)	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY, MINISTRY OF CORPORATE AFFAIRS	38696	-	38696	0.35	139672	-	139672	1.28	0.92
	Sub-total (B)(2)	2204039	2681761	4885800	44.65	2926934	1855154	4782088	43.70	-0.95
	Total public shareholding (B)= (B)(1)+ (B)(2)	2675457	2681761	5357218	48.96	3544755	1855154	5399909	49.35	0.39
(C)	Shares held by custodian for GDRs & ADRs									
	Total (A)+(B)+(C)	8188915	2753347	10942262	100.00	9087007	1855255	10942262	100.00	-

ii) Shareholding of Promoters

S.No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% 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. N. PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
2	DR. THAVAMANI DEVI PALANISWAMI	1234647	11.28	NIL	1235647	11.29	NIL	0.01
3	DR. BALASUNDARAM. S	86944	0.79	NIL	86944	0.79	NIL	0.00
4	DR. K S K MURUGAIYAN	70000	0.64	NIL	70101	0.64	NIL	0.00
5	DR. KALIANNA GOUNDER 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 PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
8	DR. PURANI P PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
9	MRS. MALLIKA MURUGAIYAN	10000	0.09	NIL	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	4006461	36.61	NIL	4007761	36.63	NIL	0.01
12	MRS. VANI V THIRUMOORTHY	71485	0.65	NIL	71485	0.65	NIL	0.00
13	DR. P R PERUMALSWAMI	45193	0.41	NIL	-	-	NIL	-0.41
14	DR. NANJAPPA C SADASIVAN	4200	0.04	NIL	4200	0.04	NIL	0.00
15	DR. THIRUMOORTHY M. C.	6013	0.05	NIL	6013	0.05	NIL	0.00
	Total	5585044	51.04	NIL	5542353	50.65	NIL	-0.39

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

S.No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2018)		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 (31.03.2019)			10000	0.09
2	DR. THAVAMANI DEVI PALANISWAMI	1234647	11.28	1234647	11.28
	16.07.2018 - Market Purchase	1000	0.01	1235647	11.29
	At the end of the year (31.03.2019)			1235647	11.29
3	DR. BALASUNDARAM. S	86944	0.79	86944	0.79
	At the end of the year (31.03.2019)			86944	0.79
4	DR. K S K MURUGAIYAN	70000	0.64	70000	0.64
	25.10.2018 - Market Purchase	101	0.00	70101	0.64
	At the end of the year (31.03.2019)			70101	0.64
5	DR. KALIANNAGOUNDER SUNDARAMOORTHY	10000	0.09	10000	0.09
	At the end of the year (31.03.2019)			10000	0.09
6	DR. ARUN N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2019)			10000	0.09
7	DR. MOHAN S PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2019)			10000	0.09
8	DR. PURANI P PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2019)			10000	0.09
9	MRS. MALLIKA MURUGAIYAN	10000	0.09	10000	0.09
	25.10.2018 - Market Purchase	101	0.00	10101	0.09
	At the end of the year (31.03.2019)			10101	0.09
10	DR. K C RAMASWAMI	101	0.00	101	0.00
	At the end of the year (31.03.2019)			101	0.00
11	M/s KOVAI PURANI FINANCE PRIVATE LIMITED	4006461	36.61	4006461	36.61
	16.07.2018 - Market Purchase	1100	0.01	4007561	36.62
	25.10.2018 - Market Purchase	100	0.00	4007661	36.62
	05.03.2019 - Market Purchase	100	0.01	4007761	36.63
	At the end of the year (31.03.2019)			4007761	36.63
12	MRS. VANI V THIRUMOORTHY	71485	0.65	71485	0.65
	At the end of the year (31.03.2019)			71485	0.65
13	DR. P R PERUMALSWAMI	45193	0.41	45193	0.41
	01.06.2018 - Transmission	45193	0.41	0	0.00
	At the end of the year (31.03.2019)			0	0.00
14	DR. NANJAPPA C SADASIVAN	4200	0.04	4200	0.04
	At the end of the year (31.03.2019)			4200	0.04
15	DR. THIRUMOORTHY M. C.	6013	0.05	6013	0.05
	At the end of the year (31.03.2019)			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 (01.04.2018)		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 (31.03.2019)			519300	4.75
2	M/s AUBURN LIMITED	115984	1.06	115984	1.06
	06.04.18 - Market Purchase	17028	0.16	133012	1.22
	13.04.18 - Market Purchase	8450	0.08	141462	1.29
	20.04.18 - Market Purchase	1896	0.02	143358	1.31
	27.04.18 - Market Purchase	9452	0.09	152810	1.40
	04.05.18 - Market Purchase	580	0.01	153390	1.40
	11.05.18 - Market Purchase	5664	0.05	159054	1.45
	18.05.18 - Market Purchase	4951	0.05	164005	1.50
	25.05.18 - Market Purchase	5309	0.05	169314	1.55
	01.06.18 - Market Purchase	21195	0.19	190509	1.74
	08.06.18 - Market Purchase	6131	0.06	196640	1.80
	12.10.18 - Market Purchase	5137	0.05	201777	1.84
	19.10.18 - Market Purchase	34834	0.32	236611	2.16
	02.11.18 - Market Purchase	5349	0.05	241960	2.21
	07.12.18 - Market Purchase	9063	0.08	251023	2.29
	14.12.18 - Market Purchase	2928	0.03	253951	2.32
	21.12.18 - Market Purchase	357	0.00	254308	2.32
	01.02.19 - Market Purchase	4049	0.04	258357	2.36
	08.02.19 - Market Purchase	1976	0.02	260333	2.38
	15.02.19 - Market Purchase	466	0.00	260799	2.38
	22.02.19 - Market Purchase	440	0.00	261239	2.39
	08.03.19 - Market Purchase	1842	0.02	263081	2.40
	15.03.19 - Market Purchase	581	0.01	263662	2.41
	22.03.19 - Market Purchase	2274	0.02	265936	2.43
	29.03.19 - Market Purchase	800	0.01	266736	2.44
	At the end of the year (31.03.2019)			266736	2.44

3	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY, MINISTRY OF CORPORATE AFFAIRS	38696	0.35	38696	0.35
	11.06.2018 - Shares Transferred from Dividend Unclaimed Holders	100976	0.92	139672	1.28
	At the end of the year (31.03.2019)			139672	1.28
4	M/s SUNDARAM ALTERNATIVE OPPORTUNITIES FUND - NANO CAP SERIES I	128882	1.18	128882	1.18
	At the end of the year (31.03.2019)			128882	1.18
5	MR. VYNATHEYA BIDADI SHESHADRI	109006	1.00	109006	1.00
	At the end of the year (31.03.2019)			109006	1.00
6	M/s RUNNER MARKETING PVT LTD	100000	0.91	100000	0.91
	At the end of the year (31.03.2019)			100000	0.91
7	M/s GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND	75083	0.69	75083	0.69
	At the end of the year (31.03.2019)			75083	0.69
8	MRS. DHARMAPALAN DEVI	65341	0.60	65341	0.60
	At the end of the year (31.03.2019)			65341	0.60
9	DR. JAGADA SINGARAM JAGADEESAN	62678	0.57	62678	0.57
	At the end of the year (31.03.2019)			62678	0.57
10	MRS. MANI C MUDALIAR	62580	0.57	62580	0.57
	At the end of the year (31.03.2019)			62580	0.57

v) Shareholding of Directors and Key Managerial Personnel:

S.No.	Name of the Directors / KMP	Shareholding at the beginning of the year (01.04.2018)		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 (31.03.2019)			10000	0.09
2	DR. THAVAMANI DEVI PALANISWAMI	1234647	11.28	1234647	11.28
	16.07.2018 - Market Purchase	1000	0.01	1235647	11.29
	At the end of the year (31.03.2019)			1235647	11.29
3	DR. MOHAN S PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2019)			10000	0.09
4	DR. ARUN N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2019)			10000	0.09
5	DR. THIRUMOORTHY M.C	6013	0.05	6013	0.05
	At the end of the year (31.03.2019)			6013	0.05
6	MR. KUTTIANNA GOUNDER VENKATASAMY	2500	0.02	2500	0.02
	At the end of the year (31.03.2019)			2500	0.02
7	CA. A.M. PALANISAMY	4000	0.04	4000	0.04
	At the end of the year (31.03.2019)			4000	0.04
8	MR. K. SAMINATHAN	8000	0.07	8000	0.07
	At the end of the year (31.03.2019)			8000	0.07
9	DR. PURANI P PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2019)			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
Indebtedness at the beginning of the financial year				
i) Principal Amount	20,151.15	-	-	20,151.15
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	20,151.15	-	-	20,151.15
Change in indebtedness during the financial year				
• Addition	20,800.00	-	-	20,800.00
• Reduction	4,122.21	-	-	4,122.21
Net Change	16,677.79	-	-	16,677.79
Indebtedness at the end of the financial year				
i) Principal Amount	36,828.94	-	-	36,828.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	36,828.94	-	-	36,828.94

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

₹ In Lakhs

S.No.	Particulars	Dr.Nalla G Palaniswami	Dr.Thavamani Devi Palaniswami	Dr.Mohan S Gounder (01.04.2018 to 30.09.2018)	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	81.00	76.05	48.00	54.20	259.25
	(b) Value of perquisites u/s. 17(2) Income-tax Act, 1961	3.23	6.77	-	0.81	10.81
	(c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	23.08	-	23.08
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission – as 2% of profit	199.84	199.84	-	-	399.68
5	Others, please specify*	-	-	-	-	-
	Total (A)	284.07	282.66	71.08	55.01	692.82
	Ceiling as per the Act (being 10% of the net profit of the Company calculated as per					999.21

* 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 Meetings	Mr.Kasi K Goundan	0.35
		Dr.M.Manickam	0.24
		CA.A.M.Palanisamy	2.05
		Mr.A.K.Venkatasamy	2.17
		Dr.M.A.Muthusethupathi	0.24
		Mr.K.Saminathan	2.17
	• Commission		-
	• Others*		-
	Total (1)		7.22
2	Other Non-Executive Directors		
	• Fee for attending Board Meetings	Dr.Mohan S Gounder (01.10.2018 to 31.03.2019)	0.35
		Dr.M.C.Thirumoorthi	0.12
		Dr.Purani P Palaniswami (Alternate - Dr.S.Krishnasamy)	0.71
	• Commission		-
	• Others*		-
	Total (2)		1.18
	Total (1+2)		8.40
	Overall Ceiling as per the Act (being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)		9.99

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

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

₹ In Lakhs

S.No.	Particulars	Key Managerial personnel		
		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	53.75	10.40	64.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	-	0.32
	(c) Profits in lieu of salary under section 17(3) Income-tax, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission – as 2% of profit	-	-	-
5	Others*	-	-	-
	Total	54.07	10.40	64.47

* 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 2019.

For and on behalf of the Board

Place: Coimbatore
Date : 25.05.2019

Sd/-
DR. NALLA G PALANISWAMI
MANAGING DIRECTOR

Sd/-
CA.A.M.PALANISAMY
DIRECTOR

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

i) 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	120 x
2	Dr.Thavamani Devi Palaniswami	120 x
3	Dr.Mohan S Gounder	30 x
4	Dr.Arun N Palaniswami	23 x
5	Mr.Kasi K Goundan	-
6	Dr.M.Manickam	-
7	CA.A.M.Palanisamy	-
8	Dr.M.C.Thirumoorthi	-
9	Mr.A.K.Venkatasamy	-
10	Mr.K.Saminathan	-
11	Dr.M.A.Muthusethupathi	-
12	Dr.Purani P Palaniswami (Alternate Dr.S.Krishnasamy)	-

- The median remuneration of employees of the company was ₹ 2.36 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

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

S. No.	Name of the Director / CFO / CS	% Increase / (Decrease) in remuneration
1	Dr.Nalla G Palaniswami	4.02%
2	Dr.Thavamani Devi Palaniswami	5.66%
3	Dr.Mohan S Gounder	25.45%
4	Dr.Arun N Palaniswami	20.87%
5	Mr.Kasi K Goundan	-
6	Dr.M.Manickam	-
7	CA.A.M.Palanisamy	-
8	Dr.M.C.Thirumoorthi	-
9	Mr.A.K.Venkatasamy	-
10	Mr.K.Saminathan	-
11	Dr.M.A.Muthusethupathi	-
12	Dr.Purani P Palaniswami (Alternate Dr.S.Krishnasamy)	-
13	CA.M.K.Ravindra Kumar	4.17%
14	CS.S.P.Chittibabu	6.12%

- (iii) The percentage increase in the median remuneration of employees in the financial year: 18.83%
- (iv) The number of permanent employees on the rolls of company: 4,393
- (v) 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 9%. The percentile decrease granted to managerial personnel is 1.54%.
- (vi) 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.



(vii) 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	₹ 284.07Lakhs	₹ 282.66 Lakhs
Qualification	MBBS, MD AB(USA)	MBBS, AB(USA)
Date of Commencement of Employment	01 st October 1989	29 th July 2000
Last Employment	Hypertension, Obesity and Risk Factor Clinic, Wayne State University, Detroit, USA	Consultant in Pediatrics & Adolescence, City Clinic, Detroit, USA

Note :

1. Dr.Nalla G Palaniswami & Dr.Thavamani Devi Palaniswami are related to each other. Dr.Thavamani Devi Palaniswami is Dr.Nalla G Palaniswami's wife.
2. Dr.Thavamani Devi Palaniswami owns more than 2% of the equity shares of the Company as on 31st March 2019.
3. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and other benefits.
4. Net remuneration is exclusive of contribution to provident fund, gratuity fund, other benefits and tax deduction.

