

# 35<sup>th</sup> Annual Report

2020-21



HEALTHCARE EXCELLENCE  
SINCE 1990



## Kovai Medical Center and Hospital Limited

Accredited by NABH

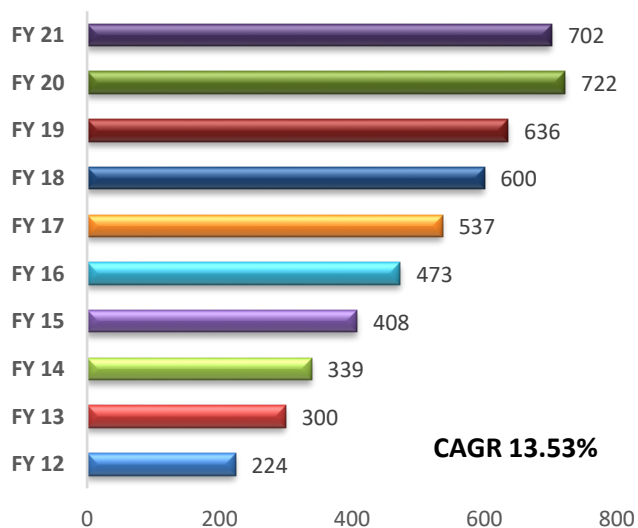
99, Avanashi Road, Coimbatore - 641 014 | Ph: 0422 - 4323800 - 4000 / 6803000 | [www.kmchhospitals.com](http://www.kmchhospitals.com)

**MAKING THE IMPOSSIBLE, POSSIBLE**

# 10 YEARS AT A GLANCE

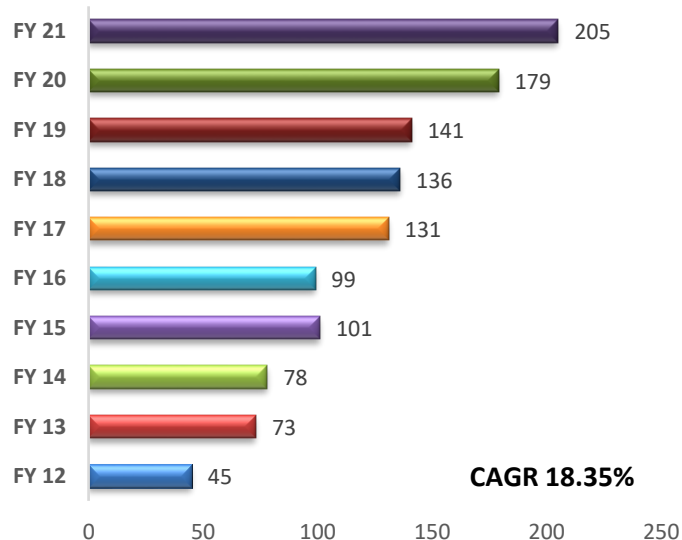
## Total Income

₹ crore



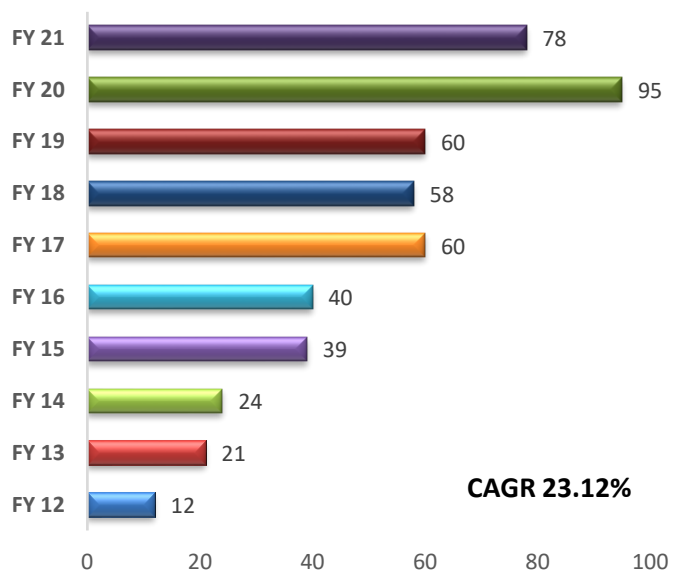
## EBITDA

₹ crore



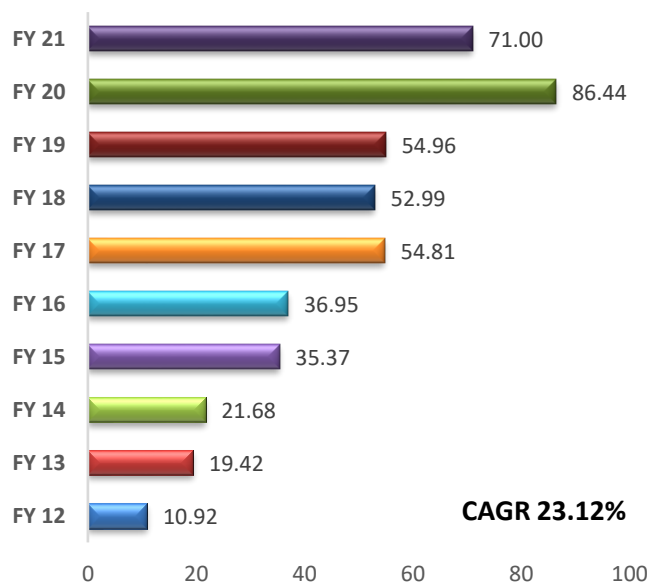
## Profit After Tax (PAT)

₹ crore



## Earning Per Share (EPS)

in ₹





## KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

### BOARD OF DIRECTORS

**Dr.Nalla G Palaniswami**

Managing Director

**Dr.Thavamani Devi Palaniswami**

Joint Managing Director

**Dr.Arun N Palaniswami**

Executive Director

**Dr.Mohan S Gounder**

Non-Independent Director

**Dr.M.C.Thirumoorthi**

Non-Independent Director

**Dr.Purani P Palaniswami**

(Alternate – Dr.S.Krishnasamy)

Non-Independent Director

**Mr.Kasi K Goundan**

Independent Director

**Dr.M.Manickam**

Independent Director

**CA. A.M.Palanisamy**

Independent Director

**Mr.A.K.Venkatasamy**

Independent Director (Upto 11.05.2021)

**Mr.K.Saminathan**

Independent Director

**Mrs.R.Bhuvaneshwari**

Independent Director

**Mr.A.P.Ammasakutti alias Mr.A.P.Appukutti**

Independent Director (From 03.06.2021)

**Dr.K.Kolandaswamy**

Independent Director (From 01.08.2021)

**CA. M.K.Ravindra Kumar**

Chief Financial Officer

**CS. S.P.Chittibabu**

Company Secretary

### REGISTERED OFFICE & HOSPITAL COMPLEX

99, Avanashi Road, Coimbatore - 641 014

CIN : L85110TZ1985PLC001659

Tel : +91 - 422 - 4323800, 3083800

Fax : +91 - 422 - 2627782

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

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

### STATUTORY AUDITOR

**M/s VKS Aiyer & Co**

Chartered Accountants, Coimbatore - 641 011

### SECRETARIAL AUDITOR

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

Coimbatore - 641 018

### COST AUDITOR

**M/s RKMS & Associates**

Coimbatore - 641 004

### REGISTRAR & SHARE TRANSFER AGENT

**M/s GNSA Infotech Private Limited**

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

Phone : + 91-44-42962025

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

### BANKERS

**Indian Bank**

**Indian Overseas Bank**



## KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

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Dear Shareholders,

At the outset, I would like to express my deepest gratitude to all our Doctors, Nurses and Paramedics of KMCH fraternity for their tireless efforts and unceasing commitment in treating patients infected by COVID-19. Financial Year 2020-21 took the hospital through one of the most difficult and testing times since its inception. Working collaboratively with the Government of Tamil Nadu, KMCH ensured full compliance with all institutional guidelines, prioritizing and maintaining patient safety as protocols for management of patient care and hospital operations evolved continuously throughout last year.

Kovai Medical Center and Hospitals did its utmost to ensure that these patients were treated to the best of the facilities available. Initially, it started by opening a block in the Medical College Hospital exclusively for COVID-19 patients and as the numbers increased, we dedicated KMCH Kovilpalayam Hospital (100 bedded facility) and this was converted completely for COVID-19 care. Further, a designated area within the Main Center was allocated for the treatment especially for the Doctors of KMCH who got infected as they selflessly worked to ensure patient care, especially emergencies were not hampered during this time period.



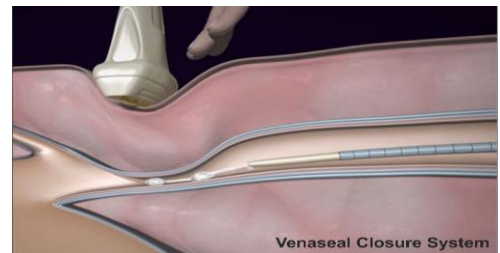
KMCH once again demonstrated our capability of the hospital to handle extremely sick and difficult patients especially those requiring Extracorporeal Membrane Oxygenation Equipment (ECMO) and other multiple complications. We are proud to inform that your Hospital is one of the few in the country which had several patients who survived even after weeks on ECMO, which is an extremely difficult and arduous task considering the fact that several complications can take place as the function of the lung is completely taken over by a machine.

The country witnessed a severe second wave in early FY 2021-22, the higher number of COVID-19 cases has led the Company to allocate almost 50% of its operational bed capacity for COVID-19 treatment at the peak of the second wave in mid-April to June. The challenges and learnings of the past year during the first wave helped KMCH manage the second wave more effectively. Now with the second wave coming strong, KMCH further enhanced the medical infrastructure by commissioning 300 beds Hospital in Medical College Hospital thus readying itself for another difficult period to take care of numerous patients in and around Western Tamil Nadu. With standardization in treatments, tests and improvements in clinical care along with much higher bed occupancy, the second wave has had a relatively less impact on the performance of the Company.



The year under review saw the starting of a one of its kind “Project Heal – Mammography on Wheels Program” in a joint collaboration with the Rotary Club of Mettupalayam. This one of its kind vehicle hosts a state-of-the-art digital mammography unit used to screen women for breast cancer. This machine has gone to several centers screening patients for both breast cancer and cancer of the uterus.

The Vein Center which is dedicated towards the treatment of varicose veins introduced a minimally invasive procedure called the VenaSeal, where a medical grade glue is injected into the abnormally dilated veins of the leg. This procedure has several advantages when compared to conventional surgery and the patient can get back to normal activity the very next day.



KMCH Medical College admitted the second batch of students amidst the pandemic. As in the last year, all the seats were quickly mopped up without a single vacancy emphasizing the trust on KMCH. Infrastructure is complete and the offerings are truly of international standards. The Library, Lecture Halls and Wards are way beyond the standards expected by the regulators. We are convinced that within the next decade, KMCH Medical College will become one of the best centers for education in the country.

Our focus on improving efficiency and patient satisfaction has won us number of prestigious awards and recognitions.

In conclusion, we would like to reiterate our focus on quality patient care and continued pursuit of medical excellence. We will continue to build our team of clinicians, medical educationists, nurses and paramedical staff to deliver high quality patient care services. We shall continue to provide a safe environment for patients and employees alike.

Thank you for the trust and confidence in us – we hope to remain worthy of it.

Stay Safe and Healthy

With Warm Regards

**Dr. NALLA G PALANISWAMI**  
**MANAGING DIRECTOR**

## NOTICE

NOTICE is hereby given that the **Thirty Fifth Annual General Meeting** of the Members of Kovai Medical Center and Hospital Limited will be held on Thursday, the 16<sup>th</sup> September 2021 at 4.00 p.m. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OVAM) to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended 31<sup>st</sup> March, 2021 and the Reports of the Directors and the Auditor thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2021.
3. Dr.Purani P Palaniswami (DIN: 02707233), Director, retires by rotation and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS

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

**Revision in terms of remuneration of Dr.Arun N Palaniswami (DIN: 02706099), Executive Director of the Company**

"RESOLVED THAT in pursuance of Sections 196, 197, 198, 203 and the Rules made thereunder, read with Schedule V of the Companies Act, 2013 and other applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, rules if any, of the Companies Act, 2013, and any other laws, regulations prevailing for the time being in force, the approval of the shareholders be and is hereby accorded for revision in terms of remuneration to Dr.Arun N Palaniswami (DIN: 02706099) Executive Director of the Company with the inclusion of Commission up to 1% on Net Profits of the Company as recommended and approved by the Nomination and Remuneration Committee, Audit Committee and the Board of Directors and that the said revision shall take effect from 1<sup>st</sup> April, 2021."

"RESOLVED FURTHER THAT other terms and conditions of the appointment and remuneration to Dr.Arun N Palaniswami (DIN: 02706099) as approved in the 32<sup>nd</sup> Annual General Meeting of the Members held on 6<sup>th</sup> August 2018 shall remain unchanged."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act 2013 and Companies (Audit and Audits) Rules 2014 (including any statutory modifications) or re-enactment thereof, for the time being in force, Mr.V.Sakthivel (Membership No.23292) Partner, M/s RKMS & Associates, Cost Accountants, Coimbatore appointed by the Board of Directors of the Company on recommendation of the Audit Committee to conduct the audit of cost records of the company for the Financial Year 2021-22 on a remuneration of ₹ 3,85,000/- (Rupees Three Lakhs and eighty five thousand only) plus GST and out-of-pocket expenses if any for the purpose of audit be and is hereby ratified and confirmed".

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

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

Place : Coimbatore  
Date : 03.06.2021

**NOTES**

1. Considering the present COVID-19 situation, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8 & 13, 2020 and January 13, 2021 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company being conducted through VC / OAVM.
2. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. In compliance with the aforesaid MCA Circulars and SEBI Circulars dated May 12, 2020 and January 15, 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company, RTA or CDSL / NSDL (“Depositories”). Members may note that the Notice and Annual Report 2020-21 will also be available on the Company’s website [www.kmchhospitals.com](http://www.kmchhospitals.com) and BSE Limited website at [www.bseindia.com](http://www.bseindia.com).
4. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. The statement of material facts pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Item No.4 and 5 of special business is annexed hereto.
6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020, 5<sup>th</sup> May, 2020 and 13<sup>th</sup> January 2021, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the day of the AGM will be provided by NSDL.
7. The Members can join the AGM in the VC / OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on a first come first served basis as per the MCA Circular. However, this number does not include the large Shareholders i.e. Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis. The Members will be able to view the proceedings on National Securities Depository Limited (NSDL) e-voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
8. Pursuant to the provisions of Section 91 of the Companies Act 2013, the Register of members and Share Transfer Books of the Company will remain closed from Saturday, 4<sup>th</sup> day of September 2021 to Thursday, 16<sup>th</sup> day of September 2021 (both days inclusive) in connection with the 35<sup>th</sup> Annual General Meeting.



