

04<sup>th</sup> September, 2020

BSE Limited  
 25<sup>th</sup> Floor, P J Towers  
 Dalal Street, Fort  
 Mumbai- 400 001

Dear Sir/Madam,

**Sub:** Notice and Annual Report of 37<sup>th</sup> Annual General Meeting for the year 2019-20

**Ref:** Scrip Code: 524520; Scrip ID: KMCSHIL

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice and Annual Report of 37<sup>th</sup> Annual General Meeting of the company for the financial year 2019-20. The same will be available in the website of the Company in the weblink [www.kauveryhospital.com/investors#](http://www.kauveryhospital.com/investors#).

The Schedule of AGM is mentioned below:

Event	Date	Time
Cut-off Date to vote on AGM Resolutions	21 <sup>st</sup> September, 2020	NA
Book Closure Date	From 22 <sup>nd</sup> September, 2020 to 28 <sup>th</sup> September, 2020 (Both days inclusive)	NA
Commencement of E-Voting	25 <sup>th</sup> September, 2020	9.00 AM
End of E-Voting	27 <sup>th</sup> September, 2020	5.00 PM
Date of AGM	28 <sup>th</sup> September, 2020 through video conferencing	10.30 AM

Kindly take the same on record.

With regards,

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



**AKSHAYA H**  
**COMPANY SECRETARY AND COMPLIANCE OFFICER**



Regd. Office :

**KMC Speciality Hospitals (India) Ltd**

CIN - L85110TN1982PLC009781

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

T 0431 - 4077777 F 0431 - 2415402

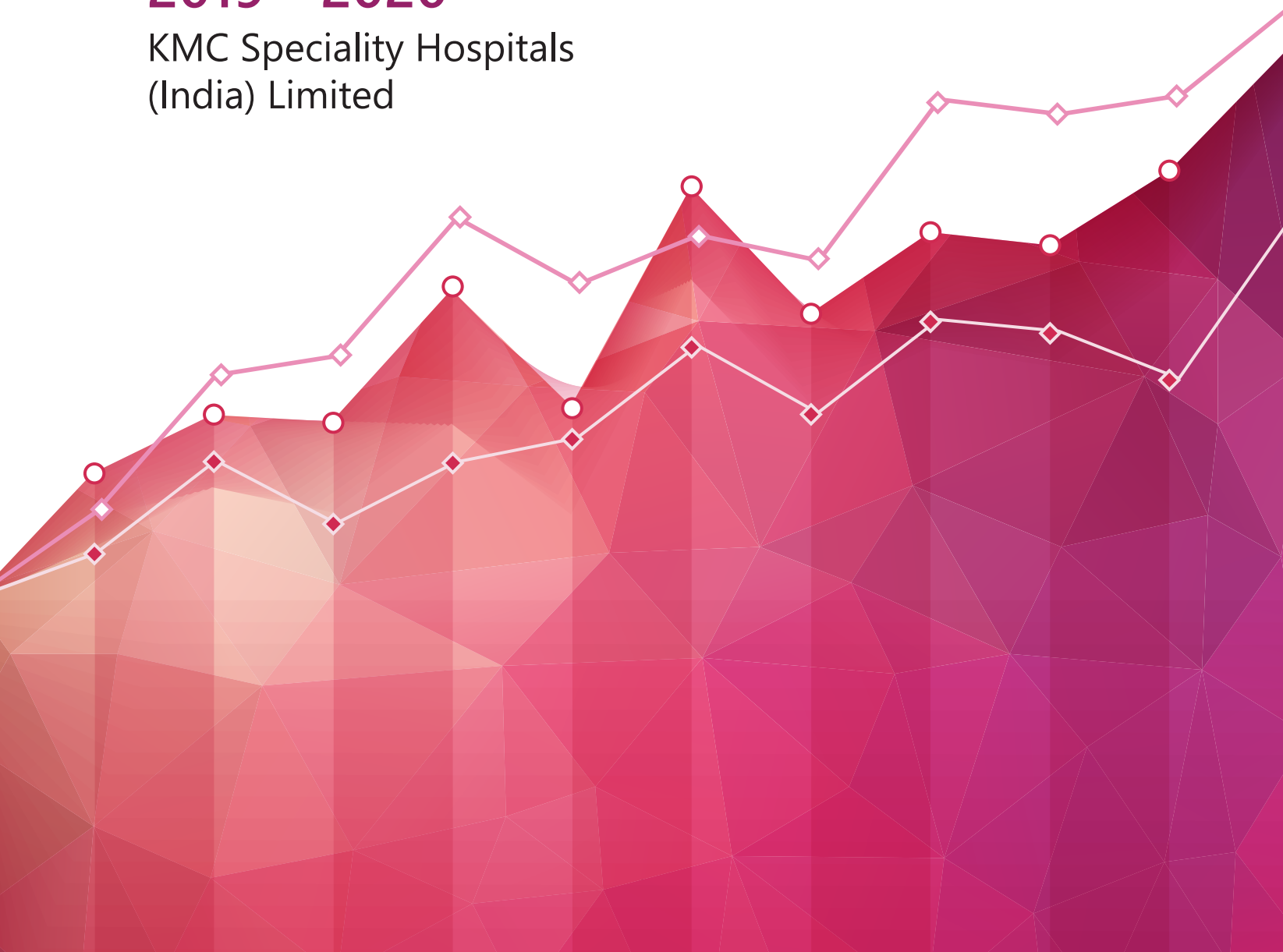
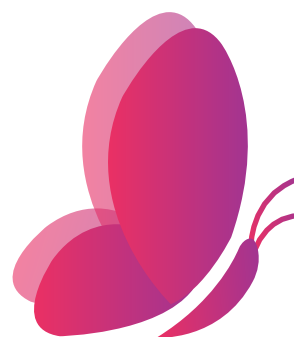
E info@kauveryhospital.com | W [www.kauveryhospital.com](http://www.kauveryhospital.com)



**Trusted expertise.  
Unparalleled care.**

**ANNUAL REPORT  
2019 - 2020**

KMC Speciality Hospitals  
(India) Limited



## ANNUAL REPORT 2019 - 2020

### KMC SPECIALITY HOSPITALS (INDIA) LIMITED

#### CORPORATE INFORMATION

##### Board Of Directors

**Dr S Chandrakumar**

Executive Chairman (Whole Time)

**Dr S Manivannan**

Managing Director

**Dr S Aravindan**

Non-Executive Director

**Dr T Senthil Kumar**

Non-Executive Director

**Mr A Krishnamoorthy**

Independent Director

**CA S Chenthilkumar**

Independent Director

**Mr N Bala Baskar**

Independent Director

**Mr A Ganesan**

Nominee Director

**Mrs N Jeyanthei**

Independent Director

**Mr Dandapani Swaminathan**

Independent Director

##### Other Key Directors

**Dr D Senguttuvan**

Executive Director and Unit Head

**Mr K Anand Babu**

Chief Financial Officer

**Ms Akshaya H**

Company Secretary & Compliance Officer

##### Bankers

State Bank of India

Corporation Bank

Axis Bank

Punjab National Bank

Yes Bank

HDFC Bank

City Union Bank

##### Auditors

**M/s. Deloitte Haskins & Sells**

**Chartered Accountants**

ASV N Ramana Tower

52, Venkatnarayana Road

T. Nagar, Chennai – 600 017

##### Registered Office

6, Royal Road, Cantonment, Trichy - 620 001

**CIN:** L85110TN1982PLC009781

**E-mail:** corporatecompliance@kauveryhospital.com

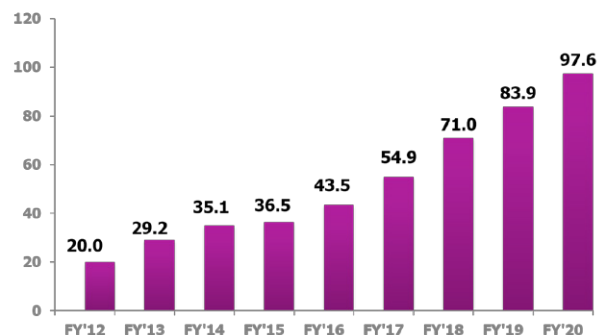
**Website:** www.kauveryhospital.com

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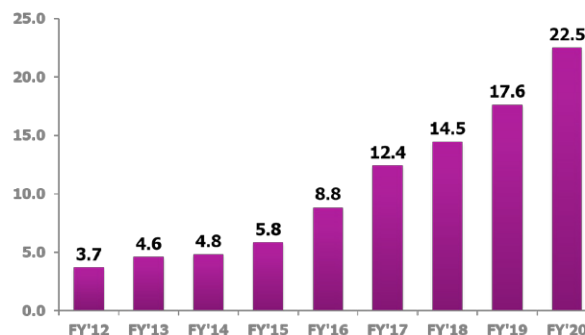
### Revenue (in Crores)

8 years Revenue CAGR of 21.9%

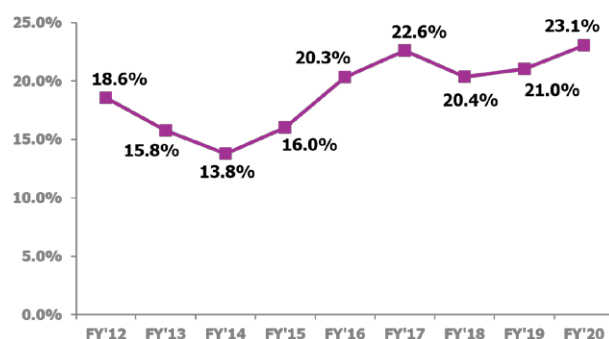


### EBITDA (in Crores)

8 years EBITDA CAGR of 25.3%

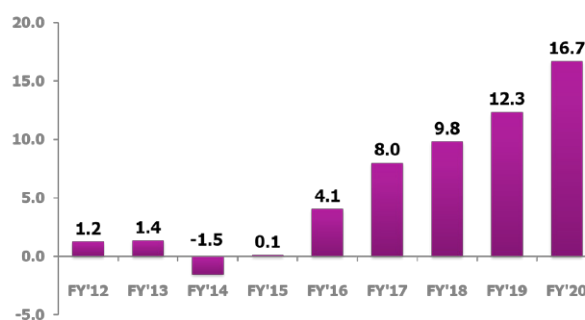


### EBITDA (in %)

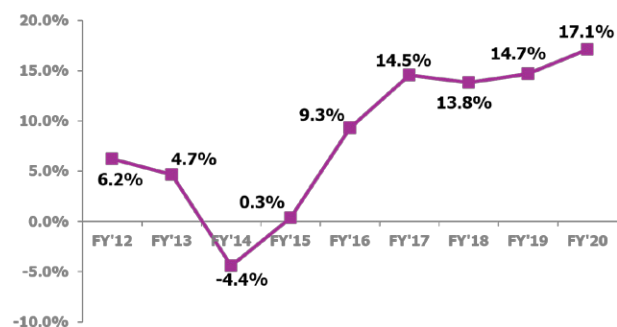


### PBT (in Crores)

8 years PBT CAGR of 38.4%



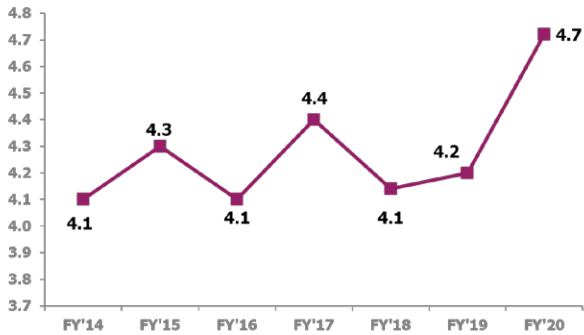
### PBT (in %)



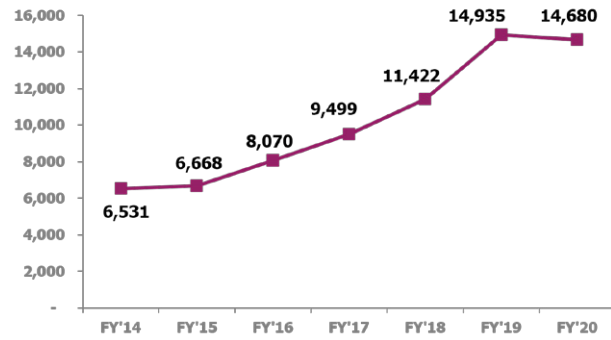
### Net worth (in Crores)



**ALOS Trend**



**ARPOB per day Trend**





## 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 SEVENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on **Monday, the 28th day of September, 2020 at 10:30 AM through Video Conferencing/ Other Audio Visual Means ("OAVM")** to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2020 together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr T Senthil Kumar (DIN: 01742558), who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS

3. **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 Kauvery Medical Care (India) 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 Kauvery Medical Care (India) Limited, fellow subsidiaries or associate companies for an aggregate value not exceeding **Rs. 200,00,00,000/- (Rupees Two Hundred 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 Kauvery Medical Care (India) 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."

4. **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 fellow subsidiary company namely M/s. Curtis Drug Point Private Limited, being related party 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 fellow subsidiary company namely M/s. Curtis Drug Point Private Limited, for an aggregate value not exceeding **Rs. 20 Crores (Rupees Twenty 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. Curtis Drug Point Private Limited, fellow subsidiary company 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."

**5. 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 M/s. Neuberger Ehrlich Laboratory Private Limited, being related party to the Company, in connection with payment of testing fees, 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 M/s. Neuberger Ehrlich Laboratory Private Limited, for an aggregate value not exceeding **Rs. 20 crores (Rupees Twenty 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. Neuberger Ehrlich Laboratory Private Limited 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."

**6. 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 28th September, 2018, 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 200,00,00,000/- (Rupees Two Hundred Crores only)** in the aggregate, with or without creating charges on one or more or all assets of the Company."

7. **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 150,00,00,000/- (Rupees One Hundred and Fifty Crores only)** outstanding at any point of time notwithstanding that the aggregate amount of all the guarantees / loans/ security/ securities / investments so far made together with the proposed guarantees / loans/ security/ 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."

By the order of the Board  
**Akshaya H**  
**Company Secretary**

**Place: Chennai**

**Date: 13th August, 2020**

## NOTES

1. As you are aware, in view of the present situation arising due to COVID-19 global pandemic, the general meetings of the company shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming Annual General Meeting ("AGM") of the Company will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. In accordance with the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and in view of prevailing situation on account of COVID 19 and owing to the difficulties involved in dispatching physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent only by email to those Members who have registered their e-mail address with the Company / Registrar and Share Transfer Agent (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form) and made available to the Company by the Depositories.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of 113 of the Companies Act, 2013, representatives of body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting and hence the proxy form, attendance slip and Route map are not annexed to this Notice for this year AGM.
7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.kauveryhospital.com](http://www.kauveryhospital.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
8. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

The procedure for participating in the meeting through VC / OAVM is explained below and is also available on the website of the Company at [www.kauveryhospital.com/investor/#](http://www.kauveryhospital.com/investor/#)

9. 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.
10. Details pursuant to Secretarial Standard on General Meetings (SS 2) issued by The Institute of Company Secretaries of India in respect of Directors seeking appointment / reappointment at the Annual General Meeting are annexed for item no. 2 of the Notice convening the Thirty Seventh Annual General Meeting of the Company.
11. Corporate Members intending to authorise their representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend the AGM through VC / OAVM and cast their votes through e-voting.
12. The Register of Members and the Share Transfer Books of the Company shall remain closed from 22nd September, 2020 to 28th September, 2020 (both days inclusive).
13. 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 - 600002. Further, reminders have been sent thrice to the shareholders holding shares in physical form through our Registrar and Transfer Agent to their registered address insisting shareholders to provide PAN and bank a/c details pursuant to directions given by SEBI circular.
14. 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.
15. 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.
16. Securities of listed companies can only be transferred in dematerialised form with effect from 01st April, 2019, except in case of request received for transmission or transposition of securities. In view of the above, members are advised to dematerialise equity shares held by them in physical form.
17. The Register of Directors and their shareholding, maintained u/s 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested maintained u/s 189 of the Companies Act, 2013 and all other documents referred to in the notice and explanatory statement, will be available for inspection by the members shall be made available only in electronic form for inspection during the Meeting through VC. Members seeking to inspect such documents can send an email to **corporatecompliance@kauveryhospital.com**

## THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- i) The voting period begins on 25th September, 2020 at 9.00 AM and ends on 27th September, 2020 at 5.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- iii) The shareholders should log on to the e-voting website **www.evotingindia.com**.
- iv) Click on "Shareholders" module.
- v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier e-voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form	
<b>PAN</b>	<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>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the first 2 letters of their name in block letter and the sequence number given in email needs to be entered in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> 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 (v).</li> </ul>

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xiii) 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.
- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- xv) 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.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **investor@cameoindia.com / corporatecompliance@kauveryhospital.com**.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **investor@cameoindia.com / corporatecompliance@kauveryhospital.com**.
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under Shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at **corporatecompliance@kauveryhospital.com**. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 2 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at **corporatecompliance@kauveryhospital.com**. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
7. In case of joint holders attending the Annual General Meeting in virtual mode, only such joint holder who is higher in the order of names as per the Register of Members of the Company, will be entitled to attend and vote.

#### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### **xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- 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).
- 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; **[corporatecompliance@kauveryhospital.com](mailto:corporatecompliance@kauveryhospital.com)**, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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)** or call **1800225533**.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.



## 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. 3:

**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 Kauvery Medical Care (India) 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 Kauvery Medical Care (India) Limited, fellow subsidiaries or associate companies are related parties as defined under Accounting Standard (AS 18).

Pursuant to rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, the nature of transactions with the related parties is provided in the said resolution.

The 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. 3.

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 Senthil Kumar are interested to the extent of their shareholding held in the company.

The Board of Directors recommends the resolution set forth in item No. 3 for approval of members as an Ordinary resolution.

### Item No. 4:

**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. Curtis Drug Point Private Limited (the fellow subsidiary Company), being related party 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. Curtis Drug Point Private Limited, is a related party as defined under Accounting Standard (AS 18).

Pursuant to rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, the nature of transactions with the related parties is provided in the said resolution.

The 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. 4.

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

Dr S Manivannan is interested to the extent of his shareholding held in the company.

The Board of Directors recommends the resolution set forth in item No. 4 for approval of members as an Ordinary resolution.

#### Item No. 5:

**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. Neuberg Ehrlich Laboratory Private Limited, being related party to the Company for providing and availing various services including payment of testing fees, 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 M/s. Neuberg Ehrlich Laboratory Private Limited. These transactions are continuous in nature and are not for a specific period. M/s. Neuberg Ehrlich Laboratory Private Limited, is a related party as defined under Accounting Standard (AS 18).

Pursuant to rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, the nature of transactions with the related parties is provided in the said resolution. The Board recommends the Ordinary Resolution set out at Item No.5 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. 5.

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

The Board of Directors recommends the resolution set forth in item No. 5 for approval of members as an Ordinary resolution.

#### Item No. 6:

**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 28th September 2018, 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. 150 crores.

It is proposed to seek the approval of the shareholders for a higher limit of Rs. 200 Crores keeping in view the Company's business requirements.

The Board of Directors recommends the resolution set forth in item No. 6 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. 7:**

**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 100 crores in the Annual General Meeting of the Company held on

28th September, 2018.

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 Rs.150 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. 7 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.

## DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Clause 36(3) of SEBI (LODR) Regulations, 2015 & Secretarial Standards)

### Item No. 2

Name of the Director	Re-appointment
	Dr T Senthil Kumar
Directors Identification Number	01742558
Type	Director
Age & Date of Birth	59 years 02.07.1961
Date of Appointment/ Re- appointment	29.09.2016
Qualification	M.B.B.S MS, M.Ch, FIACS
Number of Equity shares held	1714736
Expertise in specific functional area	General Administration and Cardiology
List of Public Limited Companies in which outside directorships held	Nil
Chairman/ Member of the committee of Board of Directors of the company	Nil
Membership/ Chairmanships of committees of other public companies (Includes only Audit committee and Stakeholders Relationship committee)	Nil
No. of board meetings attended during the year	4
Relationship with Directors inter-se	Nil

## EVSN 200901031

### Other Instructions

- 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 48 hours 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 BSE Limited, where the shares of the Company are listed for placing the same in their website.

## DIRECTORS' REPORT - 2019-20

To,

The Members

Your Directors have pleasure in presenting their THIRTY SEVENTH Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2020.

### 1. Financial highlights for the year ended March 31, 2020

Particulars	2019-20 (Rs In Lakhs)	2018-19 (Rs In Lakhs)
Operating Income	9618.01	8225.86
Other Income	141.72	164.40
<b>Total Income</b>	<b>9759.73</b>	<b>8390.26</b>
Operating Expenses	7,509.37	6626.99
EBIDTA	2,250.35	1763.27
Finance Cost	86.08	110.51
Depreciation	494.79	419.94
<b>Profit/(Loss) before Tax</b>	<b>1669.48</b>	<b>1232.82</b>
<b>Tax expense</b>	<b>535.26</b>	<b>319.38</b>
<b>Provision for Deferred Tax</b>	<b>(40.05)</b>	<b>52.67</b>
<b>Profit/(Loss) after Tax (PAT)</b>	<b>1174.27</b>	<b>860.77</b>

### 2. Dividend

Board has not recommended dividend for the financial year 2019-20 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 **16.92%** to **Rs. 9618.01 Lakhs** during the financial year 2019 -20 from **Rs. 8225.86 Lakhs** in the previous year.

Your Company has earned Profit after tax of **Rs. 1174.27 Lakhs** for the financial year 2019-20 significantly higher than **Rs. 860.77 Lakhs** achieved during the previous year.

### 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 any other body corporate and associates as specified under Section 186 of the Companies Act, 2013 during the financial year 2019-20. 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 Deloitte Haskins & Sells, Chartered Accountants (Registration No.008072S), Chennai were appointed as the Statutory Auditors of the Company in the Annual General Meeting of the Company held on 26th September 2019 for a period till the conclusion of the Forty First 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 date of closure of Register of Members and Share Transfer Books shall be from September 22, 2020 to September 28, 2020 (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 Regulation 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 Regulation 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. Business Responsibility Report**

In terms of Regulation 34 of SEBI (listing obligation and disclosure requirements) Regulations, 2015, the business responsibility report for the year 2019-20 describing the initiatives taken from environment, social and governance perspective in the prescribed format is provided elsewhere in this report.



## 15. Transfer to Investor Education and Protection Fund

As required under the provisions of Section 124 of the Companies Act, 2013 and other applicable provisions 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".

## 16. Extract of Annual Return

The extract of Annual Return as on the Financial Year ended 31st March 2020, 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 and the same has been placed in the website of the company <http://www.kauveryhospital.com/investors#>.

## 17. 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	2019-20	2018-19
1.	Foreign Exchange Earned	Nil	Nil
2.	Foreign Exchange outgo	Nil	Nil

## 18. 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 2019-20 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.

## 19. Particulars of Employees

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure 6. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

## 20. 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, Executive Chairman, Dr. S. Manivannan, Managing Director, Mr K Anand Babu, Chief Financial Officer and Ms Akshaya H, Company Secretary

Mr. Dandapani Swaminathan has been appointed as an additional director (Independent & Non Executive) on 29th December, 2018 and got regularized as Independent Director in the Annual General Meeting held on 26th September, 2019. Mr K Anand Babu, Chief Financial officer and Ms Akshaya H, Company Secretary has been appointed on 30th May, 2019 during the year.

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.

## 21. 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.

All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate.

## 22. 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.

## 23. Particulars of contracts or arrangements with related parties

During the financial year 2019-20 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**.

## 24. 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 which is carried out through the Audit committee which meets at periodic intervals.

## 25. Reporting of Frauds

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

## 26. 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 12th February 2020. 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.

## 27. 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.

## 28. 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 Regulation 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.

## 29. 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#>.

## 30. 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.

The company maintains a Structured digital database called "Vigilant" software wherein the details of all the designated persons are being captured in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

## 31. 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.

## 32. 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 12th February, 2020 and all the Independent Directors attended the Meeting without the presence of the non-independent directors and the members of the management.

## 33. Listing fees

The Company confirms that it has paid the annual listing fees for the year 2020-21 to Bombay Stock Exchange where the company's shares are listed.

## 34. 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 had received one complaint under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 during the financial year 2019-20 and it was disposed off before the end of financial year and there are no pending complaints as at the end of financial year.

### 35. 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.

### 36. 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 31st March, 2020 to the date of this report.

### 37. 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.

### 38. Applicability of maintenance of Cost Records as Specified by the Central Government

As per the requirements of the Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the maintenance of Cost Records as specified by the central government is not applicable to the company.

### 39. Secretarial Standards

The company has complied with the applicable Secretarial Standards as amended from time to time.

### 40. Acknowledgements

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:** 25th June, 2020

**Dr S Manivannan**  
**DIN: 00910804**  
**Managing Director**

**Dr S Chandrakumar**  
**DIN:01867847**  
**Executive Chairman**  
**(Whole-Time)**

## Annexure 1

### FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2020

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) Limited
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 Contact No. 0431-4077777
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. Contact No. 044 28460390

#### 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 Kauvery Medical Care (India) Limited [formerly known as 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/Fl	-	-	-	-	-	-	-	-	-
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/Fl	-	-	-	-	-	-	-	-	-
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 of Promoter (A)= (A)(1)+(A)(2)</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>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) FIs	-	-	-	-	-	-	-	-	-
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	449238	713900	1163138	0.7132	278190	713800	991990	0.6082	-0.1049
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs.1 lakh	8458058	6285312	14743370	9.0402	8892174	6188212	15080386	9.2469	0.2066
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	13841099	6737534	20578633	12.6183	13541573	6737534	20279107	12.4346	-0.1836
c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d) Others (specify)									
Clearing Members	16081	0	16081	0.0098	64399	0	64399	0.0394	0.0296
Directors and their Relatives	1763850	50300	1814150	1.1123	1763850	50300	1814150	1.1123	0.0000
HUF	1285414	0	1285414	0.7881	1269341	0	1269341	0.7783	-0.0098
NRI	363464	806100	1169564	0.7171	471657	799200	1270857	0.7792	0.0621
<b>Sub Total : (B) (2)</b>	<b>26177204</b>	<b>14593146</b>	<b>40770350</b>	<b>24.9994</b>	<b>26281184</b>	<b>14489046</b>	<b>40770230</b>	<b>24.9993</b>	<b>-0.0000</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>26177804</b>	<b>14593446</b>	<b>40771250</b>	<b>25.0000</b>	<b>26281904</b>	<b>14489346</b>	<b>40771250</b>	<b>25.0000</b>	<b>0.0000</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>148491554</b>	<b>14593446</b>	<b>163085000</b>	<b>100.0000</b>	<b>148595654</b>	<b>14489346</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 Kauvery Medical Care (India) Limited [formerly known as 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	<b>122313750</b>	75	<b>122313750</b>	75
2	Date wise increase/decrease in Promoters Shareholding 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	<b>122313750</b>	75	<b>122313750</b>	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	SUDHA S	1705300	1.0456	1 <sup>st</sup> April, 2019	-	-	1705300	1.0456
		1705300	1.0456	31 <sup>st</sup> March, 2020	-	-	1705300	1.0456
2	MEENAKSHI SUNDARI A	1577128	0.9670	1 <sup>st</sup> April, 2019	-	-	1577128	0.9670
		2000	0.0012	14 <sup>th</sup> June, 2019	Increase	Purchase	1579128	0.9682
		3000	0.0018	21 <sup>st</sup> June, 2019	Increase	Purchase	1582128	0.9701
		1582128	0.9701	31 <sup>st</sup> March, 2020	-	-	1582128	0.9701
3	V TAMILSELVI	1546171	0.9480	1 <sup>st</sup> April, 2019	-	-	1534509	0.9409
		-11662	0.0071	14 <sup>th</sup> June, 2019	Decrease	Sale	1533808	0.9404
		-701	0.0004	25 <sup>th</sup> October, 2019	Decrease	Sale	1528808	0.9374
		-5000	0.0030	24 <sup>th</sup> January, 2020	Decrease	Sale	1528808	0.9374
		1528808	0.9374	31 <sup>st</sup> March, 2020	-	-	1528808	0.9374
4	KANAGAM P	1505600	0.9231	1 <sup>st</sup> April, 2019	-	-	1505600	0.9231
		1505600	0.9231	31 <sup>st</sup> March, 2020	-	-	1505600	0.9231
5	SATHISH KUMAR S	1505100	0.9228	1 <sup>st</sup> April, 2019	-	-	1505100	0.9228
		1505100	0.9228	31 <sup>st</sup> March, 2020	-	-	1505100	0.9228
6 (a)	PANDURANGAN S	1505100	0.9228	1 <sup>st</sup> April, 2019	-	-	1505100	0.9228
		1505100	0.9228	31 <sup>st</sup> March, 2020	-	-	1505100	0.9228
6 (b)	PANDURANGAN S	713127	0.4372	1 <sup>st</sup> April, 2019	-	-	713127	0.4372
		713127	0.4372	31 <sup>st</sup> March, 2020	-	-	713127	0.4372
7 (a)	P NATARAJAN	1492650	0.9152	1 <sup>st</sup> April, 2019	-	-	1492650	0.9152
		1492650	0.9152	31 <sup>st</sup> March, 2020	-	-	1492650	0.9152
7 (b)	P NATARAJAN	1400	0.0008	1 <sup>st</sup> April, 2019	-	-	1400	0.0008
		1400	0.0008	31 <sup>st</sup> March, 2020	-	-	1400	0.0008

8	SENTHIL KUMAR	1014000	0.6217	1 <sup>st</sup> April, 2019	-	-	1014000	0.6217
		3273	0.0020	12 <sup>th</sup> April, 2019	Increase	Purchase	1017273	0.6237
		344	0.0002	26 <sup>th</sup> April, 2019	Increase	Purchase	1017617	0.6239
		271	0.0001	3 <sup>rd</sup> May, 2019	Increase	Purchase	1017888	0.6241
		2889	0.0017	10 <sup>th</sup> May, 2019	Increase	Purchase	1020777	0.6259
		-2000	0.0012	31 <sup>st</sup> May, 2019	Decrease	Sale	1018777	0.6246
		1000	0.0006	5 <sup>th</sup> July, 2019	Increase	Purchase	1019777	0.6253
		630	0.0003	26 <sup>th</sup> July, 2019	Increase	Purchase	1020407	0.6256
		-2097	0.0012	16 <sup>th</sup> August, 2019	Decrease	Sale	1018310	0.6244
		1500	0.0009	11 <sup>th</sup> October, 2019	Increase	Purchase	1019810	0.6253
		200	0.0001	18 <sup>th</sup> October, 2019	Increase	Purchase	1020010	0.6254
		1000	0.0006	1 <sup>st</sup> November, 2019	Increase	Purchase	1021010	0.6260
		850	0.0005	8 <sup>th</sup> November, 2019	Increase	Purchase	1021860	0.6265
		1003	0.0006	22 <sup>nd</sup> November, 2019	Increase	Purchase	1022863	0.6271
		637	0.0003	29 <sup>th</sup> November, 2019	Increase	Purchase	1023500	0.6275
		500	0.0003	6 <sup>th</sup> December, 2019	Increase	Purchase	1024000	0.6278
		250	0.0001	20 <sup>th</sup> December, 2019	Increase	Purchase	1024250	0.6280
		250	0.0001	10 <sup>th</sup> January, 2020	Increase	Purchase	1024500	0.6282
		500	0.0003	17 <sup>th</sup> January, 2020	Increase	Purchase	1025000	0.6285
		250	0.0001	14 <sup>th</sup> February, 2020	Increase	Purchase	1025250	0.6286
		750	0.0004	21 <sup>st</sup> February, 2020	Increase	Purchase	1026000	0.6291
		100	0.0000	28 <sup>th</sup> February, 2020	Increase	Purchase	1026100	0.6291
		500	0.0003	6 <sup>th</sup> March, 2020	Increase	Purchase	1026600	0.6294
		200	0.0001	13 <sup>th</sup> March, 2020	Increase	Purchase	1026800	0.6296

		188	0.0001	20th March, 2020	Increase	Purchase	1026988	0.6297
		1012	0.0006	27th March, 2020	Increase	Purchase	1028000	0.6303
		99	0.0000	31st March, 2020	Increase	Purchase	1028099	0.6304
		1028099	0.6304	31st March, 2020	-	-	1028099	0.6304
9 (a)	R JANAKARAJ	813536	0.4988	1st April, 2019	-	-	813536	0.4988
		12127	0.0074	23rd August, 2019	Increase	Purchase	825663	0.5062
		825663	0.5062	31st March, 2020	-	-	825663	0.5062
9 (b)	R JANAGARAJ	200	0.0001	1st April, 2019	-	-	200	0.0001
		200	0.0001	31st March, 2020	-	-	200	0.0001
10	P. S. MANOHARAN (HUF)	784250	0.4808	1st April, 2019	-	-	784250	0.4808
		101	0.0000	20th December, 2019	Increase	Purchase	784351	0.4809
		784351	0.4809	31st March, 2020	-	-	784351	0.4809

#### (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	1st April, 2019	-	-	1714536	1.0513
		1714536	1.0513	31st March, 2020	-	-	1714536	1.0513
1 (b)	SENTHIL KUMAR T	200	0.0001	1st April, 2019	-	-	200	0.0001
		200	0.0001	31st March, 2020	-	-	200	0.0001
2	N JEYANTHEI	50100	0.0307	1st April, 2019	-	-	50100	0.0307
		50100	0.0307	30th March, 2020	-	-	50100	0.0307



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. In thousands)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
I) Principal Amount	91008.01	-	-	91008.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	545.57	-	-	545.57
<b>Total (i+ii+iii)</b>	<b>91553.58</b>	-	-	<b>91553.58</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	1781.95	-	-	1781.95
Reduction	24618.20	-	-	24618.20
<b>Net Change</b>	<b>22836.25</b>	-	-	<b>22836.25</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	68149.47	-	-	68149.47
ii) Interest due but not paid	280.86	-	-	280.86
iii) Interest accrued but not due	173.07	-	-	173.07
<b>Total (i+ii+iii)</b>	<b>68603.40</b>	-	-	<b>68603.40</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/WTD/Manager		
		Dr S Manivannan Managing Director	Dr S Chandrakumar Executive Chairman	Total Amount
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	2,878,317	3,392,304	6,270,621
	(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	2,052,700	2,117,529	4,170,229
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of Profit	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	4,931,017	5,509,833	10,440,850
	Ceiling as per the Act	The remuneration paid to the directors is pursuant to the special resolution passed in the 35th AGM held on 28th September 2018.	The remuneration paid to the directors is pursuant to the special resolution passed in the 35th AGM held on 28th September 2018.	