For and on behalf of the Board

Place: Coimbatore
Date : 25.05.2019

Sd/-
DR. NALLA G PALANISWAMI
MANAGING DIRECTOR

Sd/-
CA.A.M.PALANISAMY
DIRECTOR



ANNEXURE - V
SECRETARIAL AUDIT REPORT

To

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

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. 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.
5. 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

Place : Coimbatore
Date : 22.05.2019

Sd/-
Dr.C.V.Madhusudhanan
Partner
(FCS:5367, CP:4408)

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

**(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2019**

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 (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2019 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, 2019 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

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

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

We further report that

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

Vide Order of the National Company Law Tribunal, Chennai Bench dated 18th September 2018, Idhayam Hospitals Erode Limited merged with the Company under Section 232 read with Section 230 of the Companies Act, 2013 with effect from 01st April, 2016 being the Appointed Date

For KSR & Co. Company Secretaries LLP

Place : Coimbatore
Date : 22.05.2019

Sd/-
Dr.C.V.Madhusudhanan
Partner
(FCS:5367, CP:4408)

MANAGEMENT DISCUSSION AND ANALYSIS

The well-known proverb "may you live in interesting times" is considered by many to be a blessing, yet others believe it is actually an ancient curse. People's interpretation tends to correspond with their own appetite for change, as well as their comfort (or lack of) in the face of ambiguity.

A perfect storm of factors - including the shift toward value-based care, rising costs, health system consolidation, the approaching silver tsunami, regulatory pressures, increased consumerization, major technology players entering the market and the ever-expanding potential of digital health tools - are coalescing and fundamentally disrupting business models. Traditional healthcare institutions are in reactive mode. Upstarts are finding that healthcare is not as easily disrupted as industries like retail.

INDIA OVERVIEW

In recent years, the healthcare industry in India has grown exponentially. It has been growing at a rapid pace owing to the increased investment and expenditure from public as well as private investors. The significant feature of the Indian healthcare sector in 2018 was increased investment in healthcare industry from the private sector. The emergence of reputed global players investing through FDI played a pivotal role in the growth of the healthcare sector.

At present, the rising incidences of lifestyle diseases, the rising demand for affordable healthcare, the emergence of technologies like telemedicine, and the increased role of government in healthcare investment space are the major driving factors in Indian healthcare industry.

Government of India has remained very active with its approach towards the development of healthcare sector. According to a report of NITI Aayog, the Indian government will increase public expenditure on healthcare from 1.1% to 2.5% GDP in the next four years and to 5% in the following 5 years. This shows that the nation is set on the path of progressive healthcare for every individual.

WHAT HAPPENED IN 2018

Healthcare access and quality in India has almost been similar to the last year with a little improvement in 2018. The Indian government has remained focused on providing better facilities in the healthcare sector. Government of India implemented 'Ayushman Bharat National Health protection Mission' in August 2018. The AB-NHPS will have a defined benefit cover of ₹ 5,00,000/- per family (on a family floater basis) per year for secondary and tertiary care hospitalization.

The Government of India also launched other schemes like 'Mission Indradhanush' with an aim to improve the coverage of immunization in the country by achieving at least 90 percent immunization coverage in India by December 2018.

From the business point of view, 2018 was an iconic year for Indian healthcare sector. A number of established multi speciality hospitals and healthcare groups were taken over by industry giants. With a vast array of opportunities available and liberal FDI policies, global players from other nations have also started investing in Indian healthcare.

With the digital revolution going on within the country, telemedicine has also evolved in Indian healthcare space. Indian Government has shown a great interest in the development of telemedicine and started investing in this segment to provide better healthcare facilities in rural India as well.

Private business sphere is also witnessing paradigm shifts where India's leading Industries have also poured liquidity in the field of telemedicine. This trend is expected to continue as several other players are also coming to the forefront.

TRENDS IN HEALTHCARE INDUSTRY - 2019

Moving forward, single specialty hospital and clinics are growing rapidly in India and this is going to change the facade of the under penetrated healthcare sector. Initially, healthcare categories such as eye care, dental care were popular in the industry. But with the success of the 'Bouquet hospital' model now, other categories like fertility, maternity, oncology and cosmetology are making their way up into this sector.

Emerging startups and large players are betting big on the national healthcare to generate profit in this growing boom. Another trend of 'Budget Hospitals' which has already become popular in the demographics of South India will headline the healthcare sector in 2019. In India, majority of population belongs to middle and lower economic strata. With the growing demand for good medical facilities at affordable prices, 'Budget Hospitals' will gain popularity in the country. In 2019, India will emerge as one of the most preferred healthcare destinations among foreigners. Especially, medical tourism from the Sub-Saharan countries is expected to grow by nearly 20%. With price competitive upgraded medical facilities being available in India compared to western countries, India's medical tourism is expected to grow further in the upcoming year.

Regulatory requirements, fierce competition, and rapidly emerging technologies are creating new complexities for those operating in the healthcare sector. Many are working out how to deliver better health services whilst managing evolving consumer needs, behavior and treatments, along with the significant shifts required to the system. These changes cover all aspects of the ecosystem and operating models, providing a significant challenge for the entire healthcare industry. Doctors, hospitals, and health companies now have insight into all factors that can affect patient's health. This is aided by new approaches and technology that have the power to transform healthcare. Here are five top trends in the health care industry for 2019.

Virtual Reality

The use of virtual reality has been proven to aid in the treatment of pain relief. According to a recent study, children undergoing chemotherapy did better when they played games that absorbed their attention completely and also required lower doses of pain medication. They suffered less from hypertension and nausea than children who were just asked to rest.

Patient Personalization

With the growth of data comes the ability to personalize the healthcare experience. Healthcare centers are now creating completely personalized experience for each patient. Instead of everyone being treated the same way, healthcare clinics will be able to use data analytics to analyse patients' health history, provide potential health warnings, preferred treatment procedure, whether the patient like being seen in person or remotely etc. This implies that a patient's information will be easily accessible to health care providers to suggest the right treatment options, preventative care, and recommendations can be made instead of having to navigate through a complicated web of screening procedures.

Personalized medicine

The practice of medicine has always been based on evidence uncovered through observation. And today, with the advancement in technology, health centers are at an advantage. There is a host of diagnostic techniques available that allows them to make faster and more accurate diagnoses. Histopathology allows clinicians to investigate tissue samples using microscopes to identify tumors, viruses, whilst radiology allows clinicians to investigate structures deep within the body and so on.

Smart Technology in Hospitals

Advances in technology have created a new wave of products to improve patient comfort and care. According to a recent survey, approximately 94% of healthcare executives state that they plan to implement smart technology in their organizations. Health clinics are widely using robots that can monitor a patient without a human expert being in the room. Technology has alleviated some of the pressure on healthcare providers and once again put patients in control. Smart technology comes in varied forms to increase comfort, efficiency and decrease risks. Hospitals have started using self-adjusting smart beds that adjust itself to the correct pressure and support for each patient's preferences and condition. Smart devices and applications will continue to grow and spread throughout the healthcare field.

Big Data and Artificial Intelligence (AI)

Artificial intelligence (AI) aims to mimic human cognitive functions. It is bringing a paradigm shift to healthcare, powered by increasing availability of healthcare data and rapid progress of analytics techniques. AI can be applied to various types of healthcare data (structured and unstructured). Popular AI techniques include machine learning methods for structured data, such as the classical support vector machine and neural network, and the modern deep learning, as well as natural language processing for unstructured data. Major disease areas that use AI tools include oncology, neurology and cardiology.

INDIA'S HEALTHCARE INDUSTRY - CHALLENGES AND OPPORTUNITIES

The Indian healthcare industry is growing at a tremendous pace and has become one of the largest sectors in terms of revenue as well as employment. Attributing to the growing incidences of lifestyle diseases and rising demand for affordable healthcare, the healthcare sector of India may witness a manifold jump in size.

CHALLENGES

Despite the growth, the Indian healthcare industry is facing a plethora of challenges.

- **Population:** India is the world's second largest populated country. From 760 million in 1985 to 1.3 billion in 2015, the rising population demands a continuous growth and improvement in the healthcare facilities.
- **Infrastructure:** The existing healthcare infrastructure of India is not sufficient to meet the needs of the rising population. There is a shortage of funds and staff in the public healthcare institutions. According to the Indian government health and family welfare statistics, the rural community healthcare centers are falling short of specialists and 63% of hospital beds belong to the private sector.
- **Low Government spending:** The public expenditure on health is only 1.2 % of the total health expenditure. This is extremely low when compared to the WHO recommendation of 5%.
- **Rural-urban disparity:** There is a huge demand-supply gap in the rural areas, which is reflected by the higher percentage of the population and a lower percentage of healthcare services in the rural areas. The primary healthcare centers (PHCs) are short of more than 3,000 doctors as a majority of healthcare professionals is located in the urban areas.
- **Insurance:** The government's contribution to insurance is very low and approx. 76% of Indians do not have health insurance.
- **Dual disease burden:** Apart from the problems of maternal, infant mortality, communicable diseases etc., the lifestyle diseases such as diabetes and hypertension are also on rise.

OPPORTUNITIES

While challenges are bound to be there, the Indian healthcare industry has innumerable opportunities to flourish in the coming years.

- Several computer and mobile-based m-health and e-health initiatives such as Swastha Bharat mobile application, e-RaqtKosh, India fights dengue etc., launched by the ministry of health and family welfare.
- Big data analytics for tracking patient data, treatment, prescription etc.
- Focusing on primary care by investing in the development and growth of the PHCs and making rural service mandatory for a medical student.
- Increase in the public health expenditure on health (2.5% recommended) under the National Health Policy 2017.

- An effective implementation of schemes such as Rashtriya Swasthya Suraksha Yojana can increase the insurance penetration.
- Start-ups are increasingly investing in the diversified sectors of healthcare from process automation to low-cost innovations.

THREATS

- **Increasing Competition:** Competition from unorganized and organized players continues to remain high. There are even pockets of overcapacity in certain metros and this scenario could lead to competitors resorting to unfair practices in order to survive which may hamper growth and profitability of our business.
- **Increasing cost of resources :** A failure to acquire resources at fair and reasonable rates will impact the ability to suitably grow and expand our operations. Further, increases in operating costs can result in an undesirable impact on the Company's results of operations and financial condition.
- **Discontinuation of leases :** Land prices are too high. Availability of land has been a big challenge. We do not own lands on which some of our hospital buildings are operating. In the event of these leased properties not being renewed in our favour or on terms that are not favorable to us, our business operations may suffer disruptions.
- **Risk of regulatory interventions in the healthcare sector:** There have been regulatory headwinds for the sector such as price caps on stents and implants and higher incidence of GST on input goods and services, without the ability to avail input credit.

There is a need for a proactive and dynamic approach to meet the rising demand for quality healthcare in India. The active collaboration of health care experts, stakeholders, and key participants can improve the quality, efficacy, and accountability of the Indian healthcare industry.

MANAGING STAKEHOLDERS' RELATIONSHIPS

Health care stakeholders-providers, governments, vendors, consumers, and other companies / organizations-struggling to manage clinical, operational, and financial challenges envision a future in which new business and care delivery models, aided by digital technologies, may help to solve today's problems and to build a sustainable foundation for affordable, accessible, high quality health care.

This vision may have a greater probability of becoming a reality if all stakeholders actively participate in shaping the future- that requires a philosophical shift in focus away from a system of sick care, in which we treat patients after they fall ill, to one of health care, which supports well being, prevention, and early intervention.

It's expected that health care's evolution will have far-reaching impacts as new business models emerge that blur boundaries and drive cross-sector and cross-industry convergence. The resulting super clusters of public-private providers, payers, and market disruptors could then use a smart health community approach to collectively drive innovation, increase access and affordability, improve quality, and lower costs through more efficient delivery models.

Characteristics of a smart health community

- Appropriate treatments are delivered at the appropriate time, in the appropriate place, for the appropriate patient.
- Clinicians use technology to more accurately diagnose and treat illness and deliver care
- All care delivery stakeholders across the ecosystem effectively and efficiently communicate and use information
- The right individuals do the appropriate work (e.g., nurses handle patient care, not administrative tasks)
- Patients are informed and actively involved in their treatment plan
- New, cost-effective delivery models bring health care to places and people that don't have it
- Efficiency improves; waste declines.

Standing at the epicenter of the new health care value system will likely be informed and empowered consumers-change agents and active caretakers of their health who have high expectations of their health care ecosystem. These consumers will likely be "pulling" solutions rather than being "pushed" services, flipping the current health care delivery model from business-to-consumer (B2C) to consumer-to-business (C2B). In response, stakeholders are expected to use innovative technologies and personalized programs to engage with consumers and improve the patient experience.

Data interoperability, security, and ownership should move to the forefront as consumers join other stakeholders in accessing, analyzing, and sharing information. In addition, disruptive trends in health care delivery and mobility may radically alter everything from the site of care to who delivers care and how.

Is there a road map to this future state? Are there directions to guide stakeholders' steps along the path to an accessible, affordable, high quality, and sustainable health care system? It is highly likely that every organization's journey will be unique; they may be traveling with companions at times and alone at times; paths may converge and diverge. There is, however, a common departure point: Responding to the issues impacting the global health care community in 2019.

