

**6<sup>th</sup> October, 2018**

BSE Limited  
Corporate Relationship Department  
P J Towers  
Dalal Street, Fort,  
Mumbai – 400 001.

Dear Sir/ Madam,

**Sub:** Submission of Annual Report of the Company for the Financial year 2017-18 as per Regulation 34 of SEBI (LODR) Regulations, 2015

**Ref:** Security code: 524520; Security ID: KMCSHIL

We are enclosing herewith the Annual Report of the Company for the Financial Year 2017-18 duly approved and adopted by the members at the Annual General Meeting held on 28<sup>th</sup> September, 2018 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on record.

Thank you,  
With regards,

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

  
**SATHYAN G**  
**COMPANY SECRETARY**



**Regd. Office**

**KMC Speciality Hospitals (India) Ltd**

CIN - L85110TN1982PLC009781

No. 6, Royal Road, Cantonment, Trichy - 620 001.

T 0431-4077777 F 0431 - 2415402

E info@kauveryhospital.com W www.kauveryhospital.com



KMC Speciality Hospitals (India) Limited

# ANNUAL REPORT

2017-2018



**ANNUAL REPORT 2017-18**  
**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Dr S Chandrakumar	Managing Director
Dr D Senguttuvan	Executive Director (Upto 30 <sup>th</sup> August, 2018)
Dr S Manivannan	Director
Dr S Aravindan	Director (From 31 <sup>st</sup> August, 2018)
Dr T Senthilkumar	Director
Mr A Krishnamoorthy	Independent Director
CA S Chentilkumar	Independent Director & Chairman
Mr N Bala Baskar	Independent Director
Mr B Pattabhiraman	Director (Upto 11 <sup>th</sup> November, 2017)
Mr Adithya Bharadwaj	Nominee Director (Upto 30 <sup>th</sup> August, 2018)
Mr A Ganesan	Nominee Director (From 31 <sup>st</sup> August, 2018)
Mrs Jayanthi Narayanaswamy	Director
Mr S Badrinarayan	Chief Financial Officer
Mr G Sathyan	Company Secretary

**BANKERS**

State Bank of India  
HDFC Bank  
Yes Bank  
City Union Bank  
Indian Overseas Bank  
Punjab National Bank  
Axis Bank

**AUDITORS**

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

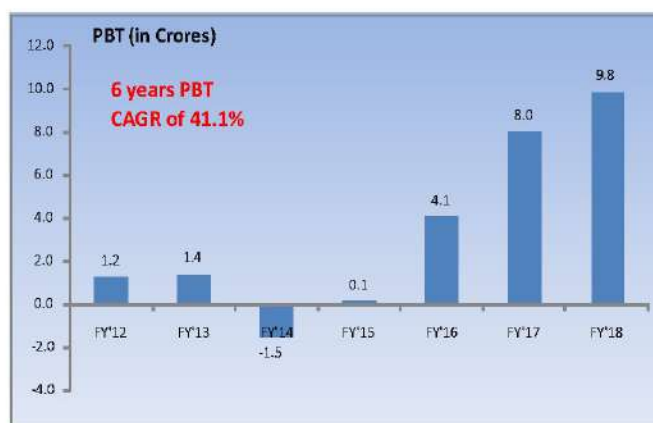
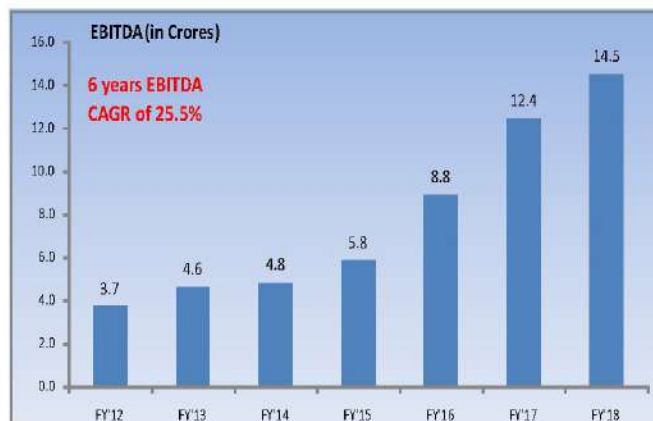
**REGISTERED & CORPORATE OFFICE**

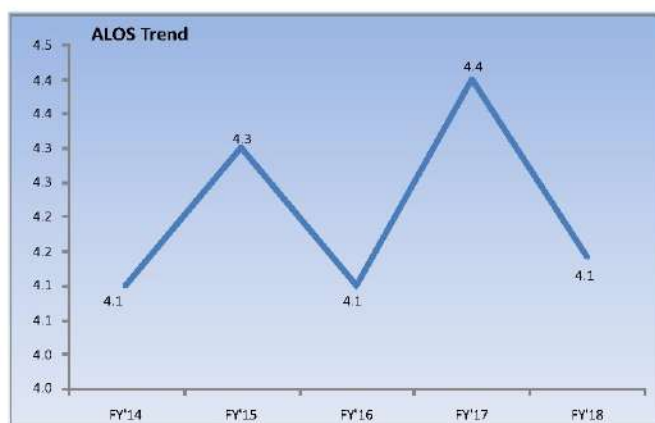
6, Royal Road, Cantonment  
Trichy - 620 001  
CIN: L85110TN1982PLC009781  
E-mail: [cs.kmcshil@kauveryhospital.com](mailto:cs.kmcshil@kauveryhospital.com)  
Website: [www.kauveryhospital.com](http://www.kauveryhospital.com)

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**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**  
CIN: L85110TN1982PLC009781  
REGISTERED OFFICE: NO: 6, ROYAL ROAD, CANTONMENT, TRICHY - 620001

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on **Friday, the 28<sup>th</sup> day of September, 2018 at 10:30 AM** at Hotel Breeze Residency, Mc Donald's Road, Trichy – 620001 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr S Manivannan (DIN: 00910804), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr T Senthilkumar (DIN: 01742558), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

4. **Appointment of Dr S Chandrakumar (DIN: 01867847) as Executive Chairman (Whole-Time)**

To consider and if thought fit, to pass, the following Resolution as a **SPECIAL RESOLUTION**:

**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to the appointment of Dr S Chandrakumar (DIN: 01867847), as Executive Chairman (Whole-Time) of the Company for a period of 3 years from 29<sup>th</sup> September, 2018 to 28<sup>th</sup> September, 2021 at a remuneration not exceeding **Rs. 52,50,000/- (Rupees Fifty Two Lakhs and Fifty Thousand only)** per annum;

**RESOLVED FURTHER THAT** Dr S Chandrakumar shall be eligible for a maximum increase of 8% on the applicable Fixed remuneration effective 1<sup>st</sup> January, 2019;

**RESOLVED FURTHER THAT** the consent of the members be and is hereby accorded to revise/ vary/ alter/ amend the remuneration payable to Dr S Chandrakumar as per the terms that may be determined by the Nomination and Remuneration Committee from time to time and approved by the Board, which shall not exceed the maximum amount payable to a Whole Time Director in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule V to the Act, including any statutory modification or re-enactment thereof;

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Dr S Chandrakumar as Executive Chairman (Whole-Time) be paid the minimum remuneration as specified in Section II of Part II of Schedule V to the Companies Act, 2013 as in force in each financial year;

**RESOLVED FURTHER THAT** in addition to the remuneration Dr S Chandrakumar, Executive Chairman (Whole-Time) shall be eligible for reimbursement of expenses incurred relating to official purposes as per the Company Policy from time to time;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Director or Director(s) to give effect to the aforesaid resolution."

**5. Appointment of Dr S Manivannan (DIN: 00910804) as Managing Director of the Company**

To consider and if thought fit, to pass, the following Resolution as a **SPECIAL RESOLUTION**:

**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to the appointment of Dr S Manivannan (DIN: 00910804), as Managing Director of the Company for a period of **3 years** from 1<sup>st</sup> October, 2018 to 30<sup>th</sup> September, 2021 at a remuneration not exceeding **Rs. 47,12,500/- (Rupees Forty Seven Lakhs Twelve Thousand Five Hundred Only)** per annum;

**RESOLVED FURTHER THAT** Dr S Manivannan shall be eligible for a maximum increase of 8% on the applicable Fixed remuneration effective 1<sup>st</sup> January 2019;

**RESOLVED FURTHER THAT** the consent of the members be and is hereby accorded to revise/ vary/ alter/ amend the remuneration payable to Dr S Manivannan as per the terms that may be determined by the Nomination and Remuneration Committee from time to time and approved by the Board, which shall not exceed the maximum amount payable to a Managing Director in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule V to the Act, including any statutory modification or re-enactment thereof;

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Dr S Manivannan as Managing Director be paid the minimum remuneration as specified in Section II of Part II of Schedule V to the Companies Act, 2013 as in force in each financial year;

**RESOLVED FURTHER THAT** in addition to the remuneration Dr S Manivannan, Managing Director shall be eligible for reimbursement of expenses incurred relating to official purposes as per the Company Policy from time to time;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Director or Director(s) to give effect to the aforesaid resolution."

**6. Appointment of Dr S Aravindan (DIN: 05172690) as Non-Executive Director of the Company**

To consider and if thought fit to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company, Dr S Aravindan (DIN05172690), who was appointed as Additional Director of the Company with effect from 31<sup>st</sup> August, 2018 by the Board of Directors of the Company pursuant to Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One lakh only) from a member under Section 160 of the Act, proposing the candidature of Dr S Aravindan for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation."

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

To consider and if thought fit to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to Section 188 and other applicable provisions, if any, of the Companies Act 2013 and the rules made there under and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment thereof for the time being in

force, the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any existing Committee(s) or any committee, the Board may hereafter constitute to exercise powers of the Board including the power conferred by this resolution) for the material related party transactions to be entered into and carried out in the ordinary course of business and at arm's length price with the holding company namely M/s. Sri Kavery Medical Care (Trichy) Limited, fellow subsidiaries or associate companies being related parties to the Company, in connection with Sale and purchase of goods and the various services including hospital services rendered / availed or to be availed, claims made and reimbursement of claims received or any other transactions involving a transfer of resources, services or obligations of whatever nature on such terms as may be mutually agreed upon with the holding company namely M/s. Sri Kavery Medical Care (Trichy) Limited, fellow subsidiaries or associate companies for an aggregate value not exceeding **Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only)** per annum;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized and empowered to do all such acts, deeds, matters and things to settle any queries, difficulties, doubts that may arise with regard to any transaction with M/s. Sri Kavery Medical Care (Trichy) Limited, fellow subsidiaries or associate companies and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose for giving effect to this resolution, in the best interest of the company."

**8. To approve limits of borrowing under section 180 (1) (c) and 180 (1) (a) of the Companies Act, 2013**

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**.

**"RESOLVED THAT** in supersession of the Resolution passed at the Annual General Meeting of the Company held on 28<sup>th</sup> September, 2017, consent of the members be and is hereby accorded in terms of the provisions of **Section 180(1)(c), 180(1)(a)** and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) to the Board of Directors (hereinafter referred to as "the Board" which shall include any Committee(s) thereof) to borrow from time to time all such sum(s) of money as the Board may deem requisite for the purpose of the Company, notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company and outstanding (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, provided however that the total amount so borrowed and to be borrowed and remaining outstanding at any one time shall not exceed **Rs 150,00,00,000/- (Rupees One Hundred and Fifty Crores only)** in the aggregate, with or without creating charges on one or more or all assets of the Company."

**9. To approve limits of investment(s), guarantee(s) and security (ies) under Section 186 of the Companies Act, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 186 read with the Rules framed thereunder and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board") which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) to give guarantee(s) and / or loan(s) and/ or to provide security(ies) in connection with a loan/any other form of debt to any other body corporate or person and to make investments or acquire by way of subscription, purchase or otherwise the securities of any other body corporate whether Indian or overseas up to a maximum amount of **Rs 100,00,00,000/- (Rupees One Hundred Crores only)** outstanding at any point of time notwithstanding that the aggregate amount of all the guarantees / loans/ securities / investments so far made together with the proposed guarantees / loans/ securities / investments to be made, exceeds the prescribed limits under Section 186 (2) of the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take from time to time all decisions and steps in respect of the above loans, guarantees, securities and investments including the timing, amount and other terms and conditions of such loans, guarantees, securities and investments and varying the same either in part or in full as it may deem appropriate and to do and perform all such acts, deeds, matters and things as may be necessary,

proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution."

**10. To approve transactions under Section 185 of the Companies Act, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** subject to the provisions of Section 185, 186 and such other provisions, as may be applicable, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include, unless the context otherwise required, any committee of the Board or any Director or Officer(s) authorized by the Board to exercise the powers conferred on the Board under this resolution), to give loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any entity which is a holding or subsidiary or associate or joint venture of the Company, (in which any director(s) is or may be deemed to be interested) upto a sum not exceeding **Rs 25,00,00,000/- (Rupees Twenty Five Crores only)** at any point of time, in their absolute discretion deem beneficial and in the interest of the Company;

**RESOLVED FURTHER THAT** the Board of Directors or any Committee thereof, be and are hereby authorized to take from time to time all decisions and steps in respect of the above loans, guarantees, securities and investments including but not limited to the timing, amount and other terms and conditions of such loans, guarantees and securities and varying the same either in part or in full as it may deem appropriate and to do and perform all such acts, deeds, matters and things as may be necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution."

**11. To re-appoint Mr S Chenthilkumar (DIN: 02621693) as Independent Director of the Company for a second term:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr S Chenthilkumar (DIN: 02621693), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as Independent Director of the Company for the second term of 5 years with effect from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024."

**12. To re-appoint Mr A Krishnamoorthy (DIN: 00386122) as Independent Director of the Company for a second term:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr A Krishnamoorthy (DIN: 00386122), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as Independent Director of the Company for the second term of 5 years with effect from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024."



**13. To re-appoint Mr N Bala Baskar (DIN: 00469656) as Independent Director of the Company for a second term:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr N Bala Baskar (DIN: 00469656), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as Independent Director of the Company for the second term of 5 years with effect from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024."

**14. To appoint Mrs Jayanthi Narayanaswamy (DIN: 07143462) as Independent Director of the Company:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mrs Jayanthi Narayanaswamy (DIN: 07143462), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company for an initial term of 5 years with effect from 30<sup>th</sup> August, 2018 to 29<sup>th</sup> August, 2023."

**15. To appoint Mr A Ganesan (DIN:02122660) as Nominee Director of the Company:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association of the Company, Mr A Ganesan (DIN: 02122660), who was appointed as an Additional Director of the Company with effect from 31<sup>st</sup> August, 2018 by the Board of Directors of the company pursuant to Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One lakh only) from a member under Section 160 of the Act, proposing the candidature of Mr A Ganesan for the office of Director, is be and hereby appointed as a Nominee Director of the Company not liable to retire by rotation.

By the order of the Board

Place: Chennai  
Date: 30<sup>th</sup> August 2018

**G Sathyan**  
Company Secretary

**Notes:**

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the act"), concerning the Special business in the notice is annexed hereto and forms part of this notice. The profile of the directors seeking appointment/reappointment, as required in terms of clause 36 (3) of the SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015 is annexed.

2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing the proxy and the power of Attorney or other authority, if any, under which it is signed or a notarized certified copy of the power or other authority with the Registered Office at least 48 hours before the meeting. A proxy form is sent herewith. The proxy shall not be entitled to vote except on a poll.**
3. Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board resolution/power of attorney authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and the Share Transfer Books of the Company shall remain closed from 22<sup>nd</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive).
6. Members, proxies and Authorised Representatives are requested to bring their Attendance Slips together with their copies of the Annual Reports to the Meeting. Copies of the Annual Report will not be provided at the venue of the Annual General Meeting.
7. Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares to the Registrar and Transfer Agents.
8. A route map showing directions to reach the venue of the 35<sup>th</sup> Annual General Meeting is given along with this Notice as per the requirement of the Secretarial Standard – 2 on "General Meetings".
9. Members are requested to notify Change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares members are requested to advise any change of communication address immediately to the Registrar and Transfer Agent, Viz. M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600001.
10. Shareholders desiring any information as regards to financial statement are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting.
11. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting and number of shares held by them.
12. The Ministry of Corporate Affairs ("Ministry"), Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. As per the Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders. In case you are desirous of having a printed copy of Annual Report 2017-18, you may write to us at [cs.kmcshil@kauveryhospital.com](mailto:cs.kmcshil@kauveryhospital.com) or at the registered Office of the Company. The Annual report of the Company can be accessed at [www.kauveryhospital.com/investors#](http://www.kauveryhospital.com/investors#) in the investor section. Electronic copy of the Annual Report for 2017-18 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a

hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2017-18 is being sent in the permitted mode. Electronic copy of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.

13. Members may also note that the Notice of the Thirty Fifth Annual General Meeting and the Annual Report for 2018 will also be available on the Company's website [www.kauveryhospital.com](http://www.kauveryhospital.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Trichy for inspection during normal business hours on working days, except Saturdays, Sundays and public holidays. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [cs.kmcshil@kauveryhospital.com](mailto:cs.kmcshil@kauveryhospital.com).
14. The Notice and the Route map for the venue of the Annual General Meeting is hosted on the Company's website and can be accessed at <http://www.kauveryhospital.com/investors#>.
15. The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice by 'electronic means' (i.e. voting electronically from a place other than the venue of the General Meeting) and all the businesses may be transacted through e-voting services provided by Central Depository Services (India) Limited. The Company is providing facility for voting by electronic means in compliance with the provisions of Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rule, 2014 and Regulation 44 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015. The E-Voting instructions/ procedure and details of Scrutinizer for the E-voting process is provided elsewhere in the report.
16. The remote e-voting period starts on Tuesday, 25<sup>th</sup> September, 2018, 10:00 AM (IST) and ends on Thursday, 27<sup>th</sup> September, 2018 at 05:00 PM (IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 21<sup>st</sup> September, 2018 may cast their votes electronically.
17. The Facility for voting through Ballot paper shall be made available at the 35<sup>th</sup> Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper.
18. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.
19. The Company's website is [www.kauveryhospital.com](http://www.kauveryhospital.com). Annual Reports of the Company and other shareholder communications are made available on the Company's website.
20. All the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail id is [investor@cameoindia.com](mailto:investor@cameoindia.com) mentioning the Company's name i.e., KMC Speciality Hospitals (India) Limited so as to enable the Company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address.



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

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

**Item No. 4: Appointment of Dr S Chandrakumar (DIN: 01867847) as Executive Chairman (Whole-Time)**

Dr S Chandrakumar was re-appointed as Managing Director of the Company at the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2015 for a period of 3 years which expires on 28<sup>th</sup> September, 2018.

Dr S Chandrakumar is the founder of Sri Kavery Medical Care (Trichy) Limited, the holding Company of your Company and has contributed immensely to the growth of the Company.

Considering the long-term strategic vision and objectives of the Company, the Nomination and Remuneration Committee and the Board of Directors of the Company at their meeting held on 30<sup>th</sup> August, 2018 considered and approved the appointment of Dr S Chandrakumar as **Executive Chairman (Whole-Time)** considering his rich and varied experience in the Industry and contributions in steering the company to its current phenomenal turnaround.

**STATEMENT PURSUANT TO SECTION II OF PART II TO SCHEDULE V TO THE COMPANIES ACT, 2013 RELEVANT TO MANAGERIAL REMUNERATION**

**I. GENERAL INFORMATION**

1	Nature of Industry	Health Care Services
2	Date of Commencement of Commercial Activities	31-12-1982 (As Pvt Ltd Company)
		15-07-1988 (As Public Ltd Company)
3	New Company Details	Not Applicable
4	Financial performance of the Company for the Financial Years 2015-2016, 2016-17 and 2017-18 are given below :	

Particulars	Amount Rs. in Lakhs		
	2015-16	2016-17	2017-18
Net Annual Sales/Revenue	4350.46	5494.38	7098.82
Net Profit after taxes	321.36	535.41	665.20

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

**II. INFORMATION ABOUT THE APPOINTEE**

1. Background details - Dr S Chandrakumar is an Anesthesiologist, with over 20 years of reputed clinical experience and managing multi-specialty hospitals.

2. Past Remuneration –An amount not exceeding Rs. 52,50,000/- (Rupees Fifty Two Lakhs Fifty Thousand only) per annum

3. Recognition or awards –

- \* The Hindu - The Doyens Guardians of Health care -2018
- \* "THE HEALERS in Health Care sector" in Tamil Nadu 2015 by FICCI & TANCARE
- \* The PIONEERS in Healthcare in Tamilnadu" for the year 2013 – 14 by FICCI
- \* "Vocational Excellence Award" for the year 2011 – 12 by Rotary Dist 3000.
- \* "Young Turks of Trichy Zone for the year 2010 – 11 by Periyar Maniammai University.
- \* Selected as one of the Top 101 entrepreneurs in Tamilnadu by the CII for the year 2009 – 10.
- \* "Young Achiever Award" for the year 2008.