9. Attention of the members is drawn to the provisions of Section 124(6) of the Act which require a Company to transfer in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more. In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred shares in respect of which dividend declared for the financial year 2012-13 or earlier financial years has not been paid or claimed by the members for 7 (seven) consecutive years or more.
10. The Company has transferred the unpaid or unclaimed dividends declared up to the Financial Year 2012-13, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The details of the same are available on the website of the Company and the same can be accessed through the link: [https://www.kmchhospitals.com/2021/UD\\_IEPF\\_2020.pdf](https://www.kmchhospitals.com/2021/UD_IEPF_2020.pdf). The said uploaded details on the website of the Ministry of Corporate Affairs can be accessed through the link: <http://www.mca.gov.in>.
11. Those Shareholders who have so far not claimed or collected their dividend upto the financial year 2012-13 may claim their dividend as per Rule 7 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
12. Pursuant to the amendments in the Income Tax Act, dividend income is taxable in the hands of the members effective from April 1, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961.
13. Members holding shares in physical form are requested to intimate the following directly to the company's Registrar and Share Transfer Agent, M/s GNSA Infotech Private Limited, STA Department, Nelson Chambers, F-Block, 4<sup>th</sup> Floor, No.115, Nelson Manickam Road, Aminjikarai, Chennai - 600 029.
  - a) Bank mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
  - b) Changes, if any, in their address at an early date along with proof for address change.
  - c) Application for consolidation of folios, if shareholdings are under multiple folios.
  - d) Despatch of share certificates for consolidation.
  - e) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 2013.
  - f) Members are requested to quote ledger folio numbers in all their correspondences.
  - g) Residential status, PAN and Category as per Income Tax Act.
14. Members holding shares in dematerialised form (electronic form) are requested to intimate any change in their address, bank mandate, Residential Status, PAN, category as per Income Tax Act etc. directly to their respective Depository Participants.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent M/s GNSA Infotech Limited, Chennai.
16. Soft copies of the Register of Directors and Key Managerial Personal and their shareholding maintained under Section 170 of the Act and the Register of contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act will be available for inspection electronically by the members during the AGM.

17. Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid any inconvenience.
18. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
19. Pursuant to the requirements of Corporate Governance under SEBI (LODR) Regulations, 2015, the brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they holds directorship and membership/chairmanship of Board/Committees, shareholding and relationships between Directors inter-se, are provided in the Notice forming part of the Annual Report.
20. The Results shall be declared within 48 hours after the close of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be displayed on the Company's website [www.kmchhospitals.com](http://www.kmchhospitals.com) and on the website of NSDL within the aforesaid period and communicated to BSE Limited where the shares of the Company are listed.

#### **21. Voting through electronic means**

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

- a) The remote e-voting period commences on 13<sup>th</sup> September 2021 (9:00 am) and ends on 15<sup>th</sup> September 2021 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 3<sup>rd</sup> September 2021 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b) Dr.C.V.Madhusudhanan, Practising Company Secretary (Membership No. FCS 5367; CP 4408) or failing him Dr.K.S.Ravichandran, Practising Company Secretary (Membership No. FCS 3675; CP 2160) Partners of M/s KSR & Co Company Secretaries LLP, Coimbatore have been appointed as the Scrutinizer to scrutinize the e-voting process (including remote e-voting of members at the AGM) in a fair and transparent manner.
- c) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- d) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 3<sup>rd</sup> September 2021.

#### **Instructions for members for Remote e-voting and Joining General Meeting are as under:**

The remote e-voting period begins on Monday, 13<sup>th</sup> September 2021 (9.00 am) and ends on 15<sup>th</sup> September 2021 (5.00 pm). The remote e-voting module shall be disabled by NSDL for voting thereafter.

### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:





#### Step 1: Access to NSDL e-Voting system

##### **A. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “<b>Login</b>” which is available under ‘<b>Shareholder/Member</b>’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol>

	<p><b>NSDL Mobile App is available on</b></p> <p>  App Store            Google Play         </p> <div>   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30.



Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43
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**B. Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

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

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

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

4. Your User ID details are given below :

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

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’, which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - i. If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

- ii. If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “[Forgot User Details/Password?](#)”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

#### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

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

#### **General Guidelines for shareholders**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
2. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [sta@gnsaindia.com](mailto:sta@gnsaindia.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [sta@gnsaindia.com](mailto:sta@gnsaindia.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / Folio number, PAN, mobile number at [secretarialdept@kmchhospitals.com](mailto:secretarialdept@kmchhospitals.com) on or before 5.00 p.m. IST on 11<sup>th</sup> September 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The same will be replied by the company suitably.
6. Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting following the procedure mentioned in the Notice.
7. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 1800-222-990.

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

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

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

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

Place : Coimbatore  
Date : 03.06.2021



**ANNEXURE TO THE NOTICE**
**EXPLANATORY STATEMENT REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013 ANNEXED HERETO  
AND FORMS PART OF THE NOTICE DATED 3<sup>rd</sup> JUNE 2021**
**Item No.4**

On the recommendation of Nomination & Remuneration Committee the Board of Directors of the Company at their meeting held on 29<sup>th</sup> May 2018 has pursuant to the provisions of Section 196, 197, 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, approved the appointment of Dr.Arun N Palaniswami (DIN: 02706099) designated as Executive Director of the Company for the period of five years from 25<sup>th</sup> September 2018 to 24<sup>th</sup> September, 2023 and the shareholders have approved the same at the meeting held on 6<sup>th</sup> August 2018.

In the light of enhanced responsibilities of the top management and having regard to valuable contribution in growth of the Company made by Dr.Arun N Palaniswami (DIN: 02706099), Executive Director of the Company, and as per the recommendation of the Nomination & Remuneration Committee, Audit Committee and the Board of Directors of the Company at their meetings held on 2<sup>nd</sup> June 2021 and 3<sup>rd</sup> June 2021 respectively approved the revision in the payment of remuneration to Dr.Arun N Palaniswami (DIN: 02706099) Executive Director of the Company for the period from 1<sup>st</sup> April 2021 till his tenure i.e. upto 24<sup>th</sup> September 2023. The revision involves inclusion of terms for payment of commission up to 1% of the net profit of the Company in addition to the remuneration already approved as mentioned above.

Further, pursuant to the provisions of Sections 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms and conditions of remuneration are subject to the approval of the Shareholders in the Annual General Meeting. In terms of Article 103(b) of the Articles of Association of the Company Dr.Arun N Palaniswami is liable to retire by rotation.

Except Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Dr.Mohan S Gounder and Dr.Purani P Palaniswami none of the Directors, Key Managerial Personnel of the company / their relatives are in any way, concerned or interested financially or otherwise in the resolution set out in Item No.4 of the notice.

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

**Item No: 5**

In view of the revised Cost Audit Rules as part of new Companies Act, 2013 notified by the Ministry of Corporate Affairs in the month of July 2014, the Board of Directors on the recommendation of the Audit Committee has approved the appointment of Mr.V.Sakthivel (Membership No.23292) Partner, M/s RKMS & Associates, Cost Accountants, Coimbatore as Cost Auditor to conduct audit of cost records of the company for the financial year ending 31<sup>st</sup> March 2022 and fixed his remuneration as ₹ 3,85,000/- (Rupees Three Lakhs and Eighty Five Thousand Only) plus GST and reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor for the financial year ending 31<sup>st</sup> March 2022 has to be ratified by the shareholders.

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

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

By order of the Board  
For Kovai Medical Center and Hospital Limited  
Sd/-  
CS S.P. CHITTIBABU  
COMPANY SECRETARY

Place : Coimbatore  
Date : 03.06.2021

**ANNEXURE**

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

(Refer Item No.3 and 4 of the Notice)

Name of the Director	<b>Dr.Purani P Palaniswami</b>	<b>Dr.Arun N Palaniswami</b>
Director Identification Number (DIN)	02707233	02706099
Date of Birth	18.12.1975	03.08.1979
Date of Appointment on the Board	03.09.2014	25.09.2015
Qualifications	MBBS, MD - Rheumatology	MBBS, MD – Internal Medicine
Expertise	Rheumatologist with extensive experience along with combined training at adult and paediatric hospitals.	Overall Hospital operations including commercial operations
Brief Resume	17 years of clinical practice	15 years Experience. Was practicing medicine in USA for 9 years. Insight into operations of various healthcare facilities across United States of America. Worked in Hospital Administration as Director of Quality & Patient Care in KMCH for last 6 years.
Relationship between Directors Inter-se	<b>Father:</b> Dr.Nalla G Palaniswami <b>Mother:</b> Dr.Thavamani Devi Palaniswami <b>Brothers:</b> Dr. Mohan S Gounder Dr.Arun N Palaniswami	<b>Father:</b> Dr.Nalla G Palaniswami <b>Mother:</b> Dr.Thavamani Devi Palaniswami <b>Brother:</b> Dr. Mohan S Gounder <b>Sister:</b> Dr.Purani P Palaniswami
Directorship held in other Public Companies (excluding foreign, private and Section 8 Companies)	Nil	Nil
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	Nil	Nil
Shareholding in the company (as on 31.03.2021)	10,000	10,000

**Dear Members,**

Your Directors take pleasure in presenting the Thirty Fifth Annual Report along with the audited financial statements for the year ended 31<sup>st</sup> March 2021.

## FINANCIAL HIGHLIGHTS

₹ in Lakhs

Particulars	2020-21	2019-20
Operating Income	69,036.18	71,172.88
Other Income	1,185.35	1,059.14
<b>Total Income</b>	<b>70,221.53</b>	<b>72,232.02</b>
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	20,506.99	17,865.07
<b>Profit Before Taxation (PBT)</b>	<b>10,573.62</b>	<b>11,191.27</b>
Provision for Taxation	2,805.08	1,732.56
<b>Profit After Taxation (PAT)</b>	<b>7,768.54</b>	<b>9,458.71</b>
Add: Other Comprehensive Income	127.61	112.12
<b>Total Comprehensive Income for the year</b>	<b>7,896.15</b>	<b>9,570.83</b>

## RESULTS OF OPERATIONS

The income from operations for the financial year 2020-21 was ₹ 69,036.18 Lakhs registering a decrease of 3 % over the previous year income of ₹ 71,172.88 Lakhs. Earnings before interest, tax, depreciation and amortization (EBITDA) were ₹ 20,506.99 Lakhs registering a growth of 14.79% over the previous year EBITDA of ₹ 17,865.07 Lakhs. Profit after tax (PAT) for the year was ₹ 7,768.54 Lakhs over the PAT of ₹ 9,458.71 Lakhs in year 2019-20.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

## DIVIDEND

Based on company's performance, the Board of Directors are pleased to recommend a dividend of ₹ 3/- per share (30%) for the Financial Year 2020-21 for approval of the members. The dividend on equity shares, if approved by the members would involve a cash outflow of ₹ 328.27 Lakhs.

Pursuant to Finance Act, 2020, dividend income is taxable in the hands of the Shareholder with effect from 01 April 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, Shareholders are requested to refer the Finance Act, 2020, relevant circulars and amendments thereof, if any.

Further in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Dividend Distribution Policy of the Company is available on the website of the Company at the link: [https://www.kmchhospitals.com/Policy/DD\\_Policy.pdf](https://www.kmchhospitals.com/Policy/DD_Policy.pdf).

## TRANSFER TO RESERVES

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

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

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

- Healthcare Services
- Education Services

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

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

## **COVID-19 IMPACT**

Your Company has been in the forefront of handling the COVID-19 Pandemic. Apart from taking standard, mandatory and precautionary protections as per the guidelines issued by Ministry of Health and Family Welfare, Government of India and Government of Tamil Nadu, Indian Council of Medical Research, New Delhi, your Company has allocated substantial beds in their Centers (Main Center, Medical College Hospital and other peripheral centers like Sulur, Erode Specialty and Kovilpalayam). More than 600 Beds across various centers have been allocated for COVID-19 Management especially in the second wave.

Doctors, Nurses, Housekeeping and other para medical staff (duly equipped with necessary Personal Protective Equipment) work round the clock to deliver quality healthcare service to all the COVID-19 affected patients. Vaccination Centers have been opened in these Centers are operating with necessary approvals from the Government of Tamil Nadu.

## **BOARD MEETINGS**

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

## **AUDIT COMMITTEE**

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

## **CORPORATE SOCIAL RESPONSIBILITIES**

During the year in pursuance of the recommendations of the CSR Committee, the Company had contributed ₹ 199.81 Lakhs being 2% of the last three years' average net profit of the Company towards implementing the CSR activities. Annual Report on CSR as required under Section 135 read with schedule VII and other applicable provisions of the Companies Act, 2013 is appended as "**Annexure - I**".

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

Information on operational and financial performance etc., is provided in the Management Discussion and Analysis Report, which is annexed to the Directors' Report and has been prepared inter-alia in compliance with the terms of SEBI (LODR) Regulations, 2015.

## **SHARE CAPITAL**

The paid up equity share capital of the Company as on March 31, 2021 aggregates to ₹ 10,94,22,620/- comprising of 1,09,42,262 equity shares of ₹ 10/- each fully paid up. There is no change in the paid-up share capital of the Company during the Financial Year.



## CREDIT RATING

CARE Ratings Limited have re-affirmed your Company's Long term bank facilities as '**CARE A+**' (single A+) and short term bank facilities as '**CARE A1+**' (A One plus).

## HOSPITAL ACCREDITATION

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

## BOARD EVALUATION

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

The performance evaluation of Independent Directors was completed. The Board of Directors have expressed their satisfaction with the outcome of the evaluation process. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

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

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

[https://www.kmchhospitals.com/Policy/FP\\_ID.pdf](https://www.kmchhospitals.com/Policy/FP_ID.pdf).

## DIRECTORS

As per Article 103(b) of the Articles of Association and Section 152(6) of the Companies Act, 2013, except Dr. Nalla G Palaniswami and Dr. Thavamani Devi Palaniswami, all other Executive and Non-Executive Non-Independent Directors are subject to retirement by rotation. Accordingly, Dr. Purani P Palaniswami, Director retires by rotation and being eligible has offered herself for re-appointment.

## INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board indicating that they comply with all the requirements that are stipulated in Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to act as Independent Directors in the company. Further they have also declared that they are not aware of any circumstance or situation which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective and independent judgement and without any external influence.

The Independent Directors of the Company have complied with the requirements of the provisions in relation to Independent Directors Databank as stated in the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and the Companies (Appointment and Qualification of Directors) Rules 2014 as amended from time to time.

With deep regret, the Board of Directors inform that Mr.A.K.Venkatasamy, Independent Director of the company passed away on 11 May 2021. The Board of Directors expresses their great sympathy and sorrow for the sudden demise. The Directors place on record the valuable contribution, guidance, support and advice extended by him during three decades of his tenure as a Director.

Mr.A.P.Ammasaikutti, Businessman has been appointed as Independent Director of the company with effect from 03 June 2021 for a period of five years by the Board of Directors. His confirmation of appointment will be approved by the Shareholders of the Company through Postal Ballot process.

Dr.K.Kolandaswamy, a Public Health expert is proposed to be appointed as an Independent Director for a period of five years. His appointment by the Shareholders of the Company will come into effect from the date of completion of Postal Ballot process.

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

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

#### **AMENDMENT TO TERMS OF REMUNERATION TO EXECUTIVE DIRECTOR**

The Board of Directors are of the opinion that with the increasing role played by Executive Director Dr. Arun N Palaniswami, the terms of Remuneration be amended to add 'Commission on Profits' (as computed under Section 196, 197, 198 and 203 and the Rules made thereunder, read with Schedule V of the Companies Act, 2013) to the extent of 1% of Net Profits. Amendment to the terms of remuneration will be subject to the approval of the shareholders at the ensuing Annual General Meeting.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- d) The Directors had prepared the annual accounts on a going concern basis
- e) The Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

#### **ANNUAL RETURN**

Pursuant to Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return is available on the website of the Company on the following link:  
[https://www.kmchhospitals.com/2021/AR\\_2021.pdf](https://www.kmchhospitals.com/2021/AR_2021.pdf)

## COMPLIANCE OF CODE OF CONDUCT

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

## KEY MANAGERIAL PERSONNEL

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

## PARTICULARS OF REMUNERATION PAID TO KEY MANAGERIAL PERSONNEL

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the remuneration of Directors, Key Managerial Personnel and employees are detailed in this Report.