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 1200 bed multi-locational, multi-disciplinary Super specialty hospital. It is located in the outskirts of Coimbatore (around 1 kilometer from Coimbatore Airport).

From a humble beginning of 200 bed Hospital, the hospital under the leadership of Dr. Nalla G Palaniswami has achieved great strides in providing excellent healthcare and the hospital today has more than 50 medical disciplines managed by highly qualified and trained full time medical specialists providing round the clock service.

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 & Lung Transplant, Bone Marrow Transplant, Valve replacement, Fixing of "Pace Maker" 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. A significant achievement in the recent times has been the successful Heterotopic Heart Transplant (Heart Transplant with both the donor and the recipient heart in the recipient's body) - fist in Asia.

KMCH has emerged as one of the most successful "Multi Organ Transplant Centers" in rest of Tamil Nadu. The Robotic Surgery Team at KMCH is specialized in carrying out the best possible minimal invasive surgical procedures thereby reducing the usual hassles faced by patients in complicated surgical procedures.

The established Comprehensive Cancer Center at KMCH in this region, offers 24 hours end-to-end services in cancer care from prevention to early detection and comprehensive treatment to palliative care all under one roof.



The hospital is actively involved in preventive health care too, through its health check-up programs. 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 relations and administrative staff the hospital delivers a complete care to the patients. The hospital has launched "Mobile Stroke Units" for the first time in Asia, and this will open up newer avenue of relief to its neighborhoods particularly on stroke management.

OPERATIONAL EXCELLENCE

Excellence does not remain the only commitment of KMCH, as we are also committed to the service for humanity and the hospital played an active role in both the floods that played havoc in the neighbouring state of Kerala and the cyclone Gaja, which caused wide spread damage in Tamil Nadu. We immediately responded by sending a medical team with supplies to bring relief to these areas. Continuing with our service, we also have been conducting several camps where treatment has been given at concessional rates to ensure that people who cannot normally afford state-of-the-art treatment are given an opportunity to do the same.

A few months ago, KMCH did a cardiac transplant for a patient enabling this poor labour to get another chance to live. Transplant was performed under Tamil Nadu Chief Minister's Comprehensive Health Insurance Scheme, thus helping the extremely poor family to renew the life of its sole bread earner. The Department of Cardiac Surgery and Cardiology continued to do their excellent work in the form of implantation of valves per cutaneously along with advanced cardiac surgeries.

Recently KMCH has introduced Emergency Medical Services (EMS) with Telemedicine to take care of transportation and critical care patients. With the help of Mobile Stroke Unit, we are able to cater to any kind of trauma, cardiac care and medical emergencies

Continuing with our quest for providing innovative care, KMCH now introduces for the first time '**Hyperarc**', the innovative technology for radiation oncology. With this new technology, KMCH Comprehensive Cancer Center introduces high precision, high speed radiotherapy. Advantages of such a treatment is that the therapy targets cancer cells with utmost precision and reduces overall treatment time. This equipment also simplifies complex treatments such as non-coplanar Stereotactic Radio Surgery (SRS) and also significantly reduces collateral side effects.

CONTINUING MEDICAL EDUCATION

In the area of education, the hospital conducted several programs to enable general practitioners and specialists to enrich their knowledge. A Cardiac Imaging Course was conducted in association with the Massachusetts General Hospitals in the United States of America. The KMCH Breast Update was conducted in association with Breast Imaging Society of India. Basic bronchoscopy workshop was undertaken to train pulmonologist and anaesthetist to perform safe bronchoscopy. Department of Paediatrics conducted a National Conference for Paediatric Care. Further, the Department of Anaesthesia conducted the seminar on Anaesthesia and ICU updates. Recently, a conference on robotic surgery was conducted to give people a clear understanding on the possibilities of this advanced treatment option available at KMCH.

ACCOLADES, ACHIEVEMENTS

Kovai Medical Center and Hospital (KMCH) continues to be the leader in medical care in this region and received several awards including

- Patient-friendly Hospital (2018) by the Association of Healthcare Providers of India
- Quality Brands (2018-20) by Quality Brand Times, Mumbai
- Best Hospital Pharmacy Citations 2018 by the Glenmark Group
- Company of the Year 2018 - Healthcare by the Indian Chamber of Commerce
- No.1 Best Multi Specialty Hospital in Coimbatore by The Week Magazine

Our Doctors continue to excel in their respective disciplines and some of the Doctors have been recognised by Indian Medical Association recently. Some Doctors received Lifetime Achievement Award, while others received Vocational Excellence Award. All this proves that our commitment to excellence and leadership has become a persistent goal and today can be defined as the character of KMCH.

EVOLUTION OF MEDICAL COLLEGE - KMCH INSTITUTE OF HEALTH SCIENCES AND RESEARCH

Medical Colleges in India produce the largest number of doctors, more than anywhere else in the world. Rapid proliferation of medical colleges in the last two decades, especially in the private sector made it happen. The Medical Council of India (MCI), the regulatory body, is required to approve any significant reforms in medical curricula. The accreditation process for medical schools focuses largely on the infrastructure and human resources required and little on the process and quality of education or outcomes.

It is estimated that India will require 2.07 million more doctors by 2030 in order to achieve a doctor-to-population ratio of 1:1,000. It is in this context, number of Medical Colleges also needs to be increased from the present 439 and the Government recognises the role of the private sector in this regard.

Number of reformative measures in the Medical Education Segment has been undertaken in recent years:

- NEET - A common entrance test for all medical colleges at UG and PG level
- Online application & approval system for medical colleges
- Private investment in medical education is fully allowed [Including 100%FDI]
- Companies have been permitted to set up Medical Colleges as commercial venture.
- PPP (Public Private Partnership) is also being encouraged.

Present Status

KMCH Medical College is proposed to be established will have an annual intake of 150 undergraduate students. Construction of 700 Bedded Medical College Teaching Hospital is nearing completion and is slated to complete by end of August 2019. Other infrastructures like Students' Hostel, Staff Quarters are also nearing completion. Medical Council of India (Regulatory body for conduct of Medical Education in India) have issued Letter of Permission for inducting first batch of students very soon. The Medical College will allow your Company to enter into low cost segment thus making KMCH into a comprehensive healthcare institution and also have an education section.

DISCUSSION ON FINANCIAL AND OPERATIONAL PERFORMANCE

Below detailed table presents summaries of Financial Results of Operations for the year 2018-19 and 2017-18. The Company operates on a single segment - Healthcare Services segment only.

Particulars	₹ in Lakhs	
	2018-19	2017-18
Revenue from Operations	62,765.21	58,833.44
Other Income	823.73	713.58
Total Income	63,588.94	59,547.02
EXPENSES		
Medicines & Hospital consumables	18,737.13	17,207.64
Employee benefits expense	11,083.54	9,779.84
Finance Costs	1,217.93	1,286.13
Depreciation and amortization expense	3,553.27	3,433.14
Other Expenses	19,712.62	18,896.73
Total Expenses	54,304.49	50,603.50
Profit Before Tax	9,284.45	8,943.52
Tax Expenses	3,270.18	3,145.55
Profit for the year	6,014.27	5,797.97
Other Comprehensive Income	(25.34)	(3.48)
Total Comprehensive Income for the year	5,988.93	5,794.49

REVENUES

Total Operating Revenue grew 6.68% from ₹ 58,833.43 Lakhs in 2017-18 to ₹ 62,765.21 Lakhs in 2018-19 with Inpatient Revenues growing by 6.60% from ₹ 40,618.39 Lakhs in 2017-18 to ₹ 43,299.25 Lakhs in 2018-19 and Outpatient Revenues growing by 6.80% from ₹ 17,932.91 Lakhs in 2017-18 to ₹ 19,155.77 Lakhs in 2018-19. Increase in Revenues primarily attributable to marginal increase in Surgeries and Outpatient Volumes.

Below table shows the key drivers of Revenues for the periods presented Year ended 31st March 2019.

Particulars	₹ in Lakhs	
	2018-19	2017-18
Bed Capacity at the end of the Period	1,206	1,200
Operating Beds at the end of the Period	1,128	1,122
Inpatient	66,268	69,736
Outpatient- New & Review	752,102	734,511
Bed Occupancy Rate	69.01%	70.62%
Average Length of Stay	4.29	4.15
Average Revenue per occupied bed	15,240	14,044

₹ in Lakhs

Particulars	31 Mar 19	31 Mar 18	Increase / Decrease	% Increase / Decrease
Inpatients(Nos.)	66,268	69,736	(3,468)	(4.97)
Inpatients Revenue	43,299.25	40,618.39	2,680.86	6.60
Outpatients(Nos.)	752,102	734,511	17,591	2.39
Outpatients Revenue	19,155.77	17,932.91	1,222.86	6.82
Other Operating Income	310.19	282.14	28.06	9.94
Total	62,765.21	58,833.43	3,931.78	6.68

EXPENSES
MEDICINES AND HOSPITAL CONSUMABLES

During the year ended 2018-19, Cost of Medicines and Hospital Consumables increased from ₹17,207.64 Lakhs in 2017-18 to ₹ 18,737.13 Lakhs in 2018-19. Increase of 8.89% is in line with the growth in operating revenues.

EMPLOYEE BENEFITS EXPENSES

Employee Benefit Expenses increased from ₹ 9,779.86 Lakhs in 2017-18 to ₹ 11,083.54 Lakhs in 2018-19, an increase of 13.33%. 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 decreased from ₹ 1,286.13 Lakhs in 2017-18 to ₹ 1,217.93 Lakhs in 2018-19, a marginal decrease of ₹ 68.20 lakhs. The decrease in finance cost is primarily attributable to the repayment of term loan during the year. The interest and other finance cost attributable to the medical college has been capitalized to the extent of Rs. 1192.94 Lakhs as per IndAS-23.

DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and Amortization Expenses has increased from ₹ 3,433.14 Lakhs in 2017-18 to ₹3,553.27 Lakhs in 2018-19, an increase of ₹ 120.13 Lakhs. additions to buildings and medical equipments are the main reasons for the increase in Depreciation Expense.

OTHER EXPENSES

Table below summarizes the Operating and Other Administrative Expenses for the year ended 31st March 2019

Particulars	Year ended 31.03.2019		Year ended 31.03.2018		Increase / Decrease (₹ in Lakhs)	% Increase / Decrease
	₹ in Lakhs	% of Revenue	₹ in Lakhs	% of Revenue		
Stores, Consumables, Dietary, Power & Fuel	2,285.16	3.64	2113.13	3.59	172.03	8.14
Consultant & Professional Fees	11,281.93	17.98	10223.10	17.38	1,058.83	10.36
Hospital Upkeep Expenses	1,413.86	2.25	1224.52	2.08	189.34	15.46
Advertising	443.49	0.71	493.56	0.84	(50.07)	(10.14)
Repairs & Maintenance	1,512.20	2.41	1593.73	2.71	(81.53)	(5.12)
Rent	547.66	0.87	380.76	0.65	166.90	43.83
Other Administrative Expenses	2,228.32	3.55	2867.91	4.87	(639.59)	(22.31)
Total	19,712.62	31.41	18896.71	32.12	815.91	4.32

**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 draw down from sanctioned debt will be adequate to service existing debt, fund internal growth and deploy funds for all Capital Expenditure.

KEY FINANCIAL RATIOS

There have been no significant changes in the Key Financial Ratios (as enunciated in Part B of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018) as compared to the previous financial year.

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.

**REPORT ON CORPORATE GOVERNANCE
(Annexure to the Thirty Third Directors' Report 2018-19)**

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. 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 a 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, Skills and Competencies

As on 31st March 2019, 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, atleast 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 ("Act") and Listing Regulations.

As on 31st March, 2019, 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, 2019 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.

Business Leadership	Sustainable success in business at a senior executive level
Financial Expertise	Proficiency in financial accounting and reporting, corporate finance and internal controls, and associated risks
Capital Projects	Experience in Capital Projects including expansion, renovation and addition of beds, and addition of centers etc.
Corporate Governance	Experience that demonstrates rigorous governance standards
Government Liaison	Interaction with government and regulators and involvement in public policy decisions
Hospital Administration and Quality Patient Care	Involves overseeing the creation and implementation of programs and policies for patient services, quality assurance, public relations outreach, and departmental activities
New Medical Advances and Technology Absorption	Good understanding of new and latest technological advances, automation and technology especially in the field of Medical Care, Automation and Diagnostics.