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr A Krishnamoorthy	CA S Chenthilkumar	Mr N Bala Baskar	Mr D Swaminathan	Mrs N.Jeyanthei	
1	Independent						
	(a) Fee for attending board/ committee meetings	2,20,000	1,80,000	1,80,000	60,000	90,000	7,30,000
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>2,20,000</b>	<b>1,80,000</b>	<b>1,80,000</b>	<b>60,000</b>	<b>90,000</b>	<b>7,30,000</b>

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount
2	<b>Other Non Executive Directors</b>	<b>Dr S Aravindan</b>	<b>Dr T Senthil Kumar</b>	
	(a) Fee for attending board and committee Meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	<b>Total (2)</b>	-	-	-
3	<b>Other Non Executive Directors</b>	<b>Mr A Ganesan</b>	-	<b>Total Amount</b>
	(a) Fee for attending board and committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others,	-	-	-
	<b>Total (3)</b>	-	-	

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr K Anandababu Chief Financial Officer	Ms H Akshaya Company Secretary	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	3,250,200	477,371	3,727,571
	(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	300,000	-	300,000
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	<b>Total (1)</b>	3,550,200	477,371	4,027,571

## 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 regulation (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### Details of Related Party Transactions

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

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



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

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements /Transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1	Sri Kauvery Medical Care (India) 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 Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Hospital services Availed	NA	NIL
3	Sri Kauvery Medical Care (India) Ltd	Purchase and Sale of goods		Sale of goods	NA	NIL
4	Sri Kauvery Medical Care (India) Ltd	Purchase and Sale of goods		Purchase of goods	NA	NIL
5	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Rental income	13.11.2013	NIL
6	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Rental expenses	NA	NIL
7	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Reimbursement of expenses	NA	NIL
8	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Advance received (net of Payments and TDS)	NA	NIL
9	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Claims made on behalf of the Holding Company	NA	NIL
10	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Reimbursement of claims received on behalf of the Holding Company	NA	NIL
11	Agile Labs Private Limited	Availing and Rendering Service		IT Services Availed	20.04.2018	NIL
12	Curtis Drug Point Private Limited	Purchase and Sale of goods		Purchase of goods	29.05.2018	NIL
13	Neuberg Ehrlich Laboratory	Availing and rendering of service		Testing fees paid	NA	NIL
14	Trivitron Healthcare Private Limited	Purchase and sale of goods	These transactions are of continuous in nature and are not for a specific period	Purchase of Fixed assets/Consumable	NA	NIL
15	Dr Suchitra	Professional fees		Doctor fees paid in professional capacity	NA	NIL
16	Dr D Senguttuvan	Remuneration and professional fees		Remuneration and doctor fees paid in professional capacity	NA	NIL

### Annexure 3 Form No. MR-3 Secretarial Audit Report

For the Year ended March 31, 2020

To,

The Board of Directors,  
**KMC Speciality Hospitals (India) Limited**  
No. 6 Royal Road Cantonment  
Trichy 620001

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

Based on verification of the Company's 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, we hereby report that in our opinion, the Company has, during the audit period covering the Year ended March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the Year ended March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the ‘Act’) & the rules made thereunder, as amended from time to time including Secretarial Standards issued by Institute of Company Secretaries of India (‘ICSI’) and notified as on date;
2. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder, as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as amended from time to time; (Not applicable for the Company for the Audit period)
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:
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period);

- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding dealing with client;
- f. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- g. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018– (Not applicable to the Company during the audit period)

We have also examined compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') as mandated by the Companies Act, 2013.

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

**We 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 Labour and Industrial Laws specifically applicable to the Company, as listed below, as amended from time to time;

1. Atomic Energy Act, 1962
2. Bio-Medical Waste (Management and Handling) Rules, 1998
3. Blood Bank Regulations under Drugs and Cosmetics, Act 1940
4. Drugs and Cosmetic Act 1940
5. Pre-conception and Pre-natal Diagnostic Techniques Act, 1994
6. Pharmacy Act 1948
7. The Tamil Nadu Narcotic Drugs Rules, 1985
8. The Registration of Births and Deaths Act, 1969
9. Transplantation of Human Organ Act 1994
10. Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003

11. The Contract Labour (Regulation and Abolition) Act, 1970
12. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
13. The Employees' State Insurance Act, 1948
14. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
15. The Equal Remuneration Act, 1976 and The Equal Remuneration Rules, 1976
16. The Maternity Benefit Act, 1961
17. The Minimum Wages Act, 1948
18. The Payment of Bonus Act, 1965
19. The Payment of Gratuity Act, 1972
20. The Payment of Wages Act, 1936
21. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
22. The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
23. The Tamil Nadu Labour Welfare Fund Act, 1972
24. The Tamil Nadu Payment of Subsistence Allowance Act, 1981
25. The Tamil Nadu Shops and Establishments Act, 1947
26. The Tamil Nadu Tax on Professions, Trades & Callings and Employments Act, 1992

**We further report** that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman 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 or as the case may be, 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.

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

**We further report that** during the audit period;

- i. The company has passed a special resolution in pursuant to Regulation 17 of SEBI (LODR) Regulations, 2015 on September 26, 2019 for continuation of Independent Directorship of Mr A Krishamoorthy (DIN: 00386122) who has attained the age of 75 years.
- ii. Mr. Dandapani Swaminathan (DIN: 01852739) was appointed as an Independent Director for an initial term of 5 years, in the shareholders meeting held on September 26, 2019, with effect from December 29, 2018.
- iii. Changes in Key Managerial Personnel
  - Mr. Kumaraswamy Anandababu was appointed as Chief Financial Officer (Key Managerial Personnel) with effect from May 30, 2019 in place of Mr. S Badrinarayanan was resigned on March 31, 2019.
  - Ms. Akshaya Hari Hara Ganesan was appointed as Company Secretary (Key Managerial Personnel) with effect from May 30, 2019 in place of Mr. Sathyan G, was resigned from January 12, 2019.

**For M.Alagar & Associates  
(Practising Company Secretaries)**

**M.Alagar  
Managing Partner  
FCS No: 7488  
CoP No.: 8196  
UDIN: F007488B000348961**

**Place:** Chennai

**Date:** June 17, 2020

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 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 the events.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited and verification of procedure on test basis.
7. The Secretarial Audit Report is neither as assurance as to 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  
(Practising Company Secretaries)**

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

**Place:** Chennai  
**Date:** June 17, 2020



## 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 Manivannan	Managing Director	Member
3	Dr S Chandrakumar	Executive Chairman (Whole-time)	Member

### 3) Average net profit of the Company for last three financial years: Rs. 10,68,02,037/-

### 4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): Rs. 21,36,041/-

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

a) Total amount spent for the financial year : Rs. 22,00,000/-

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 health care including preventive healthcare and Health Education and Development	1. Healthcare and preventive Healthcare 2. Health Education and Development	Local Area covering Trichy and surrounding areas in Tamilnadu	Rs. 22,00,000/-	Direct expenditure of Rs. 22,00,000/-	Rs. 22,00,000/- Spent during the year 2019-20	Through Kavery Medical Trust
	<b>TOTAL</b>			<b>Rs. 22,00,000/-</b>	<b>Rs. 22,00,000/-</b>	<b>Rs. 22,00,000</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:** 25th June, 2020

Dr S Manivannan  
Managing Director  
DIN: 00910804

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	26.48
2.	Dr S Manivannan	23.03

2. **Percentage increase in remuneration**

S. No.	Name of the Director	Designation	% of increase / decrease in Remuneration
1.	Dr S Chandrakumar	Executive Chairman	-
2.	Dr S Manivannan	Managing Director	-
3.	Mr K Anandababu*	Chief Financial Officer	-
4.	Ms H Akshaya*	Company Secretary	-

\* Not applicable since both were appointed during the year on 30th May, 2019.

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

The percentage of increase in the Median employee remuneration is 2.24% as compared to the previous year.

4. **Permanent Employees:**

The Number of Permanent Employees on the rolls of the Company as on March 31, 2020 is 834 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 2.24% while that of KMPs is Nil. 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 was 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.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### 1. INDUSTRY STRUCTURE :

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

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

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

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

#### Government Initiatives

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

- In Union Budget 2020-21, Rs 35,600 crore (US\$ 5.09 billion) has been allocated for nutrition-related programmes.
- The government has announced Rs 69,000 crore (US\$ 9.87 billion) outlay for the health sector that is inclusive of Rs 6,400 crore (US\$ 915.72 million) for Pradhan Mantri Jan Arogya Yojana (PMJAY) in Union Budget 2020-21.
- The Government of India aims to increase healthcare spending to three percent of the Gross Domestic Product (GDP) by 2022.

#### Significant Industry highlights:

- Healthcare has become one of India's largest sectors both in terms of revenue and employment.
- The healthcare market can increase three-fold to Rs 8.6 trillion (US\$ 133.44 billion) by 2022.
- There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising.
- The hospital and diagnostic centers attracted Foreign Direct Investment (FDI) worth US\$ 6.625 billion between April 2000 and March 2020, according to data released by the Department for Promotion of Industry and Internal Trade (DPIIT).
- The value of merger and acquisition (M&A) deals in hospital sector jumped by record 155 percent at Rs. 7,615 crore (US\$ 1.09 billion) in FY19.
- India and Cuba have signed a Memorandum of Understanding (MoU) to increase cooperation in the areas of health and medicine, according to Ministry of Health and Family Welfare, Government of India.

## Road Ahead

- India is a land full of opportunities for players in the medical devices industry. The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of population. Besides, Indian medical service consumers have become more conscious towards their healthcare upkeep.
- Indian healthcare sector is much diversified and is full of opportunities in every segment which includes providers, payers and medical technology. With the increase in the competition, businesses are looking to explore for the latest dynamics and trends which will have positive impact on their business. The hospital industry in India is forecasted to increase to Rs 8.6 trillion (US\$ 132.84 billion) by FY22 from Rs 4 trillion (US\$ 61.79 billion) in FY17 at a CAGR of 16-17 per cent.
- The Government of India is planning to increase public health spending to 2.5 per cent of the country's GDP by 2025.
- India's competitive advantage also lies in the increased success rate of Indian companies in getting Abbreviated New Drug Application (ANDA) approvals. India also offers vast opportunities in R&D as well as medical tourism. To sum up, there are vast opportunities for investment in healthcare infrastructure in both urban and rural India.

Source: IBEF Healthcare update March, 2020

## 2. OPPORTUNITIES AND THREATS:

### Opportunities:

- Rising income level
- Greater health awareness
- Increased precedence of lifestyle diseases
- Improved access to health insurance coverage
- Opportunity for horizontal and vertical growth
- Growing elderly population, changing disease patterns
- Encouraging avenues for attracting prospective investments
- Great potential for medical tourism.

### Threats:

- Increased Competition
- Increase in Cost of operation
- Technological Advancements
- Man Power Attrition
- Covid-19 pandemic

## 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.
- Government regulations and restrictions.

#### 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	2019-20 (Rs In Lakhs)	2018-19 (Rs In Lakhs)
Operating Income	9,618.01	8225.86
Other Income	141.72	164.40
<b>Total Income</b>	<b>9759.73</b>	8390.26
Operating Expenses	7509.37	6626.99
EBIDTA	2250.35	1763.27
Finance Cost	86.08	110.51
Depreciation	494.79	419.94
<b>Profit/(Loss) before Tax</b>	<b>1669.48</b>	1232.82
<b>Tax expense</b>	<b>535.26</b>	319.38
<b>Provision for Deferred Tax</b>	<b>(40.05)</b>	52.67
<b>Profit/(Loss) after Tax (PAT)</b>	<b>1174.27</b>	860.77

Total Operating income increased by **16.92%** to **Rs. 9618.01 Lakhs** during the financial year **2019 -20** from **Rs. 8225.86 Lakhs** in the previous year.

Your Company has earned Profit after tax of **Rs. 1,174.27** for the financial year **2019-20** significantly higher than **Rs. 860.77 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 health-care 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.

## 8. DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR

S. No	Ratios	Basis	31-Mar-20	31-Mar-19	Variance (in %)	Reasons
1	Inventory Turnover	Sales/ Average inventory	61 days	102 days	40	Better inventory management
2	Interest Coverage	EBIT/ Interest expenses	20.39 times	12.15 times	68	The loans has been closed during the year due to which the interest expenses has reduced during the year, thereby increase in the coverage ratio.

### 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, 2020, 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, 2020.

**Place:** Chennai  
**Date:** 25th June, 2020

Dr S Manivannan  
Managing Director  
DIN: 00910804



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

We certify to the Board that:

A) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2020 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 violative of the Company's code of conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of 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; and
3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place:** Chennai  
**Date:** 25th June, 2020

Dr S Manivannan  
Managing Director  
DIN: 00910804

K Anandababu  
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  
KMC Speciality Hospitals (India) Limited

We have examined the compliance of conditions of Corporate Governance by **KMC Speciality Hospitals (India) Limited**, for the year ended March 31, 2020 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR").

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

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI LODR.

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

**For M. Alagar and Associates  
(Practicing Company Secretaries)**

**M. Alagar  
Managing Partner  
FCS No: 7488  
COP No. 8196**

**Place:** Chennai  
**Date:** June 17, 2020

## CORPORATE GOVERNANCE REPORT

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

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

### 2. BOARD OF DIRECTORS

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

#### Composition of the Board and directorships held as on 31st March 2020:

Name of the Director	Designation	Attended previous AGM held on 26/09/2019	Total board meetings attended	No. of Directorship in other companies	Number of memberships and Chairmanship in Audit/ Stakeholder Committee(s) including this listed entity	
					Member**	Chairman *
Dr S Chandrakumar	Executive Chairman (Whole- Time)	YES	5	6	1	0
Dr S Manivannan	Managing Director	YES	5	9	2	0
Dr S Aravindan	Non – Executive Non-Independent Director	NO	5	4	0	0
Dr T Senthil Kumar	Non – Executive Non-Independent Director	YES	4	-	0	0
Mr A Ganesan	Nominee Director Represented by Aral Holdings Private Limited	NO	3	9	0	0
CA S Chenthilkumar	Independent Director	YES	5	-	1	1
Mr A Krishnamoorthy	Independent Director	NO	5	5	5	2
Mr N Bala Baskar	Independent Director	YES	5	2	3	0
Mrs N Jeyenthei	Independent Director	YES	4	2	0	0
Mr Dandapani Swaminathan	Independent Director	NO	3	9	0	0

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

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

The Total strength of the Board as on the date of the Report is 10.

### 3. NAME AND CATEGORY OF THE DIRECTORSHIP IN OTHER LISTED ENTITY

S. NO.	NAME OF THE DIRECTOR	NAME OF THE OTHER LISTED ENTITY	CATEGORY OF DIRECTORSHIP
1	Mr A Krishnamoorthy	Radaan Media Works India Limited	Independent Director
2	Mr N Bala Baskar	S V Global Mill Limited	Independent Director
3	Mrs N Jeyanthei	Ravi Kumar Distilleries Limited	Independent Director

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

Dr S Manivannan, Managing Director is the brother of Dr S Aravindan, Non-Executive Director.