He is also associated with the following organisations:

- \* Entrepreneur Organization (Global) – Member Chennai Chapter
- \* Independent and external expert - Health Strategy Group of General Insurance Council
- \* Core Committee member Trichy Development Forum
- \* Member in Equitable Healthcare Access Consortium
- \* Convener Medical Tourism Panel Tamilnadu
- \* Past Tamilnadu CII state Healthcare Panel Chairman
- \* Past Chairman for CII Trichy Zone
- \* Founder Chairman – Bharatiya Vidya Bhavan Trichy Kendra
- \* Founder Managing Trustee – Kavery Medical Trust.
- \* Life member in Indian Medical Council.
- \* Life member in Indian Society of Anesthesiologists & Critical care medicine

#### **4. Job Profile and his suitability**

He has more than twenty years of rich and varied experience in the healthcare industry. He has been the Managing Director of this multi-speciality hospital in Trichy with renowned brand value. In spite of the competitions existing in the industry the noteworthy growth of the hospital in all dimensions erasing out its past negative reputations with its present quality performance, is the indication of his suitability to his designation.

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

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

7. Pecuniary relationship with the company – Nil

#### **III. OTHER INFORMATION**

1. Reasons of loss or inadequate profits – The endeavors of the administration to erode the legacy deficiencies, by undertaking renovation and revamping of its civil structure, replenishment of medical equipments, developing IT and other infrastructure requirements and increasing bed capacity have resulted into additional cost of operations, financing cost and depreciation, causing a strain on the profitability.

2. Steps taken or proposed to be taken for improvement – Adopted strategies to ensure the quality performance and achieving higher levels of revenue.

3. Expected increase in productivity and profits in measurable terms - Expected to be in increasing trend in line with the performance since takeover of management in May, 2008. The financial performance during the last 5 years' has shown tremendous positivity and is expected to grow to higher levels.

#### **Other Terms:**

The Executive Chairman (Whole-Time) shall not be liable to retire by rotation.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board of Directors recommends the resolution in relation to the appointment of Dr S Chandrakumar as Executive Chairman (Whole-Time) for the approval of the shareholders of the Company.

The disclosure under Clause 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as Annexure to this Notice.

Except Dr S Chandrakumar, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in this resolution set out at item no. 4.

#### **Item No. 5: Appointment of Dr S Manivannan (DIN: 00910804) as Managing Director of the Company**

Dr S Manivannan is one of the promoters of Sri Kavery Medical Care (Trichy) Limited, the holding Company of your Company and has contributed immensely to the growth of the Company.

Presently, he is on the Board of the Company as a Non-Executive Director and Joint Managing Director of Sri Kavery Medical Care (Trichy) Limited, the holding Company.

Considering the long-term strategic vision and objectives of the Company, the Nomination and Remuneration Committee and the Board of Directors of the Company at their meeting held on 30<sup>th</sup> August, 2018 considered and approved the appointment of Dr S Manivannan as **Managing Director** considering his rich and varied experience in the Industry and expertise in managing Hospital enterprises.

## STATEMENT PURSUANT TO SECTION II OF PART II TO SCHEDULE V TO THE COMPANIES ACT, 2013, RELEVANT TO MANAGERIAL REMUNERATION

### I. GENERAL INFORMATION

1	Nature of Industry	Heath Care Services
2	Date of Commencement of Commercial Activities	31-12-1982 (As Pvt Ltd Company)
		15-07-1988 (As Public Ltd Company)
3	New Company Details	Not Applicable
4	Financial performance of the Company for the Financial Years 2015-2016, 2016-17 and 2017-18 are given below :	

Particulars	Amount Rs. in Lakhs		
	2015-16	2016-17	2017-18
Net Annual Sales/Revenue	4350.46	5494.38	7098.82
Net Profit after taxes	321.36	535.41	665.20

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

### II. INFORMATION ABOUT THE APPOINTEE

- Background details - Dr S Manivannan is an Anaesthesiologist, with over 20 years of reputed clinical experience and managing multi speciality hospitals.
- Past remuneration – Not Applicable
- Recognition or awards:

- Awarded as outstanding Anaesthesiologist of India for the year 2010 by Indian Society of Anaesthesiology
- Certified assessor in NABH (National Accreditation Board for Hospitals & Healthcare)
- Awarded as Best Doctor Award 2012 in by Tamilnadu Dr.MGR Medical University, Chennai
- Passionate about Information Technology and Healthcare Analytics
- Past Chairman of Round Table India
- Past District Secretary of Indian Society of Anesthesiologist in Trichy City Branch

- Job Profile and his suitability

He is one of the Promoters of Sri Kavery Medical Care (Trichy) Ltd, the holding Company with renowned brand value. Inspite of the competitions existing in the industry, he has led to the phenomenal growth of the Company from 40 bedded hospital to a 1000 bed hospital with various geographical expansions justifies his suitability to his



designation.

He is also the founder of MEDICALL, India's Largest Medical Equipment Exhibition.

4. Remuneration proposed: As per the resolution proposed in item (5) above.
5. Comparative Remuneration Profile - The nature of this industry depends upon the caliber / skills of the individual involved, therefore not-comparable.
6. Pecuniary relationship with the company – Nil

### III. OTHER INFORMATION

1. Reasons of loss or inadequate profits – The endeavors of the administration to erode the legacy deficiencies, by undertaking renovation and revamping of its civil structure, replenishment of medical equipments, developing IT and other infrastructure requirements and increasing bed capacity have resulted into additional cost of operations, financing cost and depreciation, causing a strain on the profitability.
2. Steps taken or proposed to be taken for improvement – Adopted strategies to ensure the quality performance and achieving higher levels of revenue.
3. Expected increase in productivity and profits in measurable terms - Expected to be in increasing trend in line with the performance since takeover of management in May, 2008. The financial performance during the last 5 years' has shown tremendous positivity and is expected to grow to higher levels.

#### Other Terms:

The Managing Director shall not be liable to retire by rotation.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board of Directors recommends the resolution in relation to the appointment of Dr S Manivannan as Managing Director for the approval of the shareholders of the Company.

The disclosure under Clause 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as Annexure to this Notice.

Except Dr S Manivannan, being the appointee and Dr S Aravindan, being his relative none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in this resolution set out at item no. 5.

#### Item No. 6: Appointment of Dr S Aravindan (DIN: 05172690) as Non-Executive Director of the Company

The Board of Directors at their meeting held on 30<sup>th</sup> August, 2018 appointed Dr S Aravindan as Additional Director of the Company, pursuant to Section 161 of the Companies Act, 2013 w.e.f 31<sup>st</sup> August, 2018. Dr S Aravindan holds the office of Director upto the date of the Thirty Fifth Annual General Meeting.

The Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One lakh only) from a member under Section 160 of the Act, signifying the candidature of Dr S Aravindan to be appointed as Non- Executive Director, liable to retire by rotation.

Dr S Aravindan has consented to and declared as qualified for the appointment as Director, if made. The Board on receipt of the said notice from a member and on the recommendation of its Nomination and Remuneration Committee and subject to the approval of members in this Annual General Meeting, has accorded its consent, to appoint Dr S Aravindan as Non-Executive Director, liable to retire by rotation.

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

#### Brief profile of Dr S Aravindan:

Dr. S Aravindan, a gold medalist in Orthopedic surgery, is a very competent and specialized surgeon who is passionate about bringing high quality healthcare in India on par with International Standards. He practiced in UK for 15 years in world renowned hospitals like Kings College Hospital and Guys & St Thomas Hospital, London, where he was able to see healthcare at its best first hand.

He was given the BEST DOCTOR award by Tamil Nadu Dr. MGR medical University for his outstanding contribution to the advancement of Orthopedic surgery in 4<sup>th</sup> August, 2012.

He is also the Unit Head and Chief Orthopedic Surgeon of Kauvery Hospital, Chennai functioning under Sri Kavary Medical Care (Trichy) Ltd, the holding Company and has been instrumental in setting up the Chennai hospital and its clinical services which has added significant value to the entire group.

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

Memorandum of Interest: Dr S Aravindan is the brother of Dr S Manivannan, Director of the Company. Except, Dr S Aravindan, being an appointee and Dr S Manivannan, being his relative, none of the Directors, Key Managerial Personnel of the Company, and their relatives is concerned or interested, financial or otherwise in the resolution.

**Item No. 7: To approve Related Party Transactions under Section 188 of the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

The provisions of Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 exempts any transactions entered into by the Company in its ordinary course of business and done at arm's length price, from the requirement of prior approval of the shareholders by way of ordinary resolution. However, Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides that material related party transaction, i.e. if a transaction(s) to be entered into which individually or together with previous transactions during a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the shareholders of the Company by way of an Ordinary Resolution.

The Company in the Ordinary course of business and at arm's length price enters into various transactions with M/s. Sri Kavary Medical Care (Trichy) Limited (the holding Company), fellow subsidiaries or associate companies being related parties to the Company for providing and availing various services including Sale and purchase of goods, rendering and availing of hospital services, claims made and reimbursement of claims received. These transactions are continuous in nature and are not for a specific period. M/s. Sri Kavary Medical Care (Trichy) Limited, fellow subsidiaries or associate companies are related parties as defined under Accounting Standard (AS 18).

Pursuant to rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, the nature of transactions with the related parties is provided in the said resolution. The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the Members.

The members are further informed that pursuant to Clause 23 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 any member of the company who is a related party whether or not related to the particular transaction shall not be entitled to vote on this Ordinary resolution as set out at item No. 7.

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

Dr S Chandrakumar, Dr S Manivannan, Dr S Aravindan and Dr T Senthilkumar individually hold 7.42%, 6.32%, 5.90% and 2.29% respectively in the paid up share capital of M/s. Sri Kavary Medical Care (Trichy) Limited (the holding Company).

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

**Item No 8: To approve limits of borrowing under Section 180 (1) (c) and 180 (1) (a) of the companies Act, 2013.**

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

At the Annual General Meeting of the Company held on 28<sup>th</sup> September 2017, the Members had accorded consent to the Board of Directors to borrow any sum or sums of money not exceeding at any time the sum of Rs. 100 crores.

It is proposed to seek the approval of the shareholders for a higher limit of Rs. 150 Crores keeping in view the Company's

business requirements.

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

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

**Item No 9: To approve limits of investment(s), guarantee(s) and security (ies) under Section 186 of the Companies Act, 2013**

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

The Company had obtained approval from the members for providing guarantees/ securities and making investments to the extent of Rs 75 crores in the Annual General Meeting of the Company held on 28<sup>th</sup> September, 2017.

This permission is sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for making investment(s), granting or providing loans / guarantee(s) or provide security (ies) in connection with loans taken by other companies including holding, fellow subsidiary and associate companies or any other body corporate for an amount not exceeding **100 Crores**.

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

The Board of Directors recommends the resolution set forth in item No. 9 for approval of members as Special resolution.

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

**Item No 10: To approve transactions under Section 185 of the Companies Act, 2013**

The Board of Directors has been judicious in acting upon the delegations provided by the shareholders of the Company in respect of powers to make investment(s)/ provide guarantee(s)/ security (ies) as prescribed under Section 186 of the Companies Act, 2013.

The Company being part of the Kauvery Hospital group is expected to avail and render support to other entities for the business requirements of the entire group.

As a matter of legal prudence and in light of the amendment to Section 185 of the Companies Act, 2013 notified effective 7<sup>th</sup> May, 2018 the Company seeks the approval of the members by way of a Special Resolution to provide financial assistance by extending loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any entity which is a holding or subsidiary or associate or joint venture of the Company, (in which any director(s) is or may be deemed to be interested) subject to compliance requirements under the Companies Act, 2013 and the rules made thereunder.

The members may take note that the Board of Directors would exercise care in evaluating proposals to extend loan/guarantee/ security to other entities including entities within the same group through deployment of funds out of internal resources/ accruals and / or any other appropriate sources from time to time, only for the principal business activities of such entities.

The Board of Directors recommends the resolution set forth in item No. 10 for approval of members as Special resolution.

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

**Item No 11 to 13: To approve re-appointment of Independent Directors**

Pursuant to the provisions of Sections 149, 150, 152 and Schedule IV of the Companies Act, 2013 read with the rules thereunder, Mr S Chentilkumar, Mr A Krishnamoorthy and Mr N Bala Baskar were appointed as Independent Directors of the Company to hold office upto 31<sup>st</sup> March, 2019. Since all the 3 Independent Directors will be completing their initial term as an Independent Director of the Company on 31<sup>st</sup> March, 2019, they are eligible for re-appointment for one more term.

Based on the outcome of the performance evaluation of the Independent Directors, recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 30<sup>th</sup> August, 2018 approved the re-appointment of Mr S Chenthilkumar, Mr A Krishnamoorthy and Mr N Bala Baskar for the second term as provided in the respective resolutions and they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Company has received declarations from all the 3 Independent Directors confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, they fulfill the conditions specified in the Companies Act, 2013 and are independent of the management.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member proposing the candidature of Mr S Chenthilkumar, Mr A Krishnamoorthy and Mr N Bala Baskar to be re-appointed as Independent Directors of the Company as per the provisions of the Companies Act, 2013.

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

In the opinion of the Board the continued association of the Independent Directors proposed to be re-appointed would be of immense benefit to the Company and is desirable to continue availing their services. Accordingly the board recommends the passing of the resolutions set out in Item Nos 11 to 13 as Special Resolutions.

Memorandum of Interest: Except Mr S Chenthilkumar, Mr A Krishnamoorthy and Mr N Bala Baskar, being the appointees, none of the Directors, key managerial personnel of the Company or their relatives are in any way, concerned or interested financially or otherwise in the resolution except to the extent of their shareholding, if any.

**Item No 14: To appoint Mrs Jayanthi Narayanaswamy (DIN: 07143462) as Independent Director of the Company**

Mrs Jayanthi Narayanaswamy has been a Non-Executive Director of the Company from 31<sup>st</sup> March, 2015.

The Company has received declarations from Mrs Jayanthi Narayanaswamy confirming that she meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors at their meeting held on 30<sup>th</sup> August, 2018 taking into account the recommendations received from the Nomination & Remuneration Committee, appointed Mrs Jayanthi Narayanaswamy as Independent Director of the Company subject to the approval of the shareholders of the Company.

Mrs Jayanthi Narayanaswamy has consented to and declared as qualified for the appointment as Independent Director, if made.

The Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One lakh only) from a member under Section 160 of the Act, proposing the candidature of Mrs Jayanthi Narayanaswamy to be appointed as Independent Director, not liable to retire by rotation.

The Board on receipt of the said notice from a member and on the recommendation of its Nomination and Remuneration Committee and subject to the approval of members in this Annual General Meeting, has accorded its consent, to appoint Mrs Jayanthi Narayanaswamy as Independent Director of the Company.

In the opinion of the Board, she fulfills the conditions specified in the Companies Act, 2013 and is independent of the management. Accordingly the Board recommends the passing of the resolution set out in Item No14 as an Ordinary Resolution.

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

Memorandum of Interest: Except Mrs Jayanthi Narayanaswamy, being the appointee and holding 50,100 equity shares of the company, none of the Directors, key managerial personnel of the Company or their relatives are in any way, concerned or interested financially or otherwise in the resolution except to the extent of their shareholding, if any.

**Item No 15: To appoint Mr A Ganesan (DIN:02122660) as Nominee Director of the Company**

The Board of Directors had, at their meeting held on 30<sup>th</sup> August, 2018, co-opted Mr A Ganesan as Additional Director, on behalf of Investors of the Holding Company, pursuant to Section 161 of the Companies Act, 2013. Mr A Ganesan shall hold the office of Director upto the date of the thirty fifth Annual General Meeting. The Company has received notice in writing along with a deposit of Rs 1,00,000 (Rupees One Lakh only) from a member under Section 160 of the Act, signifying the candidature of Mr A Ganesan to be appointed as Nominee Director, not liable to retire by rotation. Mr A Ganesan has consented to and declared as qualified for the appointment as Director, if made. The Board on receipt of the said notice from a member and on the recommendation of its Nomination and Remuneration Committee and subject to the approval of members in this AGM, has accorded its consent, to appoint Mr A Ganesan as Nominee Director, not liable to retire by rotation.

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

**Brief profile of Mr A Ganesan:**

Mr A Ganesan has over 33 years of professional experience in Assurance and Advisory practice. He also has rich experience in Transaction Advisory Services having handled several Due Diligence assignments and handled several M&A deals in India and outside India.

Mr A Ganesan has vast experience in domestic and international taxation. He was actively involved in the acquisition and Fund-raising activities of Trivitron Healthcare, Medfort Hospitals and Metropolis Healthcare.

He is a founder of Stakeboat Capital LLP.

He is a fellow member of the Institute of Chartered Accountants of India (ICAI)

The Board of Directors of your Company recommends the passing of the Ordinary Resolution as set out in the Item no. 15 of the Notice.

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

### Annexure

#### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (Pursuant to Clause 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of Directors	Appointment	
	Dr S Chandrakumar	Dr S Manivannan
Directors Identification Number	01867847	00910804
Type	Executive Chairman (Whole-Time)	Managing Director
Age & Date of Birth	53 Years 15.04.1965	49 Years 30.10.1969
Date of Appointment / Re-appointment	29.09.2015	20.07.2013
Qualification	M.B.B.S M.D.	M.B.B.S M.D D.N.B
Number of Equity shares held	Nil	Nil
Expertise in specific functional area	Hospital Operations, Clinical Excellence, Corporate Services viz., Finance, HR, Legal, and Business Development	Strategy, Hospital Operations, Clinical Excellence, Corporate Services viz., IT & Hospital Information System, Procurement and MIS
List of Public Limited Companies in which outside Directorships held	1) Sri Kavery Medical Care (Trichy) Limited	1) Sri Kavery Medical Care (Trichy) Limited  2) Kauvery Medical Centre (Karaikudi) Limited
Chairman/ Member of the Committee of the Board of Director of the Company	<b><u>Member</u></b>  (i) Stakeholder Relationship Committee  (ii) Banking and Borrowing Committee  (iii) Corporate Social Responsibility Committee	<b><u>Member</u></b>  (i) Audit Committee  (ii) Stakeholder Relationship Committee
Membership / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
No. of Board meetings attended during the year	5	3
Relationship with other Directors inter-se	Nil	Brother of Dr S Aravindan Son of Dr D Senguttuvan's Brother



Name of Directors	Appointment		
	Dr S Aravindan	Mr A Ganesan	Mrs Jayanthi Narayanaswamy
Directors Identification Number	05172690	02122660	07143462
Type	Non – Executive Director	Nominee Director	Independent Director
Age & Date of Birth	51 Years 20.04.1967	63 Years 15.04.1955	60 Years 08.07.1958
Date of Appointment / Re-appointment	30.08.2018	30.08.2018	30.08.2018
Qualification	M.B.B.S MS Ortho, D.Ortho (London), FRCS (Ireland), FRCS ortho (UK & Ireland)	CA	M.Com., FCS, MBA
Number of Equity shares held	Nil	Nil	50100
Expertise in specific functional area	Clinical Excellence and Corporate Services	Finance and Accounts	Secretarial, Legal and Costing
List of Public Limited Companies in which outside Directorships held	Nil	Nil	1) Sri Malini Spinning Mills Limited
Chairman/ Member of the Committee of the Board of Director of the Company	Nil	Nil	Nil
Membership / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil	1) Sri Malini Spinning Mills Limited <b>Member</b> (a) Audit Committee <b>Chairman</b> (i) Stakeholder Relationship Committee
No. of Board meetings attended during the year	Not Applicable	Not Applicable	4
Relationship with other Directors inter-se	Brother of Dr S Manivannan Son of Dr D Senguttuvan's Brother	Nil	Nil

Name of Directors	Re-appointment	
	Dr T Senthilkumar	Dr S Manivannan
Directors Identification Number	01742558	00910804
Type	Director	Director
Age & Date of Birth	57 Years 02.07.1961	49 Years 30.10.1969
Date of Appointment / Re-appointment	29.09.2016	20.07.2013
Qualification	M.B.B.S MS, M.Ch, FIACS	M.B.B.S M.D D.N.B
Number of Equity shares held	1714736	Nil
Expertise in specific functional area	General Administration	Strategy, Hospital Operations, Clinical Excellence, Corporate Services viz., IT & Hospital Information System, Procurement and MIS
List of Public Limited Companies in which outside Directorships held	Nil	1) Sri Kavery Medical Care (Trichy) Limited 2) Kauvery Medical Centre (Karaikudi) Limited
Chairman/ Member of the Committee of the Board of Director of the Company	Nil	<b><u>Member</u></b>  (i) Audit Committee  (ii) Stakeholder Relationship Committee
Membership / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
No. of Board meetings attended during the year	5	3
Relationship with other Directors inter-se	Nil	Brother of Dr S Aravindan Son of Dr D Senguttuvan's Brother

Name of Directors	Re-appointment		
	Mr A Krishnamoorthy	Mr S Chenthilkumar	Mr N Bala Baskar
Directors Identification Number	00386122	02621693	00469656
Type	Independent Director	Independent Director	Independent Director
Age & Date of Birth	73 Years 17.10.1944	63 Years 20.12.1954	69 Years 16.08.1949
Date of Appointment / Re-appointment	27.09.2014	27.09.2014	27.09.2014
Qualification	MA, MBA	CA	M.Sc
Number of Equity shares held	Nil	Nil	Nil
Expertise in specific functional area	Banking and Finance	Finance and Accounts	Administration and Finance
List of Public Limited Companies in which outside Directorships held	3	Nil	1
Chairman/ Member of the Committee of the Board of Director of the Company	<u>Member</u> (i) Audit Committee (ii) Related Party Transaction Committee  <u>Chairman</u> (i) Nomination and Remuneration Committee (ii) Corporate Social Responsibility Committee	<u>Member</u> (i) Nomination and Remuneration Committee  <u>Chairman</u> (i) Audit Committee (ii) Related Party Transaction Committee	<u>Member</u> (i) Audit Committee (ii) Nomination and Remuneration Committee
Membership / Chairmanships of Committees of other Public Companies (Includes only Audit Committee and Stakeholders Relationship Committee)	1) Sri Kavery Medical Care (Trichy) Limited <u>Chairman</u> (a) Audit Committee 2) Radaan Media Works India Limited <u>Chairman</u> (a) Audit Committee 3) IDFC Bharat Limited <u>Chairman</u> (a) Audit Committee	Nil	1) Sri Kavery Medical Care (Trichy) Limited <u>Member</u> (i) Audit Committee
No. of Board meetings attended during the year	5	5	4
Relationship with other Directors Inter-se	Nil	Nil	Nil

## **E-VOTING PROCEDURE**

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

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

(i) The voting period begins on Tuesday, 25<sup>th</sup> September, 2018, 10:00 AM (IST) and ends on Thursday, 27<sup>th</sup> September, 2018 at 05:00 PM (IST). 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 Friday, 21<sup>st</sup> September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

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

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <KMC Speciality Hospitals (India) Limited> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

### **(xix) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

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

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

# **EVSN 180903063**

## **Voting at AGM:**

- I. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- ii. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

## **Other Instruction :**

I. Mr. M. Alagar, Practicing Company Secretary (Membership No.F7488 and PCS No. 8196), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.

ii. The scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding three (3) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman in writing for counter signature.

iii. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).

iv. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website [www.kauveryhospital.com/investors#](http://www.kauveryhospital.com/investors#) and on the website of CDSL <https://www.evotingindia.com>, and communicated to Bombay Stock Exchange, where the shares of the Company are listed for placing the same in their website.