S.No.	Name of the Director	Category of Directors	Directorship in other Public Ltd. Companies	Membership and / or Chairperson of Committees in other Public Ltd. Companies	Details of Directorships in Listed entities
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	Mr.Kasi K Goundan	Independent & Non - Executive	---	---	---
6	Dr.M.Manickam	Independent & Non - Executive	8	2	Sakthi Sugars Limited Sakthi Finance Limited
7	CA.A.M.Palanisamy	Independent & Non - Executive	1	---	KPR Mill Limited
8	Dr.M.C.Thirumoorthi	Promoter, Non - Independent & Non - Executive	1	---	Appu Hotels Limited
9	Mr.A.K.Venkatasamy	Independent & Non - Executive	2	---	---
10	Mr.K.Saminathan	Independent & Non - Executive	---	---	---
11	Dr.M.A.Muthusethupathi	Independent & Non - Executive	---	---	---
12	Dr.Purani P Palaniswami (Alternate – Dr.S.Krishnasamy)	Non-Independent & Non-Executive	3	---	---

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 2018-19. The meetings were held on 29th May 2018, 23rd June 2018, 4th August 2018, 10th November 2018 and 9th February 2019. 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	4	No
5	Mr.Kasi K Goundan	5	2	Yes
6	Dr.M.Manickam	5	2	Yes
7	CA.A.M.Palanisamy	5	5	Yes
8	Dr.M.C.Thirumoorthi	5	1	Yes
9	Mr.A.K.Venkatasamy	5	5	No
10	Mr.K.Saminathan	5	5	Yes
11	Dr.M.A.Muthusethupathi	5	2	No
12	Dr.Purani P Palaniswami (Attended by Alternate Dr.S.Krishnasamy)	5	5	Yes

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 followup 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, debentureholders, 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 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. The Committee met five times during the year under review. These meetings were held on 26.05.2018, 23.06.2018, 03.08.2018, 07.11.2018 and 08.02.2019.

S. No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	CA.A.M.Palanisamy	Chairman	5	5
2	Mr.A.K.Venkatasamy	Member	5	5
3	Mr.K.Saminathan	Member	5	5

(b) Nomination and Remuneration Committee

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

The following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at their meeting held on 23.05.2014.

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 31.3.2019 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	4	4
2	Mr.A.K.Venkatasamy	Member	4	4
3	Mr.K.Saminathan	Member	4	4

This committee recommends the appointment / re-appointment of Executive Directors and the appointment of employees from the level of Vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Company Secretary is the Secretary of the Committee. During the financial year 2018-19 the committee met on 26.05.2018, 03.08.2018, 07.11.2018 and 08.02.2019. The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is www.kmchhospitals.com/wp-content/uploads/2019/07/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 31st March 2019 are given below:

S.No.	Name of the Director	Remuneration (₹ in Lakhs)	Sitting Fees (Board & Committee Meetings) (₹ in Lakhs)	Commission (₹ in Lakhs)	No. of shares held
1	Dr.Nalla G Palaniswami	84.23	-	199.84	10,000
2	Dr.Thavamani Devi Palaniswami	82.82	-	199.84	1,235,647
3	Dr.Arun N Palaniswami	55.01	-	-	10,000
4	Dr.Mohan S Gounder	71.08	0.35	-	10,000
5	Mr.Kasi K Goundan	-	0.35	-	-
6	Dr.M.Manickam	-	0.24	-	-
7	CA.A.M.Palanisamy	-	2.05	-	4,000
8	Dr.M.C.Thirumoorthi	-	0.12	-	6,013
9	Mr.A.K.Venkatasamy	-	2.17	-	2,500
10	Mr.K.Saminathan	-	2.17	-	8,000
11	Dr.M.A.Muthusethupathi	-	0.24	-	-
12	Dr.Purani P Palaniswami (Attended by Alternate Dr.S.Krishnasamy)	-	0.71	-	10,000

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.

There were no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the company during the Financial Year ended 31st March, 2019.

(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
	Name of the Invitee	
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, re-materialisation 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 26 times during the year 2018-19. The committee approved the transfer of 1,59,133 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 31.3.2019, the company has received 9 complaints from the shareholders. All the complaints were redressed to the satisfaction of the shareholders

(d) Corporate Social Responsibility (CSR) Committee

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

During the year the Committee met two times on 07.11.2018 and 08.02.2019. 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 09.02.2019 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.

6. SUBSIDIARY COMPANY

During the year, Chennai Bench of National Company Law Tribunal ordered the sanction of the Scheme of Amalgamation of Idhayam Hospitals Erode Limited with Kovai Medical Center and Hospital Limited. All necessary statutory formalities including necessary filings with Registrar of Companies, The Bombay Stock Exchange have been complied with. Consequently, the Financial Statement for the year ended 31st March 2019 considers all transactions of the erstwhile subsidiary company.

7. 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.40 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 Accounting Standards issued by the Institute of Chartered Accountants of India is followed by the Company and the Company has not adopted a treatment different from that prescribed by any Accounting Standard in preparation of financial statements.

(d) Insider Trading Policy

During the year SEBI (Prohibition of Insider Trading) (Amendment) Regulation 2018 dated 31st December 2018 was introduced bringing amendments to "Code of Conduct for Insider Trading" (www.kmchhospitals.com/wp-content/uploads/2019/06/Code-of-Conduct-for-Regulation-Monitoring-and-Prevention-of-Insider-Trading.pdf) and "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information". (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, 2019 have been obtained and incorporated in the Company's Annual Report.

(f) Statutory Auditor's Remuneration

During the year, the Company has paid remuneration to Statutory Auditor M/s VKS Aiyer & Co., Chartered Accountants, remuneration as detailed under Note: 32 (1) to the 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) 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.

(i) 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 ₹ 5.10 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/investorrelations>.

S.No.	Financial Year	Date of Declaration of Dividend	Due date for transfer to Investor Education and Protection Fund of Govt. of India
1	2011-12	13 Jul 2012	11 Aug 2019
2	2012-13	19 Jul 2013	17 Aug 2020
3	2013-14	03 Sep 2014	01 Oct 2021
4	Jubilee Interim Dividend 2015-16	29 May 2015	27 Jun 2022
5	2014-15	25 Sep 2015	23 Oct 2022
6	2015-16	30 Aug 2016	28 Sep 2023
7	2016-17	11 Aug 2017	09 Sep 2024
8	2017-18	06 Aug 2018	04 Sep 2025

(j) 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 :8 Shareholders- 2200 shares
- Number of shareholders transferred to IEPF from suspense account during the year : 6
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March 2019 : 2 shareholders - 600 shares

As per the listing agreement, separate Demat Suspense Account has been opened with the Depository Participant and the voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the shares.

8. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

9. 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 2018-19.

10. REGISTRAR & SHARE TRANSFER AGENT AND DEPOSITORY REGISTRAR

M/s GNSA Infotech Limited is the Registrar for the demat segment and also the share transfer agent of the company, to whom communications regarding share transfer and de-materialization 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

11. (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 31.3.2019, 83% 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.

12. 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.

13. SHAREHOLDERS MEETING

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

Particulars	32 nd AGM 2018
Date of the meeting	06.08.2018
No. of Members Attended	161
No. of Proxies Attended	1
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
2017-18	06.08.2018	A.P.KalyanaMandapam, Goldwins, Coimbatore	11.00 a.m.
2016-17	11.08.2017	A.P.KalyanaMandapam, Goldwins, Coimbatore	11.00 a.m.
2015-16	30.08.2016	A.P.KalyanaMandapam, 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 30, 2016 : Nil

At the Annual General Meeting held on August 11, 2017 : Nil

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

Postal Ballot

During the year, a special resolution was passed by the members through postal ballot to continue the holding of office by Mr.Kasi K Goundan, Mr.A.K.Venktasamy and Dr.M.A.Muthusethupathi as Non-Executive Directors who have attained / crossed the age of 75 years for the remaining period of their tenure.

14. GENERAL SHAREHOLDERS INFORMATION

a. AGM Date, time and venue	16 th August 2019 at 11.00 a.m. A.P.KalyanaMandapam 738/2, Avanashi Road, Goldwins Coimbatore – 641 014
b. Financial Calender 1 st Quarter 2 nd Quarter 3 rd Quarter 4 th & last Quarter	1 st April to 30 th June 1 st July to 30 th September 1 st October to 31 st December 1 st January to 31 st March
c. Date of Book closure	8 th August 2019 to 16 th August 2019 (both days inclusive)
d. Dividend payment date	On or before 15 th September 2019
e. 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 2018-19
f. Custodial Fees	Paid the fees to NSDL and CDSL for 2018-19
g. Compliance officer & Address for Correspondence	CS.S.P.Chittibabu, Company Secretary 99, Avanashi Road, Coimbatore – 641 014.
h. BSE Limited Security Code for Equity Shares :	Security Code: 523323 Security ID : KOVAI
i. Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 177F01017
j. Branches	1. KMCH – City Center 18, Vivekananda Road, Ram Nagar, Coimbatore – 641 009. 2. KMCH – Erode Center 68, Perundurai Road, Erode – 638 011. 3. KMCH – Speciality Hospital 16, Palaniappa Street, Erode – 638 009. 4. KMCH – Sulur Hospital 242-B, Trichy Road, Coimbatore – 641 402. 5. KMCH – Kovilpalayam Hospital 87-F, Sathy Main Road, Sarkar Samakulam Post, Kovilpalayam Coimbatore - 641 107. 6. KMCH IHSR Medical College Hospital 99, Avanashi Road, Coimbatore - 641 014.

15. RECONCILIATION OF SHARE CAPITAL AUDIT

For each of the quarter in the Financial Year 2018-19, 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.

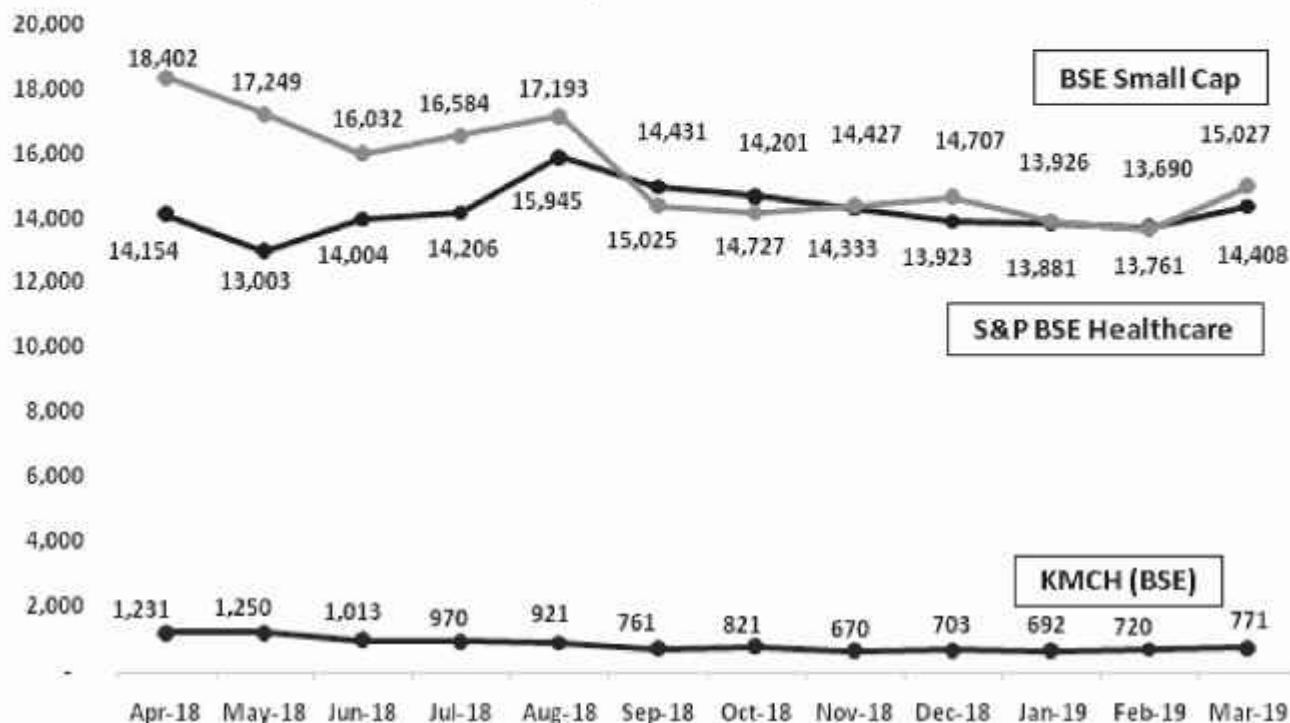
The Audit Reports confirm the total issued/paid-up capital, is in agreement with total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and in respect of the above, quarterly Secretarial Audit Report was filed with the Stock Exchange.

16. STOCK MARKET DATA

Monthly high and low quotations of shares traded on BSE Limited for the period April 2018 to March 2019 is given below.

In ₹

Month	High	Low
April 2018	1360.00	1201.05
May 2018	1328.00	1230.00
June 2018	1270.85	950.00
July 2018	1100.00	936.00
August 2018	972.00	902.00
September 2018	939.95	743.70
October 2018	879.00	665.00
November 2018	846.95	655.00
December 2018	734.80	670.00
January 2019	729.35	662.60
February 2019	739.90	675.00
March 2019	825.00	690.00

KMCH Share vis-a-vis BSE Small Cap & S&P BSE Healthcare

17. DISTRIBUTION OF SHAREHOLDERS

 (a) Distribution of shareholding as at 31st March 2019

No. of Equity Shares (Slab)	No. of Shareholders	Percentage of Shareholders	Nos.	Percentage of Shareholding
1 – 500	5805	87.98	599,467	5.48
501 – 1000	400	6.06	357,449	3.27
1001 – 2000	127	1.93	198,422	1.81
2001 – 3000	61	0.92	157,914	1.44
3001 – 4000	19	0.29	67,273	0.62
4001 – 5000	19	0.29	90,216	0.82
5001 – 10000	58	0.88	489,439	4.47
Above 10000	109	1.65	8,982,082	82.09
TOTAL	6598	100.00	10,942,262	100.00



(b) Categories of shareholders as on 31st March 2019

S. No.	Category of Shareholders	Total Number of Shares	Percentage (%)
1	Promoters	5,542,353	50.65
2	Bodies Corporate	814,866	7.45
3	General Public	3,054,881	27.92
4	Non-Resident Indians	1,530,162	13.98
	Total	10,942,262	100.00

For and on behalf of the Board

Place: Coimbatore
Date : 25.05.2019

Sd/-
DR. NALLA G PALANISWAMI
MANAGING DIRECTOR

Sd/-
CA.A.M.PALANISAMY
DIRECTOR

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 31st March 2019.