### 5. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

Dr T Senthil Kumar holds 1714736 equity shares of the Company

Mrs N Jeyanthei holds 50100 equity shares of the Company

### 4. DATES OF BOARD MEETINGS

Board Meetings were held during the financial year 2019 – 2020 on the following dates:-

S.NO	NAME OF THE DIRECTORS	30-MAY-19	13-AUG-19	11-NOV-19	14-DEC-19	12-FEB-20
1	DR S CHANDRAKUMAR	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
2	DR S MANIVANNAN	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
3	DR S ARAVINDAN	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
4	DR T SENTHIL KUMAR	LOA	PRESENT	PRESENT	PRESENT	PRESENT
5	MR A GANESAN	PRESENT	LOA	PRESENT	PRESENT	LOA
6	CA S CHENTHILKUMAR	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
7	MR A KRISHNAMOORTHY	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
8	MR A BALA BASKAR	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
9	MRS N JEYENTHEI	PRESENT	PRESENT	PRESENT	LOA	PRESENT
10	MR DANDAPANI SWAMINATHAN	PRESENT	PRESENT	PRESENT	LOA	LOA

## 7. LIST OF CORE SKILLS/ EXPERIENCE/ COMPETENCIES IDENTIFIED BY THE BOARD

The Board of Directors have identified the following Core Skills/ Practical Experience/ Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively:

- |                         |   |
|-------------------------|---|
| 1. Accounting;          | 6. Risk Management;                           |
| 2. Finance;             | 7. Fund Management;                           |
| 3. Law;                 | 8. General Administration;                    |
| 4. Business Management; | 9. Any other matter the special knowledge of, |
| 5. Operations;          | and practical experience in, which would be   |
|                         | useful to the Company.                        |

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

S.No.	Name of the Directors	Areas of Expertise
1	Dr S Chandrakumar	Accounting, Finance, Law, Business Management, Operations, Risk Management, Fund Management, General Administration
2	Dr S Manivannan	Accounting, Finance, Law, Business Management, Operations, Risk Management, Fund Management, General Administration
3	Dr S Aravindan	Accounting, Finance, Business Management, Operations, Management, General Administration
4	Dr T Senthil Kumar	Finance, Business Management, Operations, Fund Management, General Administration
5	Mr A Ganesan	Accounting, Finance, Law, Business Management, Fund Management, General Administration
6	CA S Chenthilkumar	Accounting, Finance, Law, Business Management, Fund Management, General Administration
7	Mr A Krishnamoorthy	Accounting, Finance, Law, Business Management, Operations, Risk Management, Fund Management, General Administration
8	Mr N Bala Baskar	Accounting, Finance, Business Management, Operations, General Administration
9	Mrs N Jeyenthei	Accounting, Finance, Law, Fund Management, General Administration
10	Mr Dandapani Swaminathan	Accounting, Finance, Business Management, Operations, Fund Management, General Administration

## 8. CONFIRMATION BY THE BOARD ON FULFILLMENT OF INDEPENDENCE OF THE INDEPENDENT DIRECTORS

The Board also hereby confirms that the Independent Directors of the Company fulfill all the conditions specified in the Listing Regulations and are Independent of the Management. Disclosures are submitted by the independent directors confirming their independence criteria which are subsequently confirmed by the board.

## 9. CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee while considering the proposal for appointment of Independent Directors also considers the criteria of independence prescribed under the Companies Act, 2013 and Listing Regulations.

The Independent Directors have confirmed that they meet the criteria of independence laid down under the Companies Act, 2013 and the Listing Regulations and they are independent from the Management.

## 10. DETAILED REASONS FOR THE RESIGNATION OF AN INDEPENDENT DIRECTOR WHO RESIGNS BEFORE THE EXPIRY OF HIS/HER TENURE ALONG WITH A CONFIRMATION BY SUCH DIRECTOR THAT THERE ARE NO OTHER MATERIAL REASONS OTHER THAN THOSE PROVIDED.

None of the Independent Directors have resigned before the expiry of their tenure and hence this provision is not applicable during the financial year.

## 11. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

M. Alagar & Associates, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as **Annexure 5**.

## 12. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Regulation 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 Directors–

CA S Chenthilkumar	Chairman
Mr A Krishnamoorthy	Member
Mr N Bala Baskar	Member
Dr S Manivannan	Member

During the financial year 2019 - 2020 the Audit Committee met as per the details given hereunder –

S.NO	NAME OF THE DIRECTORS	30-MAY-19	13-AUG-19	11-NOV-19	14-DEC-19	12-FEB-20
1	CA S CHENTHILKUMAR	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
2	MR A KRISHNAMOORTHY	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
3	MR N BALA BASKAR	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
4	DR S MANIVANNAN	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT

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

- i. 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.



xxi. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision

### 13. NOMINATION AND REMUNERATION COMMITTEE

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

Mr A Krishnamoorthy	-	Chairman
CA S Chenthilkumar	-	Member
Mr N Bala Baskar	-	Member

During the financial year 2019-2020 the Nomination and Remuneration Committee met on 30th May, 2019 and 13th August, 2019 and all the members were present.

#### Brief description of terms of reference

- 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.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- 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.
- 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.
- recommend to the board all remuneration, in whatever form, payable to senior management.

#### Remuneration Policy

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

#### SUMMARY OF THE REMUNERATION POLICY

##### 1. INTRODUCTION:

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

##### 2. GUIDING PRINCIPLES:

The Policy ensures that

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

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

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

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

1. The remuneration / compensation / commission etc., to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
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.

#### 14. DETAILS OF REMUNERATION TO DIRECTORS

The Non-executive directors do not draw any remuneration from the Company. The independent directors receive sitting fees for attending each meeting of the Board and committees thereof. The Company pays sitting fees of Rs. 20,000/- to all the independent 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 2019-20, the sitting fee paid to independent directors were as under:

S.NO.	NAME OF THE DIRECTORS	SITTING FEES PAID (In Rupees)	OTHERS	TOTAL (In Rupees)
1	CA S Chenthilkumar	1,80,000	-	1,80,000
2	Mr A Krishnamoorthy	2,20,000	-	2,20,000
3	Mr N Bala Baskar	1,80,000	-	1,80,000
4	Mrs N Jeyanthei	90,000	-	90,000
5	Mr Dandapani Swaminathan	60,000	-	60,000

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.)	Stock Options	Performance linked incentives	Severance Fees	Others	Total
1	Dr S Chandrakumar	5,509,833	-	-	-	-	5,509,833
2	Dr S Manivannan	4,931,017	-	-	-	-	4,931,017

#### 15. 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.

#### 16. STAKEHOLDERS RELATIONSHIP COMMITTEE

The constitution of Stakeholders Relationship Committee is as follows:

Mr A Krishnamoorthy	-	Chairman
Dr S Chandrakumar	-	Member
Dr S Manivannan	-	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.

Ms H Akshaya, Company Secretary is the Compliance officer of the Company since 30th May, 2019.

During the year 2019-20, the existing Stakeholders Relationship Committee was reconstituted in the Board meeting held on 30th May, 2019. Consequent to the resignation of Dr T Senthil Kumar from the Chairmanship of the Committee, Mr A Krishnamoorthy was appointed as Chairman of the Committee. The total number of complaints received during the financial year 2019 - 2020 is categorized as under

Number of shareholders' complaints as on April 01, 2019	0
Number of shareholders' complaints received during the year	2
Number of Complaints resolved during the year	2
Number of Complaints not resolved during the year	0
Number of Complaints pending as on March 31, 2020	0

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

The Stakeholders Relationship Committee met 7 times during the financial year 2019-2020 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.

## 17. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The constitution of Corporate Social Responsibility Committee is as follows:

Mr A Krishnamoorthy	-	Chairman
Dr S Chandrakumar	-	Member
Dr S Manivannan	-	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 2019-2020 the Corporate Social Responsibility Committee met on 11th February, 2020 and all the members were present.

## 18. BORROWING AND BANKING COMMITTEE

The constitution of Borrowing and Banking Committee is as follows

Dr S Chandrakumar	-	Member
Dr S Manivannan	-	Member
Mr A Ganesan	-	Member
Dr D Senguttuvan	-	Member – Management Representative

### 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.

## 19. SUBSIDIARY COMPANIES

The Company has no subsidiary Companies.

## 20. ANNUAL GENERAL MEETINGS

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

YEAR	DATE	VENUE	TIME
2018 – 2019	26.09.2019	Hotel Sangam, Cantonment, Trichy – 620 001	10.30 AM
2017 – 2018	28.09.2018	Hotel Breeze Residency, Mcdonald's Road, Trichy – 620 001.	10.30 AM
2016 – 2017	28.09.2017	Hotel Sangam, Cantonment, Trichy – 620 001.	3.00 PM

### i. Extra ordinary General Meeting

No Extraordinary General Meeting of the members was held during the year 2019-20.

### iii. Postal Ballot

No Resolution has been passed through Postal Ballot during the year 2019-20.

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

#### 36th Annual General Meeting held for the year 2019-20 on 26th September, 2019

- To approve the continuation of independent directorship of Mr. A. Krishnamoorthy (DIN: 00386122) who would be attaining 75 years of age

#### 35th Annual General Meeting held for the year 2018-19 on 28th September, 2018

- Special Resolution was passed for the appointment of Dr. S. Chandrakumar (DIN: 01867847) as Executive Chairman (Whole-Time).
- Special Resolution was passed for the Appointment of Dr S Manivannan (DIN: 00910804) as Managing Director of the Company.
- Special Resolution was passed to approve limits of borrowing under section 180 (1) (c) and 180 (1) (a) of the Companies Act, 2013.
- Special Resolution was passed to approve limits of investment(s), guarantee(s) and security (ies) under Section 186 of the Companies Act, 2013.
- Special Resolution was passed to approve transactions under section 185 of the Companies Act, 2013.
- Special Resolution was passed to re-appoint CA S Chenthilkumar (DIN: 02621693) as Independent Director of the Company for a second term.
- Special Resolution was passed to re-appoint Mr A Krishnamoorthy (DIN: 00386122) as Independent Director of the Company for a second term.
- Special Resolution was passed to re-appoint Mr N Bala Baskar (DIN: 00469656) as Independent Director of the Company for a second term.

#### 34th Annual General Meeting held for the year 2017-18 on 28th September, 2017

- 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
- Special Resolution was passed to approve limits of borrowing under Section 180 (1) (c) and 180 (1) (a) of the Companies Act, 2013.
- Special Resolution was passed to approve limits of investment(s), guarantee(s) and security (ies) under Section 186 of the Companies Act, 2013.

## 21. 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 formally 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 12th February, 2020 and all the Independent Directors attended the Meeting without the presence of the non-independent directors and the members of the management.

## 22. 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, 2020.

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 is no stricture 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#>

There has been no personnel denied the access to the Audit Committee.

### 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 elsewhere in the report.

### 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 31st March, 2020 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, Business Standard and Malai Malar respectively besides communicating the same to BSE Limited (BSE) through BSE Listing centre 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 31.03.2020 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	53208	10546379	99.1650
5001 – 10000	215	1549834	0.4007
10001 – 20000	93	1310159	0.1733
20001 – 30000	51	1242510	0.0950
30001 – 40000	14	487951	0.0260
40001 – 50000	12	552741	0.0223
50001 – 100000	19	1336759	0.0354
Above 100000	44	14605867	0.0820
<b>TOTAL</b>	<b>53656</b>	<b>163085000</b>	<b>100.00</b>

## H. GENERAL SHAREHOLDER INFORMATION

### i) Annual General Meeting Date, Time and Venue of the 37th Annual General Meeting

The Date, time and Venue of the 37th Annual General Meeting shall be held on 28th day of September, 2020, Monday at 10:30 AM through Video Conferencing/ Other Audio Visual Means ("OAVM").

### ii) Financial Year

The Company's financial year begins on April, 1 and ends on March, 31.

#### Tentative Financial Calendar for the year 2020-21 (as amended from time to time)

Financial year April 1, 2020 to March 31, 2021

First quarter results On or before May 30, 2020

Second quarter results On or before August 14, 2020

Third quarter results On or before February 14, 2021

Fourth quarter and Annual Results On or before May 30, 2021

### iii) Date of book closure

Date of Book closure shall be from 22nd September, 2020 to 28th September, 2020 (both days inclusive).

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

The equity shares of the company are listed with BSE Limited, P J Towers, Dalal Street, Fort, Mumbai – 400001. Stock Symbol: KMCSHIL; Scrip Code: 524520. The Company has paid the Annual Listing fee for the year 2020-21.

### (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, 2020 (last trading day of the year) was Rs.12.52 on BSE.



**Monthly share price movement during the financial year 2019-20.**

Month	KMC SPECIALITY HOSPITALS (INDIA) LIMITED			BSE LTD INDEX	
	High Price	Low Price	No. of Shares traded	High Price	Low Price
April-19	17.50	13.05	6,40,481	39,487.45	38,460.25
May-19	15.20	12.03	3,16,228	40,124.96	36,956.10
June-19	14.60	8.59	8,97,363	40,312.07	38,870.96
July-19	12.19	10.20	2,64,448	40,032.41	37,128.26
August-19	11.60	10.01	2,31,303	37,807.55	36,102.35
September-19	13.00	10.25	2,28,855	39,441.12	35,987.80
October-19	12.04	10.10	2,58,701	40,392.22	37,415.83
November-19	15.00	10.25	8,85,606	41,163.79	40,014.23
December-19	14.79	12.50	4,38,082	41,809.96	40,135.37
January-20	19.00	13.59	9,38,773	42,273.87	40,476.55
February-20	18.60	13.40	6,47,413	41,709.30	38,219.97
March-20	14.75	9.51	7,80,466	39,083.17	25,638.90

**vi) Dematerialization of shares and liquidity**

Shares comprising of 91.12% of the Paid-up Capital have been dematerialized as on 31.03.2020

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

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

**23. INFORMATION TO SHAREHOLDERS**

It is brought to the kind notice of the shareholders that SEBI vide its circular dated 08.06.2018 and 30.11.2018 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 01.04.2019. 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.



Further, reminders have been sent thrice to the shareholders holding shares in physical form through our Registrar and Transfer Agent to their registered address insisting shareholders to provide PAN and bank details pursuant to directions given by SEBI circular.

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.

The Board has delegated the authority for approving transfer, transmission, etc. to the Stakeholders Relationship Committee. The Company's shares are traded under compulsory dematerialized mode. A half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchange.

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.

#### **24. OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

The Company does not have any Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments and hence this provision is not applicable during the financial year.

#### **25. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

The Company does not have any foreign exchange transactions and hedging activities and hence this provision is not applicable during the financial year.

#### **26. WEB LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS DISCLOSED**

The Company does not have the material subsidiary and hence this provision is not applicable during the financial year.

#### **27. PLANT LOCATIONS**

The Company is a healthcare industry and having only one location at its registered office at No. 6, Royal Road, Cantonment, Trichy – 620001.

#### **28. 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, Senior Management personnel and all designated persons have affirmed their compliance on an annual basis and their confirmations has been received in this regard. As required under Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirement), regulations 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: <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 company maintains a Structured digital database called "Vigilant" software provided by Cameo Corporate Services Limited wherein the details of all the designated persons are being captured in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### **29. WEB LINK WHERE DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS IS DISCLOSED**

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

### 30. ADDRESS FOR CORRESPONDENCE

<b>Registered Office</b>	6, Royal Road, Cantonment, Trichy – 620001 Ph: 0431 4077777   Fax: 0431 2415402
<b>Website address</b>	www.kauveryhospital.com
<b>E-mail</b>	corporatecompliance@kauveryhospital.com

### 31. LIST OF ALL CREDIT RATINGS OBTAINED BY THE ENTITY ALONG WITH ANY REVISIONS THERE TO DURING THE RELEVANT FINANCIAL YEAR, FOR ALL DEBT INSTRUMENTS OF SUCH ENTITY OR ANY FIXED DEPOSIT PROGRAMME OR ANY SCHEME OR PROPOSAL OF THE LISTED ENTITY INVOLVING MOBILIZATION OF FUNDS, WHETHER IN INDIA OR ABROAD

The Company has obtained the credit rating for its bank facilities of Rs. 11.47 Crores. The credit rating obtained is **“BBB” (upgraded from BBB-/Stable)** from Acuite Ratings & Research Limited on 26th December, 2019.

### 32. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

The Company has not allotted any securities under preferential allotment or qualified institutions placement as specified under regulation 32 (7A) and this provision is not applicable during the financial year.

### 33. WHERE THE BOARD HAD NOT ACCEPTED ANY RECOMMENDATION OF ANY COMMITTEE OF THE BOARD WHICH IS MANDATORILY REQUIRED, IN THE RELEVANT FINANCIAL YEAR, THE SAME TO BE DISCLOSED ALONG WITH REASONS THEREOF

All recommendations from respective committees has been accepted by the board.

### 34. TOTAL FEES FOR ALL SERVICES PAID BY THE LISTED ENTITY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR AND ALL ENTITIES IN THE NETWORK FIRM/NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART

Details relating to total fees paid to the statutory auditors are given in notes to financial statements of the Company.

### 35. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

a. Number of complaints filed during the financial year	--	1
b. Number of complaints disposed off during the financial year	--	1
c. Number of complaints pending as on end of the financial year	--	0

### 36. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB- PARAS (2) TO (10) ABOVE, WITH REASONS THEREOF SHALL BE DISCLOSED

All the required provisions are compliance and there is no such non-compliance as required under Sub-Para (2) to (10) of Corporate Governance requirements under Listing regulations.