## **DIRECTORS' REPORT - 2017-18**

To,  
The Members

Your Directors have pleasure in presenting their THIRTY FIFTH Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2018.

### **1. Financial highlights for the year ended March 31, 2018**

Particulars	2017-18 (Rs In Lakhs)	2016-17 (Rs In Lakhs)
Operating Income	7066.65	5482.88
Other Income	32.16	11.50
<b>Total Income</b>	<b>7098.81</b>	<b>5494.38</b>
Operating Expenses	5653.64	4252.48
EBIDTA	1445.17	1241.90
Finance Cost	78.70	124.06
Depreciation	386.38	319.11
<b>Profit/(Loss) before Tax</b>	<b>980.09</b>	<b>798.73</b>
<b>Tax expense</b>	<b>226.43</b>	<b>171.59</b>
<b>Provision for Deferred Tax</b>	<b>88.48</b>	<b>91.73</b>
<b>Profit/(Loss) after Tax (PAT)</b>	<b>665.18</b>	<b>535.41</b>

### **2. Dividend**

Board has not recommended dividend for the financial year 2017-18 keeping in view the long term objectives of the Company.

### **3. Reserves**

The Company has not transferred any amount to General reserve during the year.

### **4. Business and Operations Review**

Total Operating income increased by 28.89% to Rs. 7066.65 lakhs during the financial year 2017-18 from 5482.88 lakhs in the previous year.

Your Company has earned Profit after tax of Rs. 665.18 lakhs for the financial year 2017-18 significantly higher than Rs. 535.41 lakhs achieved during the previous year.

Improvement in Bed occupancy with better revenue mix coupled with operational efficiency and cost control measures contributed to better profitability.

### **5. Statement in respect of adequacy of internal financial controls with reference to the Financial Statements**

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. To maintain independence of the Internal Audit function, the Internal Auditor reports to the Chairman of the Audit Committee.

The Internal Audit Team along with the Process Team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit, corrective actions in the respective areas are undertaken and controls strengthened. Significant audit observations and corrective actions thereon are reported to the Audit Committee of the Board.

#### **6. Disclosure of particulars of loans/advances/investments outstanding during the financial Year**

The Company has not given any loans and advances to other body corporate and associates as specified under Section 186 of the Companies Act, 2013. The details of the investments made by the Company and guarantees provided by the Company are given in the notes to the financial statements.

#### **7. Deposits**

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

#### **8. Statutory Auditors**

Section 139 of the Companies Act, 2013 provided for the appointment of Statutory Auditors for a period of five years and hence M/s B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration No 101248W/W-100022) were appointed as the Statutory Auditors of the Company in the Annual General Meeting of the Company held on 27<sup>th</sup> September 2014 for a period till the conclusion of the Thirty Sixth Annual General Meeting.

#### **9. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

There are no significant and material orders passed by the regulators or courts or tribunals that may have an impact for the company as a going concern and /or company's operations.

#### **10. Closure of Register of Members and Share Transfer Books**

The Register of Members and Share Transfer Books of the company will be closed with effect from 22<sup>nd</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive).

#### **11. The Board observed that there are no qualifications or reservations or adverse remarks by the Statutory Auditors as well as by the Secretarial Auditor in their reports.**

#### **12. Share Capital**

The Company has not issued any equity shares with differential rights, sweat equity shares, employee stock options or employee stock purchase scheme. No shares have been transferred to Suspense account in terms of Clause 39 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As at the end of the financial year the Company's Authorized Equity Share Capital stands at Rs 2500 lakhs and Paid up Equity Share Capital stands at Rs. 1630.85 Lakhs consisting of 1630.85 lakhs fully paid up Equity Shares of Re. 1 each.

#### **13. Corporate Governance**

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

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

#### **14. Transfer to Investor Education and Protection Fund**

As required under the provisions of Section 205A and 205C and other applicable provisions of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz., Investor Education and Protection Fund

("IEPF"). There are no amounts which remain unpaid/unclaimed for a period of seven years and hence no amount has been transferred to "IEPF".

#### **15. Extract of Annual Return**

The Extract of Annual Return as on the Financial Year ended 31<sup>st</sup> March 2018, as prescribed under Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached to this report as **Annexure 1**.

#### **16. Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

The particulars required to be given as per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are under

##### **i. Conservation of energy-**

Though the nature of the business of the company is such that the consumption of energy is not significant when compared to the overall cost of operations, the company takes all efforts to conserve energy and carries out periodical energy audits.

##### **ii. Technology absorption-**

In spite of the fund constraints, the company is currently in the process of updating the technology in various fields of equipments. Within the limitations, everything possible was done to acquire, improve and update the technology.

##### **iii. Foreign Exchange earnings and outgo.**

S. No.	Particulars	2017-18	2016-17
1.	Foreign Exchange Earned	Nil	Nil
2.	Foreign Exchange outgo	Nil	Nil

#### **17. Corporate Social Responsibility**

Corporate Social Responsibility (CSR) is an initiative brought in by the Ministry of Corporate Affairs whereby every company having net worth of rupees 500 Crores or more, or turnover of rupees 1000 Crores or more or a net profit of rupees 5 Crores or more during any financial year are mandated to serve the society by contributing at least 2% of the average net profits of the Company during the three immediately preceding financial years in various CSR activities as defined in Schedule VII of the Companies Act, 2013.

The net profit for the financial year 2017-18 has crossed the ceiling limit of Rs. 5 Crores and hence CSR rules are applicable to the Company. The Company has duly constituted a Corporate Social Responsibility Committee as required under Section 135 (1) of the Companies Act, 2013 and the relevant rules made thereunder and the Board has approved a policy on Corporate Social Responsibility which is available in the website of the Company <http://www.kauveryhospital.com/investors#>.

The annual report on your Company's CSR activities is appended as **Annexure 4** to the Board's report.

#### **18. Particulars of Employees**

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided elsewhere in the Annual Report.

#### **19. Directors and Key Managerial Personnel**

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

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

The Statement of Declarations from Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 has been obtained from the Independent Directors and the Board has taken on record the same.

## **20. Declaration given by Independent Directors**

All the Independent Directors of the Company have given their declaration under Section 149 (7) of the Companies Act, 2013, confirming that they are in compliance with the criteria as laid down in the said Section for being an Independent Director of the Company. Further, there has been no change in the circumstances which may affect their status as independent director during the year.

## **21. Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a director**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for the selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

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

During the financial year 2017-18 the contracts and arrangements entered by the Company with related parties were on an "arm's length" basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interests of the Company at large.

The policy on dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website.

The details of contracts or arrangements with related parties entered during the year are given in a separate annexure to the report in **Annexure 2**.

## **23. Risk Management**

The Company approaches Risk Management by identification, assessment, monitoring and mitigation of various risks that the company may face in its business. The Company's enterprise Risk Management approaches, identifies and categorizes the major risks relating to Operations and Finance. The Company's objective is to achieve a balance between acceptable levels of risk and reward in effectively managing its Operational, Financial, Business and other risks.

## **24. Secretarial Audit Report**

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alagar & Associates, Practicing Company Secretary as the Secretarial Auditors of the Company in the Board Meeting held on 10<sup>th</sup> February 2018. The Secretarial Audit Report issued by the Company's Secretarial Auditor M/s. Alagar & Associates is annexed and forms part of this Report in **Annexure 3**. The report does not contain any qualification.

## **25. Number of meetings of Board**

The details of the number of meetings of the Board of Directors are included as a part of Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



**26. Composition of Audit Committee**

The Audit Committee of the Company has been constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Clause 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the Audit Committee are included as a part of Corporate Governance Report.

**27. Details of establishment of vigil mechanism**

The Company has formulated and adopted a vigil mechanism for employees to report genuine concerns to the Chairman of the Audit Committee. The policy provides opportunities for employees to access in good faith, the Audit Committee, if they observe unethical and improper practices. The Whistle Blower policy of the Company is available in the website of the Company. The link for the same is <http://www.kauveryhospital.com/investors#>.

**28. Prevention of Insider Trading**

The Company has adopted a code for prevention of insider trading with a view to regulate trading and securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's securities and prohibits the purchase or sale of Company's Securities while in possession of unpublished price sensitive information and during the period when the trading window is closed.

**29. Board Evaluation**

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

**30. Separate Meeting of Independent Directors**

The Independent Directors of the Company had met during the financial year to review the performance of the Non-Independent Directors, Chairman (after taking into account the views of Executive and Non-Executive Directors of the Company) and Board as a whole and also the access, quality, quantity and timeliness of the flow of information between the Company's management and the Board.

During the Financial Year under review the Independent Directors met on 11<sup>th</sup> November, 2017 and all the Independent Directors attended the Meeting without the presence of the non-independent directors and the members of the management.

**31. Listing fees:**

The Company confirms that it has paid the annual listing fees for the year 2018-19 to Bombay Stock Exchange where the company's shares are listed.

**32. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:**

The Company has in place a Policy on prevention of Sexual Harassment, in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees are covered under this policy.

The company has not received any complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 during the financial year 2017-18.

### **33. Directors' Responsibility Statement as required under Section 134 (5) of the Companies Act, 2013**

In terms of provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that :

(i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(iv) the directors had prepared the annual accounts on a going concern basis.

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

(vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

There is no change in the nature of business of the Company during the year. There are no material changes and commitments in the business operations of the Company since the close of the financial year on 31<sup>st</sup> March, 2018 to the date of this report.

### **35. Familiarization Programme for Independent Directors:**

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

### **36. Acknowledgments**

We thank the various Government Agencies and Banks for their continued support and co-operation to the Company. We place on record our appreciation of the contribution made by our employees, consultants and officers of the Company during the year under report.

For and on behalf of the Board of Directors

Place: Chennai  
Date :13<sup>th</sup> August, 2018

(Dr S Chandrakumar)  
DIN: 01867847  
MANAGING DIRECTOR

(Dr D Senguttuvan)  
DIN:01867900  
EXECUTIVEDIRECTOR

**Annexure 1**

<b>FORM NO. MGT 9</b>
<b>EXTRACT OF ANNUAL RETURN</b>
as on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

CIN	L85110TN1982PLC009781
Registration Date	31.12.1982
Name of the Company	KMC Speciality Hospitals (India) Ltd
Category/Sub-category of the Company	- Company Limited by Shares
Address of the Registered office & contact details	No 6, Royal Road, Cantonment, Trichy - 620 001
Whether listed company	Yes
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Cameo Corporate Services Ltd, Subramanian Building, #1, Club House Road, Chennai 600 002.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Health Care Services & Pharmacy	86100	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION of the Companies Act, 2013
1	Sri Kavery Medical Care (Trichy) Limited	U85110TN1997PLC039491	Holding Company	75%	2(46)

IV (i) SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	122313750	-	122313750	75	122313750	-	122313750	75	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total : (A) (1)</b>	<b>122313750</b>	<b>-</b>	<b>122313750</b>	<b>75</b>	<b>122313750</b>	<b>-</b>	<b>122313750</b>	<b>75</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub Total : (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding</b>									
<b>of Promoter</b>	<b>122313750</b>	<b>-</b>	<b>122313750</b>	<b>75</b>	<b>122313750</b>	<b>-</b>	<b>122313750</b>	<b>75</b>	<b>-</b>
<b>(A) = (A)(1) + (A)(2)</b>									
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	600	300	900	0.0005	600	300	900	0.0005	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total : (B) (1)</b>	<b>600</b>	<b>300</b>	<b>900</b>	<b>0.0005</b>	<b>600</b>	<b>300</b>	<b>900</b>	<b>0.0005</b>	<b>-</b>

<b>(2)Non Institutions</b>									
a) Bodies Corporates	-	-	-	-	-	-	-	-	-
i) Indian	388118	713900	1102018	0.6757	745610	713900	1459510	0.8949	0.2192
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs.1 lakhs	7304741	6508912	13813653	8.4703	8202830	6424012	14626842	8.9688	0.4985
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	14299039	7471123	21770162	13.3489	12955190	7471123	20426313	12.5249	-0.8240
c)Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d) Others (specify)									
Clearing Members	8325	0	8325	0.0051	61991	0	61991	0.0380	0.0329
Directors and their Relatives	1756350	50300	1806650	1.1076	1763850	50300	1814150	1.1123	0.0047
HUF	1279113	0	1279113	0.7843	1294930	0	1294930	0.7940	0.0096
NRI	160329	830100	990429	0.6073	269514	817100	1086614	0.6662	0.0589
<b>Sub Total : (B) (2)</b>	<b>25196015</b>	<b>15574335</b>	<b>40770350</b>	<b>24.9994</b>	<b>25293915</b>	<b>15476435</b>	<b>40770350</b>	<b>24.9994</b>	<b>-</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>25196615</b>	<b>15574635</b>	<b>40771250</b>	<b>25.0000</b>	<b>25294515</b>	<b>15476735</b>	<b>40771250</b>	<b>25.0000</b>	<b>-</b>
<b>Shares held by Custodians and Against which Depository Receipts has been issued</b>									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
<b>Total Custodian (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>147510365</b>	<b>15574635</b>	<b>163085000</b>	<b>100.0000</b>	<b>147608265</b>	<b>15476735</b>	<b>163085000</b>	<b>100.0000</b>	<b>0.0000</b>



**(IV) (ii) SHARE HOLDING OF PROMOTERS**

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

**(IV) (iii). CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	122313750	75	122313750	75
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year		-	-
3	At the end of the year	-	-	122313750	75

**(IV) (iv). Shareholding Pattern of top ten Shareholders  
(other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning / End of the year		Date	Increase / Decrease In share - holding during the year	specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
1	V TAMILSELVI	1806182	1.1075	1 <sup>st</sup> April, 2017	-	-	1806182	1.1075
		-45703	0.0280	21 <sup>ST</sup> July, 2017	Decrease	Sale	1760479	1.0794

		-25000	0.0153	28 <sup>th</sup> July, 2017	Decrease	Sale	1735479	1.0641
		-52892	0.0324	4 <sup>th</sup> August, 2017	Decrease	Sale	1682587	1.0317
		-32280	0.0197	11 <sup>th</sup> August, 2017	Decrease	Sale	1650307	1.0119
		-24601	0.0150	18 <sup>th</sup> August, 2017	Decrease	Sale	1625706	0.9968
		-1495	0.0009	8 <sup>th</sup> September, 2017	Decrease	Sale	1624211	0.9959
		-3000	0.0018	15 <sup>th</sup> September, 2017	Decrease	Sale	1621211	0.9940
		-327	0.0002	1 <sup>st</sup> December, 2017	Decrease	Sale	1620884	0.9938
		-32250	0.0197	29 <sup>th</sup> December, 2017	Decrease	Sale	1588634	0.9741
		-15242	0.0093	5 <sup>th</sup> January, 2018	Decrease	Sale	1573392	0.9647
		-10038	0.0061	12 <sup>th</sup> January, 2018	Decrease	Sale	1563354	0.9586
		1563354	0.9586	31 <sup>st</sup> March, 2018	-	-	1563354	0.9586
2	SUDHA S	1705300	1.0456	1 <sup>st</sup> April, 2017	-	-	1705300	1.0456
		1705300	1.0456	31 <sup>st</sup> March, 2018	-	-	1705300	1.0456
3	MEENAKSHI SUNDARI A	1576128	0.9664	1 <sup>st</sup> April, 2017	-	-	1576128	0.9664
		1576128	0.9664	31 <sup>st</sup> March, 2018	-	-	1576128	0.9664
4	KANAGAM P	1505600	0.9231	1 <sup>st</sup> April, 2017	-	-	1505600	0.9231
		1505600	0.9231	31 <sup>st</sup> March, 2018	-	-	1505600	0.9231
5	SATHISH KUMAR S	1505100	0.9228	1 <sup>st</sup> April, 2017	-	-	1505100	0.9228
		1505100	0.9228	31 <sup>st</sup> March, 2018	-	-	1505100	0.9228
6 (a)	PANDURANGAN S	1505100	0.9228	1 <sup>st</sup> April, 2017	-	-	1505100	0.9228
		1505100	0.9228	31 <sup>st</sup> March, 2018	-	-	1505100	0.9228
6(b)	PANDURANGAN S	779904	0.4782	1 <sup>st</sup> April, 2017	-	-	779904	0.4782
		-50000	0.0306	9 <sup>th</sup> June, 2017	Decrease	Sale	729904	0.4475
		-1777	0.0010	6 <sup>th</sup> October, 2017	Decrease	Sale	728127	0.4464
			0.0091	9 <sup>th</sup> March, 2018	Decrease	Sale	713127	0.4372

		-15000						
		713127	0.4372	31 <sup>st</sup> March, 2018	-	-	713127	0.4372
7(a)	P NATARAJAN	1492650	0.9152	1 <sup>st</sup> April, 2017	-	-	1492650	0.9152
		1492650	0.9152	31 <sup>st</sup> March, 2018	-	-	1492650	0.9152
7(b)	P NATARAJAN	1400	0.0008	1 <sup>st</sup> April, 2017	-	-	1400	0.0008
		1400	0.0008	31 <sup>st</sup> March, 2018	-	-	1400	0.0008
8	SENTHILKUMAR S	812000	0.4978	1 <sup>st</sup> April, 2017	-	-	812000	0.4978
		812000	0.4978	31 <sup>st</sup> March, 2018	-	-	812000	0.4978
8 (a)	SENTHILKUMAR S	200000	0.1226	1 <sup>st</sup> April, 2017	-	-	200000	0.1226
		200000	0.1226	31 <sup>st</sup> March, 2018	-	-	200000	0.1226
9 (a)	R. JANAKARAJ	808536	0.4957	1 <sup>st</sup> April, 2017	-	-	808536	0.4957
		808536	0.4957	31 <sup>st</sup> March, 2018	-	-	808536	0.4957
9 (b)	R. JANAKARAJ	200	0.0001	1 <sup>st</sup> April, 2017	-	-	200	0.0001
		200	0.0001	31 <sup>st</sup> March, 2018	-	-	200	0.0001
10	P. S. MANOHARAN (HUF)	775700	0.4756	1 <sup>st</sup> April, 2017	-	-	775700	0.4756
		-5700	0.0034	14 <sup>th</sup> July, 2017	Decrease	Sale	770000	0.4721
		3396	0.0020	31 <sup>st</sup> October, 2017	Increase	Purchase	773396	0.4742
		4791	0.0029	10 <sup>th</sup> November, 2017	Increase	Purchase	778187	0.4771
		778187	0.4771	31 <sup>st</sup> March, 2018	-	-	778187	0.4771