The Nomination and Remuneration Policy of the company has been disclosed on the website of the Company and the web link thereon is [https://www.kmchhospitals.com/Policy/NR\\_Policy.pdf](https://www.kmchhospitals.com/Policy/NR_Policy.pdf).

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

The particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure stipulated under Section 134(3)(m) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014, are as under:

### Energy Conservation

Energy conservation means the efforts made to reduce the consumption of energy by using less of an energy service. Your Company constantly and continuously applies all efforts for optimum utilization of the resources. Energy consumption is monitored through Energy Management System. Through this system, areas which consume high volume of electricity are monitored and alternate steps are taken to optimize energy utilization.

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

Your Company adopts the concept of ‘Sustainable Development’ i.e. meeting the needs of the present without compromising the ability of future generations to meet their own needs. By following this concept, your Company has setup and has been operating a 5.25 MW Solar Power Generation Plant and Wind Mills which caters to 89% of electricity requirement per annum and through which the Company has been saving 45% on its electricity bills.

### Caring for the Environment

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

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

### Technology Absorption

Despite the prevalence of the pandemic, your Company has continued to invest in newer technologies. During the year 2020-21, the Company invested in a new concept called Endoscopic Third Ventriculostomy (ETV) an established endoscopic procedure performed in the Brain to divert the locked up fluid within the drainage system thus bypassing the congenital block in the cavities.

The Vein Center which is dedicated towards the treatment of varicose veins introduced a minimally invasive procedure called the VenaSeal, where a medical grade glue is injected into the abnormally dilated veins of the leg. This procedure has several advantages when compared to conventional surgery and the patient can get back to normal activity the very next day.

Investment in equipment during the year 2020-21 amounts to ₹ 1,462.93 Lakhs.

### Foreign Exchange Earnings & Outgo

#### (i) Earnings in Foreign Currency

Foreign Currency amount realized from NRE bank accounts in respect of fee for education during the year ended March 31, 2021: ₹ 591.79 Lakhs (Previous Year: ₹ 345.89 Lakhs)

#### (ii) Expenditure in Foreign Currency

Expenditure in foreign currency during the year ended March 31, 2021 was ₹ 1,493.38 Lakhs (Previous Year: ₹ 1,821.46 Lakhs).

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

As on March 31, 2021, the Company has neither provided nor there any outstanding loans or guarantees covered under the provisions of Section 186 of the Companies Act 2013. The details of Investments covered under the provisions of Section 186 of the Act are given in Note No.6.

### ADEQUACY OF INTERNAL FINANCIAL CONTROLS

KMCH has an Internal Control System, commensurate with the size, scale and complexity of its operations. Your Company has a proper and adequate system of internal controls. These controls ensure transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls, covering the entire spectrum of internal financial controls.

The Audit committee defines the scope and authority of the Internal Auditor. The Audit Committee, comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters within its terms of reference. A detailed program of internal audits and management review, supplements the process of internal financial control framework.

To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board. The internal auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions proposed to fix the observations are presented to the Audit Committee of the Board.



## VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has set up vigil mechanism for Directors and Employees to report their genuine concerns, the details of which are given in the Corporate Governance Report. During the Financial Year, no complaints or concerns were received by the Chairman of the Audit Committee under the Vigil Mechanism. Vigil Mechanism and Whistle Blower Policy is available in the Company's website [http://kmchhospitals.com/Policy/WB\\_Policy.pdf](http://kmchhospitals.com/Policy/WB_Policy.pdf).

## RELATED PARTY TRANSACTIONS AND POLICY ON RELATED PARTY TRANSACTIONS

All transactions with Related Parties are at arm's length and in the ordinary course of business duly approved by the Audit Committee of the Board. Hence there are no transactions which are either not in arm's length or which are material in nature requiring disclosure in Form AOC - 2. Hence Form AOC-2 is not annexed to this report.

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

## RISK MANAGEMENT

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

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

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

Further no application against the Company has been filed or is pending under the Insolvency and Bankruptcy Code 2016. The Company has not done any one time settlement with any Bank or Financial Institutions.

## HUMAN RESOURCE DEVELOPMENT

Your Company continues to place great importance to the development of human resources segment and the sustained focus on retention through employee engagement initiatives has made the employees realize their potential. Learning and Development has provided various learning platforms which include classroom and online self - learning modules to meet the development need of employees to help build their skills, knowledge and capability.

The total strength of the employees of the Company as on 31<sup>st</sup> March 2021 was 4,475.

## PARTICULARS OF EMPLOYEES

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

- a) **The ratio of remuneration of each Director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:**

S. No.	Name of the Director	Ratio
1	Dr.Nalla G Palaniswami	134x
2	Dr.Thavamani Devi Palaniswami	132x
3	Dr. Arun N Palaniswami	28x

4	Dr. Mohan S Gounder	-
5	Dr.M.C.Thirumoorthi	-
6	Dr.Purani P Palaniswami (Alternate Dr.S.Krishnasamy)	-
7	Mr.Kasi K Goundan	-
8	Dr.M.Manickam	-
9	CA.A.M.Palanisamy	-
10	Mr.A.K.Venkatasamy	-
11	Mr.K.Saminathan	-
12	Mrs. R. Bhuvaneswari	-

- The median remuneration of employees of the Company was ₹ 2.49 Lakhs.
  - For this purpose, sitting fees paid to Directors have not been considered as remuneration.
  - During the year, Non-Executive Directors received only Sitting Fees as remuneration.
- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year:

S. No.	Name of the Director / CFO / CS	% Increase / (Decrease) in remuneration
1	Dr.Nalla G Palaniswami	0.07%
2	Dr.Thavamani Devi Palaniswami	1.68%
3	Dr. Arun N Palaniswami	5.71%
4	Dr. Mohan S Gounder	-
5	Dr.M.C.Thirumoorthi	-
6	Dr.Purani P Palaniswami (Alternate Dr.S.Krishnasamy)	-
7	Mr.Kasi K Goundan	-
8	Dr.M.Manickam	-
9	CA.A.M.Palanisamy	-
10	Mr.A.K.Venkatasamy	-
11	Mr.K.Saminathan	-
12	Mrs. R. Bhuvaneswari	-
13	CA.M.K.Ravindra Kumar	1.63%
14	CS.S.P.Chittibabu	-

- c) The percentage increase / (decrease) in the median remuneration of employees in the financial year: (4.24%).
- d) Number of permanent employees on the rolls of the Company: 4,475
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- The average percentile decrease in salaries to employees other than managerial personnel is (4.24%).  
The percentile increase granted to managerial personnel is 1.31%
- f) We affirm that the remuneration paid to Directors, Key Managerial Personnel and Employees is as per the remuneration policy approved by the Board of Directors of the Company.

g) Statement of Employees receiving remuneration not less than Rupees Eight Lakhs Fifty Thousand per month:

Name	Dr. Nalla G Palaniswami	Dr. Thavamani Devi Palaniswami
Designation of the employee	Managing Director	Joint Managing Director
Gross Remuneration	₹ 333.62 Lakhs	₹ 327.99 Lakhs
Qualification	MBBS, MD AB (USA)	MBBS, AB (USA)
Age in Years	79	73
Date of Commencement of Employment	01 October 1989	29 July 2000
Last Employment	Hypertension, Obesity and Risk Factor Clinic, Wayne State University, Detroit, USA	Consultant in Paediatric and Adoloscence, City Clinic, Detroit, USA

Note :

- Dr. Nalla G Palaniswami & Dr. Thavamani Devi Palaniswami are related to each other. Dr. Thavamani Devi Palaniswami is Dr. Nalla G Palaniswami's wife.
- Dr. Thavamani Devi Palaniswami owns more than 2% of the equity shares of the Company as on 31<sup>st</sup> March 2021.
- Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and other benefits.
- Net remuneration is exclusive of contribution to provident fund, gratuity fund, other benefits and tax deduction.

h) Statement of Particulars of Employees Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure II** forming part of this Report.

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

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act 2013. An Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment. During the year 2020-21, no complaints were received by the Company related to sexual harassment.

#### **DEPOSITS**

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

#### **SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s KSR & Co. Company Secretaries LLP, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the company for the Financial Year 2020-21. Secretarial Audit Report is annexed herewith as "**Annexure - III**" forming part of the report.

#### **COMPLIANCE OF SECRETARIAL STANDARDS**

The Company has complied with the Secretarial Standards notified under Section 118 of the Companies Act, 2013.

## **COST AUDIT**

In terms of Section 148 and other applicable provisions of the Companies Act 2013, read with Companies (Cost Records and Audit) Rules 2014, Mr.V.Sakthivel, Cost Accountant, M/s RKMS & Associates, Coimbatore was appointed as Cost Auditor of the company by the Board on recommendation of Audit Committee for the Financial Year 2021-22. The remuneration of the Cost Auditor is subject to ratification by the members at the ensuing Annual General Meeting.

## **STATUTORY AUDITORS**

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

## **LISTING WITH STOCK EXCHANGE**

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

## **CORPORATE GOVERNANCE**

Your Company has been complying with the provisions of Corporate Governance as stipulated in Chapter IV and other relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance along with Practising Company Secretary's certificate on compliance of the Corporate Governance norms as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

## **BUSINESS RESPONSIBILITY REPORT**

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

## **ACKNOWLEDGEMENTS**

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

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

**For and on behalf of the Board**

Place: Coimbatore

Date : 03.06.2021

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

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

**ANNEXURE – I**
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2020-21**
**1. Brief outline on CSR Policy of the Company.**

The CSR Policy of the Company is reflective of its long beliefs and commitment towards community and social development. During the year, the company initiated sanitation programmes, preventive healthcare and providing infrastructure facilities to the educational institution under the head promotion of education in line with CSR policy of the company and within the purview of Schedule VII of the Companies Act 2013. Web link to the Policy: [http://www.kmchhospitals.com/Policy/CSR\\_Policy.pdf](http://www.kmchhospitals.com/Policy/CSR_Policy.pdf).

**2. Composition of CSR Committee:**

Sl.No	Name of the Director	Designation / Nature of Directorship	Number of Meetings held during the year	Number of Meetings attended
1	Dr.Nalla G Palaniswami	Chairman	2	2
2	Dr.Thavamani Devi Palaniswami	Member	2	2
3	Mr.A.K.Venkatasamy	Member	2	1
4	Mr.K.Saminathan	Member	2	2

**3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not Applicable

**4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Not Applicable

**5. Average net profit of the company as per Section 135(5) of The Companies Act, 2013:**

₹ 9,990.24 Lakhs

Sl.No	Particulars	Amount (₹ in Lakhs)
(a)	Two percent of average net profit of the company as per section 135(5)	199.81
(b)	Surplus arising out of the CSR projects or programme or activities of the previous financial years.	Nil
(c)	Amount required to be set off for the financial year, if any	Nil
(d)	Total CSR obligation for the financial year (6a+6b-6c) (This includes an earmarked unspent amount of ₹ 37.47 Lakhs pertaining to previous years as CSR obligation of Financial Year 2020-21)	237.28

**7. (a) CSR amount spent or unspent for the financial year**

Total Amount Spent for the Financial Year (in ₹ in Lakhs)	Amount Unspent (₹ in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
227.46	9.82	31 <sup>st</sup> March 2021	-	-	-



**(b) Details of CSR amount spent against ongoing projects for the financial year**

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration (In Months)	Amount allocated for the project (₹ in Lakhs)	Amount spent in the current financial Year (in ₹ in Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ in Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				State	District.						Name	CSR Registration number
1	Construction of Infrastructure facility to Educational Institutions	Promotion of Education	Yes	Tamil Nadu	Coimbatore	18	188.12	178.30	9.82	Yes	-	

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent in the current financial Year (₹ in Lakhs)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District.			Name	CSR Registration number.
1	Construction of Toilets	Sanitation	Yes	Tamil Nadu	Coimbatore	30.41	Yes	-	
2	Supply of provisions to Covid-19 activities	Preventive Healthcare	Yes	Tamil Nadu	Coimbatore	9.68	Yes	-	
3	Supply of PPE Kit & Sanitizers for Covid-19 activities	Preventive Healthcare	Yes	Tamil Nadu	Coimbatore	9.07	Yes	-	
	Total					49.16			

**(d) Amount spent in Administrative Overheads** : Nil

**(e) Amount spent on Impact Assessment, if applicable** : Not Applicable

**(f) Total amount spent for the Financial Year (7b+7c+7d+7e)** : ₹ 227.46 Lakhs

**(g) Excess amount for set off, if any** : Nil

Sl. No.	Particulars	Amount (₹ in Lakhs)
i	Two percent of average net profit of the company as per section 135(5)	199.81
ii	Total amount spent for the Financial Year	189.99
iii	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

**8. a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Lakhs)	Amount spent in the reporting Financial Year (₹ in Lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ in Lakhs)
				Name of the Fund	Amount (₹ in Lakhs)	Date of transfer	
	Nil	Nil	Nil		Nil		Nil

**b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years:**

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in Lakhs)	Amount spent on the project in the reporting Financial Year (₹ in Lakhs)	Cumulative amount spent at the end of reporting Financial Year (₹ in Lakhs)	Status of the project – Completed / Ongoing
	NA	NA	NA	NA	NA	NA	NA	NA

**9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

Sl. No.	Particulars	
a.	Date of creation or acquisition of the capital asset(s).	Nil
b.	Amount of CSR spent for creation or acquisition of capital asset.	
c.	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	
d.	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	

**10. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135 (5) :**

Not Applicable

For and on behalf of the Board

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

Sd/-  
K. SAMINATHAN  
DIRECTOR  
DIN: 01104196

Place: Coimbatore  
Date : 03.06.2021

**ANNEXURE – II**
**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 – OTHER TOP TEN EMPLOYEES**

Employee Name	Designation	Educational Qualification	Age	Experience (In Years)	Date of Joining	Remuneration in FY 2020-21 (₹ In Lakhs)	Previous Employment
Dr.Arun N Palaniswami	Executive Director	MBBS, MD - Internal Medicine	42	15	25 September 2015	70.59	Castle Medical Center (Adventist Health Group), Hawaii, USA
Dr.J.Sivakumaran	Chief Operating Officer	B.Sc, PGDHMM, MBA, M.Phil., PGDHA, Ph.D.	63	42	04 September 2014	58.10	Satguru Partap Singh Apollo Hospital, Ludhiana
Mr.M.K.Ravindra Kumar	Chief Financial Officer	B.Com (Hons), ACA	60	41	01 June 2017	58.10	VKS Farms Limited, Coimbatore
Mr.S.Karthikeyan	Chief Executive Officer - KMCH Institute of Health Sciences and Research (KMCH IHSR)	M.Com	54	31	02 July 1990	46.10	-
Dr.M.G.Sridhar	Vice Principal and Professor - Biochemistry - KMCH IHSR	MD - Biochemistry, DNB	61	36	02 April 2018	37.12	Jawaharlal Institute of Postgraduate Medical Education and Research (JIPMER), Pondicherry
Dr. V. Kumaran	Dean - KMCH IHSR	MBBS, M.S - General Surgery, M.Ch - Paediatric Surgery	69	42	01 April 2020	36.00	Dean - Coimbatore Medical College
Dr.S.Arun Kumar	Professor - Radiodiagnosis - KMCH IHSR	MD - Radiology	39	14	03 January 2019	34.65	Karpagam Faculty of Medical Sciences and Research, Coimbatore
Mr.C.Tamilselvan	Vice President - Materials	M.Sc (Physics), MBA, Post Graduate Diploma in Materials Management	54	32	01 May 2004	32.32	Biomed Hitech Industries Limited, Chennai