For Koval Medical Center and Hospital Limited

Place: Coimbatore
Date : 25.05.2019

Sd/-
DR. NALLA G PALANISWAMI
MANAGING DIRECTOR



To

The Board of Directors,
Kovai Medical Center and Hospital Limited,
Coimbatore.

CERTIFICATE PURSUANT TO REGULATION 17(8) AND PART B OF SCHEDULE II OF SEBI (LODR) REGULATIONS, 2015 FOR THE FINANCIAL YEAR 2018-19

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.

Place : Coimbatore
Date : 25.05.2019

Sd/-
DR. NALLA G PALANISWAMI
Managing Director

Sd/-
CAM.K. RAVINDRA KUMAR
Chief Financial Officer

**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 2019, 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 my 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 applicable 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 SECRETARIES**

Place : Coimbatore
Date : 21.05.2019

**Sd/-
R.Ramchandrar
M.No.F10097 CP No.12240**

**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 and 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) as considered necessary and explanations furnished to 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 31st March, 2019 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.	Dr.Purani P Palaniswami	02707233	03.09.2014

Ensuring the eligibility of 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)

Place: Coimbatore
Date : 22.05.2019

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

We have audited the accompanying financial statements of Kovai Medical Center and Hospital Limited ("the Company") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2019, and its profit total comprehensive income, its cash flows and the changes in equity 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Companies Act, 2013 and the 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 on the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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.

S.No	Key Audit Matters	Auditor's Response
1	<p>Carrying Value of Property Plant and Equipment- as at 31.03.2019 was ₹ 46,843.51 lakhs and the related depreciation charge for the year was ₹ 3,550.56 lakhs The carrying value and depreciation charge is reviewed annually by management with reference to usage, obsolescence and relevant technical factors. This involves a significant degree of management judgement considering the potential obsolescence due to technological advancement in the field of medicine and hence identified as key audit matter.</p>	<p>Assessing the reasonableness of the management's assertions and estimates regarding estimated useful lives and residual values based on historical experience.</p> <p>Discussing indicators of possible impairment with the management.</p> <p>Analyzing the assumptions and critical judgements based on historical data.</p>
2	<p>Inventory in the form of pharmacy stock are held at various locations. There are complexities in determining the existence of inventory quantities, useful life of inventories on hand and valuation of the same due to the diverse & numerous inventory. Accordingly, existence and valuation of inventory quantities is identified as a Key Audit Matter.</p>	<p>Assessing the effectiveness of management's inventory count procedures by being part of the physical inventory procedure and ensuring inventory adjustments are made on deviations, if any.</p> <p>Assessing whether the management's controls relating to inventory's valuation are appropriately designed and implemented.</p> <p>Verification of the correctness of valuation made by the management on a sample basis, with regard to the cost and net realizable value of inventory.</p>

Information Other than the Financial Statements and Auditor's Report

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report for example Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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, 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 for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the 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 these 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 management'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 financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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.

Other matter

The comparative figures financial information of the company for the year ended 31st March 2018 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whole report for the year ended 31st March 2018 dated 30th May 2018 expressed on unmodified opinion.

Our Opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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 including other comprehensive income, the statement changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 38 to the financial statements;
 - ii. The Company did not have any long - term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For VKS Aiyer & Co.
Chartered Accountants
Firm Regn.No. 000066S

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

Place : Coimbatore
 Date : 25.05.2019

ANNEXURE 1 TO THE AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the AUDITOR'S REPORT of even date to the members of Kovai Medical Center and Hospital Limited on the financial statements for the year ended March 31, 2019]

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

AND

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise 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, service tax, value added tax, goods and service tax, customs duty, excise duty on account of any dispute, are as follows:

Name of the 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
Finance Act	Service Tax	78.00 Lakhs	2010-2011	Central Excise, Customs & Service Tax Appellate Tribunal, 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 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
Firm Regn.No. 000066S

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

Place : Coimbatore
Date : 25.05.2019

ANNEXURE 2 TO THE AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the AUDITOR'S REPORT of even date to the members of Kovai Medical Center and Hospital Limited on the financial statements for the year ended March 31, 2019]

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, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

Opinion

In our opinion, 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, 2019, 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
Firm Regn.No. 000066S

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

Place : Coimbatore
Date : 25.05.2019

BALANCE SHEET AS AT 31st MARCH 2019

₹ in lakhs

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
I ASSETS			
A Non-current assets			
a) Property, plant and equipment	2	46,843.51	44,178.07
b) Capital work-in-progress	3	22,729.77	1,287.57
c) Intangible assets	4	86.65	81.69
d) Financial Assets			
i) Investments	5	24.10	22.50
ii) Other financial assets	6	600.18	316.08
e) Other non-current assets	7	1,753.07	2,502.95
Total non-current assets (A)		72,037.28	48,388.86
B Current Assets			
a) Inventories	8	1,013.16	1,082.71
b) Financial Assets			
i) Trade receivables	9	1,000.69	1,257.97
ii) Cash and cash equivalents	10	2,673.20	2,368.11
iii) Bank balances other than (ii) above	11	7,516.26	6,872.78
iv) Other financial assets	12	578.84	396.74
c) Other current assets	13	142.17	120.55
Total current assets (B)		12,924.32	12,098.86
Total Assets (A+B)		84,961.60	60,487.72
II EQUITY AND LIABILITIES			
A Equity			
a) Equity share capital	14	1,094.23	1,094.23
b) Other equity	15	33,230.12	27,636.93
Total Equity (A)		34,324.35	28,731.16
B Non-Current Liabilities			
a) Financial liabilities			
i) Borrowings	16	33,596.40	16,456.18
ii) Other financial liabilities	17	23.88	56.40
b) Provisions	18	800.34	655.38
c) Deferred tax liabilities (Net)	19	4,095.51	3,978.05
d) Other non-current liabilities	20	2.21	3.96
Total non-current liabilities (B)		38,518.34	21,149.97
C Current liabilities			
a) Financial liabilities			
i) Borrowings	21	943.77	8.87
ii) Trade payables	22		
- Dues to MSME		57.13	74.35
- Dues to others		2,334.00	1,947.77
iii) Other financial liabilities	23	6,268.64	6,542.71
b) Provisions	24	380.32	457.86
c) Other current liabilities	25	2,135.05	1,575.03
Total current liabilities (C)		12,118.91	10,606.59
Total Equity and Liabilities (A+B+C)		84,961.60	60,487.72

 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 Reg.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
 Place : Colmbatore
 Date : 25.05.2019

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

 Sd/
CS S.P. CHITTIBABU
 Company Secretary


STATEMENT OF PROFIT AND LOSS
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

₹ in lakhs

Particulars	Notes	2018-19	2017-18
I Revenue from Operations	26	62,765.21	58,833.44
II Other Income	27	823.73	713.58
III Total Income (I+II)		63,588.94	59,547.02
IV EXPENSES			
Cost of Medicines & Hospital consumables consumed	28	18,737.13	17,207.64
Employee benefits expense	29	11,083.54	9,779.84
Finance Costs	30	1,217.93	1,286.13
Depreciation and amortization expense	31	3,553.27	3,433.14
Other Expenses	32	19,712.62	18,896.73
Total Expenses (IV)		54,304.49	50,603.50
V Profit before Exceptional items and tax (III - IV)		9,284.45	8,943.52
VI Exceptional Items		-	-
VII Profit Before Tax (V - VI)		9,284.45	8,943.52
VIII Tax Expenses	33		
Current Tax (Net)		3,129.13	3,164.35
Prior Year Tax		10.00	0.05
Deferred Tax		131.05	(18.85)
IX Profit for the year (VII - VIII)		6,014.27	5,797.97
X Other Comprehensive Income			
i) Items that will not be reclassified to profit or loss:			
a) Re-measurement of post employment benefit obligations		(40.55)	(2.72)
b) Changes in equity instruments measured at FVTOCI		1.60	(2.60)
ii) Income tax relating to items that will not be reclassified into profit or loss		13.61	1.84
XI Total Comprehensive Income for the year (IX + X)		5,988.93	5,794.49
XII Earnings Per Equity Share (In ₹)			
Basic / Diluted (Face Value of ₹ 10 Each)	36	54.96	52.99

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 Reg.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
Place : Coimbatore
Date : 25.05.2019

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

Sd/
CS S.P. CHITTIBABU
Company Secretary



STATEMENT OF CHANGES IN EQUITY

A) Share Capital

Particulars	₹ in Lakhs
Balance as at 1 st April 2017	1,094.23
Changes in Equity share capital during the year	-
Balance as at 31 st March 2018	1,094.23
Changes in Equity share capital during the year	-
Balance as at 31 st March 2019	1,094.23

B) Other Equity

₹ in lakhs

Particulars	Reserve and Surplus			Items of Other Comprehensive Income (OCI)		Total
	Capital Reserve	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of other comprehensive income	
Opening Balance at the beginning of April 01, 2017	14.86	4,244.95	17,972.77	16.41	(77.30)	22,171.69
Add: Profit for the Year	-	-	5,797.97	-	-	5,797.97
Add: Other Comprehensive Income for the year, Net of taxes	-	-	-	(2.60)	(0.88)	(3.48)
Less: Dividend (including dividend tax)	-	-	329.25	-	-	329.25
Closing Balance as at March 31, 2018	14.86	4,244.95	23,441.49	13.81	(78.18)	27,636.93
Add: Profit for the Year Ended 31.03.2019	-	-	6,014.27	-	-	6,014.27
Add: Other Comprehensive Income for the year (Net of taxes)	-	-	-	1.60	(26.94)	(25.34)
Less: Dividend (including dividend tax)	-	-	395.74	-	-	395.74
Closing Balance as at March 31, 2019	14.86	4,244.95	29,060.02	15.41	(105.12)	33,230.12

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
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Sd/
Dr. NALLA G PALANISWAMI
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Chief Financial Officer

Sd/
CS S.P. CHITTIBABU
Company Secretary

Place : Coimbatore
Date : 25.05.2019


CASH FLOW STATEMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019

₹ in lakhs

Particulars	31 st March 2019		31 st March 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before taxation and exceptional items		9,284.45		8,943.52
Adjustment for:				
Depreciation and Amortisation	3,553.27		3,433.14	
Non Cash Items	3.96		(40.00)	
Finance cost	1,217.93		1,286.13	
Interest Income	(669.58)		(577.28)	
(Profit)/ Loss on Sale of Property, Plant & Equipment	(2.49)		44.66	
Dividend Income	-	4,103.09	(0.06)	4,146.59
Operating cash flow before working capital changes		13,387.54		13,090.11
Changes in Working Capital				
(Increase) / Decrease in Non Current Financial & Other Assets	439.78		(2,110.18)	
(Increase) / Decrease in Current Financial & Other Assets	145.11		(411.55)	
(Increase) / Decrease in Non Current Financial & Other Liabilities	110.69		74.31	
(Increase) / Decrease in Current Financial & Other Liabilities	1,000.63	1,696.21	1,277.01	(1,170.41)
Cash generated from operations		15,083.75		11,919.70
Income Tax Paid		(3,116.43)		(3,224.72)
Net cash from operating activities (A)		11,967.32		8,694.98
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Property, Plant & Equipment	(27,671.17)		(12,845.13)	
Sale of Property, Plant & Equipment	7.79		61.78	
Sale of Investment (Shares)	-		6.00	
Interest Received	637.80		483.69	
Dividend Received	-		0.06	
Net cash from / (used in) investing activities (B)		(27,025.58)		(12,293.60)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from / (Repayment of) Borrowings (Net)	16,677.79		8,036.98	
Proceeds from / (Repayment of) Current Borrowings (Net)	934.90		(424.57)	
Dividend Paid (including dividend distribution tax)	(394.35)		(331.99)	
Finance Cost	(1,211.51)		(1,283.61)	
Net cash flow From / (used in) financing activities (C)		16,006.83		5,996.81
Net increase in cash and cash equivalents (A+B+C)		948.57		2,398.19
Cash and Cash equivalent at the beginning of the year		9,240.89		6,842.70
Less: Bank balance not considered as Cash & Cash equivalents as per Ind AS (Refer Note.11)		7,516.26		6,872.78
Cash and Cash equivalent at the end of the year (Refer Note.10)		2,673.20		2,368.11

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
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Chief Financial Officer

 Sd/
CS S.P. CHITTIBABU
Company Secretary

 Place : Coimbatore
Date : 25.05.2019

Notes to the financial statements for the year ended 31st March, 2019
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), Erode (in the name of Erode Center and Erode Speciality Hospital) and KMCH Institute of Health Science and Research 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 25th May, 2019 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 statements is based on Ind AS Schedule III of the Companies Act 2013

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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 in to 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 such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in 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:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

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 judgments, 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 Judgments, 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:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is expected to be realised within twelve months after the reporting period, or
- 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:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- 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 classified as non-current assets and liabilities.