### 37. THE EXTENT TO WHICH THE DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II HAVE BEEN ADOPTED

The Company is periodically reporting the Internal Audit Report to Audit Committee of the Company The Company has not adopted the other discretionary requirements as specified in Part E of Schedule II of Listing Regulations.

**38. THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 SHALL BE MADE IN THE SECTION ON CORPORATE GOVERNANCE OF THE ANNUAL REPORT.**

The disclosure of the corporate governance requirements specified in Regulation 17 to 27 as mentioned above and Clauses (B) To (I) of sub-regulation (2) of Regulation 46 to the extent applicable to the company has been complied with.

**39. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT**

This provision is not applicable to the company.

For and on behalf of the Board of Directors

Place: Chennai  
Date : 25th June, 2020

**(Dr S Chandrakumar)**  
**DIN: 01867847**  
EXECUTIVE CHAIRMAN (WHOLE-TIME)

**(Dr S Manivannan)**  
**DIN:00910804**  
MANAGING DIRECTOR

## ANNEXURE-5

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS [Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members  
KMC Speciality Hospitals (India) Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **KMC Speciality Hospitals (India) Limited** having CIN L85110TN1982PLC009781 and having registered office at No. 6 Royal Road Cantonment Trichy 620001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with **Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**.

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

S.No	DIN	Name	Date of appointment/ Re-appointment
1	00386122	Mr. Krishnamoorthy Arunachalam	30/05/2008 (Re-appointment 01/04/2019)
2	00469656	Mr. Natarajan Bala Baskar	14/08/2013 (Re-appointment 01/04/2019)
3	00910804	Mr. Selvaraj Manivannan	30/05/2008 (Re-appointment 01-10-2018)
4	01742558	Mr. Thirunavukkarasu Senthil Kumar	30/05/2008
5	01852739	Mr. Dandapani Swaminathan	29/12/2018
6	01867847	Mr. Sundararaj Chandrakumar	30/05/2011 (Re-appointment 29-09-2018)
7	02122660	Mr. Athmanathan Ganesan	31/08/2018
8	02621693	Mr. Chenthilkumar Sathasivam	26/03/2009 (Re-appointment 01-04-2019)
9	05172690	Mr. Aravindan Selvaraj	31-08-2018
10	07143462	Mrs. Narayanasami Jeyanthei	31/03/2015 (Re-appointment 30-08-2018)

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

**For M. Alagar & Associates  
(Practising Company Secretaries)**

Sd/-

**M. Alagar**

**Managing Partner**

**FCS No. 7488**

**C P No. 8196**

**UDIN: F007488B000349324**

**Place:** Chennai

**Date:** June 17, 2020

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L85110TN1982PLC009781
2. **Name of the Company:** KMC Speciality Hospitals (India) Limited
3. **Registered address:** No. 6, Royal Road, Cantonment, Trichy - 620001
4. **Website:** www.kauveryhospital.com
5. **E-mail id:** corporatecompliance@kauveryhospital.com
6. **Financial Year reported:** April 1, 2019 to March 31, 2020
7. **Sector(s) that the Company is engaged in (industrial activity code-wise) :** The Company is in the healthcare sector running, operating, maintaining multi-specialty hospital and applicable NIC Code is 86100.
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):** The Company provides only Healthcare Services.
9. **Total number of locations where business activity is undertaken by the Company**  
(a) Number of International Locations (Provide details of major 5): Nil  
(b) Number of National Locations: 1
10. **Markets served by the Company- Local/State/National/International:**  
The Company has its hospital in Trichy in the state of Tamil Nadu.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital(INR):** Rs.16,30,85,000
2. **Total Turnover(INR):** Rs. 97,59,73,000
3. **Total profit after taxes(INR):** Rs. 11,74,27,000
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** Rs. 22,00,000/- spent on CSR which is 2.05% of the average net profit for the previous Three (3) FY (2016-17, 2017-18 and 2018-2019)
5. **List of activities in which expenditure in 4 above has been incurred:** The CSR Contribution of Rs. 22,00,000/- has been spent for the following activities:
  - (a) Conducting Cancer Awareness Camp
  - (b) Conducting Free Medical Camp
  - (c) Conducting Health Education and Development Camp for the Faculty/ Students

### SECTION C: OTHER DETAILS

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

## SECTION D: BR INFORMATION

### 1. Details of Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN Number	Name	Designation
01867847	Dr S Chandrakumar	Executive Chairman (Whole-Time)
00910804	Dr S Manivannan	Managing Director
01867900	Dr D Senguttuvan	Executive Director – Unit & Business Head

(b) Details of the BR head

No.	Particulars	
1	DIN Number (if applicable)	<b>00910804</b>
2	Name	<b>Dr S Manivannan</b>
3	Designation	<b>Managing Director</b>
4	Telephone number	<b>0431- 4022525</b>
5	e-mail id	<b>corporatecompliance@kauveryhospital.com</b>

### 2. Principle-wise BR Policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These briefly are as follows:

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

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

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

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Business should respect, protect, and make efforts to restore the environment.

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

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

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

**(a) Details of compliance (Reply in Y/N)**

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N*	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		KMC Specialty Hospitals (India) Limited confirms the following standards:  1) Quality of healthcare guidelines issued by NABH 2) NVG Guidelines issued by the Ministry of Corporate Affairs, GOI 3) Environment and Social Guidelines 4) Environment Guidelines as per ISO 14001 and Ministry of Environment and Forest								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate BoardDirector?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		www.kauveryhospital.com/investor								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	All the policies are formulated and reviewed with the various stakeholders of the Company.								

\*The company does not advocate influencing the public & regulatory policies, hence no policy is proposed.



(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The company is not at a stagewhere it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 Months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

### 3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

BR performance is reviewed as a part of the ongoing business review by the Management.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company has qualified under clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during financial year 2019-20 and hence this is the first year of publishing this report. The BR Report is a part of this Annual Report. The hyperlink for viewing the report is <http://www.kauveryhospital.com/investors#>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

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

The Company has laid down its Code of Conduct (CoC), which is applicable to Board members and all functional heads (Senior management). The objective is to maintaining highest standards of Corporate Governance practices and uphold ethical standards of integrity and probity and to establish and follow "best practices" in Board governance in order to fulfill its fiduciary obligation to the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Nil

### Principle 2

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

- (a) Road Safety Awareness Programme was conducted periodically to create awareness among public to prevent the accident.
- (b) A flagship Marathon event centered around creating awareness regarding exercising for a healthy heart was conducted for over 5 years.
- (c) First Aid Awareness Programme was conducted to create awareness among public during emergency situation.

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

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

Not applicable

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

Not applicable

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

- (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empanelled vendors who are governed by various statutes.

This procedure ensures that energy efficiency, resource consumption to an optimum level, while meeting the requirement.

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

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empanelled vendors who are governed by various statutes.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

E-wastes, lead wastes, and metal scraps generated at the facility were disposed through authorized recyclers/ dismantlers. Entire quantity of e-wastes and lead wastes generated are handed over to TNPCB authorized recyclers.

### Principle 3

**1. Please indicate the Total number of employees.**

834

**2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

6

**3. Please indicate the Number of permanent women employees.**

612

**4. Please indicate the Number of permanent employees with disabilities**

3

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

No

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

Not Applicable

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

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	1	Nil
3	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

(a) Permanent Employees	50%
(b) Permanent Women Employees	98%
(c) Casual/Temporary/Contractual Employees	Nil
(d) Employees with Disabilities	Nil

#### Principle 4

**1. Has the company mapped it's internal and external stakeholders?**

Yes

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

Yes

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

It has been the continued effort under Corporate Social Responsibility to identify vulnerable and marginalized populations. Before initiating programmes, we conduct baseline surveys wherein we understand demographics, socio-economic profile as well as healthcare indices. This helps us address gaps in services for identified populations

#### Principle 5

**1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The Policy covers the Company and it also extends to the employees/ workers hired from outsourced agencies.

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

Nil

#### Principle 6

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.**

The Policy covers the Company.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, as part of the strategy, Company has adopted environment initiatives like resource conservation audits, sourcing energy from renewable sources and energy conservation projects to combat the effects of Climate Change.

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

Yes

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details there of, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**  
NA
5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**  
The company has boiler operated by solar energy
6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**  
Yes
7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**  
No

### Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**  
The company is a member of National Human Resources- Trichy Chapter
2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Dropbox: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**  
No

### Principle 8

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**  
The Company has rolled out several social initiatives including Corporate Social Responsibility activities whether in fields of healthcare. The healthcare initiatives are mainly taken up in rural/semirural areas or places where there is lack of availability of adequate healthcare services and conducting various medical check up and health awareness programme. The company has spent Rs.22 Lakhs in the year 2019-20 towards CSR activities as per the Companies Act, 2013
2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**  
The Company undertakes through in-house team and external NGO/other organization
3. **Have you done any impact assessment of your initiative?**  
Yes

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

The Company has contributed for CSR Activities. The Company has spent Rs.21,70,000 in the FY 2018-19 and Rs.22 lakhs in the year 2019-20 towards CSR activities and the details of the projects undertaken are provided elsewhere in the annual report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms and follow-up, field visits, telephonic and email communications are regularly carried out.

## Principle 9

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

Nil

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

Company is a healthcare service provider and hence this question is not applicable.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No

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

The Company collects patient feedback (OP, IP and health check-up patients) through physical feedback forms. Feedback is also collected through both in person and in the website and reviewed by the Company. Post discharge call after 72 hours of discharge is also being done for all patients.

## INDEPENDENT AUDITOR'S REPORT

To The Members of KMC Speciality Hospitals (India) Limited  
Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of KMC Speciality Hospitals (India) Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditor's Report Thereon

- i. The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial

statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or



when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

Due to COVID-19 related lockdown we were not able to participate in the physical verification of inventory that was carried out by the management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these financial statements. Our report on the financial statement is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit report, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the director is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's

internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The company did not have any long-term contracts including derivative contracts for which there were no material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No.008072S)

**Ananthi Amarnath**  
(Partner)  
(Membership No. 209252)  
(UDIN: 20209252AAAAGD6155)

Place: Chennai  
Date: 25 June 2020

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of KMC Speciality Hospitals (India) Limited ("the Company") as of March 31, 2020, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on "the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**Ananthi Amarnath**  
(Partner)  
(Membership No. 209252)  
(UDIN: 20209252AAAAGD6155)

Place: Chennai  
Date: 25 June 2020

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of (three years once) which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given 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 records of the company, the title deeds of immovable properties which are freehold are held in the name of the company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loan to its parents company, covered in the register maintained under Section 189 of the Companies Act 2013, in respect to which:
  - (a) The terms and conditions of the grant of such loans are in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount outstanding as at year end.
- (iv) 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 loans and investments made and guarantees and securities provided, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax and Goods and Services Tax as on 31 March 2020 on account of disputes
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

- (ix) In our opinion and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly clause (ix) of the CARO 2016 order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No.008072S)

**Ananthi Amarnath**  
(Partner)  
(Membership No. 209252)  
(UDIN: 20209252AAAAGD6155)

Place: Chennai

Date: 25 June 2020

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Balance sheet for the year ended March 31, 2020

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

		As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	375,490	348,985
Right-of-Use-Assets	5	8,355	-
Capital work-in-progress		706	945
Investment property	6	4,043	4,043
Intangible assets	7	6,195	5,802
<b>Financial assets</b>			
Investments	8	28	22
Loans receivables	9	39,342	47,354
Other financial assets	10	768	1,166
Deferred tax asset (net)	11	35,906	31,841
Income tax assets (net)	12	8,062	27,878
Other assets	13	44,017	1,981
		<b>522,912</b>	<b>470,017</b>
<b>Current assets</b>			
Inventories	14	22,230	9,362
<b>Financial assets</b>			
Trade receivables	15	20,996	17,302
Cash and cash equivalents	16	11,197	17,843
Balance other than above	17	88,712	45,903
Loans receivables	9	11,329	9,958
Other financial assets	10	15,465	22,115
Other assets	13	7,107	2,714
		<b>177,036</b>	<b>125,197</b>
<b>TOTAL</b>		<b>699,948</b>	<b>595,214</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	163,085	163,085
Other equity	19	343,485	227,630
		<b>506,570</b>	<b>390,715</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	22	57,952	76,523
Lease Liabilities	23	6,656	-
Other financial liabilities	24	805	1,226
Provisions	25	4,104	2,968
		<b>69,516</b>	<b>80,717</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Lease Liabilities	23	1,900	-
Trade payables			
- Total outstanding dues of micro and small enterprises	27	883	1,076
- Total outstanding dues of creditors other than micro and small enterprises	27	42,607	51,643
Other financial liabilities	24	50,162	45,013
Other liabilities	28	14,519	17,180
Provisions	25	13,791	8,870
		<b>123,862</b>	<b>123,782</b>
<b>TOTAL</b>		<b>699,948</b>	<b>595,214</b>
Significant accounting policies	3		
The notes referred to above form an integral part of the financial statements			
As per our report of even date attached			

for **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's registration No.008072S

for and on behalf of the board of directors of  
**KMC Speciality Hospitals (India) Limited**  
CIN: L85110TN1982PLC009781

**Ananthi Amarnath**  
Partner  
Membership No: 209252

**Dr. S Manivannan**  
Managing Director  
  
DIN : 00910804

**Dr.S. Chandrakumar**  
Executive Chairman  
(Whole- Time)  
DIN : 01867847

Place : Chennai  
Date : June 25,2020

**K.Anand Babu**  
Chief financial officer

**Akshaya H**  
Company Secretary

Place : Chennai  
Date : June 25,2020

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Statement of profit and loss for the year ended March 31, 2020

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

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Income</b>			
Revenue from operations	29	961,801	822,586
Other income	30	14,172	16,440
		<b>975,973</b>	<b>839,026</b>
<b>Expenses</b>			
Cost of materials consumed	31	14,542	18,922
Purchases of pharmacy products	32	129,932	102,534
Changes in inventory - pharmacy products	33	(6,507)	(2,046)
Employee benefits expense	34	215,841	172,466
Finance costs	35	8,608	11,051
Depreciation and amortisation expense	36	49,479	41,994
Other expenses	37	397,130	370,823
		<b>809,025</b>	<b>715,744</b>
<b>Profit before tax</b>		<b>166,948</b>	<b>123,282</b>
<b>Tax expense</b>			
Current tax	11	53,526	31,938
Deferred tax		(4,005)	5,267
Total tax expense		<b>49,521</b>	<b>37,205</b>
<b>Profit after tax</b>		<b>117,427</b>	<b>86,077</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(2,218)	793
Income tax effect		646	(231)
<b>Total other comprehensive (Loss)/ income</b>		<b>(1,572)</b>	<b>562</b>
<b>Total comprehensive income</b>		<b>115,855</b>	<b>86,639</b>
<b>Earnings per share</b>			
Basic and Diluted	21	0.72	0.53
Significant accounting policies	3		

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

As per our report of even date attached

for **Deloitte Haskins & Sells**

Chartered Accountants

Firm's registration No.008072S

**Ananthi Amarnath**

Partner

Membership No: 209252

Place : Chennai

Date : June 25,2020

for and on behalf of the board of directors of

**KMC Speciality Hospitals (India) Limited**

CIN: L85110TN1982PLC009781

**Dr. S Manivannan**

Managing Director

DIN : 00910804

**K.Anand Babu**

Chief financial officer

Place : Chennai

Date : June 25,2020

**Dr.S. Chandrakumar**

Executive Chairman

(Whole- Time)

DIN : 01867847

**Akshaya H**

Company Secretary

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Statement of changes in equity for the year ended March 31, 2020

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

a. Equity share capital	Note	Amount
Balance as at April 1, 2018		163,085
Changes in equity share capital during year ended March 31, 2018	18	-
<b>Balance as at March 31, 2019</b>		<b>163,085</b>
Changes in equity share capital during the period ended March 31, 2019	18	-
<b>Balance as at March 31, 2020</b>		<b>163,085</b>

#### b. Other equity

	Attributable to the owners of the Company		
	Retained earnings		Total
	Reserves and Surplus	Remeasurement of defined benefit plans*	
Balance as at April 1, 2018	143,211	(2,220)	140,991
Total comprehensive income for the year ended March 31, 2019			
Profit for the year	86,077	-	86,077
Other comprehensive income (net of tax)	-	562	562
Total comprehensive income	86,077	562	86,639
Balance as at March 31, 2019	229,288	(1,658)	227,630

	Attributable to the owners of the Company		Total
	Retained earnings		
	Reserves and Surplus	Remeasurement of defined benefit plans*	
Balance as at April 1, 2019	229,288	(1,658)	227,630
Total comprehensive income for the year ended March 31, 2020			
Profit for the year	117,427	-	117,427
Other comprehensive income (net of tax)	-	(1,572)	(1,572)
Total comprehensive income	117,427	(1,572)	115,855
Balance as at March 31, 2020	346,715	(3,230)	343,485