Mr. S. Anto Vaz	Chief Medical Physicist & Radiological Safety Officer (RSO)	M.Sc (Medical Physics), RSO From Atomic Energy Regulatory Board, Mumbai	40	17	10 October 2010	30.37	Max Healthcare India Limited, New Delhi
Mr. N.Senthil Kumar	Senior Medical Physicist & Radiological Safety Officer (RSO)	M.Sc (Medical Physics), RSO From Atomic Energy Regulatory Board, Mumbai	40	17	03 November 2010	30.33	Ministry of Health, Kuwait

**NOTE:**

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

**For and on behalf of the Board**
**Sd/-**

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

**Sd/-**

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

Place: Coimbatore

Date : 03.06.2021

**ANNEXURE – III**  
**SECRETARIAL AUDIT REPORT**

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

Our **Secretarial Audit Report** of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to restrictions on movement of people amid COVID-19 pandemic, we had to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the Company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.
3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial year ended on 31<sup>st</sup> March, 2021.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further, compliance of Act, Regulations, Directions listed under Para (vi) of the report is limited to the Company obtaining necessary permissions, approvals and licenses for conduct of the relevant business or trade stated therein.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For KSR & Co Company Secretaries LLP**

Sd/-

**Dr.C.V.Madhusudhanan**  
**Partner**

(FCS: 5367; CP: 4408)

UDIN: F005367C000415689

Place: Coimbatore  
Date : 03.06.2021



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

**Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014**  
**For the Financial Year ended 31st March, 2021**

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kovai Medical Center and Hospital Limited (CIN L85110TZ1985PLC001659)** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2021 in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under.
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations framed there under.
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

**(v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-**

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993.
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
- i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

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

- (i) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.
- (ii) Issue of securities including debt instruments or securities.
- (iii) Buy-back of securities.
- (iv) Delisting of securities
- (v) Issue of Employee Stock Options
- (vi) **The following laws, regulations, directions, orders applicable specifically to the Company:**
  - a) The Medical Termination of Pregnancy Act, 1971
  - b) The Medical Termination of Pregnancy Rules, 1975
  - c) The Medical Termination of Pregnancy Regulations, 1975
  - d) The Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection Act, 1994)
  - e) The Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Rules, 1996
  - f) Blood Bank Rules under Drugs and Cosmetics (Second Amendment) Rules, 1999
  - g) The Transplantation of Human Organs and Tissues Act, 1994
  - h) The Environment Protection Act, 1986 & Bio-Medical Waste (Management & Handling) Rules, 1998
  - i) The Pharmacy Act, 1948
  - j) Indian Medical Council Act, 1956

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

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

#### **We further report that**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes to the composition of the Board of Directors during the period covered under the Audit.

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

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

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

**We further report that** during the period covered under the Audit, the Company there was no reportable specific action(s) having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above.

**For KSR & Co Company Secretaries LLP**

**Sd/-**

**Dr.C.V.Madhusudhanan**

**Partner**

Place: Coimbatore

Date : 03.06.2021

(FCS: 5367; CP: 4408)

UDIN: F005367C000415689

## MANAGEMENT DISCUSSION AND ANALYSIS

### COVID-19 OUTBREAK AND ROLE OF HEALTHCARE INDUSTRY

The year passed by has witnessed one of the biggest healthcare crisis in over a decade. The outbreak of COVID-19 has severely impacted countries across both the developed and the developing world and has challenged healthcare system and infrastructure at a never seen before scale. The loss of human lives and suffering of people have been overwhelming and deeply disturbing. Lockdowns being witnessed in countries across the globe and travel ban to break the chain of transmission of virus impacted economies and industries forcing further hardships and turmoil – economically and otherwise. The rapid spread of pandemic and limited understanding of the virus and its various strains has altered the ways of both social and personal interactions as well as revised professional working styles.

India too has borne the brunt of the pandemic in FY 2020-21 and witnessed a second wave in early FY 2021-22, which has had a worse impact in terms of COVID cases and resultant deaths. While challenges in healthcare infrastructure and lack of medical resources have been a severe constraint in controlling the pandemic, healthcare institutions, both public and private have acted on a war footing to scale up infrastructure across the healthcare value chain, be it in terms of bed, isolation centers, medical equipment, medicines or testing capabilities. Clinicians, nurses and paramedics have and continue to work dedicatedly to ensure best available care for COVID-19 patients.

### IMPACT OF COVID-19 ON THE INDIAN HEALTHCARE SECTOR

With the COVID-19 pandemic testing even the more developed healthcare systems globally, the foundation of Indian healthcare system have naturally also been shaken. The overall response to the pandemic witnessed both the Private and Government (Central and State) sector working in tandem. The private Indian healthcare players rose to the occasion and have been providing all the support that the government needs, such as testing, isolation beds for treatment, medical staff and equipment at government COVID-19 hospitals and home healthcare.

India's private healthcare sector has contributed significantly and accounts for about 60 per cent of inpatient care. Most private facilities initiated their plans in response to the COVID-19 pandemic, which involved significant investments to prepare facilities for controlling and preventing the infection, building infrastructure for quarantine and treatment, and equipping the facility with suitable medical supplies and additional workforce. Additionally, hospitals and labs witnessed a sharp decline in revenue due to delayed medical tourism and elective procedures. The OPDs (outpatient departments) had also been closed almost throughout the year as per the government advisory. The health tech industry recorded a surge in teleconsultation which encouraged the Government of India to issue telemedicine guidelines, enabling seamless operations of the Indian healthcare fraternity over the internet.

In order to effectively manage the outbreak, the Government of India leveraged technology and developed various applications both at the central and state-levels. The Aarogya Setu mobile app assisted in syndromic mapping, contact tracing and self-assessment was widely used throughout the country. Technology platforms including Aarogya Setu and CoWIN were used to supplement the response management, which included delivery of essential items in containment zones, tele-consultations with patients, bed management and real-time monitoring and review by the authorities.

With the approval of vaccines, India has embarked on the largest mass immunization exercise witnessed anywhere in the world and there are many reasons to feel proud about it. As we look back at the start of the pandemic, developing and having these vaccines available at a commercial scale within a year is by no means a small feat. This not only demonstrates the perseverance of our scientific community, but also establishes the will of the Government and the healthcare community in investing on quality care.

## INDIA OVERVIEW

India has made significant advancements in the way healthcare is delivered in the country, both by public and private providers. The public healthcare focuses on delivering primary healthcare through community-level health programmes mainly focusing on reducing mortality and morbidity caused by various communicable and non-communicable diseases. It follows a tiered system of infrastructure wherein basic health services are provided through sub-centers and primary health centers, while secondary and tertiary care are delivered at better equipped establishments such as district hospitals and medical colleges that are mostly at district headquarters, thereby reaching out to the remotest villages.

The private sector largely has its presence concentrated in tier I and II cities. The disparities and the challenges to equitable, accessible and quality healthcare get exposed when compared geographically. The National Health Policies over the years have served well in guiding the approach towards a more inclusive healthcare system in the country.

India's healthcare industry has been growing at a Compound Annual Growth Rate of around 22% since 2016. At this rate, it is expected to reach USD 372 Billion in 2022. Healthcare has become one of the largest sectors of the Indian economy, in terms of both revenue and employment. In 2015, the healthcare sector became the fifth largest employer, employing 4.7 Million people directly. As per estimates by the National Skill Development Corporation (NSDC) healthcare can generate 2.7 Million additional jobs in India between 2017-22, over 500,000 new jobs per year.

On the policy front, the Indian Government is undertaking deep structural and sustained reforms to strengthen the healthcare sector; it has also announced conducive policies for encouraging Foreign Direct Investment (FDI). In fact, India's FDI regime has been liberalised extensively. Currently, FDI is permitted up to 100% under the automatic route (i.e., the nonresident investor or Indian company does not require approval from the Government of India for the investment) in the hospital sector and in the manufacture of medical devices.

The government has proposed outlay of ₹ 2,23,846 Crores for health and well-being, an increase of 137 per cent from the previous year, with ₹ 35,000 Crores earmarked for COVID-19 vaccine in the coming fiscal. Ministry of Health and Family Welfare has been allocated ₹ 71,269 Crores in FY 2021-22, an increase of 10 per cent over previous year (₹ 65,012 Crores). This includes the budgetary allocations to National Health Mission (₹ 36,577 Crores), Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (₹ 6,400 Crores), Centrally Sponsored Schemes (₹ 22,044 Crores) and Establishment Expenditure (₹ 6,245 Crores). Department of Health Research has been allocated ₹ 2,663 Crores, an increase of 27 per cent over previous year (₹ 2,100 Crores). Apart from the ₹ 35,000 Crores announced for COVID-19 vaccination, the Made in India Pneumococcal vaccine, currently available in 5 states, will be rolled out pan-India, potentially averting 50,000 child deaths annually.

In a nutshell, the healthcare sector witnessed an increased public spend on health and well-being. However, addressing the persistent manpower and skill gap and measures to improve private sector participation will bode well for an overall improvement in healthcare delivery as well as education facilities. Success would now lie in how these new initiatives are implemented. It will be important to shift the focus towards the quality of implementation of the new programmes and schemes as well as on fostering convergence across health programmes. It might also lead to creation of a robust, collaborative ecosystem for the public and private healthcare providers to work together in quest of desirable outcomes.

## INVESTMENT IN INDIA'S HEALTHCARE SECTOR

Despite initial hiccups, the healthcare system in India managed to withstand the pandemic. The various efforts in manufacturing of medical equipment, disposables, drugs and the most recent vaccine efforts made by India has placed us as a global leader. India not only fulfilled the domestic requirements, but also rose to the occasion and supported other countries. The healthcare sector, therefore, as an investment opportunity looks promising. A few factors encouraging future investments in the sector are:

- **Medical infrastructure in Tier II and III cities:** The shortfalls such as the required number of beds or the accessibility of advanced equipment that were highlighted during the worst-hit times of the pandemic are highlighting the need for a healthcare system that is 'emergency-proof' for such situations in the future. Hospital chains and specialty centers are coming forward to build more capacities, especially in Tier II and III cities. Numerous hospital chains have started expanding in these cities by setting up small clinics and associating with reputed local doctors. This is also aligned with government efforts to increase the number of hospital beds per thousand population and close the accessibility gap mainly in sub-urban and rural parts of the country.
- **Government policies:** Though planned before the pandemic, government efforts in achieving a universal health cover under 'Health for All' and schemes, such as Ayushman Bharat and National Digital Health Mission have sped up exponentially. These efforts to make healthcare affordable and accessible for the entire population also offer scope for private players to widen their reach and presence.

## COMMUNITY HEALTH TO BE A MAJOR PRIORITY

Reporting symptoms, quarantining responsibly, practicing hand hygiene and social distancing were some of the steps all of us took together to stop the spread of the virus. In fact, the outbreak could be stalled only through community-based action and discipline. Going forward, individual based healthcare philosophy will need to be replaced with community-based measures to effectively tackle any new outbreaks.

## NOTABLE TRENDS IN INDIAN HEALTHCARE INDUSTRY

COVID-19 has become an unprecedented disruption to all facets of the healthcare industry in a very short period of time. Although the healthcare technology industry has been slow growing in the past, innovation is needed to deal with the pandemic. Artificial Intelligence in healthcare, as well as other important technologies, are critical to resolving the crisis and for generating future growth. After the pandemic, governments and organizations are more focused towards building digital infrastructure and preventive healthcare.

### Shift from Communicable to Lifestyle Diseases

With increasing urbanisation and problems related to modern-day living in urban and semi-urban settings, currently, about 50% of spending on in-patient beds is for lifestyle diseases – this has increased the demand for specialised care. In India, lifestyle diseases have replaced traditional health problems. Major lifestyle diseases can be categorised under Endocrinology, Cardiology and Gastroenterology.

### Expansion to Tier II and Tier III cities

To encourage the private sector to establish hospitals in Tier II and III cities, Government of India has increased the Tax Holiday under Section 80-IB of the Income Tax Act, 1961 for private healthcare providers in non-metros for minimum of 50 bedded hospitals. Benefit under the same Section has been extended to 100 bedded hospitals if set up in rural areas. Such hospitals are entitled to 100% deduction on profits for five years.



## **Emergence of Telemedicine**

Telemedicine is a fast emerging sector in India. Virtual care – constituting tele-consult, tele-pathology, tele-radiology and e-pharmacy is experiencing a stimulus in India. According to a study by Ernst & Young, in collaboration with Indian Pharmaceutical Alliance (IPA) in September 2020, domestic telemedicine market is expected to reach USD 5.5 Billion by 2021.

## **Rising adoption of Artificial Intelligence (AI)**

Increasing adoption of Artificial Intelligence Tools and application has enabled to bridge the gap of specialists, doctors and healthcare workforce in India. Clinical Decision Support System leverage AI to alleviate doctors, support them in administrative tasks and allowing them to precisely diagnose using large amount of clinical data and images. Mining patient's clinical data and scientific literature to gather meaningful medical insights and further improving current therapies and creating novel therapies.

## **Introduction of Vaccine Delivery Digital Platforms**

In December 2020, a new COVID-19 Vaccine Delivery Digital Platform called CoWIN was launched by Government of India, As a beneficiary management tool with different modules, this user-friendly mobile app for recording vaccine data. In January 2021, the Government of India offered help to other countries using CoWIN India's indigenous vaccination management system.

## **Increasing penetration of Health Insurance**

In FY21, Gross healthcare insurance stood at 29.5% of the overall gross direct premium income by non-life insurers segment. Gross Direct Premium underwritten by health insurance grew 13.7% YoY.

## **Focus on Universal Health Coverage (UHC)**

Covid-19 has exposed the fragility of India's healthcare system and the need to accelerate progress towards Universal Health Coverage (UHC). The recent launch of Reimagining India's Health System — a Lancet Citizens' Commission will layout the roadmap for achieving UHC in India. The commission will work towards developing a citizen's blueprint by 2022 for the implementation of UHC through a participatory and consultative process across India's healthcare landscape.

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

### **CHALLENGES**

- **Information and Service Integration:** The medical community easily welcomes big data advancement, but implementation is not as fluid. Use of connected medical devices and AI-integrated software application can provide a massive amount of data to the healthcare companies which they can use to generate information. This data can be of different types such as administrative data, patient medical records, connected device data, transcript & clinical notes, and patient surveys. However, most care providers, even top healthcare companies, lack advanced architecture and data management systems to manage data collected from multiple sources.
- **High Attrition Rate:** The high attrition rate in hospitals makes it difficult to plan and allocate human resources. Healthcare specialists are finding opportunities abroad more lucrative and rewarding, prompting them to leave. The highest attrition rate in the country is in the Healthcare sector.
- **Less Acceptance of Technology:** The whole world is becoming digitized, and hospitals and medical institutions are not far off. Digitization helps efficient and quick provision of treatment and services to the patients.

## OPPORTUNITIES

- **Health insurance awareness:** There has been an increased awareness of health insurance products in the past few years and more people are investing in health insurance with each passing year.
- **Government policies:** Though planned before the pandemic, government efforts in achieving a universal health cover under 'Health for All' and schemes, such as Ayushman Bharat and National Digital Health Mission have sped up exponentially. These efforts to make healthcare affordable and accessible for the entire population also offer scope for private players to widen their reach and presence.
- **Medical tourism:** The healthcare sector in India is attractive to foreign patients because of the availability of quality services at relatively lower costs compared to countries in Western Europe or the U.S.
- **Use of technology:** Online consultations and technology platforms are in high demand especially in today's times. The Ministry of Health and Family Welfare introduced the 'eSanjeevani' app, an integrated web-based telemedicine solution. It aims at making healthcare services fair by bridging the gap between urban and rural India.