V. Revenue Recognition

The Company has adopted Ind as 115, Revenue from contract with customer with effect from 1st April 2018. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefit will flow to the entity.

a) Healthcare Services

Revenue from patients is recognised when the company satisfies performance obligation by transferring promised goods or services to the patients. Revenue is measured based on transaction price which is the fair value of the consideration received / receivable net of discount / concession and GST. The income by way of Doctors' Consultancy fees and the consequent liability towards Doctor's consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from patients is established.

The 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 not raised for the service. Revenue is measured at the fair value of the consideration received or receivable.

b) Sale of Goods

Revenue from dietary / pharmacy sales and other associates services is recognised at the point when the goods are sold or services are rendered.

c) Income from Academic Course Fees

Revenue is recognized over the period of duration of the course. Course fee received in advance are recorded as deferred income.

d) 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

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are treated as operating lease.

a) The company as lessor

Asset subject to operating leases are included in property, plant and equipment. Lease income on an operating lease is recognized in the statement of profit and loss on a straight line basis over the term of the relevant lease except to the extent that the lease payments are structured to compensate for the expected inflationary cost. Costs including depreciation are recognized as an expense in the statement of profit and loss.

b) The company as lessee

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term except to the extent that the lease payments are structured to compensate for the expected inflationary cost.

Finance Leases

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are treated as period cost and are expensed accordingly.

VII. 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.

VIII. 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.

IX. 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 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 un-discounted 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 un-discounted 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.

X. 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 accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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.

XI. 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.

The management believes that the useful life adopted reflect the expected pattern of consumption of future economic benefit. The estimated useful life of items of Property Plant and Equipments are as follows,

Particulars	Useful life (No. of Yrs)
<u>I. Buildings</u>	
a) Buildings	30
b) Fences, wells, tube wells	5
c) Other (including temporary structure, etc.)	3
<u>II. Plant & Machinery</u>	
Medical and Surgical equipments	12
Solar power plant	25
III. Electrical Installations and Equipment	10
<u>IV. Furniture and fittings</u>	
General furniture and fittings	10
V. Office equipments	
	5
<u>VI. Computers and data processing units</u>	
a) Servers and networks	6
b) End user devices, such as desktops, laptops, etc.	3
<u>VII. Motor Vehicles</u>	
a) Motor cycles, scooters and other mopeds	10
b) Motor buses, motor lorries, motor cars and motor taxies other than those Used in a business of running them on hire.	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.

XII. 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 : Software - 3 Years

XIII. 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.

XIV. 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.

XV. 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.

XVI. 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.

XVII. 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.

XVIII. 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.

XIX. 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:

- In the principal market for the asset or liability, or
- 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.

XX. 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 March 31, 2019 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 asset

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 judgment 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.

Recent accounting pronouncements on Standards Issued or modified but not yet effective
Ind AS 116-Leases

Ind AS 116 will replace the existing standard on Ind AS 17-Leases and its related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of lease contracts for the lessor as well as the lessee. Ind AS 116 introduces a single lease accounting model that requires a lessee to recognise assets and liabilities for all lease contracts with a lease term of more than 12 months, unless the underlying value of asset is of low value. The Standard also contains enhanced disclosure requirements for the lessees. Currently, operating leases are charged to Statement of Profit and Loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application under which the lessee records the lease liability at the present value of the remaining lease payments discounted at the increment borrowing rate and the right to use the asset either at its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or an amount equal to the lease liability as adjusted by any prepaid or accrued lease payments. The company is in the process of evaluating the impact on the adoption of Ind AS 116.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The company is in the process of evaluating the impact on the adoption of Ind AS 12.

Note 2 - Property, Plant and Equipment

₹ In Lakhs

Particulars	Land	Buildings	Improvements to Leasehold Buildings	Furniture and Fixtures	Office Equipment	Plant & Equipment	Computers	Vehicles	Tangibles Total
Gross Carrying Value									
At 1st April 2017	852.24	15,723.31	355.83	910.77	180.10	19,426.47	156.63	329.83	37,965.18
Additions during 2017-18	6,292.32	717.29	-	137.94	12.85	4,619.43	162.24	100.00	12,042.07
Disposals during 2017-18	-	-	-	0.84	-	1,533.07	0.18	27.27	1,561.36
At 1st April 2018	7,144.56	16,470.60	355.83	1,047.87	192.95	22,512.83	318.69	402.56	48,445.89
Additions during 2018-19	2,966.52	958.42	-	117.74	36.21	1,863.08	141.54	105.67	6,189.18
Disposals during 2018-19	-	-	-	-	-	26.79	-	10.65	37.44
At 31st March 2019	10,111.08	17,429.02	355.83	1,165.61	229.16	24,349.12	460.23	497.58	54,597.63
Accumulated depreciation and Impairment									
At 1st April 2017	-	326.51	21.49	123.02	39.13	1,728.51	57.45	18.72	2,314.83
Depreciation Charged during 2017-18	-	707.38	23.31	133.96	36.20	2,379.18	63.43	64.10	3,407.56
Depreciation on disposals during 2017-18	-	-	-	0.84	-	1,427.53	0.17	26.03	1,454.57
At 1st April 2018	-	1,033.89	44.80	256.14	75.33	2,680.16	120.71	56.79	4,267.82
Depreciation Charged during 2018-19	-	713.67	22.59	145.50	37.68	2,444.63	88.41	65.95	3,518.43
Depreciation on disposals during 2018-19	-	-	-	-	-	22.02	-	10.11	32.13
At 31st March 2019	-	1,747.56	67.39	401.64	113.01	5,102.77	209.12	112.63	7,754.12
Net Carrying Value									
At 31st March 2019	10,111.08	15,681.46	288.44	763.97	116.15	19,246.35	251.11	384.95	46,843.51
At 1st April 2018	7,144.56	15,436.71	311.03	791.73	117.62	19,832.67	197.98	345.77	44,178.07
At 1st April 2017	852.24	15,396.80	334.34	787.75	140.97	17,697.96	99.18	311.11	35,650.35

Note: Property, plant and equipment pledged as security against borrowings, are stated in Note 16.

Note 3 - Capital work-in-progress

₹ In Lakhs

Particulars	Buildings	Plant & Equipments	Others	Total
As at 1st April 2017	165.69	350.17	49.00	564.86
Additions during 2017-18	1186.07	111.26	104.24	1401.57
Withdrawals during 2017-18	279.14	350.72	49.00	678.86
As at 1st April 2018	1072.62	110.71	104.24	1287.57
Additions during 2018-19	18754.08	2711.34	277.86	21743.28
Withdrawals during 2018-19	86.14	214.76	0.18	301.08
As at 31st March 2019	19740.56	2607.29	381.92	22729.77

During the year, the company has capitalized ₹ 1192.94 Lakhs (Previous year ₹ 108.61) as borrowing cost as per Ind AS 23 -Borrowing Cost.

Note 4 - Intangible Assets

₹ In Lakhs

Particulars	Computer software	Tangibles Total
Gross Carrying Value		
At 1st April 2017	41.93	41.93
Additions during 2017-18	80.71	80.71
Disposals during 2017-18	-	-
At 1st April 2018	122.64	122.64
Additions during 2018-19	39.80	39.80
Disposals during 2018-19	-	-
At 31st March 2019	162.44	162.44
Accumulated amortisation and impairment		
At 1st April 2017	15.36	15.36
Amortisation during 2017-18	25.59	25.36
Amortisation on disposals during 2017-18	-	-
At 1st April 2018	40.95	40.95
Amortisation during 2018-19	34.84	34.84
Amortisation on disposals during 2018-19	-	-
At 31st March 2019	75.79	75.79
Net Carrying Value		
At 31st March 2019	86.65	86.65
At 31st March 2018	81.69	81.69
At 31st March 2017	26.57	26.57

Note 5 - Investments

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Equity Instruments		
At fair value through OCI		
<u>(i) Quoted, Non Trade - fully paidup</u>		
a. 6100 (as on 31-03-2018- 6100) Equity shares of ₹10 each in Canara Bank	17.77	16.10
b. 2300 (as on 31-03-2018 - 2300) Equity shares of ₹10 each in Indian Overseas Bank	0.33	0.40
<u>(ii) Unquoted, Trade - fully paidup</u>		
60,000 (as on 31-03-2018- 60,000) Equity shares of ₹ 10 each fully paid up in Mytrah Vayu (Manjira) Private Limited	6.00	6.00
Total	24.10	22.50

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Aggregate Market value of quoted investments	18.10	16.50
(ii) Aggregate amount of unquoted investments	6.00	6.00
Total (i+ii)	24.10	22.50

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 6 - Other Financial Assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
a) Rental and lease deposits	190.32	231.07
b) Security Deposits	409.86	85.01
Total	600.18	316.08

Note 7 - Other non current assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Capital advance	1,474.81	2,237.10
b) Advance Payment of Taxes (Net of Provision)	106.36	129.06
c) Advance lease rental Expense	171.90	136.79
Total	1,753.07	2,502.95

Note 8 - Inventories

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Pharmacy	501.00	540.58
(b) Hospital Consumables	401.60	421.78
(c) Stores & Spares	54.24	57.52
(d) Others # # Power & Fuel, Canteen Provisions & Stationery	56.32	62.83
Total	1,013.16	1,082.71

- (i) For method of valuation of inventories, refer Note. 1 (B) (XIV)
- (ii) There has been no write down of inventories in current and previous years.
- (iii) Inventories have been pledged as security against certain bank, Refer Note 16
- (iv) **Cost of inventory recognised as an expense:**

a) Amount of inventories charged to profit and loss

Particulars	₹ in Lakhs	
	2018-19	2017-18
i) Cost of Medicines & Hospital consumables consumed	18,737.13	17,207.64
ii) Stores and spares	200.12	199.41
iii) Others # # Power & Fuel, Canteen Provisions & Stationery	1,227.86	1,700.93
Total	20,165.11	19,107.98

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

Note 9 - Trade receivables

Particulars	₹ in Lakhs	
	As at March 31, 2019	As at March 31, 2018
a) Unsecured, considered good	1,000.69	1,257.97
b) Trade receivables which have significant increase in Credit Risk	-	-
c) Trade receivables - credit impaired	-	-
Total	1,000.69	1,257.97

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 post due but not impaired

₹ in Lakhs		
60 - 90 days	80.05	130.44
91 -180 days	126.19	148.43
>180 days	182.63	121.13

Note 10 - Cash and Cash Equivalents

Particulars	₹ in Lakhs	
	As at March 31, 2019	As at March 31, 2018
Balance with Banks		
a) In Current Accounts	33.95	93.26
b) In term deposit accounts with maturity less than 3 months at inception	2,530.92	2,218.17
c) Cheques on hand	3.28	4.64
d) Cash on hand	105.05	52.04
Total	2,673.20	2,368.11

Note 11 - Bank Balance other than Cash and Cash Equivalents

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) In term deposit accounts with maturity more than 3 months but less than 12 months at inception	7,468.17	6,826.19
b) Earmarked balances		
In margin money	6.89	6.78
In unpaid dividend Account	41.20	39.81
Total	7,516.26	6,872.78

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

Note 12 - Other financial assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
a) Rent receivable	15.75	19.52
b) Accrued Income	279.31	252.98
c) Unbilled Revenue	283.78	124.24
Total	578.84	396.74

Note 13 - Other current assets

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Advance for purchases	1.36	1.72
b) Advance for expenses	36.17	9.89
c) Prepaid expenses	104.64	108.94
Total	142.17	120.55

Note 14 - Equity share capital

₹ in Lakhs

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Authorized Share Capital 1,92,00,000 equity shares of ₹ 10/- each (31.03.2018 - 1,50,00,000 Equity Shares of ₹ 10/- each)	1,920.00	1,500.00
Issued and Subscribed Capital 10942262 Equity shares of ₹ 10 each (31.03.2018 - 1,09,42,262 equity shares of ₹ 10 fully paid up)	1,094.23	1,094.23
Total	1,094.23	1,094.23

Note:

Consequent to the Scheme of amalgamation with Idhayam hospitals Erode Limited, the Authorised capital stands increase to 1,92,00,000 Equity shares of ₹10 each as against 1,50,00,000 Equity shares of ₹ 10 each.

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

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	10,942,262	1,094.23	10,942,262	1,094.23
Share Issued during the year	-	-	-	-
Share brought back during the year	-	-	-	-
Shares outstanding at the end of the year	10,942,262	1,094.23	10,942,262	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 Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Kovai Purani Finance Private Limited	4,007,761	36.63	4,006,461	36.61
Dr. Thavamani Devi Palaniswami	1,235,647	11.29	1,234,647	11.28

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 15 - Other equity

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Capital Reserve	14.86	14.86
b) General Reserve	4,244.95	4,244.95
c) Retained Earnings	29,060.02	23,441.49
d) Other Comprehensive Income	(89.71)	(64.37)
Total	33,230.12	27,636.93

Refer "Statement of changes in equity" for additions/deletions in each reserve.

Notes:

- Capital reserve represent the reserve created on account of amalgamation of Idhayam Hospitals Erode limited (erstwhile subsidiary) under the pooling of interest method.(Refer Note No. 46)
- General reserve is created from time to time by transferring profits from retained earnings and can be utilized 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 Share holders.