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

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

As per our report of even date attached

for **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's registration No.0080725

**Ananthi Amarnath**  
Partner  
Membership No: 209252

**Place :** Chennai  
**Date :** June 25,2020

for and on behalf of the board of directors of  
**KMC Speciality Hospitals (India) Limited**  
CIN: L85110TN1982PLC009781

**Dr. S Manivannan**  
Managing Director  
DIN : 00910804

**K.Anand Babu**  
Chief financial officer  
**Place :** Chennai  
**Date :** June 25,2020

**Dr.S. Chandrakumar**  
Executive Chairman (Whole- Time)  
DIN : 01867847

**Akshaya H**  
Company Secretary



# KMC SPECIALITY HOSPITALS (INDIA) LIMITED

## Cash flow statement for the year ended March 31, 2020

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

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A Cash flows from operating activities</b>			
Profit before tax for the year		166,948	123,282
Adjustments:			
Depreciation and amortisation		49,479	41,994
Liabilities / provisions no longer required written back		-	(8,330)
Bad debts written off		1,909	4,631
Provision for loss allowance		1,966	6,263
Finance costs		8,608	11,051
Interest income from banks		(5,051)	(2,079)
Interest income from others		(4,293)	(3,495)
Re-measurement of defined benefit plans		(2,218)	793
<b>Operating cash flow before working capital changes</b>		<b>217,347</b>	<b>174,110</b>
(Increase) in inventories		(12,868)	(2,600)
(Increase) in trade receivables		(7,569)	(3,885)
(Decrease)/ Increase in trade payables		(9,229)	11,797
(Increase) in other financial assets and other assets		(62,584)	(13,119)
Increase in liabilities and provisions		14,997	17,699
<b>Cash generated from operating activities</b>		<b>140,094</b>	<b>184,002</b>
Income tax paid (net)		(33,126)	(25,684)
<b>Net cash generated from operating activities (A)</b>		<b>106,968</b>	<b>158,318</b>
<b>B Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(34,625)	(32,187)
Acquisition of non-current investment		(6,00)	-
Loans given		-	(55,000)
Loan repayment received		(9,472)	4,406
Bank deposits (having original maturity of more than three months)		(42,809)	(13,517)
Interest income from banks		4,653	2,114
Interest income from others		4,293	3,495
<b>Net cash (used in) investing activities (B)</b>		<b>(77,966)</b>	<b>(90,689)</b>
<b>C Cash flows from financing activities</b>			
Proceeds from loans and borrowings		1,781	-
Payment of Lease Liabilities		(2,149)	-
Repayment of loans and borrowings		(27,226)	(42,220)
Interest paid		(8,053)	(11,037)
<b>Net cash (used in) from financing activities (C)</b>		<b>(35,648)</b>	<b>(53,257)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(6,646)</b>	<b>14,373</b>
Cash and cash equivalents at the beginning of the year		17,843	3,470
<b>Cash and cash equivalents at the end of the year</b>		<b>11,197</b>	<b>17,843</b>
		<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Components of Cash and cash equivalents</b>			
Cash on hand	16	842	1,723
Balances with banks			
- on current accounts		10,355	16,120
		<b>11,197</b>	<b>17,843</b>

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

As per our report of even date attached

for **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's registration No.0080725

**Ananthi Amarnath**  
Partner

Membership No: 209252

for and on behalf of the board of directors of  
**KMC Speciality Hospitals (India) Limited**  
CIN: L85110TN1982PLC009781

**Dr. S Manivannan**  
Managing Director

DIN : 00910804

**Dr.S. Chandrakumar**  
Executive Chairman (Whole-Time)

DIN : 01867847

Place : Chennai  
Date : June 25,2020

**K.Anand Babu**  
Chief financial officer

Place : Chennai  
Date : June 25,2020

**Akshaya H**  
Company Secretary

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

### 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 financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

- **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight.
  - Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- **Amendment to Ind AS 12 – Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

- **Amendment to Ind AS 19 – plan amendment, curtailment or settlement:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- ▶ to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- ▶ to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

- Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 resulting in recognition of right of use assets for an amount of Rs. 4,158 thousands and measured the lease liabilities at an equal amount as on the date of transition and hence no impact to reserves. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020 also Refer Note 3(j).

### 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:

Items	Measurement basis
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.

#### 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, 2020 is included in the following notes:

- Note 11 – recognition of deferred tax assets: availability of future taxable profit against which tax Minimum Alternate Tax (MAT) credit can be used;
- Note 26 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 39 – recognition and measurement of provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources;
- Note 4 – Useful life of Property, Plant and Equipment
- Note 15 – Provision for loss allowance on trade receivables.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

### 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 38 – 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.

#### 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')

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

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.

### 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.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

### 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.

### 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. 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.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

### iii. 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

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. 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.



## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

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.

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

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.



## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

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.

### 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.

### i. 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.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

### 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.

#### 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.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

### 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.

#### Revenue

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.

#### Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when the Company satisfies a performance obligation by transferring a promised good to a patient. Pharmacy items are transferred when the patient obtains control of such items.

#### Inpatient and Outpatient Revenue

Inpatient and Outpatient revenue is recognized as and when the related services are rendered. 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 the value of medical and healthcare services rendered in excess of amounts billed to the patients as at the balance sheet date.

The Company collects Goods & Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

#### Disaggregation of revenue

The Company disaggregates revenue from contract with customers by the nature and type of goods sold or services provided. As the Company provides hospital services, this level of disaggregation best depicts the revenue structure of the Company (also refer Note 29).

### J. Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

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

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

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

### K. 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.

### L. 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

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Notes to financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees thousands)

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.

### M. 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.

### N. 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.

### O. 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 41).

### P. 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.

### Q. Cash flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 4. Property, plant and equipment

##### Reconciliation of carrying amount

Particulars	Land	Buildings	Leasehold improvements	Surgical and other equipments	Electrical installation	Computers	Books	Furniture and fixtures	Vehicles	Total (A)
<b>Cost of deemed cost (gross carrying amount)</b>										
Balance as at April 1, 2018	58,358	107,402	55,870	178,692	19,130	3,056	61	4,514	5,094	432,177
Additions	-	-	-	15,707	4,563	2,124	-	1,488	1,980	25,862
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>58,358</b>	<b>107,402</b>	<b>55,870</b>	<b>194,399</b>	<b>23,693</b>	<b>5,180</b>	<b>61</b>	<b>6,002</b>	<b>7,074</b>	<b>458,039</b>
<b>Balance as at April 1, 2019</b>	<b>58,358</b>	<b>107,402</b>	<b>55,870</b>	<b>194,399</b>	<b>23,693</b>	<b>5,180</b>	<b>61</b>	<b>6,002</b>	<b>7,074</b>	<b>458,039</b>
Additions	-	3,926	523	35,678	17,852	5,880	-	1,905	5,382	71,144
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>58,358</b>	<b>111,328</b>	<b>56,393</b>	<b>230,077</b>	<b>41,545</b>	<b>11,060</b>	<b>61</b>	<b>7,907</b>	<b>12,456</b>	<b>529,183</b>
<b>ACCUMULATED DEPRECIATION</b>										
Balance as at April 1, 2018	-	5,802	17,604	26,625	12,826	1,007	8	3,420	1,312	68,605
Depreciation for the year	-	2,901	8,802	22,189	3,515	990	7	728	1,318	40,450
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>8,703</b>	<b>26,406</b>	<b>48,814</b>	<b>16,341</b>	<b>1,997</b>	<b>15</b>	<b>4,148</b>	<b>2,630</b>	<b>109,055</b>
<b>Balance as at April 1, 2019</b>	<b>-</b>	<b>8,703</b>	<b>26,406</b>	<b>48,814</b>	<b>16,341</b>	<b>1,997</b>	<b>15</b>	<b>4,148</b>	<b>2,630</b>	<b>109,055</b>
Depreciation for the period	-	3,020	8,813	23,169	4,113	2,416	7	964	2,137	44,639
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>-</b>	<b>11,723</b>	<b>35,219</b>	<b>71,983</b>	<b>20,454</b>	<b>4,413</b>	<b>22</b>	<b>5,112</b>	<b>4,767</b>	<b>153,693</b>
<b>NET BLOCK</b>										
Balance as at March 31, 2019	58,358	98,699	29,464	145,585	7,352	3,183	46	1,854	4,444	348,985
Balance as at March 31, 2020	58,358	99,604	21,174	158,094	21,090	6,647	39	2,794	7,689	375,490

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 5. Right of Use Asset

Description of Assets	Buildings	Total
<b>I - Gross carrying value</b>		
As at April 01, 2019 (Refer Note 23)	4,158	4,158
Additions	5,992	5,992
Disposals / Adjustments during the year	-	-
<b>As at March 31, 2020</b>	<b>10,150</b>	<b>10,150</b>
<b>II. Accumulated depreciation</b>		
As at April 01, 2019	-	-
Depreciation for the year	1,795	1,795
Disposals / Adjustments during the year	-	-
<b>As at March 31, 2020</b>	<b>1,795</b>	<b>1,795</b>
<b>III. Net Carrying Value</b>		
<b>As at 31 March 2020</b>	<b>8,355</b>	<b>8,355</b>

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 6 Investment property

##### A Reconciliation of carrying amount

	Land#	Total
<b>Cost or deemed cost (gross carrying amount)</b>		
<b>Balance as at April 01, 2018</b>	4,043	4,043
Addition	-	-
Deletion	-	-
<b>Balance as at March 31, 2019</b>	<b>4,043</b>	<b>4,043</b>
<b>Balance as at April 01, 2019</b>	4,043	4,043
Addition	-	-
Deletion	-	-
<b>Balance as at 31 March 2020</b>	<b>4,043</b>	<b>4,043</b>
# 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.		
<b>Fair Value</b>		
At March 31, 2018	143,550	143,550
At March 31, 2019	133,400	133,400
At March 31, 2020	246,154	246,154

##### B Measurement of Fair Values

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	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Rental income from the investment property	136	132



## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 7 Intangible assets

##### Particulars

	Software	Total
<b>GROSS BLOCK</b>		
<b>Balance as at April 1, 2018</b>	<b>678</b>	<b>678</b>
Additions	7,171	7,171
Deletions	-	-
<b>Balance as at March 31, 2019</b>	<b>7,849</b>	<b>7,849</b>
Additions	3,438	3,438
Deletions	-	-
<b>Balance as at March 31, 2020</b>	<b>11,287</b>	<b>11,287</b>
<b>ACCUMULATED AMORTISATION</b>		
<b>Balance as at April 1, 2018</b>	<b>503</b>	<b>503</b>
Amortisation for the year	1,544	1,544
Deletions	-	-
<b>Balance as at March 31, 2019</b>	<b>2,047</b>	<b>2,047</b>
Amortisation for the year	3,045	3,045
Deletions	-	-
<b>Balance as at March 31, 2020</b>	<b>5,092</b>	<b>5,092</b>
<b>NET BLOCK</b>		
<b>Balance as at March 31, 2019</b>	<b>5,802</b>	<b>5,802</b>
<b>Balance as at March 31, 2020</b>	<b>6,195</b>	<b>6,195</b>

#### 8 Investments

(See accounting Policy in note 3(b))

##### Non current Investments

##### Unquoted equity shares

##### Equity Shares at FVOCI

	As at March 31, 2020	As at March 31, 2019
2,800 (March 31, 2019: 2,200) Equity shares of Nazca Energy Private Limited)	28	22
	<b>28</b>	<b>22</b>
Aggregate value of unquoted investments	28	22

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 9 Loans receivables

(Unsecured, considered good)

##### Non-current

Loan to holding company - Sri Kauvery Medical Care (India) Limited	30,730	41,095
Security deposits	8,612	6,259
	<b>39,342</b>	<b>47,354</b>

##### Current

Loan to holding company - Sri Kauvery Medical Care (India) Limited	10,391	9,499
Employee advances	938	459
	<b>11,329</b>	<b>9,958</b>
	<b>50,670</b>	<b>57,312</b>

	<b>As at</b>	<b>As at</b>
	<b>March 31, 2020</b>	<b>March 31, 2019</b>

#### 10 Other financial assets

(Unsecured, Considered Good)

##### Non-current

Bank deposits (due to mature after 12 months from the reporting date)	588	918
Interest accrued on fixed deposits but not due	180	248
	<b>768</b>	<b>1,166</b>

##### Current

Unbilled revenue	13,803	15,677
Interest accrued on fixed deposits but not due	1,662	721
Due's from holding company - Sri Kauvery Medical Care (India) Limited	-	5,717
	<b>15,465</b>	<b>22,115</b>
	<b>16,233</b>	<b>23,281</b>

# KMC SPECIALITY HOSPITALS (INDIA) LIMITED

## Notes to the financial statements for the year ended March 31, 2020

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

### 11 Income tax

(See accounting policy in note 3(m))

#### A Amounts recognised in statement of profit and loss

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Current tax (a)</b>		
Current period	53,526	31,938
Previous period	-	-
<b>Deferred tax (b)</b>		
Attributable to -		
Origination and reversal of temporary differences	(4,005)	5,267
<b>Tax expense (a) + (b)</b>	<b>49,521</b>	<b>37,205</b>

#### B Income tax recognised in other comprehensive income

	As at March 31, 2020			As at March 31, 2019		
	Amount	Tax (expense) benefit	Net of tax	Amount	Tax (expense) / benefit	Net of tax
Remeasurements of defined benefit liability	(2,218)	646	(1,572)	793	(231)	562

#### C Reconciliation of effective tax rate

	Year ended March 31, 2020		Year ended March 31, 2019	
	%	Amount	%	Amount
<b>Profit before tax</b>		<b>166,948</b>		<b>123,283</b>
Tax using the Company's domestic tax rate	29.12%	48,615	29.12%	35,901
Effect of:				
Expenses that are not deductible in determining taxable profit	0.54%	906	1.06%	1,304
<b>Effective tax rate / tax expense</b>	<b>29.66%</b>	<b>49,521</b>	<b>30.18%</b>	<b>37,205</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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment		-	24,336	24,913	(24,336)	(24,913)
Provision for employee benefits	10,547	7,689	-	-	10,547	7,689
Loss allowance on trade receivables	4,565	3,995	-	-	4,565	3,995
Carried forward loss	-	-	-	-	-	-
Minimum alternative tax	45,608	45,608	-	-	45,608	45,608
Others	-	-	478	538	(478)	(538)
<b>Deferred tax (assets)/ liabilities</b>	<b>60,720</b>	<b>57,292</b>	<b>24,814</b>	<b>25,451</b>	<b>35,906</b>	<b>31,841</b>
Offsetting of deferred tax assets and deferred tax liabilities	(24,814)	(25,451)	(24,814)	(25,451)	-	-
<b>Net deferred tax (assets) liabilities</b>	<b>35,906</b>	<b>31,841</b>	<b>-</b>	<b>-</b>	<b>35,906</b>	<b>31,841</b>

#### Movement in temporary differences for the year ended March 31, 2020 and 2019

	Balance as at April 1, 2018	Recognized in profit and loss during 2018- 19/ MAT Credit adjustment	Recognized in OCI during 2018-19	Balance as at March 31, 2019	Recognized in profit and loss during 2019- 20/MAT Credit adjustment	Recognized in OCI during 2019-20	Balance as at March 31, 2020
Property, plant and equipment	(22,153)	(2,760)	-	(24,913)	577	-	(24,336)
Provision for employee benefits	6,541	1,379	(231)	7,689	2,858	646	10,547
Loss allowance on trade receivables	4,839	(844)	-	3,995	570	-	4,565
Carried forward loss	3,300	(3,300)	-	-	-	-	-
Minimum alternative tax	51,600	(5,992)	-	45,608	-	-	45,608
Others	(794)	256	-	(538)	-	-	(478)
	<b>43,333</b>	<b>(11,261)</b>	<b>(231)</b>	<b>31,841</b>	<b>4,005</b>	<b>646</b>	<b>35,906</b>