## THREATS

- **Regulatory changes and regulatory scrutiny:** The healthcare landscape continues to evolve, with regulatory changes and scrutiny on the rise.
- **Cybersecurity:** Connected medical devices and a greater need to keep the records of patient information attract the attention of malicious hackers to healthcare providers. These attacks call for a robust system for cybersecurity in healthcare, which could prevent data theft and loss of information and customers' conviction.

## COMPANY OVERVIEW

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

## INFRASTRUCTURE AND FACILITIES

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

Super specialty procedures like Deep Brain Stimulation, Bilateral Hip & Knee replacement, Kidney Transplant, Liver Transplant, Heart and Lung Transplant, Bone Marrow Transplant, Valve replacement, and advanced spine surgeries are being performed frequently. KMCH also continues to be a leader in transplant surgeries and has been continuously doing kidney, liver, pancreas and cardiac transplants and have done extraordinarily well transplant program. KMCH has recently commenced KMCH Center for Advanced Lung Diseases and Transplantation with the induction of two senior pulmonologists.

The cornerstones of KMCH legacy are its unstinting focus on clinical excellence, affordable costs, adoption of technology and academics. KMCH is one of the few Hospitals in India to leverage technology to facilitate best in class healthcare delivery. The organization embraced the rapid advancement in Medical Equipment worldwide and pioneered the introduction of several technology innovations in India.

As a responsible corporate citizen, KMCH take the spirit of leadership well beyond business and has adopted the responsibility of keeping India healthy. The last year saw the starting of a one of its kind “Project Heal – Mammography on Wheels Program” in a joint collaboration with the Rotary Club of Mettupalayam. This one of its kind vehicle hosts a state-of-the-art digital mammography unit used to screen women for breast cancer. This machine has gone to several centers screening patients for both breast cancer and cancer of the uterus.

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

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

## **OPERATIONAL EXCELLENCE**

### **Healthcare**

KMCH once again demonstrated our capability of the hospital to handle extremely sick and difficult patients especially those requiring Extracorporeal Membrane Oxygenation Equipment (ECMO) and other multiple complications. We are proud to inform that your Hospital KMCH is one of the few in the country which had several patients who survived even after weeks on ECMO, which is an extremely difficult and arduous task considering the fact that several complications can take place as the function of the lung is completely taken over by a machine.

KMCH successfully treated five patients with novel pacemaker technology called Conduction System Pacing. A team of doctors including Heart Rhythm Specialist activated the heart by placing a pacemaker in the natural electrical pathways, to stimulate the normal ventricular system of the heart which avoids the worsening of heart pumping activity in long run. Out of the five patients, four underwent Bundle Pacing, while the fifth underwent a more complicated Left Bundle Pacing, which can perform the function of increasing the pulse rate and provides additional advantage of improving the pumping capacity of the heart with weakened muscles and this can be a boon to this selected group of patients to avoid costlier and complicated procedures like Heart Transplantation.

Four-month old premature baby with a large abnormal sized head and neurological deficits was referred to KMCH for expert management. The baby, one of the twins was weighing only 800 grams at the time of birth, showed progressive increase in head size and down rolling eye balls and abnormal limb movements that alarmed the parents to seek medical advice. The baby was seen by a team of doctors comprising Neonatologists and Neurologist who evaluated the baby with MRI and diagnosed the child having Congenital Hydrocephalous, a condition in which the fluid cavities were dilated abnormally with locked up brain fluid called Cerebro Spinal Fluid due to an obstruction in the drainage system. This profound locked up fluid in the natural cavities produce unprecedented pressure exerted on the neural tissue leading neurological deficits, in incapacitating the baby and finally leads to death.

This condition that may not be treated with medical management, warranted diversion of the fluid from the cavities immediately to save the child. While the baby recovered from COVID-19 on admission was found to have abnormal electrolyte disturbances and that was effectively managed in Neonatal Intensive Care unit. Senior Neurosurgeons, performed a Key Hole Endoscopic Brain surgery to divert the locked up fluid with in the drainage system thus

bypassing the congenital block in the cavities. This technique is unique in establishing normal fluid circulation in the brain and reduces the pressure in the cavities. The conventional tube surgery done using a long silicon tube diverting the fluid from brain cavities to abdominal cavity is thus avoided in this baby. Subsequent to the procedure the patient's neurological status improved remarkably, with near normal eye and limb movements to the delight of the parents.

The Vein Center which is dedicated towards the treatment of varicose veins introduced a minimally invasive procedure called the VenaSeal, where a medical grade glue is injected into the abnormally dilated veins of the leg. This procedure has several advantages when compared to conventional surgery and the patient can get back to normal activity the very next day.

### Medical Education

KMCH Medical College admitted the second batch of students amidst the pandemic. As in the last year, all the seats were quickly mopped up without a single vacancy emphasizing the trust on KMCH. Infrastructure is complete and the offerings are truly of international standards. The Library, Lecture Halls and Wards are way beyond the standards expected by the regulators. We are convinced that within the next decade, KMCH Institute of Health Sciences and Research will become one of the best centers for education in the country.

### ACCOLADES, ACHIEVEMENTS

The Hospital continues to receive several awards, all of which goes on to say KMCH not only takes care of patients to be best of its abilities, but also is a role model in the industry. Notable among the many awards won by KMCH is the "Excellence in Management of COVID-19 and Nursing Excellence Award 2021 from Association of Healthcare Providers of India (AHPI)".

### DISCUSSION ON FINANCIAL AND OPERATIONAL PERFORMANCE

Below detailed table presents summaries of Financial Results of Operations for the year ended 31 March 2020 and 2021. The Company operates on two segments – Healthcare Services and Education Services.

(₹ in Lakhs)

Particulars	2020-21	2019-20
Operating Income	69,036.18	71,172.88
Other Income	1,185.35	1,059.14
<b>Total Income</b>	<b>70,221.53</b>	<b>72,232.02</b>
Medicines & Hospital Consumables	19,355.40	20,479.55
Employee Benefit Expense	11,866.77	12,486.51
Finance Costs	3,130.86	1,461.87
Depreciation & Amortisation Expense	6,802.51	5,211.93
Other Expenses	18,492.37	21,400.89
<b>Total Expenses</b>	<b>59,647.91</b>	<b>61,040.75</b>
<b>Profit Before Taxation (PBT)</b>	<b>10,573.62</b>	<b>11,191.27</b>
Provision for Taxation	2,805.08	1,732.56
<b>Profit After Taxation (PAT)</b>	<b>7,768.54</b>	<b>9,458.71</b>
<b>Add: Other Comprehensive Income</b>	<b>127.61</b>	<b>112.12</b>
<b>Total Comprehensive Income for the year</b>	<b>7,896.15</b>	<b>9,570.83</b>

## REVENUES

**Healthcare Services** – Total Operating Revenue for FY 21 was ₹ 66,840.28 Lakhs as against ₹ 69,715.48 Lakhs in FY 20 registering a reduction in growth of 4%. Inpatient Revenues showed a small increase of 0.28% from ₹ 48,628.32 Lakhs in FY 20 to ₹ 48,766.89 Lakhs in FY 21. Increase in Revenues is due to compensated increase in COVID-19 Revenues and reduction in elective Surgery Revenues.

**Education Services** – This is the second year of reporting on Education Services consequent to the commencement of KMCH Institute of Health Sciences & Research (KMCH Medical College). Revenues under this segment increased from ₹ 1,457.40 Lakhs for FY 20 to ₹ 2,195.90 Lakhs in FY 21 with the intake of the second batch of next 150 Medical College students.

Below table shows the key drivers of revenues for the periods presented Year ended 31 March 2021.

Particulars	2020-21	2019-20	Increase / (Decrease)	% Increase / (Decrease)
Inpatients (Nos.)	54,586	76,924	(22,338)	(29.04)
Inpatients Revenue (₹ in Lakhs)	48,766.89	48,628.32	138.57	0.28
Outpatients (Nos.)	5,88,626	9,15,396	(3,26,770)	(35.70)
Outpatients Revenue (₹ in Lakhs)	17,986.44	20,996.38	(3,009.94)	(14.34)
KMCH IHSR Students (No. of Students)	300	150	150	100.00
AHS Courses (No. of Students)	729	668	61	9.13
Income from Educational Institutions (₹ in Lakhs)	2,060.38	1,342.26	718.12	53.50
Other Operating Income	222.47	205.92	16.55	8.04
<b>Total</b>	<b>69,036.18</b>	<b>71,172.88</b>	<b>(2,136.70)</b>	<b>(3.00)</b>

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

Particulars	2020-21	2019-20
Bed Capacity at the end of the Period (Nos.)	1,629	1,390
Operating Beds at the end of the Period (Nos.)	1,202	1,286
Inpatient (Nos.)	54,586	76,924
Outpatient - New & Review (Nos.)	5,88,626	9,15,396
Bed Occupancy Rate	51.52%	63.51%
Average Length of Stay (in Days)	4.15	3.89
Average Revenue per occupied bed (in ₹)	21,574	16,267

## EXPENSES

### MEDICINES AND HOSPITAL CONSUMABLES

During the year ended FY 21, Cost of Medicines and Hospital Consumables decreased from ₹ 20,479.55 Lakhs in FY 20 to ₹ 19,355.40 Lakhs in FY 21. Decrease is primarily due to reduction in Surgeries due to COVID-19.

### EMPLOYEE BENEFITS EXPENSES

Employee Benefit Expenses decreased from ₹ 12,486.51 Lakhs in FY 20 to ₹ 11,866.77 Lakhs in FY 21. Decrease is due to attrition and Hospital functioning at reduced occupancy due to COVID-19.

## FINANCE COSTS

Finance Costs increased from ₹ 1,461.87 Lakhs in FY 20 to ₹ 3,130.86 Lakhs in FY 21, an increase of ₹ 1,668.99 Lakhs. This increase in Finance Costs is primarily due to substantial capitalization of Borrowing Cost in respect of Medical College Assets which was hitherto categorized under Capital Work in Progress.

## DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and Amortization Expenses has increased from ₹ 5,211.93 Lakhs in FY 20 to ₹ 6,802.51 Lakhs in FY 21, an increase of ₹ 1,590.58 Lakhs. Increase is due to capitalization of Medical College Infrastructure. Additional Medical Equipment bought during the year is another reason for increase in Depreciation Expense.

## OTHER EXPENSES

Table below summarizes the Operating and Other Administrative Expenses for the year ended 31 March 2021

Particulars	Year ended 31.03.2021		Year ended 31.03.2020		Increase / (Decrease)	% Increase/ (Decrease)
	₹ in Lakhs	% of Revenue	₹ in Lakhs	% of Revenue		
Stores, Dietary, Power & Fuel	2,312.87	3.35	2,583.49	3.63	(270.62)	(10.47)
Consultant & Professional Fees	10,438.03	15.12	12,174.81	17.11	(1,736.78)	(14.27)
Hospital Upkeep Expenses	1,292.99	1.87	1,566.24	2.20	(273.25)	(17.45)
Marketing & Advertising	210.49	0.30	417.28	0.59	(206.79)	(49.56)
Repairs & Maintenance	1,558.17	2.26	1,493.63	2.10	64.54	4.32
Rent	242.12	0.35	391.80	0.55	(149.68)	(38.20)
Other Administrative Expenses	2,437.70	3.53	2,773.64	3.90	(335.94)	(12.11)
	<b>18,492.37</b>	<b>26.79</b>	<b>21,400.89</b>	<b>30.07</b>	<b>(2,908.52)</b>	<b>(13.59)</b>

## KEY FINANCIAL RATIOS

The details of significant changes (25% or more) in the key financial ratios in FY 21 compared to FY 20 is as follows:

Ratios	31 March 2021	31 March 2020	Reasons for Change	% Change
Interest Coverage Ratio	6.55%	12.22%	Enhanced Interest on Loans debited to P&L due to Capitalisation	-46.40%

## LIQUIDITY

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

## RISK MANAGEMENT

On account of multi-fold increase in scale and the expanded area of operations, your company gets exposed to a wide range of both internal and external risks and uncertainties. These internal and external factors may affect achievement of the company's objectives – whether they are strategic, operational or financial. Risk management's objective is to assure that uncertainty does not deflect the endeavor from the business goals. Adequate measures



are taken to mitigate areas of significant risks that have been identified. Our risk management systems also ensure that risks are contained within manageable levels.

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

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

#### **CAUTIONARY STATEMENT**

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

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

<b>CIN</b>	<b>L85110TZ1985PLC001659</b>
Name of the Company	KOVAI MEDICAL CENTER AND HOSPITAL LIMITED
Registered Address	99, Avanashi Road, Coimbatore – 641014
Website	<a href="http://www.kmchhospitals.com">www.kmchhospitals.com</a>
E-mail ID	<a href="mailto:secretarialdept@kmchhospitals.com">secretarialdept@kmchhospitals.com</a>
Financial Year Reported	2020-21
Sector(s) that the Company is engaged in (industrial activity code-wise)	1. Healthcare Sector – NIC Code 8610 2. Education Sector – NIC Code 8530
List three key products/services that the Company manufactures / provides (as in the Balance Sheet)	Healthcare Drugs & Medicines Medical Education
Total number of Locations where the business activity is undertaken by the Company	KMCH's business activities includes operating hospitals and pharmacies and it has a presence in Coimbatore, Erode, Kovilpalayam and Sullur.  KMCH Institute of Health Sciences and Research is situated in Coimbatore
Major markets served by the Company	India

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

Paid up Capital (₹)	1,094.23 Lakhs
Total Turnover (₹)	70,221.53 Lakhs
Total Profit after Tax (₹)	7,768.54 Lakhs
Total Spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	2.93%
List of Activities in which CSR expenditure has been incurred	1. Sanitation 2. Promotion of Education 3. Preventive Healthcare

**SECTION C: OTHER DETAILS**

<b>Does the Company have any Subsidiary Company/ Companies?</b>	<b>No</b>
Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary Companies	No
Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity /entities? [Less than 30%, 30-60%, More than 60%]	No

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

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

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

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

<b>Reference</b>	<b>Principles</b>	<b>Description</b>
P1	Principle 1	Businesses should conduct and govern themselves with <b>Ethics</b> , Transparency and Accountability
P2	Principle 2	Businesses should <b>provide goods and services</b> that are safe and contribute to sustainability throughout their life cycle
P3	Principle 3	Businesses should promote the <b>well-being of all employees</b> .
P4	Principle 4	Businesses should respect the interests of, and be <b>responsive towards all stakeholders</b> , especially those who are disadvantaged, vulnerable and marginalised
P5	Principle 5	Businesses should <b>respect and promote human rights</b>
P6	Principle 6	Businesses should <b>respect</b> , protect and make efforts to restore <b>environment</b>
P7	Principle 7	Businesses, when engaged in influencing <b>public and regulatory policy</b> , should do so in a responsible manner
P8	Principle 8	Businesses should <b>support inclusive growth and equitable development</b>
P9	Principle 9	Businesses should engage with and provide <b>value to their customers and consumers</b> in a responsible manner

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

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

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

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board of Directors assess the BR performance of the Company annually.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?	Yes, and it forms part of the Annual Report. The same is available in the website: <a href="https://www.kmchhospitals.com">https://www.kmchhospitals.com</a>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

Policy relating to ethics, bribery and corruption is applicable to all stakeholders (Employees/ Vendors/Customers). The values and conduct mentioned in its existing “Code of ethics for directors, senior management and other employees” is practiced by all of its permanent staff. All the employees sign this Code at the time of joining the Company.