(IV) (v). Shareholding of Directors & KMP

s. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase / Decrease in share holding during the year	Specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
1 (a)	T SENTHIL KUMAR	1714536	1.0513	1 <sup>st</sup> April, 2017	-	-	1714536	1.0513
		1714536	1.0513	31 <sup>st</sup> March, 2018	-	-	1714536	1.0513
1 (b)	SENTHIL KUMAR T	200	0.0001	1 <sup>st</sup> April, 2017	-	-	200	0.0001

		200	0.0001	31 <sup>st</sup> March, 2018	-	-	200	0.0001
2	JEYANTHI NARAYANASWAMY	50100	0.0307	1 <sup>st</sup> April, 2017	-	-	50100	0.0307
		50100	0.0307	31 <sup>st</sup> March, 2018	-	-	50100	0.0307

## V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
I) Principal Amount	62,735,605	-	-	62,735,605
ii) Interest due but not paid	573,910	-	-	573,910
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>63,309,515</b>	<b>-</b>	<b>-</b>	<b>63,309,515</b>
	-	-	-	-
<b>Change in Indebtedness during the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	91,971,204	-	-	91,971,204
Reduction	31,860,258	-	-	31,860,258
<b>Net Change</b>	<b>60,110,946</b>	<b>-</b>	<b>-</b>	<b>60,110,946</b>
	-	-	-	-
<b>Indebtedness at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
i) Principal Amount	122,854,930	-	-	122,854,930
ii) Interest due but not paid	565,530	-	-	565,530
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>123,420,460</b>	<b>-</b>	<b>-</b>	<b>123,420,460</b>

# **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Name of the MD/WT/Manager		Total Amount
		Dr S Chandrakumar Managing Director	Dr D Senguttuvan Executive Director*	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	4,727,602	5,319,574	10,047,176
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of Profit	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>			10,047,176
	Ceiling as per the Act	Rs.1,68,00,000 /- per annum (being the maximum remuneration payable as per Schedule V of the Companies Act, 2013)	Rs. 1,68,00,000 /- per annum (being the maximum remuneration payable as per Schedule V of the Companies Act, 2013)	

## **NOTE:**

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

## **B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount
		Mr A Krisnamoorthy	CA S Chentilkumar	Mr N Bala Baskar	
	<b>Independent Directors</b>				
1	(a) Fee for attending board and committee meetings	1,60,000	1,50,000	1,30,000	4,40,000
	(b) Commission	-	-	-	-
	(c ) Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>1,60,000</b>	<b>1,50,000</b>	<b>1,30,000</b>	<b>4,40,000</b>



**B. Remuneration to other directors: (Continuation..)**

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount
		Dr S Manivannan	Dr T Senthilkumar	
<b>2</b>	<b>Other Non Executive Directors</b>			
	(a) Fee for attending board and committee Meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	<b>Total (2)</b>	-	-	-
	<b>Other Non Executive Directors</b>	<b>Mr Adithya Bharadwaj</b>	<b>Mrs Jayanthi Narayanaswamy</b>	<b>Total Amount</b>
	(a) Fee for attending board and committee meetings	-	80,000	80,000
	(b) Commission	-	-	-
	(c) Others,	-	-	-
	<b>Total (3)</b>	-	<b>80,000</b>	<b>80,000</b>
	<b>Total Managerial Remuneration (B)=(1+2+3)</b>	-	-	<b>5,20,000</b>

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CA S Badrinarayan CFO	Mr G Sathyan CS	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	5,666,666	506,424	6,173,090
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify		-	-
	<b>Total (1)</b>	5,666,666	506,424	6,173,090

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY –NIL					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS – NIL					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT – NIL					
Penalty	NIL				
Punishment					
Compounding					

**Annexure 2**

**Form No AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Details of Related Party Transactions**

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

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

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

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ Transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service	These transactions are of continuous in nature and are not for a specific period	Revenue from hospital services rendered	NA	NIL
2	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Hospital services availed	NA	NIL
3	Sri Kavery Medical Care (Trichy) Ltd	Purchase and Sale of goods		Sale of goods	NA	NIL
4	Sri Kavery Medical Care (Trichy) Ltd	Purchase and Sale of goods		Purchase of goods	NA	NIL
5	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Rental income	13.11.2013	NIL
6	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Rental expenses	NA	NIL
7	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Reimbursement of expenses	NA	NIL
8	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Advance received (net of Payments and TDS)		
9	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Claims made on behalf of the Holding Company	NA	NIL
10	Sri Kavery Medical Care (Trichy) Ltd	Availing and Rendering of Service		Reimbursement of claims received on behalf of the Holding Company	NA	NIL



**Annexure 3**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

*For the Financial Year ended March 31, 2018*

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

To,  
The Members,  
**KMC Speciality Hospitals (India) Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KMC Speciality Hospitals (India) Limited** (hereinafter called the "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **KMC Speciality Hospitals (India) Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the year ended March 31, 2018 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the year ended March 31, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under; as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; as amended from time to time;
4. 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; as amended from time to time;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time:-
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 (Not Applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – (Not applicable to the Company during the Audit Period);
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - (Not Applicable to the Company during the Audit Period)

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

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

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

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

- (a) The Tamil Nadu Narcotic Drugs Rules, 1985
- (b) The Registration of Births and Deaths Act, 1969
- (c) Tamilnadu Tax on consumption or sale of electricity Act, 2003
- (d) Transplantation of Human Organ Act, 1994
- (e) Pre-conception and pre-natal diagnostic techniques Act, 1994.
- (f) Drugs and cosmetic Act, 1940
- (g) Pharmacy Act, 1948
- (h) Bio-Medical Waste (Management and Handling) Rules, 1998
- (i) Blood bank regulations under Drugs and cosmetics Act, 1940
- (j) Atomic Energy Act, 1962

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

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

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

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

**For M. Alagar & Associates**

**Place:** Chennai

**Date:** May 18, 2018

**M. Alagar**

**FCS No: 7488**

**C P No.: 8196**

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

**'Annexure A'**

**To,**

**The Members**

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

**For M. Alagar & Associates**

**Place:** Chennai  
**Date:** May 18, 2018

**M. Alagar**  
**FCS No:** 7488  
**CoP No.:** 8196

#### **ANNEXURE – 4**

**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 project or programs.**

As per the Companies Act, 2013, the Company has a policy on Corporate Social Responsibility (hereinafter referred as CSR) whereby it is mandatory to spend atleast 2% of average net profits of the immediately preceding 3 financial years on "CSR" activities. CSR involves incurring costs that do not provide an immediate financial benefit to the Corporates, but instead promote positive social and environmental change. In line with the above, the Company's CSR policy is designed keeping in mind the vision, mission, socio-economic environment and capacities of the company.

Kindly refer the Corporate Social Responsibility Policy published in the website of the Company at the web link: <http://www.kauveryhospital.com/our-locations/pdfs/policies-coded/CSR-policy.pdf>

**2) The Composition of the CSR Committee**

S. No.	Name	Designation	Chairman/Member
1	Mr A Krishnamoorthy	Independent Director	Chairman
2	Dr S Chandrakumar	Managing Director	Member
3	Dr D Senguttuvan	Executive Director	Member

**3) Average net profit of the Company for last three financial years :Rs. 39,508,914/-**

**4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) :**

**Rs. 790,178.28/-**

**5) Details of CSR spent during the financial year:**

a) Total amount to be spent for the financial year :Rs. 790,178.28/-

b) Amount unspent, if any; Nil

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

Sl. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education and preventive healthcare	Education and preventive Healthcare	Local Area covering Trichy and surrounding areas in Tamilnadu	Rs. 7,95,000/-	Direct expenditure of Rs. 7,95,000/-	Rs. 7,95,000/- Spent during the year 2017-18	Through Kavery Medical Trust
	<b>TOTAL</b>			<b>Rs. 7,95,000/-</b>	<b>Rs. 7,95,000/-</b>	<b>Rs. 7,95,000/-</b>	

**6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.**

Not Applicable

**7) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

The Board of Directors and its CSR Committee are whole-heartedly committed to fulfilling the Company's CSR vision of aspiring to be a trusted partner while striving to contribute to a safer and better quality of life. The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Place: Chennai  
Date: 13<sup>th</sup> August, 2018

Dr S Chandrakumar  
Managing Director  
DIN: 01867847

Mr A Krishnamoorthy  
Chairman of the CSR Committee  
DIN: 00386122

**Details as per Section 197 of the Companies Act 2013 read with Rule 5 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- 1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year**

S. No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration
1.	Dr S Chandrakumar	34.27
2.	Dr D Senguttuvan	38.56

- 2. Percentage increase in remuneration**

S. No.	Name of the Director	Designation	% of increase / decrease in remuneration
1.	Dr S Chandrakumar	Managing Director	28.74%
2.	Dr D Senguttuvan*	Executive Director	70.10%
3.	Mr S Badrinarayan**	Chief Financial Officer	-
4.	Mr Sathyan G**	Company Secretary	-

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

\*\* Not applicable since they were appointed during the middle of the last Financial Year.

- 3. Percentage increase in the median remuneration of employees**

The percentage of increase in the Median employee remuneration is 9.93% as compared to the previous year.

- 4. Permanent Employees:**

The Number of Permanent Employees on the rolls of the Company as on March 31, 2018 is 728 employees

- 5. Average percentile increase made in salaries of employees other than KMP in comparison to the percentile increase in the remuneration of KMP and the justification thereof**

The average percentile increase in salaries of employees other than KMP is 9.93% while that of KMPs is 30.05%.

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

- 6. Affirmation that the remuneration is as per the remuneration policy of the company**

The Company affirms remuneration is as per the remuneration policy of the Company.

**Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018**

Particulars of top ten employees employed in terms of remuneration drawn											
S. No.	Name	Designation	Qualification	Gross Remuneration (in Rupees)	Nature of employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Experience (in years)	Last /Previous employment	% of Equity Shares held	Relative of Director or Manager
1	Mr BADRINARAYAN S	Chief Financial Officer	CA	5,666,666	Permanent	11/12/2016	39	15	SparsH Hospital - CFO	Nil	No
2	Dr ALOK KHULLARY	Chief Business officer	MBBS, PGDBM	3,833,994	Permanent	28/08/2017	40	15	HCL healthcare - Head of Business Solutions & Development	Nil	No
3	Mr SELVARAJU P	Executive Director (Purchase & Projects)	B.E Mechanical, MBA	3,023,112	Permanent	27/09/2001	50	17	Self Employed	Nil	No
4	Mr JOHN SEKAR R	Group Head HR	MA (Social Work)	2,261,482	Permanent	8/4/2013	53	25	EID Parry, Cuddalore - DGM- HR	Nil	No
5	Mr NIRANJAN K RAMAKRISHNAN	Group IT Head	MBA (Healthcare )	2,025,642	Permanent	21/09/2017	48	20	Ganga Ram hospital - CIO	Nil	No
6	Mr HARIRAMANUJAM	Deputy General Manager, Purchase	MBA	1,381,059	Permanent	30/03/2017	45	25	Meenakshi mission Hospital and Research Center - Senior Manager	Nil	No
7	Mr MURUGAPPAN V	Senior Manager, Finance	MBA, M.com	1,144,794	Permanent	1/3/2017	45	11.5	Manipal Hospital Salem - Deputy Manager	Nil	No
8	Mrs MUTHU KUMARI C	Manager, Finance	M.com	1,141,961	Permanent	2/6/2003	44	20	ARTIST - Clerk	Nil	No
9	Dr MOHAMED ARIF S	Medical Administrator	MBBS, MBA, Mphil, PGDMLE	982,684	Permanent	28/09/2017	43	20	Apollo Spectra Hospital - Head Operations	Nil	No
10	Mr MADHANANA	Regional Head, Marketing	B.Pharm, MBA	932,255	Permanent	15/08/2011	46	23	Dr REDDY'S Lab - Regional Manager	Nil	No



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management Discussion and Analysis Report is a "forward looking statement" and forms part of the Annual Report of the Company. It Indicates the Company's movement in the external environment Vis-à-vis its own strengths and resources detailing the Company's objectives and expectations.

### 1. INDUSTRY STRUCTURE :

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

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

In 2017, the Government of India has provided grant-in-aid for setting up of AYUSH educational institutions in States and Union Territories.

The health industry in India is instrumental in providing quality and affordable medical facilities to the vast population of India, generates huge employment opportunities for people of all calibers and provides great opportunities. Indian healthcare delivery system is categorised into two major components - public and private. The private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros, tier I and tier II cities.

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

#### Significant Industry highlights:

- Healthcare has become one of India's largest sectors both in terms of revenue and employment.
- During 2008-22, the market is expected to record a CAGR of 16.28 per cent.
- The total industry size is expected to touch US\$ 160 billion by 2017 and US\$ 372 billion by 2022.
- Indian companies are entering into merger and acquisitions with domestic and foreign companies to drive growth and gain new markets.
- The hospital industry in India stood at Rs 4 trillion (US\$ 61.79 billion) in 2017 and is expected to increase at a Compound Annual Growth Rate (CAGR) of 16-17 per cent to reach Rs 8.6 trillion (US\$ 132.84 billion) by 2023.

Source: IBEF Healthcare update June, 2018

### 2. OPPORTUNITIES AND THREATS:

#### **Opportunities:**

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

#### **Threats:**

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

### 3. RISKS AND CONCERNS

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

### 4. FINANCIAL AND OPERATIONAL PERFORMANCE

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

Particulars	2017-18 (Rs in Lakhs)	2016-17 (Rs in Lakhs)
Operating Income	7066.65	5482.88
Other Income	32.16	11.50
<b>Total Income</b>	<b>7098.81</b>	<b>5494.38</b>
Operating Expenses	5653.64	4252.48
EBIDTA	1445.17	1241.90
Finance Cost	78.70	124.06
Depreciation	386.38	319.11
<b>Profit/(Loss) before Tax</b>	<b>980.09</b>	<b>798.73</b>
<b>Tax expense</b>	<b>226.43</b>	<b>171.59</b>
<b>Provision for Deferred Tax</b>	<b>88.48</b>	<b>91.73</b>
<b>Profit/(Loss) after Tax (PAT)</b>	<b>665.18</b>	<b>535.41</b>

Total Operating Income increased by 28.89% to Rs. 7066.65 lakhs during the financial year 2017-18 from 5482.88 lakhs in the previous year. Your Company has earned Profit after tax of Rs. 665.18 lakhs for the financial year 2017-18 significantly higher than Rs. 535.41 lakhs achieved during the previous year.

Improvement in Bed occupancy with better revenue mix coupled with operational efficiency and cost control measures contributed to better profitability.

### 5. OUTLOOK

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

### 6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a proper and adequate system of internal controls to ensure that all the assets are safeguarded, protected from unauthorized use and the transactions are authorized, recorded and reported correctly. The company conducts audit of various departments with an audit plan through an independent Internal Auditor and reports to the Audit Committee on significant issues with Action Taken Report. Wherever necessary the inputs of the Statutory Auditors are also obtained to ensure efficiency of the operations and accounting.

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

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

**DECLARATION AS TO THE COMPLIANCE OF CODE OF CONDUCT OF THE BOARD MEMBERS AND THE SENIOR MANAGEMENT PERSONNEL**

This is to confirm that the Company has adopted the Code of Conduct for its employees including the Directors and Senior Management Personnel. The Code of Conduct is posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2018, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them for the year ended March 31, 2018.

Place: Chennai  
Date: 13<sup>th</sup> August, 2018

Dr. S. Chandrakumar  
Managing Director  
DIN: 01867847

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

We certify to the Board that:

A) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2018 and that to the best of our knowledge and belief:

1. these statements do not contain materially untrue statement or omit any material fact or contain statement that might be misleading
2. these statements together present a true and fair view of the company's Affairs and are in compliance with existing accounting standards, applicable Laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate of the Company's code of conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and we have disclosed to auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify the deficiencies.

D) We have indicated to auditors and the Audit Committee

1. Significant changes in internal control over financial reporting during year
2. Significant changes in accounting policies during the year and same have been disclosed in the notes to the financial statements
3. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system

Place: Chennai  
Date: 29<sup>th</sup> May, 2018

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

CA .S. Badrinarayan  
Chief Financial Officer

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

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

**To the members of KMC Speciality Hospitals (India) Limited**

I have examined the compliance of conditions of Corporate Governance by KMC Speciality Hospitals (India) Limited (the "Company") as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This certificate is neither an assurance as to the future viability of the company nor of the efficiency nor effectiveness with which the management has conducted the affairs of the Company.

**For M.Alagar& Associates**

M. Alagar  
Practising Company Secretary  
FCS No. 7488 / C P No. 8196

Place: Chennai  
Date: August 02, 2018

## CORPORATE GOVERNANCE REPORT

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

The Company believes in adopting best practices of Corporate Governance and striving for continuous improvement. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board which endeavors to maintain transparency at all levels through adoption of best Corporate Governance Practices.

### 2. BOARD OF DIRECTORS:

The Board has an optimum combination of Executive, Non- Executive and Independent Directors, which ensures proper governance and management.

<sup>st</sup>  
Composition of the Board and directorships held as on 31 March 2018:

Name of the Director	Designation	Attended at previous AGM held on 28/09/2017	Total board meetings attended	No. of Directorships in other companies	Number of memberships and Chairmanship in Audit/Stakeholder Committee(s) including this listed entity	
					Chairman*	Member**
Dr S Chandrakumar	Managing Director	YES	5	7	-	1
Dr D Senguttuvan	Executive Director	YES	4	2	-	1
Dr S Manivannan	Non - Executive Non-Independent Director	YES	3	8	1	2
Dr T Senthilkumar	Non - Executive Non-Independent Director	YES	5	-	0	0
Mr A Krishnamoorthy	Independent Director	NO	5	5	1	4
CA S Chentilkumar	Independent Director	YES	5	-	1	1
Mr N Bala Baskar	Independent Director	YES	4	1	-	2
Mrs Jayanthi Narayanaswamy	Non - Executive Non-Independent Director	YES	4	1	1	2
Mr Adithya Bharadwaj	Nominee Director	YES	3	3	0	0

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

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

The Total strength of the Board as on the date of the Report is - 9.

### DISCLOSURE OF INTERSE RELATIONSHIP OF DIRECTORS UNDER CLAUSE 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 :

Dr S Manivannan is the brother of Dr S Aravindan.

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

**Number of shares held by non-executive Directors:**

Dr T Senthilkumar holds 1714736 equity shares of the Company

Mrs Jayanthi Narayanaswamy holds 50100 equity shares of the Company

**DATES OF BOARD MEETINGS:**

Board Meetings were held during the financial year 2017 – 2018 on the following dates:-

Name / Date	27-May-17	12-Aug-17	11-Nov-17	23-Jan-18	10-Feb-18
Dr S Chandrakumar	Present	Present	Present	Present	Present
Dr D Senguttuvan	LOA	Present	Present	Present	Present
Dr S Manivannan	LOA	Present	Present	LOA	Present
Dr T Senthilkumar	Present	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	Present	Present
CA S Chentilkumar	Present	Present	Present	Present	Present
Mr N Bala Baskar	Present	Present	Present	LOA	Present
Mr B Pattabhiraman (upto 11 <sup>th</sup> November, 2017)	LOA	LOA	LOA	NA	NA
Mrs Jayanthi Narayanaswamy	Present	Present	Present	LOA	Present
Mr Adithya Bharadwaj	Present	Present	Present	LOA	LOA

**3. AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the provisions of Clause 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Section 177 of the Companies Act, 2013. The Audit Committee consists of the following Non-Executive Directors—

CA S Chentilkumar	Chairman
Mr A Krishnamoorthy	Member
Mr B Pattabhiraman (Upto 11 <sup>th</sup> November, 2017)	Member
Dr S Manivannan	Member
Mr N Bala Baskar	Member

During the financial year 2017 - 2018 the Audit Committee met as per the details given hereunder –

Name of the Director	Audit Committee Meetings			
	27-May-17	12-Aug-17	11-Nov-17	10-Feb-18
CA S Chentilkumar	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	Present
Mr B Pattabhiraman	LOA	LOA	LOA	NA
Dr S Manivannan	LOA	Present	Present	Present
Mr N BalaBaskar	Present	Present	Present	Present

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

- Supervision of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b Changes, if any, in accounting policies and practices and reasons for the same.
  - c Major accounting entries involving estimates based on the exercise of judgment by management.
  - d Significant adjustments made in the financial statements arising out of audit findings.
  - e Compliance with listing and other legal requirements relating to financial statements
  - f Disclosure of any related party transactions
  - g Modified opinion(s) in the draft audit report
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- vii. Review and monitor the auditor's independence and performance and effectiveness of audit process
- viii. Approval or any subsequent modification of transactions of the company with related parties
- ix. Scrutiny of inter – corporate loans and investments
- x. Valuation of undertakings or assets of the company, wherever it is necessary
- xi. Evaluation of internal financial controls and risk management systems
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- xiv. Discussion with internal auditors of any significant findings and follow up thereon
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post -audit discussion to ascertain any area of concern
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- xviii. To review the functioning of the Whistle Blower mechanism
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate



- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

The constitution of Nomination and Remuneration Committee of the Company is as follows:

Mr A Krishnamoorthy	Chairman
CAS Chentilkumar	Member
Mr N Bala Baskar	Member

During the Financial Year 2017-18 there were no meetings of the Nomination and Remuneration Committee

##### **Brief description of terms of reference**

- I. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- II. Formulation of criteria for evaluation of Independent Directors and the Board.
- III. Devising a policy on Board diversity.
- IV. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- V. Whether to extend or continue the terms of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

##### **Remuneration policy**

As required under Clause 19 (4) read with Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 178 (3) of the Companies Act, 2013 the Nomination and Remuneration Committee of the Company has formulated a policy, relating to the remuneration of the directors, Key Managerial Personnel and other employees.