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

<b>12 Income tax assets (net)</b>		
Advance income tax and tax deducted at source, net of provision for tax	8,062	27,878
	<b>8,062</b>	<b>27,878</b>
<b>13 Other Non- current/Current assets</b>		
<i>(Unsecured, considered good)</i>		
<b>Non-current</b>		
Capital advances	43,497	1,461
Advances to holding Company -Sri Kauvery Medical Care (India)	520	520
Limited towards windmill deposit		
	<b>44,017</b>	<b>1,981</b>
<b>Current</b>		
Prepaid expenses	2,629	2,072
Advance to suppliers	4,478	642
	<b>7,107</b>	<b>2,714</b>
	<b>51,124</b>	<b>4,695</b>
<b>14 Inventories</b>		
(See accounting policy in note 3(f))		
Traded goods - Pharmacy items	12,555	6,048
Consumables - Surgical material and medical stores	9,675	3,314
	<b>22,230</b>	<b>9,362</b>
<b>15 Trade receivables</b>		
(See accounting policy in note 3(b))		
Unsecured, considered good*	20,996	17,302
Unsecured, considered doubtful	15,686	13,720
Less: Provision for doubtful debts	(15,686)	(13,720)
	<b>20,996</b>	<b>17,302</b>
<b>Movement of loss allowance in trade receivable</b>		
Opening balance	13,720	17,394
Allowances made during the year	1,966	6,263
Written off (also refer note 37)	-	(9,937)
Closing balance	<b>15,686</b>	<b>13,720</b>
*includes receivable from Holding Company, refer note 43		
The Company's exposure to credit risk and loss allowances relating to trade receivables are disclosed in note 38.		
<b>16 Cash and cash equivalents</b>		
Cash and cash equivalents		
Cash on hand	842	1,723
Balances with banks		
- on current accounts	10,355	16,120
	<b>11,197</b>	<b>17,843</b>
<b>17 Balance other than above</b>		
- On deposit accounts (due to mature within 12 months of the reporting date)	88,712	45,903
	<b>88,712</b>	<b>45,903</b>

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

## **Notes to the financial statements for the year ended March 31, 2020**

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

### **18 Equity**

	As at March 31, 2020	As at March 31, 2019
<b>Authorised</b>		
250,000,000 (Previous year: 250,000,000) equity shares of Rs. 1/- each	250,000	250,000
	<b>250,000</b>	<b>250,000</b>
<b>Issued, subscribed and paid up</b>		
163,085,000 (Previous year: 163,085,000) equity shares of Rs. 1/- each fully paid up	163,085	163,085
	<b>163,085</b>	<b>163,085</b>

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

	As at March 31, 2020		As at March 31, 2019	
	No. of shares (in Thousands)	Amount	No. of shares (in thousands)	Amount
<b>Equity shares of Rs. 1/- each fully paid up</b>				
At the end of the year	163,085	163,085	163,085	163,085
	<b>163,085</b>	<b>163,085</b>	<b>163,085</b>	<b>163,085</b>

#### **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, 2020	
	No. of shares (in thousands)	Amount
Equity shares of Rs. 1/- each fully paid up		
Sri Kauvery Medical Care (India) Limited, the Holding Company	122,314	122,314
	As at March 31, 2019	
	No. of shares (in thousands)	Amount
Equity shares of Rs. 1/- each fully paid up		
Sri Kauvery Medical Care (India) Limited, the Holding Company	122,314	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, 2020	
	No. of shares (in thousands)	% of total equity shares
Equity shares of Rs. 1/- each fully paid up		
Sri Kauvery Medical Care (India) Limited, the Holding Company	122,314	75%
	As at March 31, 2019	
	No. of shares (in thousands)	% of total equity shares
Equity shares of Rs. 1/- each fully paid up		
Sri Kauvery Medical Care (India) Limited, the Holding Company	122,314	75%

#### **e. Bonus shares/ buy-back for consideration other than cash allotted during a period of five years immediately preceding the financial year ended March 31, 2020:**

- The Company has not allotted any shares without payment being received in cash.
- The Company has not allotted paid bonus shares.
- The Company has not bought back any shares during the aforesaid period.

# KMC SPECIALITY HOSPITALS (INDIA) LIMITED

## Notes to the financial statements for the year ended March 31, 2020

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

	As at March 31, 2020	As at March 31, 2019
<b>19 Other equity</b>		
<b>Surplus in the statement of profit and loss</b>		
At the commencement of the year	229,288	143,211
Profit for the year	117,427	86,077
At the end of the year	<b>346,715</b>	<b>229,288</b>
<b>Other comprehensive income</b>		
At the commencement of the year	(1,658)	(2,220)
Transfers during the year	(1,572)	562
At the end of the year	<b>(3,230)</b>	<b>(1,658)</b>
	<b>343,485</b>	<b>227,630</b>

## 20 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, 2020	As at March 31, 2019
Total liabilities	193,378	204,499
Less : Cash and cash equivalents	(11,197)	(17,843)
<b>Adjusted net debt</b>	<b>182,181</b>	<b>186,656</b>
Total equity	506,570	390,715
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.36</b>	<b>0.48</b>

## 21 Earnings per share (EPS)

### Basic and diluted 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:

The calculation of basic earnings per share is based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares

	Year ended 31 March 2020	Year ended 31 March 2019
Profit for the year attributable to the equity shareholders (A)	117,427	86,077
Weighted average number of equity shares outstanding as at reporting date (B)	163,085	163,085
<b>Basic and diluted earnings per share (EPS) (A/B)</b>	<b>0.72</b>	<b>0.53</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 the financial statements for the year ended March 31, 2020

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

	As at March 31, 2020	As at March 31, 2019
<b>22 Borrowings</b>		
<b>Non-Current</b>		
<b>Secured</b>		
Term loans from banks	52,228	68,304
Deferred payment liabilities	5,723	8,219
	<b>57,952</b>	<b>76,523</b>
<b>Current</b>		
<b>Secured</b>		
Term loans from banks	16,375	23,249
Deferred payment liabilities	3,300	3,300
Less: Amount disclosed under other current liabilities (Refer Note 24)	(19,675)	(26,549)
	<b>-</b>	<b>-</b>

#### Terms of repayment of term loans from banks and the nature of security

##### a) Term loans outstanding as on March 31, 2020 of INR Nil (March 31, 2019: INR 9,896) 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. Subsequently, 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 previous year ended March 31, 2019.

(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. Subsequently, 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. The loan was repaid during the previous year ended March 31, 2019.

(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. Subsequently, 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. The loan was repaid during the current year.

(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. Subsequently, 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 loan was repaid during the previous year ended March 31, 2019.

#### The above loans were secured by way of the following:

(i) Hypothecation of fixed assets created/ purchased out of bank finance.

(ii) Equitable mortgage over commercial building belonging to the Company with build up area 111,083 sq. ft built on land measuring 24, 864 sq. ft situated at No. 5, Royal road (land belonging to Sri Kauvery Medical Care (India) Limited, the Holding Company, situated at Ward No. K, block no. 17, New T.S. No. 5, Trichy, Jt I&II, sub regn dist of K Abhishekapuram, Trichy - 620 001.

(iii) Extension of equitable mortgage over commercial land measuring 14,500 sq. ft situated at No.6, Alexandria road, Cantonment, Trichy - 620 001 belonging to the Company (title deed no. 3942/1995 & 3943/1995), situated in Ward No.K, Block no. 17, New T.S. No. 2 & 3/2, in Trichy Jt. I&II, sub regn dt of K Abhishekapuram, Trichy - 620 001.

(iv) Personal guarantees of Dr. D Senguttuvan, Dr.S.Chandrakumar, Executive Chairman (Whole- time) and Dr. S Manivannan, Managing Director of the Company.

(v) Corporate guarantee from Sri Kauvery Medical Care (India) Limited, the Holding Company.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### b) Term loans outstanding as on March 31, 2020 of INR 34,432 (March 31, 2019: 41,904) 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:

-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.

-Letter of comfort from the holding company, Sri Kauvery Medical Care (India) 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.

(iii) Term loan towards purchase of car from HDFC Bank for INR 17.81 million was availed in the previous year and is repayable in 60 equated monthly installments (EMIs) of INR 37,642/- commencing from July 5, 2019. The loan is secured by way of hypothecation of the asset procured.

#### c) Term loans outstanding as on March 31, 2020 of INR 34,171 (March 31, 2019: 39,73) 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.

### 23. Lease Liabilities

The Company has adopted IND AS 116 "Leases" with effect from April 01, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach which resulted in recognition of Right of Use Asset (ROU) and equivalent Lease Liability at Rs. 4,158.

#### A. Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	As at March 31, 2020
Current lease liabilities	1,900
Non-current lease liabilities	6,656
<b>Total</b>	<b>8,556</b>

#### B. Movement in Lease Liabilities

The following is the movement in lease liabilities during the twelve months ended March 31, 2020:

Particulars	As at March 31, 2020
<b>Balance as on 1st April 2019</b>	<b>4,158</b>
Additions	5,992
Finance costs accrued during the period	555
Deletions	-
Payment of Lease liabilities	(2,149)
<b>Total</b>	<b>8,556</b>

C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2020
Less than one year	1,900
One to five years	4,459
More than five years	2,197



## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

	As at March 31, 2020	As at March 31, 2019
<b>24 Other financial liabilities</b>		
<i>To parties other than related parties</i>		
<b>Non-current</b>		
Security deposits	805	1,226
	<b>805</b>	<b>1,226</b>
<b>Current</b>		
Current maturities of long-term borrowings (Refer Note 22)	19,675	26,549
Liabilities towards purchase of fixed assets	-	129
Employee benefits payable	21,252	18,335
<b>To related parties</b>		
Due to related party (holding company) (Refer Note 43)	9,235	-
	<b>50,162</b>	<b>45,013</b>
	<b>50,967</b>	<b>46,238</b>
<b>25 Provisions</b>		
<i>(See accounting policies in 3(h))</i>		
<b>Non-current</b>		
<b>Provision for employee benefits</b>		
Compensated absences	4,104	2,968
	<b>4,104</b>	<b>2,968</b>
<b>Current</b>		
<b>Provision for employee benefits</b>		
Gratuity (Refer note 26)	9,628	4,995
Compensated absences	4,163	3,001
<b>Other provision</b>		
Provision for tax	-	874
	<b>13,791</b>	<b>8,870</b>
	<b>17,895</b>	<b>11,838</b>

# KMC SPECIALITY HOSPITALS (INDIA) LIMITED

## Notes to the financial statements for the year ended March 31, 2020

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

### 26 Assets and liabilities relating to employee benefits

(See accounting policies in 3(h))

#### Provident fund benefits:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR. 8,994 (March 31, 2019: INR. 1,868) and is included in "contribution to provident and other funds".

#### Employee State Insurance benefits:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to INR. 3,172 (March 31, 2019: INR. 952 ) and is included in "Staff Welfare Expenses".

	As at March 31, 2020	As at March 31, 2019
Net defined benefit asset - Gratuity plan	7,199	8,048
<b>Total employee benefit asset (current)</b>	<b>7,199</b>	<b>8,048</b>
Net defined benefit liability - Gratuity plan	16,827	13,044
Liability for compensated absences	8,267	5,969
<b>Total employee benefit liabilities</b>	<b>25,094</b>	<b>19,013</b>

For details about the related employee benefit expenses, see note 34.

The Company operates the following post-employment defined benefit plans.

In accordance with applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund maintained with Life Insurance Corporation of India (LIC).

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.

# MCM SPECIALITY HOSPITALS (INDIA) LIMITED

## Notes to the financial statements for the year ended March 31, 2020

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

### 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, 2020	Year ended March 31, 2019
<b>Reconciliation of present value of defined benefit obligation</b>		
Balance at the beginning of the year	13,043	11,671
Benefits paid	(1,173)	(1,315)
Current service cost	2,086	2,907
Interest cost	857	906
Past service gain	-	-
Actuarial (gains)/ losses recognised in other comprehensive income		
changes in demographic assumptions	(158)	(4,578)
changes in financial assumptions	579	2,373
experience adjustments	1,435	1,079
Others	-	-
<b>Balance at the end of the year</b>	<b>16,827</b>	<b>13,043</b>
<b>Reconciliation of fair value of plan assets</b>		
Balance at the beginning of the year	8,048	8,789
Contributions paid into the plan	-	225
Benefits paid	(1,173)	(1,316)
Interest income	528	682
Return on plan assets recognised in other comprehensive income	(204)	(332)
<b>Balance at the end of the year</b>	<b>7,199</b>	<b>8,048</b>
<b>Net defined benefit liability</b>	<b>9,628</b>	<b>4,995</b>

### 26 Assets and liabilities relating to employee benefits (continued)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>C.</b>		
<b>i. Expense recognised in profit or loss</b>		
Current service cost	2,086	2,907
Past service cost	-	-
Interest cost	857	906
Interest income	(528)	(682)
	<b>2,415</b>	<b>3,132</b>
<b>ii. Remeasurement recognised in other comprehensive income</b>		
Actuarial (gain)/ loss on defined benefit obligation	2,014	(1,126)
Return on plan assets excluding interest income	204	332
	<b>2,218</b>	<b>(793)</b>

### D. Defined benefit obligations

#### i. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	5.00%	6.55%
Future salary growth	8.00%	8.00%
Attrition rate	45.00%	45.00%
Normal retirement age	60 Years	60 Years
Mortality rate	100.00%	100.00%
	(% of IALM 2012 - 2014)	(% of IALM 2006 - 2008)

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### ii. Sensitivity analysis

	Year ended March 31, 2020		Year ended March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	16,448	17,222	12,757	13,342
Future salary growth (1% movement)	17,205	16,456	13,334	12,758
Attrition rate (50% movement)	15,678	19,252	12,236	14,572
Mortality rate (10% movement)	16,826	16,826	13,044	13,043

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.

#### E. Expected cash flows over the next (valued on undiscounted basis):

	31-Mar-20	31-Mar-19
1 Year	7,118	5,664
2 to 5 years	10,322	8,337
6 to 10 years	1,468	1,200
More than 10 years	88	70

#### F. Five year information

Amounts of the current year and previous four periods are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation	16,827	13,043	11,671	5,560	5,340
Plan asset	7,199	8,048	8,789	7,202	3,820
Surplus/(deficit)	9,628	(4,995)	(2,882)	1,642	(1,520)
Experience adjustments					
- in plan liabilities (loss) / gain	(1,435)	(1,080)	(1,566)	903	753
- in plan assets (loss) / gain	-	-	-	3	25

#### 27 Trade payables

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises (Refer Note 42)	883	1,076
Total outstanding dues of creditors other than micro and small enterprises*	42,607	51,643
	<b>43,490</b>	<b>52,719</b>

\*includes payables to Holding Company, refer note 43.

#### 28 Other liabilities

##### Current

##### To parties other than related parties

Advance from patients	6,834	10,690
Statutory liabilities	7,685	6,490
	<b>14,519</b>	<b>17,180</b>

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>29 Revenue from operations</b>		
(See accounting policies in 3(j))		
<b>A. Revenue streams</b>		
The Company generates revenue primarily from the hospital services and sale of pharmacy products to its customers. Other source of revenue includes ambulance and scrap sales.		
<b>Revenue from medical and healthcare services</b>		
Income from hospital services	897,858	661,072
Sale of pharmacy products	56,981	159,188
	<b>954,839</b>	<b>820,260</b>
<b>Other operating revenues</b>		
Sale of scrap	237	247
Others	6,725	2,079
	<b>6,962</b>	<b>2,326</b>
	<b>961,801</b>	<b>822,586</b>

#### B. Disaggregation of revenue from contracts with customers

Revenue from contract with customers is disaggregated by primary geographic market, major service and product lines and timing of revenue recognition, as set out below:-

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Primary geographical markets</b>		
India	961,801	822,586
	<b>961,801</b>	<b>822,586</b>
<b>Major service lines / products</b>		
Revenue from in-patient services	795,160	563,813
Revenue from out-patient services	102,699	96,183
Sale of pharmacy products	56,981	159,188
Others	6,962	3,402
	<b>961,801</b>	<b>822,586</b>
<b>Timing of revenue recognition</b>		
Service transferred over a period of time	801,884	564,889
Service transferred at a point in time	102,699	96,183
Products transferred at a point in time	57,218	161,514
	<b>961,801</b>	<b>822,586</b>

#### C. Contract balances

The following disclosure provides information about receivables, contract assets and liabilities from Contracts with customers

	As at March 31, 2020	As at March 31, 2019
Receivables which are included in Trade receivables	20,996	17,302
Contract Assets Unbilled revenue	13,803	15,677
Contract Liabilities - Advance from patients	(6,834)	(10,690)

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>30 Other income</b>		
Interest income from banks	5,051	2,079
Interest income from others	4,293	3,495
Rental income	136	132
Liabilities / provisions no longer required written back	-	8,330
Miscellaneous income	4,692	2,404
	<b>14,172</b>	<b>16,440</b>
<b>31 Cost of materials consumed</b>		
Inventory at the beginning of the year	3,314	2,760
Add: Purchases	20,903	19,477
Inventory at the end of the year	(9,675)	(3,314)
	<b>14,542</b>	<b>18,922</b>
<b>32 Purchases of pharmacy products</b>		
Purchase of pharmacy products	129,932	102,534
	<b>129,932</b>	<b>102,534</b>
<b>33 Changes in inventory - pharmacy products</b>		
Opening inventory	6,048	4,002
Closing inventory	(12,555)	(6,048)
	<b>(6,507)</b>	<b>(2,046)</b>
<b>34 Employee benefits expense</b>		
Salaries, wages and bonus (Refer note 43)	190,968	152,068
Contribution to provident and other funds (Refer note 26)	11,460	12,461
Staff welfare expenses	13,413	7,937
	<b>215,841</b>	<b>172,466</b>
<b>35 Finance costs</b>		
Interest		
- on term loans	4,350	9,687
- on lease liabilities (Refer note 23)	555	-
- on others	3,703	1,364
	<b>8,608</b>	<b>11,051</b>
<b>36 Depreciation and amortisation expense</b>		
Depreciation of tangible assets	44,639	40,450
Depreciation of Right of use assets (Refer note 5)	1,795	-
Amortisation of intangible assets	3,045	1,544
	<b>49,479</b>	<b>41,994</b>