KMCH adheres to all applicable statutes in letter and spirit and endeavour to adopt best practices that go beyond adherence to statutory frameworks to bring transparency and accountability in all facets of operations.

In terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board has formulated internal procedures for the Prevention of Insider Trading in dealing with the securities of the Company.

Besides strengthening internal controls, we also have a robust vigilance mechanism with which to curb corrupt practices that may arise in the course of business and for which there is zero tolerance.

In addition to Code of Conduct, the Company has a Whistle blower policy ([https://www.kmchhospitals.com/Policy/WB\\_Policy.pdf](https://www.kmchhospitals.com/Policy/WB_Policy.pdf)) in line with the requirements of The Companies Act, 2013 (Section 177). This policy enables all employees to report to the Company’s Management, concerns of unethical behaviour, actual or suspected, fraud or violation of Company’s Code of Conduct, without fear of reprisal or victimisation.

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

The Company received only one shareholder complaint which was redressed / resolved satisfactorily during the Financial Year 2020-21.

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

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

Healthcare is a long term business that maps profitability with public good. There is a need to constantly rebalance the imperatives of growth and self-improvement. Following key initiatives from KMCH have had a huge impact socially.

- a) KMCH established a Post – COVID Lung Rehabilitation Center – a dedicated lung rehabilitation ward. Lung Fibrosis after COVID pneumonia is fortunately rare but patients more than 65 age with severe pneumonia requiring prolonged ICU stay, Ventilation and under nutrition are risk factors. Rehabilitation with multi-disciplinary team will help to bring back the life of post COVID patients to normal or near normal and make them independent to do their daily activities.
- b) Breast cancer today is the most common type of cancer among women, and cervical cancer is the second most common. If detected early, it can be cured easily and inexpensively. Project “HEAL” is a joint project between Kovai Medical Center and Hospital Limited (KMCH) and Rotary Club of Mettupalayam. “HEAL” stands for High Awareness, Early Detection, Affordable Treatment and Low Mortality. The Project scope includes free screening and free surgery for breast cancer and cervical cancer among underprivileged

women. A vehicle fitted with advanced digital mammography device and Pap smear testing equipment will go to various locations to provide these services.

- c) The Department of Cardiology, Interventional Radiology and the Operation Theaters also took great risk of treating COVID positive patients with emergency conditions, which indeed is commendable considering that most hospitals in the city just refused treatment for them.

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

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

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

KMCH adopts the concept of 'Sustainable Development' i.e. meeting the needs of the present without compromising the ability of future generations to meet their own needs. By following this concept, KMCH has been operating a 5.25 MW Solar Power Generation Plant and Wind Mills which caters to 89% of electricity requirement per annum and through which the company has been saving 45% on its electricity bills.

KMCH thrives to continuously monitor and improve energy scores by switching to LED light fixtures, installing Variable Frequency Drives, Building Management Systems, and Low Flow Plumbing.

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

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

KMCH has a Sustainable Sourcing and Purchase policy and is a key focus area. The Policy is built around ethical and environmental sourcing principles to mitigate sourcing risks, stronger supplier relationships for trustworthy business conduct.

KMCH ensures medical efficacy of goods by asking suppliers to conform to Drugs and Cosmetics Act, 1947 including "Good Manufacturing Practice" for every manufacturer supplier. Most of the products are procured through local distribution channels to reduce risks involved in transport and reduction in carbon footprint. Suppliers are asked to commit to Non-conflict of interest and are encouraged to raise ethical concerns while dealing with KMCH at any level.

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

KMCH, without compromising on quality, pharma and medical consumables are sourced from local suppliers. The specifications, basis both International and Indian Standards are approved by our Doctors, Purchase Committees. KMCH endeavours to develop the capacity of local suppliers while ensuring there is no compromise on quality so as to promote local sourcing and reduce carbon footprint.

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

Company follows a strict scrap disposal policy whereby we ensure that all medical and non-medical scrap which is generated inside the hospitals are collected, stored responsibly and disposed at regular intervals in compliance with all necessary rules and regulations. Bio-degradable food wastes are decomposed and biogas



is produced for captive consumption in your hospital canteen which in turn results in reduced LPG cost. Sewage Water treated by the effluent treatment plant and is used for Horticultural purposes to provide landscaping to the entire facility.

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

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

Particulars	As on 31 <sup>st</sup> March 2021
Total number of employees	4,475
Total number of employees hired on temporary / contractual / casual basis	337
Number of permanent women employees	3,121
Number of permanent employees with disabilities	1

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

No

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

Not Applicable

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

The Company does not employ child labour. During the financial year 2020-21 there were no complaints relating to forced labour, involuntary labour, sexual harassment.

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

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

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

- Has the company mapped its internal and external stakeholders?***

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

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

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

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

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

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

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

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

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

Company did not receive any stakeholder complaint in FY 2020-21 relating to Human Rights.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nil

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

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

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

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

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

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

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

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

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

Pursuant to the introduction of Corporate Social Responsibility (CSR) requirement as set out in section 135 of the Companies Act, 2013, the Company formulated a CSR policy covering education, rural development,

protecting the environment and enriching the community life. CSR report giving the requisite details of CSR spending for the financial year 2020-21 forms part of the Annual Report of the Company.

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

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

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

No independent assessment was carried out.

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

Our CSR contributions largely lies in the area of sanitation and infrastructure facilities to educational institutions. CSR report giving the requisite details of CSR spending for the financial year 2020-21 forms part of the Annual Report of the Company.

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

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

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

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

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

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

Not Applicable.

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

Nil

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

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

**REPORT ON CORPORATE GOVERNANCE**  
**(Annexure to the Thirty Fifth Directors' Report 2020-21)**

**INTRODUCTION**

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

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

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

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

As on 31<sup>st</sup> March 2021, the strength of the Board is twelve Directors of which three are Executive Directors. As per SEBI (LODR) Regulations 2015, if the Chairman is an Executive, at least half of the Board should comprise of Independent Directors. There are six Independent Directors in our Board.

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

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

As on 31<sup>st</sup> March, 2021, none of the Directors on the Board hold the office of Director in more than 10 Public Limited Companies. In accordance with Regulation 26 of the Listing Regulations, none of the Directors are members in more than 10 committees excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 or act as Chairperson of more than 5 committees across all listed entities in which he/she is a Director. The Audit Committee and Stakeholders' Relationship Committee are only considered in computation of limits. Further all Directors have informed about their Directorships, Committee Memberships/Chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2021 are given below:

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

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

The Board of Directors are satisfied that the current composition reflects and appropriate mix of knowledge, skills, experience, diversity and independence. The Board provides leadership, strategic guidance, objective and an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring the management adheres to high standards of ethics, transparency and disclosure.

KMCH requires skill / expertise / competencies in the areas of leadership, finance, capital projects, governance, Government liaison, Hospital Management and new medical advancements and technology absorption, to efficiently carry on its Healthcare and Educational activities.

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

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



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

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

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

The Board met four times during the financial year 2020-21. The meetings were held on **20<sup>th</sup> June 2020, 1<sup>st</sup> September 2020, 12<sup>th</sup> November 2020 and 11<sup>th</sup> February 2021**. The Board of Directors of the Company had met not exceeding with a maximum time gap of one hundred and twenty days. The relevant details are as under:

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

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

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

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

**3. COMPOSITION OF BOARD COMMITTEES**

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- CSR Committee

**a) Audit Committee**

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

**Terms of Reference of Audit Committee**

The role of the audit committee shall include the following:

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

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

The Audit Committee shall mandatorily review the following information:

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

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

S. No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	CA.A.M.Palanisamy	Chairman	4	4
2	Mr.A.K.Venkatasamy	Member	4	3
3	Mr.K.Saminathan	Member	4	4

**b) Nomination and Remuneration Committee**

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

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

**The objectives of the Policy are:**

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

The remuneration for Managing Director, Joint Managing Director and Executive Director for the Financial Year ended 31.03.2021 is paid on the basis of the approval accorded by the shareholders and in accordance with the limits laid down in Schedule V to the Companies Act, 2013.

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

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

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

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

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

This committee recommends the appointment / reappointment of Executive Directors and the appointment of employees from the level of Vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Company Secretary of the Company is the Secretary of the Committee. During the financial year 2020-21 the committee met on 20.06.2020. The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is [https://www.kmchhospitals.com/Policy/NR\\_Policy.pdf](https://www.kmchhospitals.com/Policy/NR_Policy.pdf)

**(iii) Remuneration to Directors**

The details of remuneration paid / payable, sitting fees and commission paid to each Director during the year ended 31<sup>st</sup> March 2021 are given below:

S.No.	Name of the Director	Remuneration (₹ in Lakhs)	Sitting Fees (Board & Committee Meetings) (₹ in Lakhs)	Commission (₹ in Lakhs)	No. of shares held
1	Dr. Nalla G Palaniswami	112.26	-	221.36	10,000
2	Dr. Thavamani Devi Palaniswami	106.63	-	221.36	12,41,997
3	Dr. Arun N Palaniswami	70.59	-	-	10,000
4	Dr. Mohan S Gounder	-	0.71	-	10,000
5	Dr. M.C.Thirumoorthi	-	0.71	-	6,013
6	Dr. Purani P Palaniswami (Alternate Dr.S.Krishnasamy)	-	0.94	-	10,000
7	Mr. Kasi K Goundan	-	0.71	-	-
8	Dr. M.Manickam	-	0.94	-	-
9	CA. A.M.Palanisamy	-	2.24	-	4,000
10	Mr. A.K.Venkatasamy	-	1.42	-	2,500
11	Mr. K.Saminathan	-	2.24	-	8,000
12	Mrs. R. Bhuvaneshwari	-	0.94	-	-

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

There were no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March 2021.



### c) Stakeholders Relationship Committee

#### Terms of Reference

The Board of Kovai Medical Center and Hospital Limited constituted a Stakeholders Relationship Committee to facilitate prompt and effective redressal of shareholders' grievances and reporting of the same periodically.

#### Composition of committee and attendance of members

S. No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	CA.A.M.Palanisamy	Chairman	6	6
2	Dr.Nalla G Palaniswami	Member	6	3
3	Mr.A.K.Venkatasamy	Member	6	2
4	Mr.K.Saminathan	Member	6	6
	<b>Name of the Invitee</b>			
1	CS.S.P.Chittibabu	Company Secretary	6	6

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

The committee met regularly to approve share transmissions, transpositions, issue of duplicate and new share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agent. During the year 2020-21, the committee met on 07.08.2020, 22.10.2020, 10.12.2020, 08.01.2021, 20.02.2021 and 17.03.2021. The committee approved transmission, name deletion request for 1,600 shares in physical form.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. CS. S.P.Chittibabu, Company secretary is the Compliance Officer of the company. For any clarification / complaint, the shareholders may contact CS. S.P.Chittibabu, Company Secretary at the registered office of the Company. During the financial year ended 31.03.2021, the company has received one complaint from the shareholder. The complaint was redressed to the satisfaction of the shareholder.

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

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

S. No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	Dr.Nalla G Palaniswami	Chairman	2	2
2	Dr.Thavamani Devi Palaniswami	Member	2	2
3	Mr.A.K.Venkatasamy	Member	2	1
4	Mr.K.Saminathan	Member	2	2

During the year the Committee met two times on 20.06.2020 and 10.02.2021 and a detailed CSR spending report is appended as Annexure forming part of the Directors Report.

#### 4. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met one time during the year on 10.02.2021 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had assessed the quality, quantity and timeliness of flow of information between the company management and the Board. The Independent Directors expressed their satisfaction on the performance of the Chairperson and other non-independent Directors on the Board. The terms and conditions of the Appointment / re-appointment of Independent Directors are available on the Company's website: [https://www.kmchhospitals.com/Policy/LOA\\_ID.pdf](https://www.kmchhospitals.com/Policy/LOA_ID.pdf).

#### 5. DISCLOSURES

##### a. Related Party Transactions

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

Details of related party transactions including subsidiary company are disclosed in Note No.42 forming part of the Accounts, as required under Indian Accounting Standard 24 of The Institute of Chartered Accountants of India.

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

##### b. Compliance by the Company

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

##### c. Accounting Treatment

The Company follows Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act 2013 and the Company has not adopted a treatment different from the prescribed Standards.

##### d. Insider Trading Policy

SEBI (Prohibition of Insider Trading) (Amendment) Regulation 2018 dated 31<sup>st</sup> December 2018 was introduced bringing amendments to "Code of Conduct for Insider Trading" (<https://www.kmchhospitals.com/Policy/COC.pdf>) and "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" (<https://www.kmchhospitals.com/Policy/COP.pdf>). Consequently, the Board of Directors brought in all the corresponding amendments to the above two mentioned Codes and necessary disclosures have been made in our website.

**e. CEO / CFO Certification**

As required by SEBI (LODR) Regulations, 2015, the CEO and CFO certification on Financial Statements, Cash Flow Statement and Internal Control Systems for financial reporting for the year ended March 31, 2021 have been obtained and incorporated in the Company's Annual Report.

**f. Statutory Auditor's Remuneration**

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

**g. Compliance with Corporate Governance Norms**

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

**h. Material Subsidiary**

The Company does not have any material subsidiaries.

**i. Familiarisation Program**

Details of Familiarisation Program Policy and programs imparted to Independent Directors are available on the Company's Website: [https://www.kmchhospitals.com/Policy/FP\\_ID.pdf](https://www.kmchhospitals.com/Policy/FP_ID.pdf).

**j. Management Discussion and Analysis Report**

Information on operational and financial performance etc., is provided in the Management Discussion and Analysis Report, which is annexed to the Directors' Report and has been prepared inter-alia in compliance with the terms of SEBI (LODR) Regulations, 2015.

**k. Unpaid / Unclaimed Dividend**

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

In terms of the provisions of the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, an amount of ₹ 4.49 Lakhs of unclaimed dividend was transferred to the Investor Education and Protection Fund during the year. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the Company's website [https://www.kmchhospitals.com/2021/UD\\_2021.pdf](https://www.kmchhospitals.com/2021/UD_2021.pdf).

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

### (I) Equity Shares in Suspense Account

As per SEBI (LODR) Regulations 2015, a separate Demat Suspense Account has been opened with the Depository Participant and the voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owner of such shares claims the shares. As on 31<sup>st</sup> March 2021 there are no shares outstanding in the suspense account.

The Company reports the following details of shares lying in Suspense Account.

- Aggregate Number of Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year : 1 Shareholder - 100 shares.
- Number of shareholder who approached issuer for transfer of shares from suspense account during the year and number of shares transferred from IEPF from suspense account during the year : 1 Shareholder – 100 shares.
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31<sup>st</sup> March 2021 : Nil

## 6. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

## 7. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT PERSONNEL

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website of the Company. As provided under SEBI (LODR) Regulations, 2015, the Board members and Senior Management Personnel have affirmed compliance with the code of conduct for the Financial Year 2020-21.

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

Share transmission, transposition of name, split, consolidation, recording of change of name of shareholders, issue of duplicate certificates, dematerialization, rematerialisation and such other matters relating to shares of the company are entrusted to M/s GNSA Infotech Private Limited. They are the connectivity providers for Demat segment. The Company has complied necessary provisions pursuant to Regulation 40 of SEBI (LODR) Regulations 2015.

Address and contact details of the RTA :

### **GNSA Infotech Private Limited**

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

## 9. (a) SHARE TRANSFER SYSTEM

In accordance with the proviso to Regulation 40(1) of SEBI (LODR) Regulations 2015, effective from April 1, 2019, transfer of shares of the company shall not be processed unless the shares held in the dematerialized form with a Depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them.