##### **SUMMARY OF THE REMUNERATION POLICY**

###### **1. INTRODUCTION:**

The Nomination and Remuneration Committee and the Remuneration Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules there to and Clause 19(4) read with Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

###### **2. GUIDING PRINCIPLES:**

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

###### **3. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

**4. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

1. The remuneration / compensation / commission etc., to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
  2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
  3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- **Remuneration to Managerial Person, KMP and Senior Management:**
    1. **Fixed pay:**

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
    2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
  - **Remuneration to Non - Executive/Independent Director:**
    1. **Remuneration /Commission:**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
    2. **Sitting Fees:**

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
    3. **Limit of Remuneration/Commission:**

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
    4. **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

## 5 DETAILS OF REMUNERATION TO DIRECTORS:

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

During the financial year 2017-18, the sitting fee paid to Non - Executive Directors were as under:

S.No	Name of the Director	Sitting Fees paid (Rs.)
1.	Mr A Krishnamoorthy	1,60,000
2.	CA S Chenthilkumar	1,50,000
3.	Mr N Balabaskar	1,30,000
4.	Mrs.JayanthiNarayansamy	80,000

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

S.No.	Name of Director	Salary Paid (Rs.)
1	Dr S Chandrakumar	4,727,602
2	Dr D Senguttuvan*	5,319,574

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

## 6 REVIEW OF THE POLICY:

The Nomination and Remuneration Committee shall review this Policy to ensure its effectiveness and also compliance with the Companies Act, 2013 and revised Clause 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

The constitution of Stakeholders Relationship Committee is as follows:

Dr S Manivannan	Chairman
Dr S Chandrakumar	Member
Dr D Senguttuvan	Member

The Stakeholders Relationship Committee oversees redressal of Shareholders and investor complaints on matters such as transfer of shares, non-receipt of share certificates and non-receipt of Annual Reports, ensures expeditious transfer of shares and issue of duplicate share certificates and approves demat / remat / sub-division/consolidation/transposition/transmission of shares etc.

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

The total number of complaints received during the financial year 2017 - 2018 is categorized as under

Number of shareholders' complaints received during the year	8
Number of Complaints resolved during the year	7
Number of Complaints not resolved during the year	1
Number of Complaints pending as on March 31, 2018*	1

\* Subsequent to 31<sup>st</sup> March, 2018 this complaint was also resolved within the timelines.

M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai – 600001 are the Registrar and Share Transfer Agents of the Company since June, 2008.

The Share Transfer Committee met 22 times during the financial year 2017-2018 and ensured that all valid transfer deeds & transmission applications were acted upon and share certificates sent to the transferees promptly as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **8 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The constitution of Corporate Social Responsibility Committee is as follows:

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

##### **Brief description of terms of reference**

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

During the financial year 2017-2018 the Corporate Social Responsibility Committee met on 11<sup>th</sup> November, 2017 and all the members were present.

#### **9 BORROWING AND BANKING COMMITTEE**

The constitution of Borrowing and Banking Committee is as follows

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

##### **Brief description of terms of reference**

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



#### 10. RELATED PARTY TRANSACTION COMMITTEE

The Constitution of Related Party Transaction Committee is as follows :

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

#### Brief descriptions of the terms of reference:

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

#### 11. Subsidiary Companies:

The Company has no subsidiary Companies

#### 12. ANNUAL GENERAL MEETINGS

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

YEAR	DATE	VENUE	TIME
2016 – 2017	28.09.2017	Hotel Sangam, Cantonment, Trichy – 620 001.	3.00 PM
2015 – 2016	29.09.2016	Hotel Sangam, Cantonment, Trichy – 620 001.	3.00 PM
2014 – 2015	29.09.2015	Hotel Sangam, Cantonment, Trichy – 620 001.	2.00 PM

- ii. Extra ordinary General Meeting  
No Extraordinary General Meeting of the members was held during the year.
- iii. Postal Ballot  
No Resolution has been passed through Postal Ballot during the year 2016-17.
- iv. Special Resolutions passed in the last three Annual General Meetings

#### 34<sup>th</sup> Annual General Meeting held for the year 2016-17 on 28<sup>th</sup> September 2017

- a Special Resolution was passed to approve related party transactions under section 188 of the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- b Special Resolution was passed to approve limits of borrowing under Section 180 (1) (c) and 180 (1) (a) of the Companies Act, 2013.
- c Special Resolution was passed to approve limits of investment(s), guarantee(s) and security (ies) under Section 186 of the Companies Act, 2013.

**33<sup>rd</sup> Annual General Meeting held for the year 2015-16 on 29<sup>th</sup> September 2016**

- a. Special Resolution was passed for Re-appointment of Dr D Senguttuvan (DIN:01867900) as Executive Director
- b. Special Resolution was passed to approve related party transactions under section 188 of the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**32<sup>nd</sup> Annual General Meeting held for the year 2014-15 on 29<sup>th</sup> September 2015 .**

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

**13. MEETINGS OF INDEPENDENT DIRECTORS:**

The Company's Independent Directors are required to meet at least once in every Financial Year in compliance with the provisions of the Companies Act, 2013. Such meetings are conducted informally to enable Independent Directors to discuss the matters pertaining to the Company's Affairs and to put forth their views. Further, Independent Directors also review the performance of the Non-Independent Directors, Chairman (after taking into account the views of Executive and Non-Executive Directors of the Company) and Board as a whole and also the access, quality, quantity and timeliness of the flow of information between the Company's management and the Board.

During the Financial Year under review the Independent Directors met on 11<sup>th</sup> November, 2017 and all the Independent Directors attended the Meeting without the presence of the non-independent directors and the members of the management.

**14. DISCLOSURES**

**A RELATED-PARTY TRANSACTIONS**

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, the Management or related parties except for those disclosed in the financial statements for the year ended March 31, 2018.

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

**B. DETAILS OF NON-COMPLIANCE**

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



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

Your Company has formulated and adopted a Vigil Mechanism as per Section 177 of the Companies Act, 2013 and Revised Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has established the necessary mechanism for employees to express to the management, their concerns and suggestions about the deficiencies in the systems and procedures or violation of any code of conduct or general ethics.

The details of establishment of Whistle Blower Policy is posted on the Company's website and the same may be accessed at the following web link: <http://www.kauveryhospital.com/investors#>

**D. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS**

The Company has complied with all applicable mandatory requirements in terms of Regulations of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The Company has also adopted the non mandatory requirements to the extent and in the manner as stated here-in-above.

**E. Reconciliation of Share Capital Audit**

A quarterly audit was conducted by a Practicing Company Secretary, reconciling the issued and listed capital of the Company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchange within the prescribed time limit. As on 31<sup>st</sup> March, 2018 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories.

**F. Means of Communications**

The company is publishing Unaudited quarterly /Audited annual results in English and Tamil Newspapers promptly besides mailing the same to BSE Limited (BSE) where the shares of the company are at present listed, immediately after each of the Board Meetings in which resolutions for adopting the accounts are passed. Besides, such financial results are also published in the company's website.

In the following website of the company the Annual Report, shareholding pattern and other corporate information are published for the information of the shareholders – <http://www.kauveryhospital.com/investors#>

**G. The Distribution pattern of the shareholdings as on 31.03.2018 is as follows**

Pattern of Holding No. of Shares	No. of Share Holders	No. of Shares	% of Holding to Total No. of Shares
1 - 5000	53073	10439908	6.4015
5001 - 10000	185	1343929	0.8240
10001 - 20000	103	1463023	0.8970
20001 - 30000	40	958084	0.5874
30001 - 40000	13	454915	0.2789
40001 - 50000	11	534604	0.3278
50001 - 100000	18	1322826	0.8111
Above 100000	46	14656771	89.8719
<b>TOTAL</b>	<b>53489</b>	<b>163085000</b>	<b>100.00</b>

## H GENERAL SHAREHOLDER INFORMATION

### (i) Annual General Meeting Date, Time and Venue of the 35<sup>th</sup> Annual General Meeting

Date and Time : 28<sup>th</sup> September, 2018 at 10.30 AM.  
 Venue : Hotel Breeze Residency, Mc Donald's Road, Trichy – 620001

### (ii) Financial calendar

Tentative Financial Calendar for the year 2018-19

<b>Financial Year</b>	<b>April 1, 2018 to March 31, 2019</b>
First Quarter Results	On or before August 14, 2018
Half Yearly Results	On or before November 14, 2018
Third Quarter Results	On or before February 14, 2019
Fourth Quarter and Annual Results	On or before May 30, 2019

### (iii) Date of book closure

22<sup>nd</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive).

### (iv) Listing of Shares on Stock Exchange and Stock Code

The equity shares of the company is listed with BSE Limited Stock Symbol: KMCSHIL; Scrip Code: 524520. The Company has paid the Annual Listing fee for the year 2018-19.

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

The closing market price of equity shares on March 31, 2018 (last trading day of the year) was Rs.17.95 on BSE.

Monthly share price movement during the financial year 2017-18.

Month	KMC SPECIALITY HOSPITALS (INDIA) LIMITED			BSE LTD INDEX	
	High Price	Low Price	No. of Shares traded	High Price	Low Price
April-17	17.95	13.00	6,07,428	30,184.22	29,241.48
May-17	17.05	13.60	5,65,507	31,255.28	29,804.12
June-17	24.15	17.05	10,31,717	31,522.87	30,680.66
July-17	30.90	20.90	12,60,983	32,672.66	31,017.11
August-17	26.45	16.85	12,08,460	32,686.48	31,128.02
September-17	21.80	17.50	5,60,723	32,524.11	31,081.83
October-17	20.50	16.85	5,61,811	33,340.17	31,440.48
November-17	25.70	16.40	17,89,374	33,865.95	32,683.59
December-17	26.30	20.80	7,21,407	34,137.97	32,565.16

January-18	26.40	20.50	9,16,463	36,443.98	33,703.37
February-18	24.90	19.45	7,38,948	36,256.83	33,482.81
March-18	22.00	17.35	7,41,139	34,278.63	32,483.84

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

Shares comprising of 90.51% of the Paid up Capital have been dematerialized as on 31.03.2018

**(vii) Address of Registrar and Transfer Agents**

M/s Cameo Corporate Services Ltd,  
No 1, Subramanian Building, Club House Road,  
Chennai - 600 002  
Phone – 044-28460390  
email - investor@cameoindia.com

**INFORMATION TO SHAREHOLDERS:**

It is also brought to the kind notice of the shareholders that as per SEBI's instructions, every transferee of shares is to furnish his/her PAN number to the company/Registrars and Share Transfer Agents of the company to get the shares transferred in his/her name.

It is also brought to the kind notice of the shareholders that SEBI vide its circular dated 08.06.2018 has amended Regulation 40 of the Listing Regulations. Pursuant to this, any request for effecting transfer of securities shall not be processed except in case of transmission or transposition of securities unless the securities are held in demat form. Hence, shareholders holding shares in physical form will not be in a position to transfer their shares held in physical form with effect from 04.12.2018. We therefore advise the shareholders to take immediate steps for dematerializing their shareholding in the company. Additionally, holding shares in dematerialized form offers host of benefits like enhanced security, ease of handling, faster transfers, exemption from stamp duty, eliminating bad deliveries. In view of the above, in order to be able to deal in the securities hassle-free, the shareholders are requested to take necessary steps for dematerializing their shares at an early date.

The communications sent to many of the shareholders are reverted back to the company for want of proper addresses. Hence the shareholders are requested to communicate in writing their complete address with pin code number and any changes to be made in the records of the company.

It is brought to the kind notice of the shareholders that the Ministry of Corporate Affairs has taken a Green Initiative as part of the Corporate Governance by allowing paperless compliances and communications not over ruling the other relevant statutory Enactments. The MCA clarified that the Company would have complied with the required Regulations, if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the company.

In view of the above the shareholders are requested to provide their e-mail id to [cs.kmcshil@kauveryhospital.com](mailto:cs.kmcshil@kauveryhospital.com) besides sending the duly filled in form annexed at the end of this book to the Registrar and Transfer Agents, to enable the company to avail the benefits of reduction of paper work and cost, assured/timely/quality services to the investors, contributing to global sustainability, etc.

The shareholders are requested to contact the Registrar and Share Transfer Agents for any queries regarding the procedures for issue of new share certificates, dematerialization, transfers, nominations and address updations.

## **L CODE OF CONDUCT & INSIDER TRADING CODE**

The Code of Conduct for the Management / Directors of the company has been adopted which applies to all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed their compliance on an annual basis and their confirmations have been received in this regard. As required under Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirement), 2015, a declaration to this effect signed by the Managing Director & CEO is provided elsewhere in the annual report. The Code of Conduct policy is available on the Company's website: [www.kauveryhospital.com/investors#](http://www.kauveryhospital.com/investors#).

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

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

## **J. ADDRESS FOR CORRESPONDENCE**

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

For and on behalf of the Board of Directors

Place: Chennai  
Date : 13<sup>th</sup> August, 2018

**(Dr S Chandrakumar)**  
**DIN: 01867847**  
**MANAGING DIRECTOR**

**(Dr D Senguttuvan)**  
**DIN: 01867900**  
**EXECUTIVEDIRECTOR**



**Independent Auditor's Report  
To the members of KMC Speciality Hospitals (India) Limited**

**Report on the Audit of the Indian Accounting Standards ('Ind AS') Financial Statements**

We have audited the accompanying Ind AS financial statements of **KMC Speciality Hospitals (India) Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, the statement of profit and loss, the statement of changes in equity, the statement of cash flows for the year then ended and summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

## **BSR & Co. LLP**

Chartered Accountants

### **Independent Auditor's Report**

**To the members of KMC Speciality Hospitals (India) Limited  
as at and for the year ended March 31, 2018**

**Page 2 of 3**

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

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its profits (including other comprehensive income) changes in equity and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



**BSR & Co. LLP**

Chartered Accountants

**Independent Auditor's Report**

**To the members of KMC Speciality Hospitals (India) Limited  
as at and for the year ended March 31, 2018**

**Page 3 of 3**

- c) The balance sheet, the statement of profit and loss, the statement of cash flows and statement of changes in equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer note 38 to the Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However, amounts as appearing in the audited Ind AS financial statements for the year ended March 31, 2017 have been disclosed.

*for* **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/ W-100022

**S Sethuraman**

*Partner*

Membership No. 203491

Place: Chennai

Date: May 29, 2018

**BSR & Co. LLP**

Chartered Accountants

**Annexure A to the Independent Auditor's Report****To the members of KMC Speciality Hospitals (India) Limited****on the Ind AS financial statements as at and for the year ended March 31, 2018****Page 1 of 3**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the aforesaid programme, a portion of fixed assets has been physically verified by the management during the year and as per the information provided to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and confirmation from the custodian, the title deeds of immovable properties which are freehold are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between physical stock and book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 with respect to the loans and investments made and guarantees and securities provided, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits either as per the directives issued by the Reserve Bank of India ("RBI") and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148 (i) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

**Annexure A to the Independent Auditor's Report  
To the members of KMC Speciality Hospitals (India) Limited  
as at and for the year ended March 31, 2018**

**Page 2 of 3**

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, goods and services tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of sales tax, duty of excise and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, service tax, value added tax, goods and services tax and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following are the dues which have not been deposited by the Company on account of disputes;

Nature of the Statute	Nature of the dues	Amount(Rs. in thousands ) (Net of paid under protest)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs duty	7,811	1990-1996	Madras High Court

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions and government or dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations provided to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Companies Act, 2013.



**BSR & Co. LLP**  
Chartered Accountants

**Annexure A to the Independent Auditor's Report  
To the members of KMC Speciality Hospitals (India) Limited  
as at and for the year ended March 31, 2018**

**Page 3 of 3**

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

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

**S Sethuraman**  
*Partner*  
Membership No. 203491  
Place: Chennai  
Date: May 29, 2018

**BSR & Co. LLP**  
Chartered Accountants

**Annexure B to the Independent Auditor's Report  
To the members of KMC Speciality Hospitals (India) Limited  
as at and for the year ended March 31, 2018**

**Page 1 of 2**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **KMC Speciality Hospitals (India) Limited** ("the Company") as at March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

**Annexure B to the Independent Auditors' Report  
To the members of KMC Speciality Hospitals (India) Limited  
as at and for the year ended March 31, 2018**

**Page 2 of 2**

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**S Sethuraman**  
*Partner*  
Membership No. 203491  
Place: Chennai  
Date: May 29, 2018



# **KMC Speciality Hospitals (India) Limited**

**Balance sheet as at March 31, 2018**

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

	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	363,573	240,388	223,413
Investment property	5	4,043	4,043	4,043
Intangible assets	6	175	372	474
Intangible assets under development		2,950	-	-
<b>Financial assets</b>				
Investments	7	22	-	-
Loans	8	6,579	3,970	2,520
Other financial assets	9	946	999	232
Deferred tax asset (net)	10	43,333	50,687	60,158
Income tax assets (net)	11	28,138	30,578	30,482
Other assets	12	693	7,093	545
		<b>450,452</b>	<b>338,130</b>	<b>321,867</b>
<b>Current assets</b>				
Inventories	13	6,762	6,770	6,239
<b>Financial assets</b>				
Trade receivables	14	24,311	17,289	10,626
Cash and cash equivalents	15	3,470	8,701	2,834
Other bank balances	16	32,606	-	500
Loans	8	289	384	300
Other financial assets	9	10,902	7,305	3,976
Other assets	12	694	2,077	663
		<b>79,034</b>	<b>42,526</b>	<b>25,138</b>
<b>TOTAL</b>		<b>529,486</b>	<b>380,656</b>	<b>347,005</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	17	163,085	163,085	163,085
Other equity	18	140,991	77,292	23,149
		<b>304,076</b>	<b>240,377</b>	<b>186,234</b>
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	21	103,782	34,564	59,859
Other financial liabilities	22	1,882	2,071	1,383
Provisions	23	4,325	1,030	2,943
		<b>109,989</b>	<b>37,665</b>	<b>64,185</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	21	8,219	-	11,221
Trade payables				
- Total outstanding dues of micro and small enterprises	25	658	1,274	2,964
- Total outstanding dues of creditors other than micro and small enterprises	25	40,264	31,096	27,361
Other financial liabilities	22	48,075	52,762	40,282
Other liabilities	26	16,915	16,908	14,359
Provisions	23	1,290	574	399
		<b>115,421</b>	<b>102,614</b>	<b>96,586</b>
<b>TOTAL</b>		<b>529,486</b>	<b>380,656</b>	<b>347,005</b>