Note 16 - BORROWINGS

₹ in Lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non Current	Current	Non Current	Current
Secured Loan Term Loans				
From Banks	33,596.40	3,232.54	16,456.18	3,694.97
Total	33,596.40	3,232.54	16,456.18	3,694.97

Details of amount Outstanding, Terms of repayment & Security details
Term Loans from Bank
1. Secured Loans from Indian Bank

As at 31 st March 2019		Terms of Repayment s
Non Current	Current	
-	354.48	Repayable in 12 monthly installments aggregating to ₹354.48 lakhs.
-	53.20	Repayable in 12 monthly installments aggregating to ₹53.20 lakhs.
-	391.43	Repayable in 12 monthly installments aggregating to ₹391.43 lakhs.
-	277.50	Repayable in 12 monthly installments aggregating to ₹277.50 lakhs.
-	400.00	Repayable in 8 monthly installments aggregating to ₹ 400 lakhs.
594.50	140.40	Repayable in 63 monthly installments aggregating to ₹ 734.90 lakhs.
3,280.10	-	Repayable in 144 monthly installments aggregating to ₹ 3280.10 lakhs commencing from September 2020.
2,500.00	-	Repayable in 144 monthly installments aggregating to ₹ 2500 lakhs commencing from January 2021.
6,000.00	-	Repayable in 144 monthly installments aggregating to ₹ 6000 lakhs commencing from September 2021.
4,400.00	-	Repayable in 144 monthly installments aggregating to ₹ 4400 lakhs commencing from March 2022.
16,774.60	1,617.01	

2.Secured Loans from Indian Overseas Bank

As at 31 st March 2019		Terms of Repayments
Non Current	Current	
-	354.52	Repayable in 12 monthly installments aggregating to ₹ 354.52 lakhs.
-	55.20	Repayable in 12 monthly installments aggregating to ₹ 55.20 lakhs.
-	388.06	Repayable in 12 monthly installments aggregating to ₹388.06 lakhs.
-	277.35	Repayable in 12 monthly installments aggregating to ₹277.35 lakhs.
-	400.00	Repayable in 8 monthly installments aggregating to ₹ 400 lakhs.
641.80	140.40	Repayable in 67 monthly installments aggregating to ₹ 782.20 lakhs.
3,280.00	-	Repayable in 144 monthly installments aggregating to ₹ 3280.10 lakhs commencing from September 2020.
2,500.00	-	Repayable in 144 monthly installments aggregating to ₹2500 lakhs commencing from January 2021.
6,000.00	-	Repayable in 144 monthly installments aggregating to ₹6000 lakhs commencing from September 2021.
4,400.00	-	Repayable in 144 monthly installments aggregating to ₹ 4400 lakhs commencing from March 2022.
16,821.80	1,615.53	

Security Details :

Terms loans are primarily secured by Pari passu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode, Pari pasu first charge on the entire Fixed assets (Present and Future) of the company. The facilities are also collaterally secured by second charge on the entire current assets (Present and Future) of the Company. The term loans from banks are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director - Dr.Thavamani Devi Palaniswami of the company.

Note 17 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Rental Deposits	23.88	56.40
Total	23.88	56.40

Note 18 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits		
a) Gratuity (Refer Note 34 (b) (i) (f))	800.34	549.40
b) Leave Encashment (Refer Note 34 (b) (ii))	-	105.98
Total	800.34	655.38

Note 19 - Deferred Tax Liabilities (net)

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Liabilities		
-On PPE and intangible assets	4,607.20	4,472.76
-On fair value adjustment on financial instrument	2.22	0.98
(A)	4,609.42	4,473.74
Deferred tax assets		
- On disallowances under the Income tax Act	(513.91)	(495.69)
(B)	(513.91)	(495.69)
Total	(A+B) 4,095.51	3,978.05

Significant components of deferred tax assets / liabilities and their movements

₹ 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
Deferred tax liability				
- Arising out of timing difference in depreciable assets	4,472.76	134.44	-	4,607.20
- On fair value adjustment on financial instrument	0.98	1.24	-	2.22
Deferred tax assets				
- On expenses allowable against taxable income in future years	(495.69)	(18.22)	-	(513.91)
- On employee benefit expense		14.17	(14.17)	-
- On fair valuation of equity instruments		(0.56)	0.56	-
Total	3,978.05	131.05	(13.61)	4,095.51

₹ in Lakhs

Particulars	Deferred tax liabilities/(Assets) as at 01.04.2017	Charge/(credit) to Profit/Loss	Charge/(credit) to OCI	Deferred tax liabilities/(Assets) as at 31.03.2018
Deferred tax liability				
- Arising out of timing difference in depreciable assets	4,410.37	62.39	-	4,472.76
- On fair value adjustment on financial instrument	0.32	0.66	-	0.98
Deferred tax assets				
- On expenses allowable against taxable income in future years	(411.95)	(83.74)	-	(495.69)
- On employee benefit expense	-	0.94	(0.94)	-
- On fair valuation of equity instruments	-	0.90	(0.90)	-
Total	3,998.74	(18.85)	(1.84)	3,978.05

Note 20 - Other Non Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advance rental Income	2.21	3.96
Total	2.21	3.96

Note 21 - Borrowings

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Working capital loans from bank (secured)	943.77	8.87
Total	943.77	8.87

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 16 long term borrowings .
- The working capital facility carries interest rates varying from 9.5%

Note 22 - Trade Payables

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
a) Total outstanding dues of MSME (Refer Note 45)	57.13	74.35
b) Total outstanding dues of creditors other than MSME	2,334.00	1,947.77
Total	2,391.13	2,022.12

The information in relation to dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 23 - Other financial liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Current maturities of long - term debt (Ref. Note No.16)	3,232.54	3,694.97
b) Deposits from Employees	370.00	302.92
c) Payable to related parties (Ref. Note No. 40)	424.42	400.20
d) Employee Benefits Payable	521.73	410.79
e) Other payables	1,719.95	1,733.83
Total	6,268.64	6,542.71

Note: Other payable includes accrued liabilities for expenses and Creditors for expenses

Note 24 - Provisions

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Gratuity – Refer Note No. 34 (b) (i)	362.97	365.77
b) Leave Encashment Refer Note No. 34 (b) (ii)	17.35	92.09
Total	380.32	457.86

Note 25 - Other Current Liabilities

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
a) Statutory dues Payable	476.35	309.62
b) Creditors for capital goods	1,350.36	677.71
c) Unpaid dividend	41.20	39.81
d) Advance received from Patients	191.40	496.25
e) Advance towards Academic Course Fees	75.74	51.64
Total	2,135.05	1,575.03

Note 26 - Revenue From Operations

₹ in Lakhs

Particulars	2018-19	2017-18
I.Revenue from operations		
(a) Inpatients Revenue		
i) Doctors fees & Other healthcare services	34,957.16	33,185.15
ii) Pharmacy & Dietary	8,342.09	7,433.24
(b) Outpatients Revenue		
i) Doctors fees & Other healthcare services	11,500.38	10,941.59
ii) Pharmacy & Dietary	7,655.39	6,991.32
II.Other Operating Income		
a) Rent received	106.82	148.92
b) Academic Course Fees	203.37	133.22
Total	62,765.21	58,833.44

The effect of adoption of IndAs 115 does not have any material impact on the financial statement of the company

Note 27 - Other Income

₹ in Lakhs

Particulars	2018-19	2017-18
(a) Interest Income	669.58	577.28
(b) Dividend income from Investments designated through OCI	-	0.06
(c) Profit on sale of Property, Plant and Equipment	2.49	8.77
(e) Other non-operating income	151.66	127.47
Total	823.73	713.58

Note 28 - Cost of Medicines & Hospital consumables consumed

₹ in Lakhs

Particulars	2018-19	2017-18
Opening Stock	962.37	813.27
Add: Purchases	18,677.35	17,356.74
	19,639.72	18,170.01
Less: Closing Stock	902.59	962.37
Total	18,737.13	17,207.64

Note 29 - Employee Benefits Expenses

₹ in Lakhs

Particulars	2018-19	2017-18
(a) Salaries, Allowances & Bonus	9,921.29	8,567.74
(b) Contribution to Provident and Other Funds	647.31	629.87
(c) Staff Welfare Expenses	209.94	226.36
(d) Long Term Compensated Absence	30.15	128.04
(e) Gratuity Refer Note 34 (b) (i) (b)	274.85	227.85
Total	11,083.54	9,779.86

Note 30 - Finance Costs

₹ in Lakhs

Particulars	2018-19	2017-18
a) Interest on Borrowings	1,211.51	1,207.83
b) Unwinding of Interest on Financial Instrument at amortised cost	1.51	2.52
c) Other borrowing Cost	4.91	75.78
Total	1,217.93	1,286.13

Note 31 - Depreciation and Amortisation

₹ in Lakhs

Particulars	2018-19	2017-18
a) Depreciation on Property, Plant and Equipment (Refer Note 2)	3,518.43	3,407.55
b) Amortisation on Intangible Assets (Refer Note 4)	34.84	25.59
Total	3,553.27	3,433.14

Note 32 - Other Expenses

₹ in Lakhs

Particulars	2018-19	2017-18
a) Consumption of stores and spares	200.12	199.41
b) Power and Fuel consumed	863.76	733.80
c) Consumption of Dietary	1,221.28	1,179.92
d) Consultant charges	11,153.56	10,102.84
e) Hospital upkeep expenses	1,413.86	1,224.52
f) Lab test charges	465.69	368.69
g) Travel and conveyance	101.51	121.62
h) Rent	547.66	380.76
i) Advertisement	443.49	493.56
j) Auditor's Remuneration [Refer note. 32(1)]	27.06	23.54
k) Professional charges	128.37	120.26
l) Directors sitting fee	8.40	2.46
m) Repairs and Maintenance - Building	177.79	284.67
n) Repairs and Maintenance - Machinery	964.10	990.62
o) Repairs and Maintenance - Others	370.31	318.44
p) License fee, Rates & Taxes	151.96	768.42
q) Expenditure towards CSR activities (Refer Note 43)	152.47	157.35
r) Donation	29.64	213.62
s) Printing & Stationery	413.88	378.57
t) Hire Charges - Vehicle	23.12	26.39
u) Miscellaneous expenses	854.59	807.25
Total	19,712.62	18,896.71

Note 32 (1) - Auditor Remuneration

₹ in Lakhs

Particulars	2018-19	2017-18
Payments to the auditor		
a) For Statutory Audit	16.50	15.00
b) For Taxation Matters	6.00	4.50
c) For Other Services	-	-
d) For Reimbursement of Expenses	0.63	0.65
e) For Service Tax / Goods and Service Tax	3.93	3.39
Total	27.06	23.54

Note 33 - Tax Expenses

₹ in Lakhs

Particulars	2018-19	2017-18
Provision for Income Tax	3,129.13	3,164.35
Prior Year Tax	10.00	0.05
Deferred Tax	131.05	(18.85)
Total	3,270.18	3,145.55

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in Statement of Profit and Loss is as follows:

Particulars	2018-19	2017-18
	₹ in Lakhs	₹ in Lakhs
Profit/(loss) before tax	9,284.45	8,943.52
Enacted tax rate	34.944%	34.608%
Expected income tax expense/(benefit) at statutory tax rate	3,244.36	3,095.17
Tax effect of adjustments to reconcile expected income tax expense to expense to reported income tax expense:		
Expenses not deductible in determining taxable profits	180.08	125.55
Income exempt from taxation	-	(0.02)
Tax allowances and concession	(164.88)	(74.23)
Disallowances and reversals - net	(2.99)	(2.75)
Tax expense for the year	3,256.57	3,143.71
Effective income tax rate	35.08%	35.15%

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.

34. Employee benefits
a) Defined contribution plan

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 ₹ 647.31 Lakhs (for the year ended March 31, 2018: ₹ 629.87 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.

Investment Risk:	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.
Interest risk:	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.
Salary risk:	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.
Longevity risk:	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

Particulars	Valuation as at	
	31.03.2019	31.03.2018
Discount rate(s)	6.66%	6.81%
Expected Return on Assets	-	-
Salary Escalation	Uniform 8.0%	Uniform 8.0%
Attrition Rate	Uniform 30.0%	Uniform 40.0%
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

Particulars	₹ in Lakhs	
	31.03.2019	31.03.2018
Current service cost	214.82	164.92
Net Interest on Defined Benefit Obligations	60.03	47.01
Expected return on Plan assets	-	-
Past service cost and (gain) / loss from settlements	-	15.92
Expenses recognized in the statement of profit and loss	274.85	227.85

c) Recognized in Other Comprehensive Income for the year

₹ in Lakhs

Particulars	31.03.2019	31.03.2018
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial gains/losses arising from changes in demographic assumptions	15.91	(10.27)
Actuarial gains/losses arising from changes in financial assumptions	2.57	(4.26)
Actuarial gains/losses arising from experience adjustments	22.07	17.25
Amount recognized in OCI for the current period	40.55	2.72

d) Movements in the present value of the defined benefit obligation are as follows

₹ in Lakhs

Particulars	31.03.2019	31.03.2018
Present value of obligations as at the beginning of the year	915.16	748.64
Current service cost	214.82	164.92
Past service cost	-	15.92
Net Interest on Defined Benefit Obligations	60.03	47.01
Remeasurement (gains)/losses:		
Actuarial gains/losses arising from changes in demographic assumptions	15.91	(10.27)
Actuarial gains/losses arising from changes in financial assumptions	2.57	(4.26)
Actuarial gains/losses arising from experience adjustments	22.07	17.25
Benefits paid	(67.25)	(64.05)
Present value of obligations as at the end of the year	1163.31	915.16

e) Change in fair value of plan assets

₹ in Lakhs

Particulars	31.03.2019	31.03.2018
Fair value of plan assets as at the beginning of the period	-	-
Return on plan assets	-	-
Contributions	67.25	64.05
Benefits paid	(67.25)	(64.05)
Actuarial gain/(loss) on plan assets	-	-
Fair value of plan assets as at the end of the period	-	-

f) Net Asset/ Liability recognized in Balance Sheet

₹ in Lakhs

Particulars	31.03.2019	31.03.2018
Present value of obligations	1163.61	915.16
Fair Value of Plan Assets	-	-
Amount recognized	1163.61	915.16

g) Sensitivity Analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

₹ in Lakhs

Particulars	31.03.2019	31.03.2018
Discount rate + 100 basis points	1134.05	898.06
Discount rate - 100 basis points	1194.36	933.07
Salary Escalation rate + 1%	1185.75	928.15
Salary Escalation rate - 1%	1141.70	902.49
Attrition rate + 1%	1159.52	912.39
Attrition rate - 1%	1167.22	918.02

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	
	31.03.2019	31.03.2018
Defined Benefit Obligation	1163.31	915.16
Plan Assets	-	-
Surplus / (Deficit) in Plan Assets	(1163.61)	(915.16)
Experience Adjustments on Plan Liabilities – Loss / (Gain)	22.07	17.25
Experience Adjustments on Plan Assets – Gain / (Loss)	-	-

ii) Leave Encashment Benefits

During the year, the Company has changed the policy with respect to Compensated absence plan. The accumulated balances available in respect of leave encashment has been discharged in full. Going forward, the unutilized leave would be paid on an annual basis with no eligibility for carried forward.