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>37 Other expenses</b>		
<b>Hospital operating expenses</b>		
Professional fees paid to consultants	218,022	194,759
Power and fuel	18,648	16,952
Repairs and maintenance		
- Buildings	7,273	8,210
- Plant and machinery	3,287	4,084
- Others	20,976	13,571
Sub-contracting charges	36,292	33,949
Medical gas	3,081	2,851
Rent	4,148	4,889
Blood and medical record scan charges	5,092	2,484
Health club expenses	-	904
	<b>316,819</b>	<b>282,653</b>
<b>Administrative expenses</b>		
Rates and taxes	3,420	2,973
Business promotion and publicity	25,368	31,346
Travelling and communication expenses	13,633	10,949
Printing and stationery	7,572	10,080
Legal and professional charges	10,516	7,512
Payment to auditors (refer note below)	1,850	2,572
Security charges	169	199
Bad debts written off	1,909	4,631
Corporate social responsibility	2,200	2,170
Provision for loss allowance	1,966	6,263
Insurance	1,241	602
Bank charges	2,770	2,964
Directors sitting fees	737	830
Miscellaneous expenses	6,960	5,080
	<b>80,311</b>	<b>88,171</b>
	<b>397,130</b>	<b>370,824</b>
<b>(i) Payment to auditors</b> (excluding service tax / goods and services tax)		
Statutory audit	1,550	1,500
Quarterly limited reviews	300	750
Reimbursement of expenses	-	322
	<b>1,850</b>	<b>2,572</b>
<b>(ii) Details of corporate social responsibility expenditure</b>		
(a) Amount required to be spent by the Company during the year	2,136	1,529
(b) Amount spent during the year		
(i) Construction / acquisition of any assets	-	-
(ii) On purposes other than (i) above	2,200	2,170

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 38 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

March 31, 2020	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount
<b>Financial assets not measured at fair value</b>			
Investments	28	-	28
Loans	50,671	-	50,671
Trade receivables	20,996	-	20,996
Cash and cash equivalents	11,197	-	11,197
Balance other than above	88,712	-	88,712
Other financial assets	16,233	-	16,233
<b>Financial liabilities not measured at fair value</b>			
Borrowings	-	57,952	57,952
Trade payables	-	43,490	43,490
Other financial liabilities	-	50,967	50,967
<b>March 31, 2019</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>			
Investments	22	-	22
Loans	57,312	-	57,312
Trade receivables	17,302	-	17,302
Cash and cash equivalents	17,843	-	17,843
Balance other than above	45,903	-	45,903
Other financial assets	23,281	-	23,281
<b>Financial liabilities not measured at fair value</b>			
Borrowings	-	76,523	76,523
Trade payables	-	52,719	52,719
Other financial liabilities	-	46,239	46,239

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 the financial statements for the year ended March 31, 2020

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

### 38 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, 2020	As at March 31, 2019
Trade receivables	20,996	17,302
Loans	50,671	57,312
Cash and cash equivalents	99,909	63,746
Other financial assets	16,233	23,281
	<b>187,810</b>	<b>161,641</b>

### 38 Financial instruments - Fair value and risk management (continued)

#### 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 INR15,686 (March 31, 2019 : INR 13,720). The Company's exposure to credit risk for trade receivables and other receivables is as follows:

	As at March 31, 2020	As at March 31, 2019
Trade receivables (gross)	36,682	31,021
Less: Credit loss allowance	(15,686)	(13,720)
	<b>20,996</b>	<b>17,302</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.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 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.

#### 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 147,699 (March 31, 2019: INR113,121), which the management believes is sufficient to meet all its liabilities maturing during the next 12 months amounting to INR 95,552 (March 31, 2019: INR 97,731).

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, 2020

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Borrowings	57,952	57,952	9,838	9,838	17,085	21,192
Lease liabilities	8,556	8,556	1,113	787	2,678	3,978
Trade payables	43,490	43,490	43,490	-	-	-
Other financial liabilities	50,967	50,967	50,967	-	-	-
	<b>160,964</b>	<b>160,964</b>	<b>105,407</b>	<b>10,625</b>	<b>19,763</b>	<b>25,170</b>

#### As at March 31, 2019

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Borrowings	76,523	76,523	11,624	11,624	23,249	30,026
Trade payables	52,719	52,719	52,719	-	-	-
Other financial liabilities	46,239	46,239	46,239	-	-	-
	<b>175,481</b>	<b>175,481</b>	<b>110,582</b>	<b>11,624</b>	<b>23,249</b>	<b>30,026</b>

The following are the financial assets at the reporting date. The amounts are gross and undiscounted, including contractual interest.

#### As at March 31, 2020

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Investments	28	28	-	-	-	28
Loans	50,671	50,671	-	-	-	50,671
Trade receivables	20,996	20,996	16,577	3,646	774	-
Cash and cash equivalents	11,197	11,197	11,197	-	-	-
Balance other than above	88,712	88,712	23,424	31,120	34,168	-
Other financial assets	16,233	16,233	16,233	-	-	-
	<b>187,838</b>	<b>187,838</b>	<b>67,431</b>	<b>34,766</b>	<b>34,942</b>	<b>50,699</b>

# KMC SPECIALITY HOSPITALS (INDIA) LIMITED

## Notes to the financial statements for the year ended March 31, 2020

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

### 38 Financial instruments - Fair value and risk management (continued)

The following are the financial assets at the reporting date. The amounts are gross and undiscounted, including contractual interest.

As at March 31, 2019

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Investments	22	22	-	-	-	22
Loans	57,312	57,312	-	-	-	57,312
Trade receivables	17,302	17,302	9,686	5,506	2,110	-
Cash and cash equivalents	17,843	17,843	17,843	-	-	-
Balance other than above	45,903	45,903	3,591	10,489	31,823	-
Other financial assets	23,281	23,281	23,281	-	-	-
	<b>161,663</b>	<b>161,663</b>	<b>54,401</b>	<b>15,994</b>	<b>33,934</b>	<b>57,334</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, 2020	As at March 31, 2019
Variable rate long term borrowings including current maturities	68,603	91,553
<b>Total borrowings</b>	<b>68,603</b>	<b>91,553</b>

#### (b) Sensitivity

	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
1% increase in MCLR rate	686	916	686	916
1% decrease in MCLR rate	(686)	(916)	(686)	(916)

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 39 Contingent liabilities and commitments

	As at March 31, 2020	As at March 31, 2019
<b>a) Contingent liabilities</b>		
<b>(i) Claims against the Company not acknowledged as debts</b>		
- disputed customs duty	-	8,525
- disputed municipal rent	-	917
<b>(ii) Guarantees given</b>		
- Guarantees given to bankers on behalf of the holding company Sri Kauvery Medical Care (India) Limited	430,970	430,970

(iii) The Company, is empaneled under TNCMCHIS for all the services offered by the hospital including Cardiology and Cardiothoracic Surgery. Heart patients under this scheme are treated by the Company in its hospital and wherever the patients require Angioplasty or Heart Surgeries like Bypass Surgery, Valve Replacement, etc., is outsourced to the Kauvery Heart City Hospital, a division of SKMC, the holding company, which is located within the same premises. All the approvals for such procedures are obtained and billings are done by the Company. The amount so received from this scheme for such cardiac procedures performed by Heart City is being reimbursed on a monthly basis as per the agreed terms between both the Company and the Holding Company. In the opinion of the management, such outsourcing arrangements are in accordance with the guidelines issued by the Government of Tamil Nadu vide orders in G.O.Ms No. 268 Health and Family Welfare (EAP/1) Department dated 17/11/2016 and in compliance with the MOU dated May 2, 2017 entered into with United India Insurance Co. Ltd.

#### (iv) Amendment to the Minimum Wages Act

On March 02, 2018, the Govt. of Tamil Nadu passed an order by way of notification in the Official Gazette revising the minimum wages for employment in hospitals and nursing homes under the Minimum Wages Act, 1948. As per the order the notification shall come into force with immediate effect. We understand from the management that the impact of the said notification is fairly significant for the Healthcare Industry in particular to companies operating in Tier II and Tier III cities. In this regard, the Association of Healthcare Providers India ("AHPI") of which the company is a member had filed a writ petition with the Madurai Bench of Madras High Court and pursuant to the aforesaid petition, the court had granted an interim stay order dated May 31, 2018 restraining the authorities from initiating proceedings against the members of AHPI.

Labour and Employment Department has issued an order dated July 16, 2019 has mentioned that Committee is constituted to hold enquiries and advice the Government in the matter of revision of minimum wages and a report will be submitted within 6 months from the date of the GO order. Taking into consideration the above developments and also based on the opinion from legal counsel, no provision has been recorded in the books on account of the differential wages.

#### b) Commitments

Estimated value of contracts remaining to be executed on capital account and not provided for	274,730	1,526
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#### 40 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.

#### 41 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.

#### 42 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, 2020 has been made in the financial statements based on information received and available with the Company.

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The amounts remaining dues to micro and small suppliers as at the end of the year		
- Principal amount	883	1,076
- Interest due on the above amount	-	-
(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.	-	-
(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 the financial statements for the year ended March 31, 2020

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

#### 43 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 Kauvery Medical Care (India) Limited
Fellow subsidiaries	Kaveri Medi CT Scan (Thuraiyur) Private Limited (Upto 24-03-2020) Curtis Drug Point private limited Kauvery Medical Centre (Karaikudi) Limited Hamsa Medical Services Private Limited Kauvery Hospital Medical Services Private Limited
Key management personnel (KMP)	Dr. S.Chandrakumar, Executive Chairman Dr. S Manivannan, Managing Director Mr.K.Anand Babu Chief Financial Officer Ms.Akshaya Company Secretary (w.e.f May 2019)
Enterprises over which KMP have significant influence	Trivitron Health Care Private Limited Agile Labs Private Limited Neuberg Ehrlich Laboratory Private Limited Kavery Medical Trust
Person having significant influence over the reporting entity	Dr. Senguttuvan (including doctor fees paid in professional Capacity)
Relative of KMP	Dr. N Suchitra

Note: Related party relationship are as identified by the management and relied upon by the auditors

##### b) Transaction with related parties during the year

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Holding company - Sri Kauvery Medical Care (India) Limited</b>		
Revenue from hospital services rendered	10,435	10,154
Hospital services availed	2,270	1,652
Sale of goods	1,225	-
Purchase of goods	201	27
Purchase of Fixed Assets	1,089	-
Rental income	136	132
Rental expenses	210	210
Purchase of investments	6	-
Interest income	4,293	2,484
Reimbursement of expenses	2,087	7,957
Advance received (net of payments and TDS)	-	74,981
Claims made on behalf of the Holding Company ( Refer note 39)	101,067	97,092
Reimbursement of claims received on behalf of the Holding Company ( Refer note 39)	100,122	97,359
Holding Company Loan given	-	55,000
Loan repayment received	9,472	4,406
<b>Fellow subsidiary - Kauvery Medical Centre (Karaikudi) Limited</b>		
Expenses recharged	-	135
<b>Fellow subsidiary -Curtis Drug point private limited</b>		
Purchase of Goods	48,354	21,290
Reimbursement Expenses	16	-
<b>Enterprises over which KMP have significant influence</b>		
<b>Trivitron Health Care Private Limited</b>		
Purchase of property, plant and equipment	162	588
Repairs and maintenance - Plant and machinery	80	-
<b>Neuberg Ehrlich Laboratory Private Limited</b>		
Testing Fees	35,523	32,222
<b>Agile Labs Private Limited</b>		
Software Maintenance expenses	1,290	1,290
<b>Kavery Medical Trust</b>		
Amount contributed as CSR	2,200	-

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### Key managerial personnel

Remuneration *		
- Dr. S. Chandrakumar, Executive Chairman (w.e.f September 29,2018)	7,625	2,755
- Dr. S. Chandrakumar, Managing Director (Upto September 28,2018)	-	2,206
-Dr.S.Manivannan, Managing Director (from October 1,2018)	7,111	1,420
- Dr. D Senguttuvan, Executive Director (including doctor fees paid in professional capacity) (Upto August 30, 2018)	-	8,780
- Mr. S Badrinarayan, Chief Financial Officer (Upto March 31,2019)	-	5,722
- Mr. K.Anand Babu, Chief Financial Officer	3,550	-
- Mr.Sathiyam G, Company Secretary (Upto January 12,2019)	-	564
- Ms.Akshaya H,Company Secretary (from May 2019)	477	-

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

#### Person having significant influence over the reporting entity

- Dr. D Senguttuvan	27,602	18,697
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#### Relative of key management personnel

Dr. N Suchitra : Doctor fees paid in professional capacity	14,945	12,728
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#### 43 Related party disclosures ( continued)

##### c) Balances outstanding as at the year end

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sri Kauvery Medical Care (India) Limited</b>		
<b>Payable</b>		
Dues to holding Company	9,235	-
Trade payables	162.19	-
<b>Receivable</b>		
Loans and advances	41,641	50,594
Trade receivables	-	159
<b>Guarantees and collaterals</b>	430,970	430,970
<b>Neuberg Ehrlich Laboratory Private Limited</b>		
Trade Payable	2,243	2,403
<b>Fellow subsidiary -Curtis Drug point private limited</b>		
Trade Payable	2,683	3,087

#### 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.

#### 44 Disclosure as per Schedule V of Regulation 34 of the listing regulations - Loans

Name of the Company	As at March 31, 2020	Maximum outstanding during the year 2019-20	As at March 31, 2019	Maximum outstanding during the year 2018-19
Sri Kauvery Medical Care (India) Limited	41,122	50,594	50,594	55,000

## KMC SPECIALITY HOSPITALS (INDIA) LIMITED

### Notes to the financial statements for the year ended March 31, 2020

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

#### 45 Operating leases

Until March 31, 2019, prior to the adoption of IND AS 116, the Company has taken land for its hospital building, premises for staff accommodation and medical equipment under cancellable and non-cancellable operating lease arrangements. The land lease was taken for a period of 42 years and premises for staff accommodation and the medical equipment are, in general, taken for a period ranging between 1-2 years and the lease arrangements are subject to renewal at mutual consent thereafter. Rental payments under operating leases were INR 4,889 during the year ended March 31, 2019. Details of the contractual payments under non- cancellable leases as at March 31, 2019 are given below:

Particulars	For the year ended March 31, 2019
Not later than one year	210
Later than one year but not later than five years	840
Later than five years	6,300

#### (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 136 (Previous year: INR 132). The schedule for future minimum lease payments in respect of non-cancellable operating lease is set out

Particulars	As at March 31, 2020	For the year ended March 31, 2019
Not later than one year	144	132
Later than one year but not later than five years	580	556
Later than five years	2,404	2,889

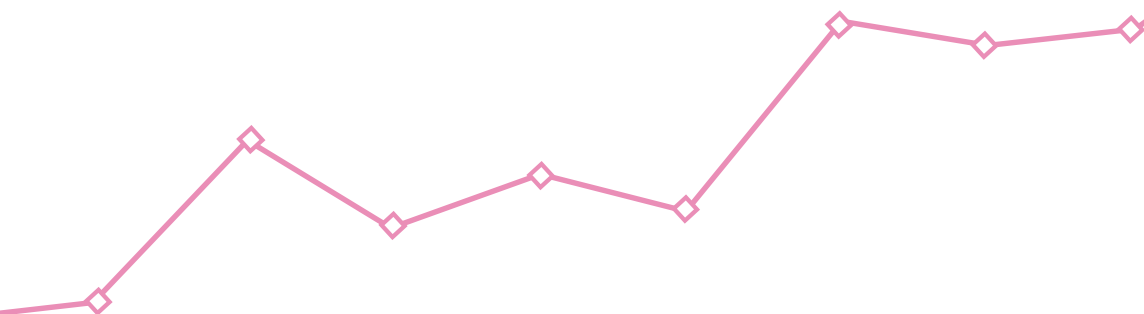
- 46 The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements relating to COVID-19 pandemic. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables, inventories, other financial assets and other current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

for and on behalf of the board of directors of  
KMC Speciality Hospitals (India) Limited  
CIN: L85110TN1982PLC009781

**Dr. S Manivannan** **Dr.S. Chandrakumar**  
Managing Director Executive Chairman  
(Whole- Time)  
DIN : 00910804 DIN : 01867847

**K.Anand Babu** **Akshaya H**  
Chief financial officer Company Secretary

Place : Chennai  
Date : June 25,2020



**KMC Speciality Hospitals (India) Limited**

No. 6, Royal Road, Cantonment, Trichy - 620001

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