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

for and on behalf of the board of directors of

**KMC Speciality Hospitals (India) Limited**

CIN : L85110TN1982PLC009781

**S Sethuraman**

Partner

Membership No: 203491

**Dr. S. Chandrakumar**

Managing Director

DIN : 01867847

**CA S Chenthil Kumar**

Director

DIN : 02621693

**S Badrinarayan**

Chief Financial Officer

Place : Chennai

Date : May 29, 2018

**G Sathyan**

Company Secretary

Place : Chennai

Date : May 29, 2018

**KMC Speciality Hospitals (India) Limited****Statement of profit and loss for the year ended March 31, 2018**

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

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Income</b>			
Revenue from operations	27	706,665	548,288
Other income	28	3,216	1,150
		<b>709,881</b>	<b>549,438</b>
<b>Expenses</b>			
Cost of materials consumed	29	17,148	14,112
Purchases of pharmacy products	30	86,672	75,299
Changes in inventory - pharmacy products	31	541	(1,238)
Employee benefits expense	32	157,294	116,702
Finance costs	33	7,870	12,406
Depreciation and amortisation expense	34	38,638	31,911
Other expenses	35	303,709	220,373
		<b>611,872</b>	<b>469,565</b>
<b>Profit before tax</b>		<b>98,009</b>	<b>79,873</b>
<b>Tax expense</b>	11		
Current tax: MAT for the period		21,743	17,159
Current tax for previous year		900	-
Deferred tax charge/(benefit)		8,848	9,173
Total tax expense		<b>31,491</b>	<b>26,332</b>
<b>Profit after tax</b>		<b>66,518</b>	<b>53,541</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(4,315)	900
Income tax effect		1,493	(298)
<b>Total other comprehensive income</b>		<b>(2,822)</b>	<b>602</b>
<b>Total comprehensive income</b>		<b>63,696</b>	<b>54,143</b>
<b>Earnings per share</b>	20		
Basic and diluted		0.41	0.33
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

for and on behalf of the board of directors of

**KMC Speciality Hospitals (India) Limited**

CIN : L85110TN1982PLC009781

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**S Badrinarayan**

Chief Financial Officer

Place : Chennai

Date : May 29, 2018

**G Sathyan**

Company Secretary

Place : Chennai

Date : May 29, 2018

**KMC Speciality Hospitals (India) Limited**

**Cash flow statement for the year ended March 31, 2018**

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

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A Cash flows from operating activities</b>			
Profit before tax		98,009	79,873
Adjustments:			
Depreciation and amortisation		38,638	31,911
Liabilities / provisions no longer required written back		(97)	(10)
Bad debts written off		6,857	1,698
Loss on sale of asset, net		654	-
Provision for loss allowance		8,183	3,242
Interest expenses		7,870	12,406
Interest income from banks		(1,372)	(383)
Re-measurement of defined benefit plans		(4,315)	900
<b>Operating cash flow before working capital changes</b>		<b>154,427</b>	<b>129,637</b>
Decrease / (increase) in inventories		8	(531)
(Increase) in trade receivables		(22,062)	(11,603)
Decrease in trade payables		8,552	2,045
(Increase) in other financial assets and other assets		(3,751)	(7,186)
Increase in liabilities and provisions		7,091	5,470
<b>Cash generated from operating activities</b>		<b>144,265</b>	<b>117,832</b>
Taxes paid		(20,202)	(17,255)
<b>Net cash generated from operating activities (A)</b>		<b>124,063</b>	<b>100,577</b>
<b>B Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(157,682)	(43,050)
Purchase of non-current investment		(22)	-
Sale of property, plant and equipment		210	-
Bank deposits (having original maturity of more than three months)		(32,606)	500
Interest income from banks		448	526
<b>Net cash used in investing activities (B)</b>		<b>(189,652)</b>	<b>(42,025)</b>
<b>C Cash flow from financing activities</b>			
Proceeds from loans and borrowings		107,635	82,618
Repayment of loans and borrowings		(39,964)	(122,878)
Interest paid		(7,312)	(12,425)
<b>Net cash used in financing activities (C)</b>		<b>60,359</b>	<b>(52,685)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(5,231)</b>	<b>5,867</b>
Cash and cash equivalents at the beginning of the year		8,701	2,834
<b>Cash and cash equivalents at the end of the year</b>		<b>3,470</b>	<b>8,701</b>
<b>Components of cash and cash equivalents</b>		<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Cash on hand	15	1,051	1,315
Balances with banks			
- on current accounts		2,419	7,386
		<b>3,470</b>	<b>8,701</b>

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

for and on behalf of the board of directors of

**KMC Speciality Hospitals (India) Limited**

CIN : L85110TN1982PLC009781

**S Sethuraman**

Partner

Membership No: 203491

**Dr. S. Chandrakumar**

Managing Director

DIN : 01867847

**CA S Chenthl Kumar**

Director

DIN : 02621693

**S Badrinarayan**

Chief Financial Officer

Place : Chennai

Date : May 29, 2018

**G Sathyan**

Company Secretary

Place : Chennai

Date : May 29, 2018

# **KMC Speciality Hospitals (India) Limited**

## **Statement of changes in equity for the year ended March 31, 2018**

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

### **a. Equity share capital**

	Note	
Balance as at April 1, 2016		1,63,085
Changes in equity share capital during year ended March 31, 2017	17	-
<b>Balance as at March 31, 2017</b>		<b>1,63,085</b>
Changes in equity share capital during year ended March 31, 2018	17	-
<b>Balance as at March 31, 2018</b>		<b>1,63,085</b>

### **b. Other equity**

	Attributable to owners of the Company		Total
	Reserves and surplus	Items of OCI *	
	Retained earnings	Remeasurement of defined benefit liability	
Balance at April 1, 2016	23,149	-	23,149
<b>Total comprehensive income for the year ended March 31, 2017</b>			
Profit for the year	53,541	-	53,541
Other comprehensive income (net of tax)	-	602	602
<b>Total comprehensive income</b>	<b>53,541</b>	<b>602</b>	<b>54,143</b>
<b>Balance at March 31, 2017</b>	<b>76,690</b>	<b>602</b>	<b>77,292</b>

	Attributable to owners of the Company		Total
	Reserves and surplus	Items of OCI *	
	Retained earnings	Remeasurement of defined benefit liability	
Balance at April 1, 2017	76,690	602	77,292
<b>Total comprehensive income for the year ended March 31, 2018</b>			
Profit for the year	66,518	-	66,518
Other comprehensive income (net of tax)	-	(2,822)	(2,822)
<b>Total comprehensive income</b>	<b>66,518</b>	<b>(2,822)</b>	<b>63,698</b>
<b>Balance at March 31, 2018</b>	<b>1,43,208</b>	<b>(2,220)</b>	<b>1,40,991</b>

\* Items that will not be reclassified to profit and loss

The notes referred to above form are an integral part of these financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

for and on behalf of the board of directors of

**KMC Speciality Hospitals (India) Limited**

CIN : L85110TN1982PLC009781

**S Sethuraman**

Partner

Membership No: 203491

**Dr. S.Chandrakumar**

Managing Director

DIN : 01867847

**CA S Chenthil Kumar**

Director

DIN : 02621693

**S Badrinarayan**

Chief Financial Officer

Place : Chennai

Date : May 29, 2018

**G Sathyan**

Company Secretary

Place : Chennai

Date : May 29, 2018

## **KMC Speciality Hospitals (India) Limited**

### **Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

#### **1. Company information**

KMC Speciality Hospitals (India) Limited ("the Company") was originally incorporated as Advanced Medical Care Private Limited on December 31, 1982 under the Companies Act, 1956 and was converted into a Public Limited Company on July 15, 1988. The name of the Company was changed to Seahorse Hospitals Limited on March 21, 1995 and to its current name with effect from October 24, 2008. The Company is a super speciality hospital based in Trichy, belonging to the Kauvery Hospitals group. The Company is primarily engaged in the business of rendering medical and healthcare services.

#### **2. Basis of preparation**

##### **A. Statement of compliance**

The Company has prepared the financial statements ('financial statements') under Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance of the Company is provided in Note 40.

The financial statements were authorised for issue by the Company's Board of Directors on May 29, 2018.

Details of the Company's accounting policies are included in Note 3.

##### **B. Functional and presentation currency**

The Company's functional currency is Indian Rupees (INR) and the financial statements are presented in Indian Rupees. All amounts have been presented in rounded off to the nearest thousands, unless otherwise indicated.

##### **C. Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items:

<b>Items</b>	<b>Measurement basis</b>
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

##### **D. Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

## **KMC Speciality Hospitals (India) Limited**

### **Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

#### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment during the year ended March 31, 2018 is included in the following notes:

- Note 10 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 14 – impairment of financial assets
- Note 24 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 38 – recognition and measurement of provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources;

#### **E. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Management uses various valuation techniques to determine 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. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 36 – financial instruments;

### **3. Significant accounting policies**

#### **A. Foreign currency**

##### **i. Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except for such exchange differences arising from the translation of specific items which are recognised in OCI, as the case may be.



**KMC Speciality Hospitals (India) Limited**

**Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

**B. Financial instruments**

**i. Recognition and initial measurement**

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii. Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income ('FVOCI') – debt investment;
- FVOCI – equity investment; or
- Fair value through profit and loss ('FVTPL')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated as FVTPL:

- a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

**Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**iii. Derecognition****Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**C. Property, plant and equipment****i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**iii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**iv. Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset category	Management estimate of useful life	Useful life as per Schedule II
Buildings	61	60
Surgical and other equipments	10	10
Electrical installations	5	5
Office equipments	5	5
Computers and accessories	3	3
Books	10	10
Furniture, fixtures and fittings	5	5
Vehicles	4	6



**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Leasehold improvements are being depreciated over the term of the lease, or estimated useful life of the assets, whichever is lower on a straight line basis. Freehold land is not depreciated.

Assets individually costing Rs 5,000 and less are fully depreciated in the year of purchase based on the technical evaluation, the management believes that it represent the relevant useful life of these assets.

**D. Intangible assets****i. Measurement**

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**iii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**iv. Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset category	Management estimate of useful life
Software	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**E. Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment property recognised as at April 1, 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such investment property.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

The fair values of investment property is disclosed in the notes. The fair value of investment property has been determined in accordance with the requirements of *Ind AS 113 - Fair value measurement*.

**F. Inventories**

Inventory comprises of pharmacy stock and consumables. Pharmacy stock is valued at the lower of cost and net realisable value including necessary provision for obsolescence. Consumables are valued at cost. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The cost of consumables is charged to the Statement of profit and loss in the year of purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The Company follows the first-in-first out method of determining the cost of inventories.

The comparison of cost and net realisable value is made on an item-by-item basis.

**G. Impairment****i. Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

**Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

**Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## **KMC Speciality Hospitals (India) Limited**

### **Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

#### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### **ii. Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **H. Employee benefits**

##### **i. Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

##### **ii. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.



**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

**iii. Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**iv. Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

**v. Termination benefits**

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

**I. Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

## **KMC Speciality Hospitals (India) Limited**

### **Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

#### **J. Revenue**

##### ***i. Rendering of services***

The Company derives its revenue primarily from rendering medical and healthcare services. Income from medical and healthcare services comprises of income from hospital services and sale of pharmacy products.

Revenue from hospital services to patients is recognised as revenue when the related services are rendered unless significant future uncertainties exist relating to the ultimate collection. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment / observation on the balance sheet date to the extent of services rendered. Revenue is recognised net of discounts and concessions given to the patients.

'Unbilled revenue' represents value of medical and healthcare services rendered in excess of amounts billed to the patients as at the balance sheet date.

##### ***ii. Sale of goods***

Revenue from sale of pharmacy products within hospital premises is recognised on sale of medicines and similar products to the buyer. The amount of revenue recognised is net of sales returns and exclusive of sales tax and trade discounts, wherever applicable.

#### **K. Leases**

##### ***i. Determining whether an arrangement contains a lease***

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

##### ***ii. Lease payments***

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **L. Recognition of Interest Income or expense**

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

**M. Income tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred taxes is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**N. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**O. Earnings per share**

Basic earnings per share has been computed by dividing profit / loss for the year by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.



**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

*(All amounts are in Indian Rupees thousands, except share data and as stated)*

**P. Operating segment**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's Managing Director is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker ('CODM'). The Company's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Company. Therefore, the Company has determined that it operates in a single operating and reportable segment (Also refer to note 40).

**Q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on 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. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**R. New standards and amendments to existing standards issued but not yet effective***Ind AS 115, Revenue from Contracts with Customers*

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after April 1, 2018 and will be applied accordingly. In this regard, the Company is in process of carrying out assessment of potential impact on adoption of Ind AS 115 on accounting policies followed and accordingly impact on its financial statements on initial application of this standard is not reasonably estimable at present.

# **KMC Speciality Hospitals (India) Limited**

Notes to financial statements for the year ended March 31, 2018

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

## **4. Property, plant and equipment and investment property**

See accounting policy in note 3(c)

## **Reconciliation of carrying amount**

Particulars	Land *	Buildings	Leasehold improvements	Surgical and other equipments	Electrical installation	Computers	Books	Furniture and fixtures	Vehicles	Total
<b>Cost or deemed cost (gross carrying amount)</b>										
Balance as at April 1, 2016	-	107,402	55,870	42,495	14,306	344	16	2,926	54	223,413
Additions	-	-	-	45,631	1,248	908	-	795	-	48,582
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	-	<b>107,402</b>	<b>55,870</b>	<b>88,126</b>	<b>15,554</b>	<b>1,252</b>	<b>16</b>	<b>3,721</b>	<b>54</b>	<b>271,995</b>
Balance as at April 1, 2017	-	107,402	55,870	88,126	15,554	1,252	16	3,721	54	271,995
Additions	58,358	-	-	92,866	3,581	1,804	45	793	5,040	162,487
Disposals	-	-	-	(2,300)	(5)	-	-	-	-	(2,305)
<b>Balance as at March 31, 2018</b>	<b>58,358</b>	<b>107,402</b>	<b>55,870</b>	<b>178,692</b>	<b>19,130</b>	<b>3,056</b>	<b>61</b>	<b>4,514</b>	<b>5,094</b>	<b>433,177</b>
<b>ACCUMULATED DEPRECIATION</b>										
Balance as at April 1, 2016	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	2,901	8,802	10,972	6,725	331	3	1,819	54	31,607
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	-	<b>2,901</b>	<b>8,802</b>	<b>10,972</b>	<b>6,725</b>	<b>331</b>	<b>3</b>	<b>1,819</b>	<b>54</b>	<b>31,607</b>
Balance as at April 1, 2017	-	2,901	8,802	10,972	6,725	331	3	1,819	54	31,607
Depreciation for the period	-	2,901	8,802	17,089	6,106	676	5	1,601	1,258	38,438
Disposals	-	-	-	(1,436)	(5)	-	-	-	-	(1,441)
<b>Balance as at March 31, 2018</b>	-	<b>5,802</b>	<b>17,604</b>	<b>26,625</b>	<b>12,826</b>	<b>1,007</b>	<b>8</b>	<b>3,420</b>	<b>1,312</b>	<b>68,604</b>
<b>Carrying amount (net)</b>										
Balance as at April 1, 2016	-	107,402	55,870	42,495	14,306	344	16	2,926	54	223,413
Balance as at March 31, 2017	-	104,501	47,068	77,154	8,829	921	13	1,902	-	240,388
Balance as at March 31, 2018	58,358	101,600	38,266	152,067	6,304	2,049	53	1,094	3,782	363,573

\* The Company had executed a deed of sale dated January 31, 2018, towards purchase of a residential land and building for an aggregate consideration of INR 58,358 (including registration and other charges of INR 5,800). In this regard, as at the balance sheet date, the title transfer is still awaited by the Company owing to certain procedural formalities which management believes is administrative in nature.

## KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

### 5 Investment property

See accounting policy in note 3(c)

#### A Reconciliation of carrying amount

	Land #	Total
Cost or deemed cost (gross carrying amount)		
Balance as at April 1, 2016	4,043	4,043
Balance as at March 31, 2017	4,043	4,043
Balance as at April 1, 2017	4,043	4,043
Acquisitions	-	-
Transfer from property, plant and equipment	-	-
Balance as at March 31, 2018	4,043	4,043

# Investment property represents freehold land towards which depreciation charge is not applicable. Accordingly, the carrying amount (net) is equivalent to the gross carrying amount as at the respective balance sheet date.

#### Fair value

At April 1, 2016	1,30,500	1,30,500
At March 31, 2017	1,37,025	1,37,025
At March 31, 2018	1,43,550	1,43,550

#### B Measurement of fair values

##### Fair value hierarchy and valuation technique

Investment property comprises of freehold land in Trichy. The fair value of investment property has been determined in accordance with the requirements of Ind AS 113 - Fair value measurement.

The fair value measurement for the investment property has been categorised as a Level 3 (See accounting policy in note 3(e)).

#### Information regarding income and expenditure of investment property

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rental income from the investment property	132	132

### 6 Intangible assets

See accounting policy in note 3(d)

Particulars	Software	Total
Cost or deemed cost (gross carrying amount)		
Balance as at April 1, 2016	474	474
Additions	201	201
Deletions	-	-
Balance as at March 31, 2017	675	675
Additions	3	3
Deletions	-	-
Balance as at March 31, 2018	678	678
Accumulated amortisation		
Balance as at April 1, 2016	-	-
Amortisation for the year	303	303
Deletions	-	-
Balance as at March 31, 2017	303	303
Amortisation for the year	200	200
Deletions	-	-
Balance as at March 31, 2018	503	503
Carrying amount (net)		
Balance as at April 1, 2016	474	474
Balance as at March 31, 2017	372	372
Balance as at March 31, 2018	175	175



**KMC Speciality Hospitals (India) Limited**
**Notes to financial statements for the year ended March 31, 2018**

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>7 Non-current investments</b>			
<i>Unquoted equity shares</i>			
<b>Equity shares at FVOCI</b>			
2,200 (March 31, 2017: Nil; April 1, 2016: Nil) equity shares of Nazca Energy Private Limited)	22	-	-
	<u>22</u>	<u>-</u>	<u>-</u>
 Aggregate value of unquoted investments	 22	 -	 -
 <b>8 Loans</b>			
(Unsecured, considered good)			
<b>Non-current</b>			
Security deposits	6,579	3,970	2,520
	<u>6,579</u>	<u>3,970</u>	<u>2,520</u>
<b>Current</b>			
Employee advances	289	384	300
	<u>289</u>	<u>384</u>	<u>300</u>
	<u>6,868</u>	<u>4,354</u>	<u>2,820</u>
 <b>9 Other financial assets</b>			
(Unsecured, considered good)			
<b>Non-current</b>			
Bank deposits (due to mature after 12 months from the reporting date)	800	918	200
Interest accrued on fixed deposits but not due	146	81	32
	<u>946</u>	<u>999</u>	<u>232</u>
<b>Current</b>			
Unbilled revenue	10,043	7,305	3,785
Interest accrued on fixed deposits but not due	859	-	192
	<u>10,902</u>	<u>7,305</u>	<u>3,976</u>
	<u>11,848</u>	<u>8,304</u>	<u>4,208</u>

**KMC Speciality Hospitals (India) Limited**
**Notes to financial statements for the year ended March 31, 2018**

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

**10 Income tax**

(See accounting policy in note 3(m))

**A Amounts recognised in statement of profit and loss**

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current tax (a)</b>		
Current period	21,743	17,159
Previous period	900	-
<b>Deferred tax (b)</b>		
Attributable to -		
Origination and reversal of temporary differences	8,848	9,173
<b>Tax expense (a) + (b)</b>	<b>31,491</b>	<b>26,332</b>

**B Income tax recognised in other comprehensive income**

	As at March 31, 2018			As at March 31, 2017		
	Amount	Tax (expense) / benefit	Net of tax	Amount	Tax (expense) / benefit	Net of tax
Remeasurements of defined benefit liability	(4,315)	1,493	(2,822)	900	(298)	602

**C Reconciliation of effective tax rate**

	Year ended March 31, 2018		Year ended March 31, 2017	
	%	Amount	%	Amount
<b>Profit before tax</b>		<b>98,009</b>		<b>79,873</b>
Tax using the Company's domestic tax rate	27.82%	27,266	33.06%	26,408
Effect of:				
Change in temporary differences	4.31%	4,225	-0.10%	(76)
<b>Effective tax rate / tax expense</b>	<b>32.13%</b>	<b>31,491</b>	<b>32.97%</b>	<b>26,332</b>

**E Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following

	Deferred tax assets		Deferred tax liabilities		Net deferred tax (assets) / liabilities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Property, plant and equipment	-	-	22,153	19,507	(22,153)	(19,507)
Provision for employee benefits	6,541	5,101	-	-	6,541	5,101
Loss allowance on trade receivables	4,839	3,045	-	-	4,839	3,045
Carried forward loss	3,300	33,090	-	-	3,300	33,090
Minimum alternative tax	51,600	28,958	-	-	51,600	28,958
Others	-	-	794	-	(794)	-
<b>Deferred tax (assets) / liabilities</b>	<b>66,280</b>	<b>70,194</b>	<b>22,947</b>	<b>19,507</b>	<b>43,333</b>	<b>50,687</b>
Offsetting of deferred tax assets and deferred tax liabilities	(22,947)	(19,507)	(22,947)	(19,507)	-	-
<b>Net deferred tax (assets) liabilities</b>	<b>43,333</b>	<b>50,687</b>	<b>-</b>	<b>-</b>	<b>43,333</b>	<b>50,687</b>

**Movement in temporary differences for the year ended March 31, 2018**

	Balance as at April 1, 2016	Recognized in profit and loss during 2016-17	Recognized in OCI during 2016-17	Balance as at March 31, 2017	Recognized in profit and loss during 2017-18	Recognized in OCI during 2017-18	Balance as at March 31, 2018
Property, plant and equipment	(18,108)	(1,399)	-	(19,507)	(2,646)	-	(22,153)
Provision for employee benefits	5,131	268	(298)	5,101	(54)	1,493	6,541
Loss allowance on trade receivable	1,974	1,071	-	3,045	1,794	-	4,839
Carried forward loss	59,335	(26,245)	-	33,090	(29,790)	-	3,300
Minimum alternative tax	11,799	17,159	-	28,958	22,642	-	51,600
Others	27	(27)	-	-	(794)	-	(794)
	<b>60,158</b>	<b>(9,173)</b>	<b>(298)</b>	<b>50,687</b>	<b>(8,848)</b>	<b>1,493</b>	<b>43,333</b>

# **KMC Speciality Hospitals (India) Limited**

Notes to financial statements for the year ended March 31, 2018

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

## **11 Income tax assets (net)**

Advance income tax, net of provision for tax	28,138	30,578	30,482
	<u>28,138</u>	<u>30,578</u>	<u>30,482</u>

## **12 Other assets**

(Unsecured, considered good)

### **Non-current**

Capital advances	173	6,573	25
Advance to holding company towards windmill deposit	520	520	520
	<u>693</u>	<u>7,093</u>	<u>545</u>

### **Current**

Prepaid expenses	348	292	359
Advance to suppliers	346	143	304
Gratuity fund (refer note 23)	-	1,642	-
	<u>694</u>	<u>2,077</u>	<u>663</u>
	<u>1,387</u>	<u>9,170</u>	<u>1,208</u>

## **13 Inventories**

(See accounting policy in note 3(f))

Traded goods - Pharmacy items	4,002	4,543	3,305
Consumables - Surgical material and medical stores	2,760	2,227	2,934
	<u>6,762</u>	<u>6,770</u>	<u>6,239</u>

## **14 Trade receivables**

(See accounting policy in note 3(b))

Unsecured, considered good #	24,311	17,289	10,626
Unsecured, considered doubtful	17,394	9,211	5,969
Less: Allowance for credit loss	(17,394)	(9,211)	(5,969)
	<u>24,311</u>	<u>17,289</u>	<u>10,626</u>

# includes receivable from Holding Company. Refer note 42.

\* The Company's exposure to credit risk and loss allowances relating to trade receivables are disclosed in note 36.