35. 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	
	31.03.2019	31.03.2018
Non-Current Borrowings (Refer Note : 16)	33,596.40	16,456.18
Current Borrowings (Refer Note : 21)	943.77	8.87
Current Maturities of Long term Debt (Refer Note : 23)	3,232.54	3,694.97
Total Borrowings (a)	37,772.71	20,160.02
Cash and Cash equivalents (Refer Note:10)	2,673.20	2,368.11
Bank Balances other than cash and cash equivalents (Refer Note : 11)	7,516.26	6,872.78
Total Cash (b)	10,189.46	9,240.89
Net Debt (c) = (a)-(b)	27,583.25	10,919.13
Equity (Refer Note :14)	1,094.23	1,094.23
Other Equity (Refer Note : 15)	33230.12	27636.93
Total Equity (d)	34324.35	28731.16
Total Capital (e) = (c)+(d)	61907.60	39650.46
Gearing Ratio = (c)/(d)	80.36%	38.00%

- 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 16 and 21.

b) Fair Value Measurements
i) Financial instruments by category

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
Financial Assets						
Investments	5	-	18.10	6.00	24.10	24.10
Trade Receivables	9	-	-	1000.69	1000.69	1000.69
Other financial assets	6,12	-	-	1179.02	1179.02	1179.02
Cash & Cash Equivalent	10	-	-	2673.20	2673.20	2673.20
Other Bank Balances	11			7516.26	7516.26	7516.26
Financial Liabilities						
Borrowings	16,21	-	-	37772.71	37772.71	37772.71
Trade payables	22	-	-	2391.13	2391.13	2391.13
Other financial liabilities	17,23	-	-	6292.52	6292.52	6292.52

The carrying values of financial instruments by categories as at March 31, 2018 were as follows:

₹ in Lakhs

Particulars	Note	FVTPL	FVTOCI	Amortised cost	Total Carrying value	Total Fair value
Financial Assets						
Investments	5	-	16.50	6.00	22.50	22.50
Trade Receivables	9	-	-	1257.97	1257.97	1257.97
Other financial assets	6,12	-	-	712.82	712.82	712.82
Cash & Cash Equivalent	10			2368.11	2368.11	2368.11
Other Bank Balances	11			6872.78	6872.78	6872.78
Financial Liabilities						
Borrowings	16,21	-	-	20160.02	20160.02	20160.02
Trade payables	22	-	-	2,022.12	2,022.12	2,022.12
Other financial liabilities	17,23	-	-	6599.11	6599.11	6599.11

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, 2019

₹ in Lakhs

Particulars	Note	Level 1	Level 2	Level 3	Carrying values
Financial Assets					
At amortised costs					
Investments – Non-current Unquoted	5			6.00	-
Trade Receivables	9			1000.69	1000.69
Other financial assets	6,12			1179.02	1179.02
At fair value through Other Comprehensive Income					
Investments – Non-current	5	18.10			18.10
Financial Liabilities					
At amortised costs					
Borrowings	16,21			37772.71	37772.71
Trade payables	22			2391.13	2391.13
Other financial liabilities	17,23			6292.52	6292.52

Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2018

₹ in Lakhs

Particulars	Note	Level 1	Level 2	Level 3	Carrying values
Financial Assets					
At amortised costs					
Investments – Non-current Unquoted	5			6.00	6.00
Trade Receivables	9			1257.97	1257.97
Other financial assets	6,12			712.82	712.82
At fair value through Other Comprehensive Income					
Investments – Non-current	5	16.50			16.50
Financial Liabilities					
At amortised costs					
Borrowings	16,21			20160.02	20160.02
Trade payables	22			2,022.12	2,022.12
Other financial liabilities	17,23			6599.11	6599.11

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, 2019 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 counter parties 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

₹ in Lakhs

Credit rating	Particulars	As at 31.03.2019	As at 31.03.2018
Low credit risk	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	11768.99	10895.60
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 March 31, 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	-	-	-	-	-
Total	943.77	3,232.54	5,598.82	27,997.58	37,772.71

Maturities of financial liabilities as at March 31, 2018

₹ in Lakhs

Particulars	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	8.87	3,694.97	4,106.98	12,349.20	20,160.02
Other financial liabilities	-	-	-	-	-
Total	8.87	3,694.97	4,106.98	12,349.20	20,160.02

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	As at 31.03.2019	As at 31.03.2018
Fixed rate borrowing	-	101.50
Variable rate borrowing	36,828.94	20,049.65
Total	36,828.94	20,151.15

Sensitivity

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	As at 31.03.2019	As at 31.03.2018
Interest sensitivity		
Interest rates – increase by 100 basis points	242.26	108.10
Interest rates – decrease by 100 basis points	242.19	145.62

36. Earnings per Share (EPS) (computed in accordance with Ind AS 33)

₹ in Lakhs

Particulars	2018 - 19	2017 - 18
Profit for the year attributable to owners of the Company (₹ in Lakhs)	6,014.27	5,797.97
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
Basic/ Diluted Earnings Per Share (in ₹)	54.96	52.99

37. Operating lease arrangements
Disclosure for company as lessee

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

The future minimum lease payments are as follows

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Not later than one year	496.65	501.29
Later than one year but not later than five years	1594.68	2019.57
Later than five years	4508.59	4387.13

Disclosure for company as lessor

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Not later than one year	56.23	107.96
Later than one year but not later than five years	101.99	145.07
Later than five years	41.31	35.83

38. Contingent Liabilities and Commitments as on the closing date

₹ in Lakhs

(i)	Particulars	As at 31.03.2019	As at 31.03.2018
	Contingent Liabilities:		
	a. Letter of Credit for capital equipments	1790.33	Nil
	b. Disputed Statutory Liabilities not provided for (excluding interest, if any)	269.84	269.84
	c. Claims of various nature made against the Company not acknowledged as debt	1071.56	905.95
	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account	21,554.25	33,182.43

- (ii) The Government of Tamilnadu wide G.O.(2D) No.24 dated 02-03-2018 has revised the minimum rates of wages for the employees working in the hospital. The Indian Medical Association (IMA), Tamilnadu branch, an apex body representing the medical institutions in the country and Tamilnadu, has represented to the government of Tamilnadu to review the G.O. The IMA, Tamilnadu branch has in turn informed all the medical institutions to keep the matter in abeyance pending such review from Government of Tamilnadu. Consequently the anticipated liability as per G.O. has not been provided for in the financial statement.

39. Events after the reporting period

The Board of Directors of the company have recommended dividend of ₹ 3/- per fully paid up equity shares of ₹ 10/- each, aggregating to ₹ 395.74 Lakhs, including ₹ 67.47 Lakhs dividend distribution tax for the FY 2018-19, which is based on the share capital as on March 31, 2019. The actual dividend amount will be dependent on the relevant share capital outstanding as on the record date/ book closure.

40. 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"> ○ Dr. Nalla G Palaniswami ○ Dr. Thavamani Devi Palaniswami ○ Dr. Mohan S Gounder ○ Dr. Arun N Palaniswami ○ Dr.Kasi K Goundan ○ Dr.M.Manickam ○ CA.A.M.Palanisamy ○ Dr.M.C.Thirumoorthi ○ Mr.A.K.Venkatasamy ○ Mr.K.Saminathan ○ Dr.M.A.Muthusethupathi ○ Dr.Purani P Palaniswami ○ Dr.S. Krishnasamy
	Other Related Parties (includes entities in which Directors are interested)	<ul style="list-style-type: none"> ○ Purani Hospital Supplies Limited ○ Aosta Software Technologies (India) Limited ○ Sakthi Sugars Limited ○ Biomed Hitech Industries Limited ○ NGP Estate Motors Agencies ○ Dr. K.S.K. Murugaiyan

B.Related Party Transactions:

₹ in Lakhs

Particulars	2018-19		2017-18	
	Key Management Personnel	Other Related Parties	Key Management Personnel	Other Related Parties
Lease rent paid	83.28	36.52	83.13	83.04
Interest on Lease Advance received	-	-	-	-
Purchases	-	4084.69	1619.50	4075.96
Advertisement	-	0.21	-	-
Rent receipts	-	-	-	-
IT Software purchase & Hardware Maintenance Charges	-	133.51	-	84.30
Consultant Charges	-	21.75	-	15.75
Directors Remuneration, Commission & Perquisites	692.82	-	680.32	-
Lease Advance received back	-	-	-	-
Lease Advance paid	-	-	-	-
Amount payable	399.68	195.39	386.73	160.85
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 Note16). 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	2018-19	2017-18
Lease rent paid	83.28	83.13
Purchase of Fuel	81.39	73.28
Purchase of Land	-	1147.00
Remuneration, Commission & Perquisites	282.66	267.52
Amount Payable	199.84	193.36

41. Segment Reporting

The company is engaged in the business of Healthcare activities. Hence, there is only one reportable segment.

42. Expenditure in foreign currency

₹ in Lakhs

Particulars	31.03.2019	31.03.2018
(i) CIF value of imports		
a. Capital goods	323.71	187.87
(ii) Business Promotion	-	14.42
(ii) Dividend paid in foreign currency		
a. Dividend	29.37	33.11
b. No. of Non Resident shareholders (in Nos.)	55	68
c. No. of Shares of ₹ 10 each held by them	978834	1324218

43. Corporate Social Responsibility (CSR) Activities:

- a. Gross amount required to be spent by the company during the year 2018-19 : ₹ 165.26 Lakhs
b. Amount spent during the year : ₹ 152.47 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	152.47	-	152.47

44. Income tax assessments have been completed upto the Assessment year 2016-17.
45. Disclosure pertaining to micro, small and medium enterprises

₹ in Lakhs

Particulars	31.03.19	31.03.18
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	57.13	74.35
Interest due on above	-	-
Total	57.13	74.35
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.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
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 and relied upon by the auditors.	-	-

46. Amalgamation with Idhayam Hospitals Erode Limited

During the year, Chennai Bench of National Company Law Tribunal ordered the sanction of the Scheme of Amalgamation of Idhayam Hospitals Erode Limited (Transferor and Erstwhile subsidiary company) with Kovai Medical Center and Hospital Limited (Transferee Company). The certified copy of the Order from Chennai Bench of NCLT sanctioning the scheme was filed with Ministry of Corporate Affairs on 28th September 2018. The scheme has accordingly been given effect to in the financial statements. The Amalgamation has been accounted for under the "Pooling of Interest method" as prescribed under Ind AS 103 - Business Combinations and financial information of the prior year have been restated as if the business combination had occurred at the beginning of the preceding period.

Consequent to giving effect to the Scheme of Amalgamation, all the assets and liabilities of Transferor Company were recorded in the books of the Transferee Company at their existing carrying value. In respect of inter Company owings, the outstanding balance (net) of ₹ 200 lakhs have been eliminated.

Details of assets and liabilities accounted under "Pooling of Interest method" consequent to the amalgamation :

Particulars	₹ in Lakhs
Liabilities:	
Equity	357.58
Retaining Earnings	(282.52)
Statutory dues payables	0.59
Other Payables	1.08
Lease Rent Deposit	200.00
Total (A)	276.73
Assets:	
Fixed Assets	255.59
Security Deposits	0.28
Cash & Cash Equivalents	18.91
Prepaid Expenses	0.35
Provision for Tax (net)	16.46
Total (B)	291.59
Capital Reserve (B-A)	14.86

Since the amalgamation was with wholly owned subsidiary, there was no consideration issued. The investment in the books of the transferee company and the paid up Share Capital in the books of transferor company as it stood prior to scheme of amalgamation has been eliminated.



47. Disclosure has 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.
48. Details of foreign currency exposed are hedged / unhedged - Nil
49. Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.
50. Figures have been rounded off to the nearest thousands. Figures are in ₹ Lakhs, except 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 Reg.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 : 25.05.2019

Awards



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in The Week Magazine

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