### **(b) DEMATERIALISATION OF SHARES**

As on March 31, 2021, 91.84% of the company's paid up equity capital is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

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

## 10. MEANS OF COMMUNICATION

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

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

**Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz: <https://www.kmchhospitals.com>.

## 11. SHAREHOLDERS MEETING

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

<b>Particulars</b>	34 <sup>th</sup> AGM 2020
Date of the meeting	19.09.2020
No. of Members Attended	58
No. of Proxies Attended	Nil
Chairman of the Meeting	Dr.Thavamani Devi Palaniswami
Chief Financial Officer	CA.M.K.Ravindra Kumar
Company Secretary	CS.S.P.Chittibabu

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

Year	Date	Venue	Time
2019-20	19.09.2020	Through Video Conferencing / Other Audio Visual Means (Deemed Venue: 99 Avanashi Road, Coimbatore – 641 014)	04.00 p.m.
2018-19	16.08.2019	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.
2017-18	06.08.2018	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.

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

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

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

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

**At the Annual General Meeting held on September 19, 2020:**

- Re-appointment of Joint Managing Director

### Postal Ballot

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



**12. GENERAL SHAREHOLDERS INFORMATION**

a.	AGM Date and time	16 <sup>th</sup> September 2021 at 4.00 p.m (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
b.	Financial Calendar 1 <sup>st</sup> Quarter 2 <sup>nd</sup> Quarter 3 <sup>rd</sup> Quarter 4 <sup>th</sup> & last Quarter	1 <sup>st</sup> April to 30 <sup>th</sup> June 1 <sup>st</sup> July to 30 <sup>th</sup> September 1 <sup>st</sup> October to 31 <sup>st</sup> December 1 <sup>st</sup> January to 31 <sup>st</sup> March
c.	Date of Book closure	4 <sup>th</sup> September 2021 to 16 <sup>th</sup> September 2021 (both days inclusive)
d.	Listing of i. Equity Shares  ii. Listing Fees	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  Paid for the above Stock Exchange for 2020-21
e.	Custodial Fees	Paid the fees to NSDL and CDSL for 2020-21.
f.	Compliance officer & Address for Correspondence	CS. S.P.Chittibabu, Company Secretary 99, Avanashi Road, Coimbatore – 641 014.
g.	Stock Exchange Security Code for Equity Shares : BSE Limited	Security Code: 523323 Security ID : KOVAI
h.	Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 177F01017
i.	Branches	<ol style="list-style-type: none"> <li><b>KMCH – City Center,</b> 18, Vivekananda Road, Ram Nagar, Coimbatore – 641 009.</li> <li><b>KMCH – Speciality Hospital,</b> 16, Palaniappa Street, Erode – 638 009.</li> <li><b>KMCH – Sulur Hospital,</b> 242-B, Trichy Road, Coimbatore – 641 402.</li> <li><b>KMCH – Kovilpalayam Hospital,</b> 87C, Sathy Main Road, Sarkar Samakulam, Kovilpalayam, Coimbatore - 641107</li> <li><b>KMCHIHSR – Medical College Hospital,</b> 99 Avanashi Road, Coimbatore – 641 014</li> </ol>

**13. RECONCILIATION OF SHARE CAPITAL AUDIT**

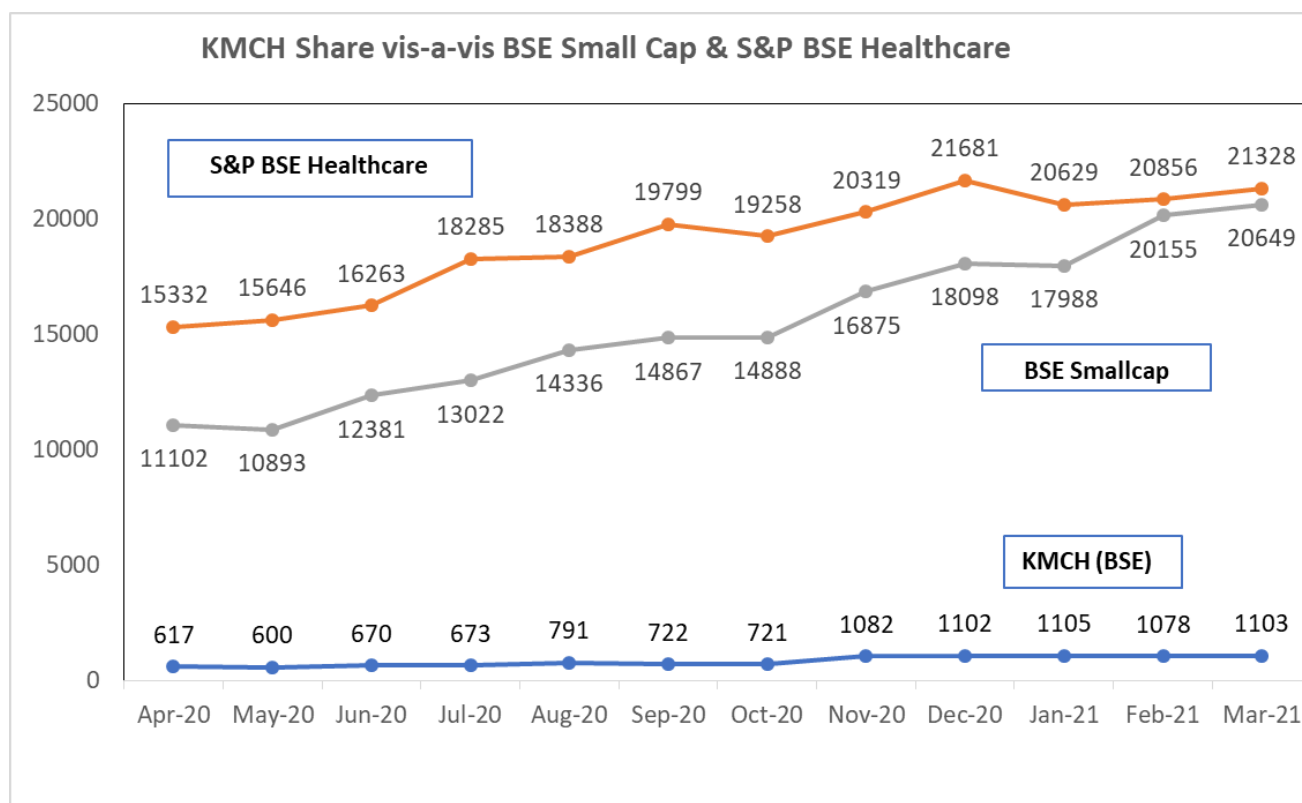
For each of the quarter in the Financial Year 2020-21, a qualified Practising Company Secretary, carried out Share Capital Audit as stipulated by the Securities and Exchange Board of India to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued / listed capital.

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

#### 14. STOCK MARKET DATA

Monthly high and low quotations of shares traded on Bombay Stock Exchange for the period April 2020 to March 2021 is given below.

Month	High	Low
April 2020	699.00	591.00
May 2020	644.75	565.00
June 2020	747.90	598.00
July 2020	696.00	622.10
August 2020	888.00	556.25
September 2020	845.00	651.10
October 2020	798.00	707.05
November 2020	1099.00	702.00
December 2020	1200.00	992.00
January 2021	1255.50	1055.05
February 2021	1215.60	1060.00
March 2021	1133.00	1050.00



**15. DISTRIBUTION OF SHAREHOLDERS**
**a. Distribution of shareholding as at 31<sup>st</sup> March 2021**

No. of Equity Shares (Slab)	No. of Shareholders	Percentage of Shareholders	Nos.	Percentage of Shareholding
1 – 500	6913	88.96	649891	5.94
501 – 1000	430	5.53	375339	3.43
1001 – 2000	152	1.96	232205	2.12
2001 – 3000	69	0.89	177851	1.63
3001 – 4000	23	0.30	82143	0.75
4001 – 5000	23	0.30	107450	0.98
5001 – 10000	60	0.77	502403	4.59
Above 10000	101	1.30	8814980	80.56
<b>TOTAL</b>	<b>7771</b>	<b>100.00</b>	<b>10942262</b>	<b>100.00</b>

**b. Categories of shareholders as on 31<sup>st</sup> March 2021**

S. No.	Category of Shareholders	Total Number of Shares	Percentage (%)
1	Promoters	6101621	55.76
2	Bodies Corporate	369299	3.38
3	General Public	3018392	27.58
4	Non-Resident Indians	1452950	13.28
	<b>Total</b>	<b>10942262</b>	<b>100.00</b>

**For and on behalf of the Board**

**Sd/-**

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

**Sd/-**

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

Place: Coimbatore

Date : 03.06.2021

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

In accordance with Regulation 34 (3) read with para D of schedule V of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with their respective code of conduct, as applicable to them, for the Financial Year ended 31<sup>st</sup> March 2021.

**For Kovai Medical Center and Hospital Limited**

**Sd/-**

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

Place: Coimbatore

Date : 03.06.2021

To  
The Board of Directors  
Kovai Medical Center and Hospital Limited  
Coimbatore

**CERTIFICATE PURSUANT TO REGULATION 17(8) AND PART B OF SCHEDULE II OF SEBI (LODR) REGULATIONS,  
2015 FOR THE FINANCIAL YEAR 2020-21**

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

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
  1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the company's internal control system over financial reporting. However, during the year there was no such instance.

**For and on behalf of the Board**

Place: Coimbatore  
Date : 03.06.2021

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

**Sd/-  
CA. M.K.RAVINDRA KUMAR  
CHIEF FINANCIAL OFFICER**

**CERTIFICATE OF CORPORATE GOVERNANCE**

To  
The Members of Kovai Medical Center and Hospital Limited  
Coimbatore

In pursuance of the provisions of Regulation-E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the LODR), I have examined the relevant records of by **Kovai Medical Center and Hospital Limited, CIN: L85110TZ1985PLC001659** (the Company) for the purpose of certifying the compliance of conditions of Corporate Governance stipulated in Chapter IV of the LODR for the year ended on 31<sup>st</sup> March 2021.

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

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Management, I certify that the Company had complied with the conditions of Corporate Governance as per Chapter IV of the LODR for the period from 01<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021.

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

Place: Coimbatore  
Date : 03.06.2021

Sd/-  
**K. Duraisami**  
**Company Secretary in Practice**  
**Membership No:6792**  
**C P No: 18308**  
**UDIN: F006792C000412241**

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

The Members

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

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

# shows date of first appointment and continuation in office after re-appointment(s) for further terms, without any break in term of office

\* represented by Alternate Director Dr.S.Krishnasamy

\$ shows the date of first appointment as Managing Director

@ shows the date of first appointment as Joint Managing Director

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

**For KSR & Co Company Secretaries LLP**

Sd/-

**DR. C.V. MADHUSUDHANAN**

**PARTNER**

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

**UDIN: F005367C000415766**

Place: Coimbatore

Date : 03.06.2021

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying Financial Statements of Kovai Medical Center and Hospital Limited ("the Company") which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

#### **Key Audit Matters**

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



Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Capitalisation of Property, Plant and Equipment and Borrowing cost incurred :-</u></p> <p>The carrying value of PPE includes additions to fixed assets during the year amounting to ₹ 44,510.31 lakhs (including borrowing cost of ₹ 5004.15 lakhs). Further, the carrying value of CWIP as on 31st March 2021 was ₹ 4526.76 lakhs.</p> <p>The significant level of additions to PPE requires consideration of nature of cost incurred to ensure that the capitalisation of assets meets the recognition criteria in accordance with Ind AS 16. Further, the application of management's decision in assessing appropriate useful economic lives, completion of capitalisation at various stages of the project as and when assets are ready for intended use requires significant management judgement and estimation. The capital work in progress also requires significant estimates to be made by the management in relation to the percentage of completion of the project.</p> <p>As a result, this was noted as a Key Audit matter.</p>	<p>Our Audit work included assessing the nature and timing of the capitalisation by the Company to test the validity of the amounts capitalised and evaluate whether the assets capitalised meets the recognition criteria as per Ind AS 16.</p> <p>Our audit work considered the timing of capitalisation of the asset based on whether the asset is ready for the intended use and the condition necessary for it to be capable of operating in the manner intended by the Company for the purpose of cessation of borrowing cost as per the relevant Ind AS and for the purpose of commencement of depreciation charge.</p> <p>The useful life adopted for the assets for the PPE capitalisation were calculated with reference to the company's historical experience and our understanding of the future utilisation of the assets by the Company with reference to the depreciation policy adopted by the Company operating similar assets.</p> <p>The capitalisation of asset during the year were validated with reference to weighted average borrowing cost (capitalisation rate) and arithmetical accuracy of the borrowing cost capitalised.</p>

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

The Company's Management and the Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the 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 on the other information obtained prior to the date of this Auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibility of Management and the Board of Directors for the Financial Statements

The Company's Management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management and the Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in "**Annexure 1**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
  - e. On the basis of the written representations received from the directors as on and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**";

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements - Refer Note 41 to Financial Statements;
- b. The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter 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.

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

Sd/-

**KAUSHIK SIDARTHA**

**Partner**

**Membership No. 217964**

Place: Coimbatore

Date : 03.06.2021

**UDIN : 21217964AAAACU3343**

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

**[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center and Hospital Limited on the Financial Statements for the year ended March 31, 2021]**

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

AND

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods and service tax, customs duty, cess and other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

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

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

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

Sd/-

**KAUSHIK SIDARTHA**  
**Partner**  
**Membership No. 217964**

Place: Coimbatore

Date : 03.06.2021

**UDIN : 21217964AAAACU3343**

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

### **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")**

**[Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center and Hospital Limited on the Financial Statements for the year ended March 31, 2021]**

We have audited the Internal Financial Controls over Financial Reporting of **Kovai Medical Center and Hospital Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over



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

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For VKS Aiyer & Co**

**Chartered Accountants**

**ICAI Firm Registration No: 000066S**

**Sd/-**

**KAUSHIK SIDARTHA**

**Partner**

**Membership No. 217964**

Place: Coimbatore

Date : 03.06.2021

**UDIN: 21217964AAAACU3343**

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2021**

₹ in Lakhs

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>I ASSETS</b>			
<b>A. Non-Current Assets</b>			
a) Property, Plant and Equipment	2	99,424.77	61,351.83
b) Right of use assets	3	3,623.23	2,838.45
c) Capital work-in-progress	4	4,526.76	29,959.80
d) Intangible assets	5	252.74	86.72
e) Financial Assets			
i) Investments	6	15.66	11.68
ii) Other financial assets	7	1,118.36	1,187.42
f) Other non-current assets	8	288.75	1,254.06
<b>Total non-current assets - (A)</b>		<b>1,09,250.27</b>	<b>96,689.96</b>
<b>B. Current Assets</b>			
a) Inventories	9	1,022.58	1,265.98
b) Financial Assets			
i) Trade receivables	10	1,053.50	842.33
ii) Cash and cash equivalents	11	666.81	3,208.79
iii) Bank balances other than cash and cash equivalents	12	14,819.42	7,884.73
iv) Other financial assets	13	906.39	569.37
c) Other current assets	14	361.59	259.98
<b>Total current assets - (B)</b>		<b>18,830.29</b>	<b>14,031.18</b>
<b>Total Assets (A+B)</b>		<b>1,28,080.56</b>	<b>1,10,721.14</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
a) Equity share capital	15	1,094.23	1,094.23
b) Other equity	16	49,905.61	42,009.46
<b>Total Equity - (A)</b>		<b>50,999.84</b>	<b>43,103.69</b>
<b>B. Non-Current Liabilities</b>			
a) Financial liabilities			
i) Borrowings	17	55,071.58	50,463.76
ii) Lease liabilities	18	3,871.01	2,947.29
iii) Other financial liabilities	19	28.79	27.62
b) Provisions	20	937.86	850.91
c) Deferred tax liabilities (Net)	21	3,310.44	2,806.68
d) Other non-current liabilities	22	37.86	55.15
<b>Total non-current liabilities - (B)</b>		<b>63,257.54</b>	<b>57,151.41</b>
<b>C. Current Liabilities</b>			
a) Financial liabilities			
i) Borrowings	23	843.03	376.17
ii) Trade payables	24		
(a) Dues to micro, small and medium enterprises		47.06	69.47
(b) Dues to others		1,499.15	2,523.68
iii) Lease liabilities	25	114.55	58.44
iv) Other financial liabilities	26	5,537.79	3,548.71
b) Provisions	27	587.56	427.16
c) Other current liabilities	28	5,194.04	3,462.41
<b>Total current liabilities - (C)</b>		<b>13,823.18</b>	<b>10,466.04</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>1,28,080.56</b>	<b>1,10,721.14</b>