## **15 Cash and cash equivalents**

Cash and cash equivalents			
Cash on hand	1,051	1,315	952
Balances with banks			
- on current accounts	2,419	7,386	1,882
	<u>3,470</u>	<u>8,701</u>	<u>2,834</u>

# KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

## 16 Other bank balances

Balances with banks

- On deposit accounts (due to mature within 12 months of the reporting date)

32,606

-

500

32,606

-

500

## 17 Equity

### Authorised

250,000,000 (Previous year: 250,000,000) equity shares of Rs. 1/- each

250,000

250,000

250,000

250,000

250,000

250,000

### Issued, subscribed and paid up

163,085,000 (Previous year: 163,085,000) equity shares of Rs. 1/- each fully paid up

163,085

163,085

163,085

163,085

163,085

163,085

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

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 1/- each fully paid up				
At the commencement and at the end of the year	163,085,000	163,085	163,085,000	163,085

### b. Rights, preferences and restrictions attached to shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

### c. Shares held by holding company and / or their subsidiaries / associates

	As at March 31, 2018	
	No. of shares	Amount
Equity shares of Rs. 1/- each fully paid up		
Sri Kavery Medical Care (Trichy) Limited, the Holding Company	122,313,750	122,314
	As at March 31, 2017	
	No. of shares	Amount
Equity shares of Rs. 1/- each fully paid up		
Sri Kavery Medical Care (Trichy) Limited, the Holding Company	122,313,750	122,314
	As at April 1, 2016	
	No. of shares	Amount
Equity shares of Rs. 1/- each fully paid up		
Sri Kavery Medical Care (Trichy) Limited, the Holding Company	122,313,750	122,314

### d. Details of share holders holding more than 5% of shares of Rs. 1/- each fully paid in the Company

	As at March 31, 2018	
	No. of shares	% of total equity shares
Equity shares of Rs. 1/- each fully paid up		
Sri Kavery Medical Care (Trichy) Limited, the Holding Company	122,313,750	75.00%

## KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

		As at March 31, 2017	
		No. of shares	% of total equity shares
Equity shares of Rs. 1/- each fully paid up			
Sri Kavery Medical Care (Trichy) Limited, the Holding Company		122,313,750	75.00%
		As at April 1, 2016	
		No. of shares	% of total equity shares
Equity shares of Rs. 1/- each fully paid up			
Sri Kavery Medical Care (Trichy) Limited, the Holding Company		122,313,750	75.00%
<b>18 Other equity</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at April 1, 2016</b>
<b>Surplus/ (deficit) in the statement of profit and loss</b>			
At the commencement of the year	76,690	23,149	(29,026)
Profit for the year	66,518	53,541	-
Adjustments pursuant to transition to Ind AS	-	-	52,175
At the end of the year	<b>143,209</b>	<b>76,690</b>	<b>23,149</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
<b>Re-measurement of defined benefit plans</b>			
At the commencement of the year	602	-	-
Remeasurements of defined benefit liability (asset)	(2,822)	602	-
At the end of the year	<b>(2,220)</b>	<b>602</b>	<b>-</b>
	<b>140,991</b>	<b>77,292</b>	<b>23,149</b>

## 19 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity and other borrowings. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio is as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total liabilities	225,410	140,279	160,771
Less : Cash and cash equivalents	(3,470)	(8,701)	(2,834)
<b>Adjusted net debt</b>	<b>221,940</b>	<b>131,578</b>	<b>157,937</b>
Total equity	304,076	240,377	186,234
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.73</b>	<b>0.55</b>	<b>0.85</b>

## 20 Earnings per share (EPS)

### Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Net profit attributable to the equity shareholders (A)	66,518	53,541
Weighted average number of equity shares outstanding as at reporting date (B)	163,085	163,085
<b>Basic earnings per equity share (A/B)</b>	<b>0.41</b>	<b>0.33</b>

The Company does not have any potential equity shares. Accordingly, basic and dilutive EPS would remain the same.



## KMC Speciality Hospitals (India) Limited

### Notes to financial statements for the year ended March 31, 2018

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

#### 21 Borrowings

(See accounting policy in note 3(n))

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Non-current</b>			
<b>Secured</b>			
Term loans from banks	93,443	34,564	59,859
Deferred payment liabilities	10,339	-	-
	<b>103,782</b>	<b>34,564</b>	<b>59,859</b>
<b>Current</b>			
<b>Secured</b>			
Cash credit facility from bank	8,219	-	11,221
Term loans from banks	29,977	28,847	32,609
Deferred payment liabilities	3,300	-	-
Less: Amount disclosed under other current liabilities	(33,277)	(28,847)	(32,609)
	<b>8,219</b>	<b>-</b>	<b>11,221</b>

#### Terms of repayment of term loans and the nature of security

a) Term loans outstanding as on March 31, 2018 of INR 29,036 (March 31, 2017: INR 63,410) availed from State Bank of India:

(i) Term loan - I was availed initially for INR 50 million during the financial year 2010-11 from Axis Bank and is repayable in 60 monthly installments of INR 833,334/- commencing from November 30, 2012, being 24 months from the date of sanction. During the previous year, the said loan was taken over by State Bank of India. The term loan is repayable in 14 installments of INR 833,334/- each commencing from November 28, 2016. The loan was repaid during the current year.

(ii) Term loan - II was availed initially for INR 50 million during financial year 2011-12 from Axis Bank and is repayable in 60 monthly installments of INR 833,334/- commencing from January 31, 2014, being 24 months from the date of sanction. During the previous year, the said loan was taken over by State Bank of India. The term loan is repayable in 28 installments of INR 833,334/- each commencing from November 28, 2016.

(iii) Term loan - III was availed initially for INR 30 million during the financial year 2013-14 from Axis Bank and is repayable in 60 monthly installments of INR 500,000/- commencing from April 30, 2014, being 10 months from the date of sanction. During the previous year, the said loan was taken over by State Bank of India. The term loan is repayable in 24 instalments of INR 500,000/- each commencing from November 28, 2016.

(iv) Term loan - IV was availed initially for INR 50 million during the financial year 2013-14 from City Union Bank and is repayable in 84 equated monthly installments of INR 933,244/- commencing from August 01, 2013, being 6 months after the date of sanction. During the previous year, the said loan was taken over by State Bank of India. The term loan is repayable in 45 instalments of INR 750,000/- each commencing from December 28, 2016.

The above loans are secured by way of the following:

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



## KMC Speciality Hospitals (India) Limited

### Notes to financial statements for the year ended March 31, 2018

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

#### b) Term loans outstanding as on March 31, 2018 of INR 48,155 (March 31, 2017: Nil) availed from HDFC Bank:

(i) Term loan - I from HDFC Bank for INR 43.77 million was availed on December 26, 2017, principal is repayable in 66 installments of INR 663,174/- towards principal commencing from August 30, 2018. Interest being serviced monthly.

The above loan is secured by way of the following:

(i) First and exclusive charge for the land, building and equipment purchased with the loan amount. The collateral value of the land, building and equipment amounting atleast INR 250 million.

(ii) Letter of comfort from the holding company, Sri Kavery Medical Care (Trichy) Limited.

(ii) Term loan towards purchase of car from HDFC Bank for INR 5 million was availed in the previous year and is repayable in 60 equated monthly installments (EMIs) of INR 100,904/- commencing from March 7, 2017. The loan is secured by way of hypothecation of the asset procured.

#### c) Term loans outstanding as on March 31, 2018 of INR 46,229 (March 31, 2017: Nil) availed from Yes Bank Limited:

(i) Term loan towards purchase of MRI Scan from Yes Bank Limited for INR 39.55 million was availed on November 21, 2017 and is repayable in 78 equated monthly installments (EMIs) of INR 647,916/- commencing from December 2017.

(ii) Term loan towards purchase of CT Scan from Yes Bank Limited for INR 11.16 million was availed on October 9, 2017 and is repayable in 78 equated monthly installments (EMIs) of INR 182,732/- commencing from November 2017.

The above loans are secured by way of first and exclusive charge on the equipments purchased against the loan.

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>22 Other financial liabilities</b>			
<i>To parties other than related parties</i>			
<b>Non-current</b>			
Security deposits	1,882	2,071	1,383
	<u>1,882</u>	<u>2,071</u>	<u>1,383</u>
<b>Current</b>			
Current maturities of long-term borrowings (refer note 21)	33,277	28,847	32,609
Liabilities towards purchase of fixed assets			
- Total outstanding dues of micro and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro and small enterprises	-	12,281	-
Employee benefits payable	13,813	10,503	7,665
<i>To related parties</i>			
Due to related party (holding company)	985	1,131	8
	<u>48,075</u>	<u>52,762</u>	<u>40,282</u>
	<u>49,957</u>	<u>54,833</u>	<u>41,665</u>

#### 23 Provisions

(See accounting policies in 3(i))

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Non-current</b>			
Gratuity (refer note 32)	2,357	-	1,261
Compensated absences	1,968	1,030	1,682
	<u>4,325</u>	<u>1,030</u>	<u>2,943</u>
<b>Current</b>			
Gratuity (refer note 32)	525	-	259
Compensated absences	765	574	140
	<u>1,290</u>	<u>574</u>	<u>399</u>
	<u>5,615</u>	<u>1,604</u>	<u>3,342</u>

Also refer to note 24 for employee related provisions

## KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

### 24 Assets and liabilities relating to employee benefits (See accounting policies in 3(h))

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Net defined benefit asset - Gratuity plan	8,786	7,200	3,820
<b>Total employee benefit asset (current)</b>	<b>8,786</b>	<b>7,200</b>	<b>3,820</b>
Net defined benefit liability - Gratuity plan	11,668	5,558	5,340
Liability for compensated absences	2,732	825	1,822
<b>Total employee benefit liabilities</b>	<b>14,400</b>	<b>6,383</b>	<b>7,162</b>
Non-current	13,110	6,013	6,763
Current	1,290	370	399

For details about the related employee benefit expenses, see note 42.

The Company operates the following post-employment defined benefit plans.

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, liquidity risk, salary escalation risk, demographic risk, regulatory risk and investment risk.

#### A. Funding

The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of Plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (E). Employees do not contribute to the plan.

#### B. Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Reconciliation of present value of defined benefit obligation</b>		
Balance at the beginning of the year	5,560	5,340
Benefits paid	(1,009)	(1,022)
Current service cost	1,866	1,610
Interest cost	404	532
Past service gain	622	-
Actuarial (gains)/ losses recognised in other comprehensive income		
changes in financial assumptions	2,662	-
experience adjustments	1,566	(900)
<b>Balance at the end of the year</b>	<b>11,671</b>	<b>5,560</b>
<b>Reconciliation of fair value of plan assets</b>		
Balance at the beginning of the year	7,202	3,820
Contributions paid into the plan	2,158	3,978
Benefits paid	(1,009)	(1,022)
Interest income	525	426
Return on plan assets recognised in other comprehensive income	(88)	-
<b>Balance at the end of the year</b>	<b>8,789</b>	<b>7,202</b>
<b>Net defined benefit liability</b>	<b>2,882</b>	<b>(1,642)</b>

## KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

### 24 Assets and liabilities relating to employee benefits (continued)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>C.</b>		
<b>i. Expense recognised in profit or loss</b>		
Current service cost	1,866	1,610
Past service cost	622	-
Interest cost	404	532
Interest income	(525)	(426)
	<b>2,367</b>	<b>1,716</b>
<b>ii. Remeasurement recognised in other comprehensive income</b>		
Actuarial (gain)/ loss on defined benefit obligation	4,227	(900)
Return on plan assets excluding interest income	88	-
	<b>4,315</b>	<b>(900)</b>

#### D. Plan assets

Plan assets comprise of LIC fund maintained by Company.

#### E. Defined benefit obligations

##### i. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended April 1, 2016
Discount rate	7.80%	7.28%	7.80%
Future salary growth	5.00%	5.00%	5.00%
Attrition rate	5.00%	5.00%	5.00%

##### ii. Sensitivity analysis

	Year ended March 31, 2018		Year ended March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	10,440	13,140	5,316	6,662
Future salary growth (1% movement)	13,004	10,528	6,563	5,383
Attrition rate (50% movement)	11,451	11,918	6,227	5,465

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by percentage indicated, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

#### F. Five year information

Amounts of the current year and previous four periods are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Defined benefit obligation	11,671	5,560	5,340	4,701	4,073
Plan asset	8,789	7,202	3,820	2,665	2,914
Surplus/(deficit)	(2,882)	1,642	(1,520)	(2,036)	(1,159)
Experience adjustments					
- in plan liabilities (loss) / gain	(1,566)	903	753	(108)	(603)
- in plan assets (loss) / gain	-	3	25	(4)	-

**KMC Speciality Hospitals (India) Limited****Notes to financial statements for the year ended March 31, 2018**

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>25 Trade payables</b>			
Total outstanding dues of micro and small enterprises	658	1,274	2,964
Total outstanding dues of creditors other than micro and small enterprises*	40,264	31,096	27,361
	<b>40,922</b>	<b>32,370</b>	<b>30,325</b>
For dues to micro and small enterprises, refer note 39			
*includes dues to Holding Company	602	15	24
<b>26 Other liabilities</b>			
<b>Current</b>			
<i>To parties other than related parties</i>			
Advance from patients	5,055	5,515	3,780
Income received in advance	-	697	879
Statutory liabilities	5,444	4,280	3,283
Other liabilities	6,416	6,416	6,417
	<b>16,915</b>	<b>16,908</b>	<b>14,359</b>

**KMC Speciality Hospitals (India) Limited**

Notes to financial statements for the year ended March 31, 2018

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>27 Revenue from operations</b> (See accounting policies in 3(j))		
<b>Revenue from medical and healthcare services</b>		
Income from hospital services	531,029	400,387
Sale of pharmacy products	173,894	146,440
	<u>704,923</u>	<u>546,827</u>
<b>Other operating revenues</b>		
Sale of scrap	100	183
Others	1,642	1,278
	<u>1,742</u>	<u>1,461</u>
	<u>706,665</u>	<u>548,288</u>
<b>Breakup of revenue from medical and healthcare services</b>		
Revenue from in-patient services	448,315	337,848
Revenue from out-patient services	80,387	60,676
Sales of pharmacy products	173,894	146,440
Others	2,327	1,863
	<u>704,923</u>	<u>546,827</u>

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**KMC Speciality Hospitals (India) Limited**
**Notes to financial statements for the year ended March 31, 2018**

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

**28 Other income**

Interest income	1,372	383
Rental income	132	132
Liabilities / provisions no longer required written back	97	10
Miscellaneous income	1,615	625
	<u>3,216</u>	<u>1,150</u>

**29 Cost of materials consumed**

Inventory at the beginning of the year	2,228	2,934
Add: Purchases- consumables	17,680	13,405
Inventory at the end of the year	<u>(2,760)</u>	<u>(2,228)</u>
	<u>17,148</u>	<u>14,112</u>

**30 Purchases of pharmacy products**

Purchase of pharmacy products	86,672	75,299
	<u>86,672</u>	<u>75,299</u>

**31 Changes in inventory - pharmacy products**

Opening inventory	4,543	3,305
Closing inventory	<u>(4,002)</u>	<u>(4,543)</u>
	<u>541</u>	<u>(1,238)</u>

**32 Employee benefits expense**

(See accounting policies in 3(h))

Salaries, wages and bonus	136,633	101,531
Contribution to provident and other funds	13,509	10,010
Staff welfare expenses	7,152	5,161
	<u>157,294</u>	<u>116,702</u>

**For the year ended  
March 31, 2018**

**For the year ended  
March 31, 2017**

**33 Finance costs**

(See accounting policies in 3(n))

Interest		
- on term loans	6,539	9,906
- on others	387	12
Other borrowing costs	944	2,488
	<u>7,870</u>	<u>12,406</u>

# **KMC Speciality Hospitals (India) Limited**

**Notes to financial statements for the year ended March 31, 2018**

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

## **34 Depreciation and amortisation expense**

(See accounting policies in 3(c)(iv))

Depreciation of tangible assets	38,438	31,607
Amortisation of intangible assets	200	303
	<b>38,638</b>	<b>31,911</b>

## **35 Other expenses**

### **Hospital operating expenses**

Professional fees to consultants	149,927	125,571
Power and fuel	18,393	16,008
Repairs and maintenance		
- Buildings	6,755	2,814
- Plant and machinery	4,165	3,720
- Others	11,772	9,258
Sub-contracting charges	32,827	16,733
Medical gas	2,403	2,005
Rent (refer note 43)	4,019	2,017
Blood and medical record scan charges	3,540	2,681
Health club expenses	1,371	1,282

**A** **235,172** **182,089**

### **Administrative expenses**

Rates and taxes	2,728	1,764
Business promotion and publicity	18,055	9,690
Travelling and communication expenses	10,837	5,596
Printing and stationery	5,896	5,648
Legal and professional charges (refer note (i) below)	9,030	5,351
Security charges	333	739
Bad debts written off	6,857	1,698
Provision for loss allowance	8,183	3,242
Loss on sale of asset	654	-
Insurance	318	295
Bank charges	1,926	1,760
Directors sitting fees	540	759
Miscellaneous expenses (refer note (ii) below)	3,180	1,742

**B** **68,537** **38,284**

**A+B** **303,709** **220,373**

### **(i) Payment to auditors (excluding service tax / goods and services tax)**

Statutory audit	1,550	1,550
Quarterly limited reviews	450	450
Reimbursement of expenses	230	186
	<b>2,230</b>	<b>2,186</b>

### **(ii) Details of corporate social responsibility expenditure**

(a) Amount required to be spent by the Company during the year	789	-
(b) Amount spent during the year		
(i) Construction / acquisition of any assets	-	-
(ii) On purposes other than (i) above	795	-

The Company has contributed to the Kavery Medical Trust

# KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

## 36 Financial instruments - Fair value and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

March 31, 2018	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount
<b>Financial assets not measured at fair value</b>			
Investments	22	-	22
Loans	6,868	-	6,868
Trade receivables	24,311	-	24,311
Cash and cash equivalents	3,470	-	3,470
Balance other than above	32,606	-	32,606
Other financial assets	11,848	-	11,848
<b>Financial liabilities not measured at fair value</b>			
Borrowings	-	112,001	112,001
Trade payables	-	40,922	40,922
Other financial liabilities	-	49,957	49,957
<b>March 31, 2017</b>	<b>Other financial assets - amortised cost</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>
<b>Financial assets not measured at fair value</b>			
Loans	4,354	-	4,354
Trade receivables	17,289	-	17,289
Cash and cash equivalents	8,701	-	8,701
Other financial assets	8,304	-	8,304
<b>Financial liabilities not measured at fair value</b>			
Borrowings	-	34,564	34,564
Trade payables	-	32,370	32,370
Other financial liabilities	-	54,833	54,833
<b>April 1, 2016</b>	<b>Other financial assets - amortised cost</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>
<b>Financial assets not measured at fair value</b>			
Loans	2,820	-	2,820
Trade receivables	10,626	-	10,626
Cash and cash equivalents	2,834	-	2,834
Balance other than above	500	-	500
Other financial assets	4,208	-	4,208
<b>Financial liabilities not measured at fair value</b>			
Borrowings	-	71,080	71,080
Trade payables	-	30,325	30,325
Other financial liabilities	-	41,665	41,665

The Company has not disclosed fair values of financial instruments such as investments, loans, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, trade payables and other financial liabilities, since their carrying amounts are reasonable approximates of fair values. The Company does not have any financial asset/liability which are classified as FVTPL or FVTOCI.

## KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

### 36 Financial instruments - Fair value and risk management (continued)

#### B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a) credit risk (see (B)(ii));
- b) liquidity risk (see (B)(iii)); and
- c) market risk (see (B)(iv)).

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company,

#### ii. Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

	Carrying amount		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables	24,311	17,289	10,626
Loans	6,868	4,354	2,820
Cash and cash equivalents	36,076	8,701	3,334
Other financial assets	32,606	8,304	4,208
	<b>99,861</b>	<b>38,648</b>	<b>20,987</b>

#### Trade receivables

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to INR 17,394 (March 31, 2017 : INR 9,211; April 1, 2016: INR 5,969). The Company's exposure to credit risk for trade receivables and other receivables is as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables and other receivables (Gross)	41,705	26,500	16,595
Less: Credit loss allowance	(17,394)	(9,211)	(5,969)
	<b>24,311</b>	<b>17,289</b>	<b>10,626</b>

#### Loans

This balance primarily constitute of rental deposits given to lessors, employee advances and electricity deposit given to Tamil Nadu Electricity Board. The Company does not expect any losses from non-performance by these counter parties.

#### Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

#### Other financial assets

Other financial assets comprises of unbilled revenue, bank deposits (due to mature after 12 months from the reporting date) and interest accrued on fixed deposits. These fixed deposits are held with credit worthy banks and financial institutions. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

## KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

### 36 Financial instruments - Fair value and risk management (continued)

#### iii. Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has current financial assets of INR 71,578 (March 31, 2017: INR 33,679 and April 1, 2016: INR 18,235), which the management believes is sufficient to meet all its liabilities maturing during the next 12 months amounting to INR 97,216 (March 31, 2017: INR 85,132 and April 1, 2016: INR 81,828).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, including contractual interest.

#### As at March 31, 2018

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Borrowings	112,001	112,001	14,988	14,988	53,902	28,123
Trade payables	40,922	40,922	40,922	-	-	-
Other financial liabilities	49,957	49,957	48,075	-	1,882	-
	<b>202,880</b>	<b>202,880</b>	<b>103,985</b>	<b>14,988</b>	<b>55,784</b>	<b>28,123</b>

#### As at March 31, 2017

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Borrowings	34,564	34,564	14,424	14,424	2,858	2,858
Trade payables	32,370	32,370	32,370	-	-	-
Other financial liabilities	54,833	54,833	52,762	-	2,071	-
	<b>121,767</b>	<b>121,767</b>	<b>99,556</b>	<b>14,424</b>	<b>4,929</b>	<b>2,858</b>

#### As at April 1, 2016

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Borrowings	71,080	71,080	16,304	16,304	19,236	19,236
Trade payables	30,325	30,325	30,325	-	-	-
Other financial liabilities	41,665	41,665	40,282	-	1,383	-
	<b>143,070</b>	<b>143,070</b>	<b>86,911</b>	<b>16,304</b>	<b>20,619</b>	<b>19,236</b>

#### iv. Market risks

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to interest rate risk.

#### Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

#### a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Variable rate long term borrowings including current maturities	123,420	63,411	92,468
<b>Total borrowings</b>	<b>123,420</b>	<b>63,411</b>	<b>92,468</b>

#### (b) Sensitivity

	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
1% increase in MCLR rate	1,234	634	1,234	634
1% decrease in MCLR rate	(1,234)	(634)	(1,234)	(634)

The interest rate sensitivity is based on the closing balance of secured term loans from banks.



## KMC Speciality Hospitals (India) Limited

### Notes to financial statements for the year ended March 31, 2018

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

#### 37 Explanation of transition to Ind AS

As stated in Note 2A, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2016.

In preparing its Ind AS balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company financial position, financial performance and cash flows.

#### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

##### A. Optional exemptions availed

###### 1. Property plant and equipment, intangible assets and investment properties

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
  - fair value;
  - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets and investment property also.

##### B. Mandatory exceptions

###### 1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

###### 2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

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# KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

## 37 Explanation of transition to Ind AS

### Reconciliation of equity

	Note	As at date of transition April 1, 2016			As at March 31, 2017		
		Previous GAAP	Adjustment on transition to Ind AS	Ind AS	Previous GAAP	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		223,413	-	223,413	240,388	-	240,388
Investment property		4,043	-	4,043	4,043	-	4,043
Intangible assets		474	-	474	372	-	372
Financial assets							
Investments		-	-	-	-	-	-
Loans		2,520	-	2,520	3,970	-	3,970
Other financial assets		232	-	232	999	-	999
Deferred tax asset (net)	B	3,375	56,783	60,158	3,375	47,312	50,687
Income tax assets (net)		30,482	-	30,482	30,578	-	30,578
Other assets		545	-	545	7,093	-	7,093
<b>Total non current assets</b>		<b>265,084</b>	<b>56,783</b>	<b>321,867</b>	<b>290,818</b>	<b>47,312</b>	<b>338,130</b>
Current assets							
Inventories		6,239	-	6,239	6,770	-	6,770
Financial assets							
Trade receivables	C	15,234	(4,608)	10,626	17,851	(562)	17,289
Cash and cash equivalents		2,834	-	2,834	8,701	-	8,701
Other bank balances		500	-	500	-	-	-
Loan		300	-	300	384	-	384
Other financial assets		3,976	-	3,976	7,305	-	7,305
Other current assets		663	-	663	2,077	-	2,077
<b>Total current assets</b>		<b>29,746</b>	<b>(4,608)</b>	<b>25,138</b>	<b>43,088</b>	<b>(562)</b>	<b>42,526</b>
<b>Total assets</b>		<b>294,830</b>	<b>52,175</b>	<b>347,005</b>	<b>333,906</b>	<b>46,750</b>	<b>380,656</b>
EQUITY AND LIABILITIES							
Equity							
Equity share capital		163,085	-	163,085	163,085	-	163,085
Other equity	E	(29,026)	52,175	23,149	30,542	46,750	77,292
<b>Total equity</b>		<b>134,059</b>	<b>52,175</b>	<b>186,234</b>	<b>193,627</b>	<b>46,750</b>	<b>240,377</b>
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings		59,859	-	59,859	34,564	-	34,564
Other financial liabilities		1,383	-	1,383	2,071	-	2,071
Provisions		2,943	-	2,943	1,030	-	1,030
<b>Total non-current liabilities</b>		<b>64,185</b>	<b>-</b>	<b>64,185</b>	<b>37,665</b>	<b>-</b>	<b>37,665</b>
Current liabilities							
Financial Liabilities							
Borrowings		11,221	-	11,221	-	-	-
Trade payables							
- Total outstanding dues of micro and small enterprises		2,964	-	2,964	1,274	-	1,274
- Total outstanding dues of creditors other than micro and small enterprises		27,361	-	27,361	31,096	-	31,096
Other financial liabilities		40,282	-	40,282	52,762	-	52,762
Other liabilities		14,359	-	14,359	16,908	-	16,908
Provisions		399	-	399	574	-	574
<b>Total current liabilities</b>		<b>96,586</b>	<b>-</b>	<b>96,586</b>	<b>102,614</b>	<b>-</b>	<b>102,614</b>
<b>Total liabilities</b>		<b>160,771</b>	<b>-</b>	<b>160,771</b>	<b>140,279</b>	<b>-</b>	<b>140,279</b>
<b>Total equity and liabilities</b>		<b>294,830</b>	<b>52,175</b>	<b>347,005</b>	<b>333,906</b>	<b>46,750</b>	<b>380,656</b>

# KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

## 37 Explanation of transition to Ind AS

### Reconciliation of total comprehensive income for the year ended March 31, 2017

Note	Year ended March 31, 2017		
	Previous GAAP	Adjustment on transition to Ind AS	Ind AS
Revenue from operations	548,288	-	548,288
Other income	1,150	-	1,150
<b>Total revenue</b>	<b>549,438</b>	<b>-</b>	<b>549,438</b>
<b>Expenses</b>			
Cost of materials consumed	14,112	-	14,112
Purchases of traded stock - Pharmacy Stock	75,299	-	75,299
Changes in inventories of stock in trade	(1,238)	-	(1,238)
Employee benefits expenses	115,802	900	116,702
Finance costs	12,406	-	12,406
Depreciation and amortisation expense	31,911	-	31,911
Other expenses	224,419	(4,046)	220,373
<b>Total expenses</b>	<b>472,711</b>	<b>(3,146)</b>	<b>469,565</b>
<b>Profit before income tax</b>	<b>76,727</b>	<b>3,146</b>	<b>79,873</b>
<b>Tax expense</b>			
Current tax	17,159	-	17,159
Deferred tax benefit/ (loss)	-	9,173	9,173
<b>Income tax expense</b>	<b>17,159</b>	<b>9,173</b>	<b>26,332</b>
<b>Profit for the year</b>	<b>59,568</b>	<b>(6,027)</b>	<b>53,541</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability/ (assets)	A	900	900
Income tax relating to items that will not be reclassified subsequently to profit or loss	B	(298)	(298)
<b>Total other comprehensive income</b>		<b>602</b>	<b>602</b>
<b>Total comprehensive income for the year</b>	<b>59,568</b>	<b>(5,425)</b>	<b>54,143</b>

### Notes to the reconciliation

#### A Remeasurement of defined benefit liability

Under the previous GAAP, i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability was forming part of the profit or loss for the year. However under Ind AS 19, it is recognised in other comprehensive income.

The impact arising from the change is summarized as follows:

	Year ended March 31, 2017
<b>Statement of profit and loss</b>	
Employee benefits expenses	900
	<b>900</b>
<b>Other comprehensive income</b>	
Remeasurement of defined benefit liability/ (assets)	(900)
	<b>(900)</b>
<b>Adjustment before income tax</b>	<b>-</b>
	<b>April 1, 2016    March 31, 2017</b>
<b>Balance sheet</b>	<b>-</b>
<b>Adjustment to retained earnings</b>	<b>-</b>

# KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

## 37 Explanation of transition to Ind AS

### B Deferred tax

The impact arising from the change is summarized as follows:

	Year ended March 31, 2017
<b>Statement of profit and loss</b>	
Deferred tax on actuarial gain or loss reclassified	(298)
Deferred tax on timing differences	9,173
	8,875
<b>Other comprehensive income</b>	
Income tax relating to items that will not be reclassified subsequently to profit or loss	298
	298
<b>Adjustment before income tax</b>	9,173
	April 1, 2016 March 31, 2017
<b>Balance sheet</b>	
Deferred tax asset	56,783 47,312
<b>Adjustment to retained earnings</b>	56,783 47,312

### C Expected credit loss

On transition to Ind AS, the Company has recognised impairment loss on trade receivables based on the expected credit loss model as required by Ind AS 109. Consequently, trade receivables has been reduced with a corresponding decrease in retained earnings on the date of transition April 1, 2016 and for the year ended March 31, 2017.

The impact arising from the change is summarized as follows:

	Year ended March 31, 2017
<b>Statement of profit and loss</b>	
Expected credit loss	(562)
	(562)
<b>Other comprehensive income</b>	-
	-
<b>Adjustment before income tax</b>	(562)
	April 1, 2016 March 31, 2017
<b>Balance sheet</b>	
Trade receivables	(4,608) (4,046)
<b>Adjustment to retained earnings</b>	(4,608) (4,046)

### E Retained earnings

The above changes (decreased) increased total equity as follows:

Particulars	Note	April 1, 2016	March 31, 2017
Remeasurement of defined benefit liability (asset)	A	-	-
Deferred tax	B	56,783	47,312
Fair valuation of security deposits	C	-	-
Expected credit loss	D	(4,608)	(562)
<b>Adjustment to retained earnings</b>		52,175	46,751

### F Reconciliation of total comprehensive income for the year ended March 31, 2017

	Year ended March 31, 2017
<b>Profit after tax as per previous GAAP</b>	59,568
<b>Adjustments:</b>	
Expected credit loss	4,046
Re-measurement gains / (losses) on defined benefit plans	(900)
Tax impact due to above adjustment	298
Deferred tax on timing differences	(9,471)
<b>Profit after tax as per Ind AS</b>	53,541
<b>Other comprehensive income</b>	
Re-measurement gains / (losses) on defined benefit plans, net of tax	602
<b>Total comprehensive income as per Ind AS</b>	54,143

## KMC Speciality Hospitals (India) Limited

### Notes to financial statements for the year ended March 31, 2018

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

38 Contingent liabilities and commitments	As at March 31, 2018	As at March 31, 2017
<b>a) Contingent liabilities</b>		
Claims against the Company not acknowledged as debts		
- disputed customs duty	8,525	8,525
- disputed municipal rent	917	917
<b>Guarantees given</b>		
- Guarantees given to bankers on behalf of the holding company Sri Kavery Medical Care (Trichy) Limited	350,000	350,000
<b>Others</b>	421,819	334,593
<b>b) Commitments</b>		
Estimated value of contracts remaining to be executed on capital account and not provided for	195	68,389

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

### 39 Transfer pricing

The Company has specified domestic transactions with related parties as provided for in the Income Tax Act, 1961. In the opinion of the management, the Company maintains documents as prescribed by the Income-tax Act to prove that these specified domestic transactions are at arm's length and the aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 40 Segment reporting

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Medical and Healthcare Services'. The Company's entire business operations is in India. Accordingly, there are no additional disclosure to be provided under Ind AS 108.

### 41 Dues to micro and small enterprises

The management has identified the enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Such determination/ identification has been done on the basis of information received and available with the Company and relied upon by the auditors. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company.

Particulars	As at March 31, 2018	As at March 31, 2017
(i) The amounts remaining dues to micro and small suppliers as at the end of the year		
- Principal amount	658	1,274
- Interest due on the above amount	-	12
(ii) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	-
(iii) Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	-
(iv) Amount of interest accrued and remaining unpaid at the end of the year.	-	12
(v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-



## KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2018

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

### 42 Related party disclosures

a) Names of related parties and nature of relationship are as follows:

Nature of relationship	Name of the related party
Holding company	Sri Kavery Medical Care (Trichy) Limited
Fellow subsidiaries	Kaveri Medi CT Scan (Thuraiyur) Private Limited Kauvery Medical Centre (Karaikudi) Limited Arogya Seva Hospitals Private Limited
Key management personnel (KMP)	Dr. S.Chandrakumar, Managing Director Dr. D Senguttuvan, Executive Director Dr. S Manivannan, Non-Executive Director Mr. S Badrinarayan, Chief Financial Officer (effective January 24, 2017) Mr. G Ranganathan, Chief Financial Officer (until January 24, 2017)
Enterprises over which KMP have significant influence	Trivitron Health Care Private Limited Ehrlich Laboratory Private Limited
Relative of KMP	Dr. N Suchitra

b) Transaction with related parties during the year

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Holding company - Sri Kavery Medical Care (Trichy) Limited</b>		
Revenue from hospital services rendered	8,980	5,417
Hospital services availed	69	497
Sale of goods	1,295	1,062
Purchase of goods	35	95
Rental income	132	132
Rental expenses	210	210
Reimbursement of expenses	-	94
Advance received (net of payments and TDS)	985	7,067
Claims made on behalf of the Holding Company	87,226	104,192
Reimbursement of claims received on behalf of the Holding Company	82,980	100,529
<b>Enterprises over which KMP have significant influence</b>		
<b>Trivitron Health Care Private Limited</b>		
Purchase of property, plant and equipment	1,550	-
Repairs and maintenance - Plant and machinery	75	-
<b>Ehrlich Laboratory Private Limited</b>		
Testing Fees	26,191	-
<b>Key managerial personnel</b>		
<b>Remuneration *</b>		
- Dr. S. Chandrakumar, Managing Director	4,728	3,672
- Dr. D Senguttuvan, Executive Director (including doctor fees paid in professional capacity)	23,222	18,209
- Mr. G Ranganathan, Chief Financial Officer	-	3,441
- Mr. S Badrinarayan, Chief Financial Officer	5,666	1,717

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

**Relative of key management personnel**

Dr. N Suchitra : Doctor fees paid in professional capacity	10,148	7,077
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c) Balances outstanding as at the year end

	As at March 31, 2018	As at March 31, 2017
<b>Sri Kavery Medical Care (Trichy) Limited</b>		
Loans and advances	520	520
Dues to holding Company	602	15
Claims reimbursable	985	1,131
Trade receivables	1,143	441
Guarantees and collaterals	480,400	350,000

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

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

**KMC Speciality Hospitals (India) Limited**

Notes to financial statements for the year ended March 31, 2018

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

**43 Operating leases****(a) As lessee**

The Company has taken land for its hospital building and premises for staff accommodation, under cancellable and non-cancellable operating lease arrangements. The land lease was taken for a period of 42 years and premises for staff accommodation are, in general, taken for a period ranging between 1 - 2 years and the lease arrangements are subject to renewal at mutual consent thereafter. The lease rent expense recognised during the year amounts to INR 4,019 (Previous year: INR 2,017). The schedule for future minimum lease payments in respect of non-cancellable operating lease is set out below:

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	210	210
Later than one year but not later than five years	840	840
Later than five years	6,300	6,510

**(b) As lessor**

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

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	132	132
Later than one year but not later than five years	568	556
Later than five years	2,745	2,889

**44 Disclosure of Specified Bank Notes (SBN)**

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

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1,318	38	1,356
Add: Permitted receipts	-	26,880	26,880
Add: Non permitted receipts	3,298	-	3,298
Less: Permitted payments	-	1,235	1,235
Less: Amount deposited in banks	4,616	25,072	29,688
Closing cash in hand as on December 30, 2016	-	611	611

For the purpose of this clause, the term specified bank note shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance - Department of Economic Affairs No. S.O.3407 (E), dated November 8, 2016.

45. Previous Year figures have been reclassified wherever necessary to confirm with current year classification / Presentation.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm registration No.101248W/W-100022

for and on behalf of the board of directors of

**KMC Speciality Hospitals (India) Limited**

CIN : L85110TN1982PLC009781

**S Sethuraman**

Partner

Membership No: 203491

**Dr. S. Chandrakumar**

Managing Director

DIN : 01867847

**CA S Chenthil Kumar**

Director

DIN : 02621693

**S Badrinarayan**

Chief Financial Officer

Place : Chennai

Date : May 29, 2018

**G Sathyan**

Company Secretary

Place : Chennai

Date : May 29, 2018



**Form No. MGT-11****PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L85110TN1982PLC009781

Name of the company : KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Registered Office : No. 6, Royal Road, Cantonment, Trichy – 620 001

Name of the member (s) :

Registered Address :

E-Mail ID :

Folio No/Client ID :

DP ID :

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Address : \_\_\_\_\_

Signature : \_\_\_\_\_, or failing him

2. Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Address : \_\_\_\_\_

Signature : \_\_\_\_\_, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on Friday, the 28<sup>th</sup> day of September 2018 at 10.30 A.M at Hotel Breeze Residency, Mc Donald's Road, Trichy – 620 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	(✓)	Resolution No.	(✓)
Ordinary Business		Special Business	
1		11	
2		12	
3		13	
Special Business		14	
4		15	
5			
6			
7			
8			
9			
10			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





**KMC SPECIALITY HOSPITALS (INDIA) LIMITED**

Registered Office: 6, Royal Road, Cantonment, Trichy – 620 001

CIN : L85110TN1982PLC009781

Phone: 0431-4077777 Fax: 0091 – 0431 - 2415402

Website: www.kauveryhospital.com E-mail: cs.kmcshil@kauveryhospital.com

**Attendance Slip**

Please handover the attendance slip at the entrance of the meeting hall, dully completed

I hereby record my presence at the Annual General Meeting of the Company at Hotel Breeze Residency, Mc Donald's Road, Trichy – 620 001 on Friday the 28<sup>th</sup> day of September, 2018 at 10.30 A.M

Full Name of the Shareholder (in block letters) .....

Signature .....

Folio No.: ..... DP ID No.\* ..... Client ID No.\* .....

(\*Applicable for member holding shares in electronic form)

.....  
Full name of the proxy (in block letters)

.....  
Signature

To:

If Undelivered please return to :  
KMC Speciality Hospitals (India) Limited  
No.6, Royal Road, Cantonment, Trichy-620001  
E-Mail: [cs.kmcshil@kauveryhospital.com](mailto:cs.kmcshil@kauveryhospital.com)  
Website: [www.kauveryhospital.com](http://www.kauveryhospital.com)