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

As per our report of even date

For VKS Aiyer &amp; Co

Chartered Accountants

ICAI Firm Registration No: 000066S

Sd/-

KAUSHIK SIDARTHA

Partner

Membership No. 217964

Place: Coimbatore

Date : 03.06.2021

For and on behalf of the Board of Directors

Sd/-

Dr. NALLA G PALANISWAMI

Managing Director

DIN: 00013536

Sd/-

CA. A.M. PALANISAMY

Director

DIN: 00112303

Sd/-

CA. M.K. RAVINDRA KUMAR

Chief Financial Officer

Sd/-

CS. S.P. CHITTIBABU

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**
*₹ in Lakhs*

Particulars		Notes	2020-21	2019-20
I	Revenue from Operations	29	69,036.18	71,172.88
II	Other Income	30	1,185.35	1,059.14
III	<b>Total Income (I+II)</b>		<b>70,221.53</b>	<b>72,232.02</b>
IV	<b>EXPENSES</b>			
	Cost of Medicines & Hospital consumables consumed	31	19,355.40	20,479.55
	Employee benefits expense	32	11,866.77	12,486.51
	Finance Costs	33	3,130.86	1,461.87
	Depreciation and amortization expense	34	6,802.51	5,211.93
	Other Expenses	35	18,492.37	21,400.89
	<b>Total Expenses (IV)</b>		<b>59,647.91</b>	<b>61,040.75</b>
V	<b>Profit before tax (III -IV)</b>		<b>10,573.62</b>	<b>11,191.27</b>
VI	<b>Tax expenses</b>	36		
	Current tax		2,381.00	2,995.20
	Taxation for earlier years		(36.75)	63.89
	Deferred tax		460.83	(1,326.53)
VII	<b>Profit for the year (V - VI)</b>		<b>7,768.54</b>	<b>9,458.71</b>
VIII	<b>Other Comprehensive Income</b>			
	i) Items that will not be reclassified to profit or loss:			
	a) Re-measurement of post employment benefit obligations		166.56	162.24
	b) Changes in equity instruments measured at FVTOCI		3.97	(12.42)
	ii) Income tax relating to items that will not be reclassified to profit or loss		(42.92)	(37.70)
IX	<b>Total Comprehensive Income for the year (VII + VIII)</b>		<b>7,896.15</b>	<b>9,570.83</b>
X	<b>Earnings Per Equity Share (In Rupees)</b>			
	Basic / Diluted (Face Value of ₹ 10 Each)	39	71.00	86.44

*Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements*
**As per our report of even date**
**For and on behalf of the Board of Directors**

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

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

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

Sd/-  
KAUSHIK SIDARTHA  
Partner  
Membership No. 217964

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

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

Place: Coimbatore  
Date : 03.06.2021

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

<i>Particulars</i>	<i>₹ in Lakhs</i>
Balance as at 1st April 2019	1,094.23
Changes in Equity share capital during the year	-
Balance as at 31st March 2020	1,094.23
Changes in Equity share capital during the year	-
Balance as at 31st March 2021	1,094.23

**B. Other Equity**

<i>Particulars</i>	<i>Reserve and Surplus</i>			<i>Items of Other Comprehensive Income (OCI)</i>		<i>Total</i>
	<i>Capital Reserve</i>	<i>General Reserve</i>	<i>Retained Earnings</i>	<i>Equity instruments through OCI</i>	<i>Other items of OCI</i>	
<b>Balance as at April 01, 2019</b>	14.86	4,244.95	29,060.02	15.41	(105.12)	33,230.12
<b>Add:</b> Profit for the year	-	-	9,458.71	-	-	9,458.71
<b>Add:</b> Other Comprehensive Income for the year (Net of taxes)	-	-	-	(12.42)	124.54	112.12
<b>Less:</b> Dividend (including dividend distribution tax)	-	-	791.49	-	-	791.49
<b>Balance as at March 31, 2020</b>	<b>14.86</b>	<b>4,244.95</b>	<b>37,727.24</b>	<b>2.99</b>	<b>19.42</b>	<b>42,009.46</b>
<b>Add:</b> Profit for the year	-	-	7,768.54	-	-	7,768.54
<b>Add:</b> Other Comprehensive Income for the year (Net of taxes)	-	-	-	3.97	123.64	127.61
<b>Less:</b> Dividend (including dividend distribution tax)	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>14.86</b>	<b>4,244.95</b>	<b>45,495.78</b>	<b>6.96</b>	<b>143.06</b>	<b>49,905.61</b>

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

As per our report of even date

For and on behalf of the Board of Directors

For VKS Aiyer & Co  
Chartered Accountants  
ICAI Firm Registration No: 0000665

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

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

Sd/-  
KAUSHIK SIDARTHA  
Partner  
Membership No. 217964

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

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

Place: Coimbatore  
Date : 03.06.2021

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**
*₹ in Lakhs*

Particulars	31 <sup>st</sup> March 2021		31 <sup>st</sup> March 2020	
<b>A. CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES:</b>				
Profit before tax for the year		<b>10,573.62</b>		<b>11,191.27</b>
<b>Adjustments for:</b>				
Depreciation and amortisation expense	6,802.51		5,211.93	
Exchange fluctuation loss/(gain), net	0.10		90.20	
Finance cost	2,716.74		1,192.56	
Non Cash transactions	304.32		236.51	
Loss/(profit) on Sale of Property, Plant & Equipment (net)	(15.76)		39.56	
		<b>9,807.91</b>		<b>6,770.76</b>
<b>Operating profit before working capital changes</b>		<b>20,381.53</b>		<b>17,962.03</b>
(Increase) / Decrease in non current & current financial assets	(235.72)		(672.23)	
(Increase) / Decrease in other non current & current assets	(137.90)		(69.66)	
(Increase) / Decrease in non current & current financial liabilities	(963.13)		169.05	
(Decrease) / Increase in other non current & current liabilities	1,784.58		845.14	
		<b>447.83</b>		<b>272.30</b>
<b>Cash generated from operations</b>		<b>20,829.36</b>		<b>18,234.33</b>
Income tax paid		(2,191.60)		(3,038.58)
<b>Net cash from operating activities (A)</b>		<b>18,637.76</b>		<b>15,195.75</b>
<b>B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:</b>				
Purchase of Property, Plant & Equipment, Capital work in progress & Intangible assets	(18,093.25)		(26,590.43)	
Proceeds from Sale of Property, Plant & Equipment	45.00		20.57	
<b>Net cash from /(used in) investing activities (B)</b>		<b>(18,048.25)</b>		<b>(25,569.86)</b>
<b>C. CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:</b>				
Long term Borrowings (Net of Repayment)	6512.35		14,087.46	
Short term Borrowings (Net)	466.86		(567.60)	
Repayment of lease liabilities	(442.58)		(273.13)	
Finance Cost	(2,716.74)		(1,192.56)	
Dividend Paid (including dividend distribution tax)	(16.69)		(776.00)	
<b>Net cash from/(used in) financing activities (C)</b>		<b>3,803.20</b>		<b>11,278.17</b>
<b>Net increase /(decrease) in cash and cash equivalents (A+B+C)</b>		<b>4,392.71</b>		<b>904.06</b>
Cash and cash equivalents at the beginning of the year		11,093.52		10,189.46
Less: Bank Balances not considered as Cash & Cash equivalents as per Ind AS 7 (Refer note no.11)		14,819.42		7,884.73
<b>Cash and Cash equivalents at the end of the year</b>		<b>666.81</b>		<b>3,208.79</b>

*Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements*
**As per our report of even date**
**For VKS Aiyer & Co**
**Chartered Accountants**
**ICAI Firm Registration No: 000066S**
**Sd/-**
**KAUSHIK SIDARTHA**
**Partner**
**Membership No. 217964**
**Place: Coimbatore**
**Date : 03.06.2021**
**For and on behalf of the Board of Directors**
**Sd/-**
**Dr. NALLA G PALANISWAMI**
**Managing Director**
**DIN: 00013536**
**Sd/-**
**CA. A.M. PALANISAMY**
**Director**
**DIN: 00112303**
**Sd/-**
**CA. M.K. RAVINDRA KUMAR**
**Chief Financial Officer**
**Sd/-**
**CS. S.P. CHITTIBABU**
**Company Secretary**

## ACCOUNTING POLICIES AND NOTES

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2021

### Note 1

#### A. CORPORATE INFORMATION

Kovai Medical Center and Hospital Limited (“the Company”) is a Public Company incorporated in the year 1985 and commenced its hospital operation in the year 1990 with the flagship of Multi-Speciality Hospital at Coimbatore and has thereafter set up the satellite centers at Coimbatore (in the name of City center, Sulur Hospital and Kovilpalayam Hospital) and Erode (in the name of Erode center and Erode Speciality Hospital).

The Company started Educational activities with the commencement of Medical College in the year 2019-20 with the title of KMCH Institute of Health Sciences & Research as per the norms prescribed by Government of India. A Medical college can be established only with the establishment of a Medical college Hospital.

The company’s equity shares are listed in Bombay Stock Exchange (BSE).

The Company’s Financial Statements were authorized for issue in accordance with the resolution of the Board of Directors on 3<sup>rd</sup> June, 2021 in accordance with the provisions of Companies Act, 2013 and are subject to the approval of the shareholders at the AGM.

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

#### B. SIGNIFICANT ACCOUNTING POLICIES

##### I. General Information and Statement of compliance

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

##### II. Basis of Preparation and Presentation

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

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

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

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

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

### **III. Use of Estimates**

The preparation of Financial Statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these Financial Statements have been disclosed separately under the heading "Significant accounting Judgements, Estimates and Assumption".

### **IV. Current versus Non-Current classification**

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

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

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

All other assets are classified as non-current.

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

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

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



## **V. Revenue Recognition**

### **a) Revenue from Healthcare Services**

Revenue from Healthcare services income includes revenue generated from inpatient and outpatient hospital services. These services comprise of physical examination, consultancy, treatments, surgeries, tests, clinical examination and other fees such as room and accommodation charges, nursing care, dietary, use of medical equipment and supply of pharmaceutical and related products. Revenue for these services are recognised (net off discretionary allowances, discount, and concession) at the transaction price when each performance obligation is satisfied at a point in time when the inpatient / outpatient have received their services.

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

### **b) Sale of Goods**

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

### **c) Revenue from Educational Courses**

Revenue from Course Fee is recognized on a straight-line basis to match with the entity's efforts / inputs that are expended evenly throughout the performance period. Other related revenues such as registration fee, course material fee are recognized as revenue when the performance obligation is satisfied at a point of time which generally coincides with the commencement of academic period.

### **d) Income from Sponsorships**

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

### **e) Dividend and Interest Income**

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

### **f) Rental Income**

The Company's policy for recognition of revenue from operating leases is described in Note VI(b) below.

## **VI. Leases**

### **a) The Company as a Lessee:**

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

- (i) the contract involves the use of an identified asset

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

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

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

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as cash flows from financing activity.

#### **b) The Company as a Lessor:**

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

Rental income from operating leases is generally recognized on a straight line basis over the term of the lease. Where the rentals are structured solely to increase in line with expected inflation, such increases are recognised in the year in which such benefits accrue.

Amount due from lessees under finance lease are recognized as receivables at the amount of the Company's net investment in the lease. Finance lease income is allocated to accounting period so as to reflect constant periodical rate of return on the Company's net investment outstanding in the lease.

### **VII. Accounting policy for segment reporting**

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

## **VIII. Foreign currencies**

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction. As at the reporting date, foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses on settlement or on translation are recognised in the Statement of Profit and Loss.

## **IX. Borrowing costs**

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

All the other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

## **X. Employee benefits**

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

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

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

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

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

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

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

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

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

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

## **XI. Taxation**

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

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

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

### **(b) Deferred Tax**

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. These are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

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

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

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

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

## **XII. Property, Plant and Equipment**

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

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

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

Improvements to lease hold buildings are depreciated over the shorter of lease term and their useful lives.

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

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

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

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

### **XIII. Intangible Assets**

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

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

#### Useful lives of intangible assets

Class of assets	Years
Software	3 years

#### XIV. Impairment of Property, Plant and Equipment and Intangible Assets

The carrying amounts of its tangible and intangible assets are reviewed, as at each Balance Sheet date, to determine if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an extent occurring after the impairment loss was recognised.

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

#### XV. Inventories

Inventories are valued at lower of cost and estimated net realizable value. Cost is arrived at on First-in-First Out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the inventory saleable.

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

#### XVI. Provisions

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

#### XVII. Earnings per share

- Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.
- For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### XVIII. Financial instruments:

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

## **a) Financial assets**

### **Initial recognition and measurement**

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

### **Subsequent measurement**

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

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

#### **Debt instruments at amortized cost:**

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

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

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

#### **Debt instrument at FVTOCI:**

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

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

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

#### **Debt instrument at FVTPL:**

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

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



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

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**De-recognition of Financial Assets:**

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

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

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

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

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

**b) Financial Liabilities**
**Initial recognition and measurement**

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

**Subsequent measurement**

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

**i) Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any

discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

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

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

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

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

## **Financial Guarantee Contracts:**

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

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

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

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

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

## **c) Offsetting of Financial Instruments**

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

## **d) Compound Financial Instruments:**

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

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly

in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

#### **XIX. Impairment of Financial assets:**

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

#### **XX. Fair value measurement:**

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

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

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

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

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

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

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

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

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

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

#### **XXI. Cash and cash equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-

term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Significant accounting Judgments, Estimates and Assumptions:**

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

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

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

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

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

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

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

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

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

**d) Provision and contingent liability:**

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

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

**e) Defined benefit obligation:**

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

**f) Fair value measurements:**

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

**g) Leases:**

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

**Recent Amendments and Pronouncements:**

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a Notification amended Schedule III of the Companies Act 2013. The amendments primarily related to;

- Change in existing presentation requirement for certain amounts in Balance sheet for example lease liability, Security deposit, current maturities of Long term Borrowings, effect of prior period errors on Equity Share Capital.
- Additional disclosure requirements in specified formats for eg., trade receivables, trade payables, capital work in progress, intangible assets, share holding of promoters etc.
- Disclosure of funds that have been used other than for the specified purposes for which it was borrowed from banks and financial institutions.
- Additional Regulatory information for eg., compliance with number of layers of Companies, title deeds of immovable properties, disclosure on financial ratios, loans and advances to Managerial Personnel etc.
- Disclosure relating to Corporate Social Responsibility, undisclosed income and holding in respect of Crypto or Virtual Currency.

These amendments are extensive and the company is in the process of evaluating the same.

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

Particulars	Land	Buildings	Improvements to Leasehold Buildings	Furniture and Fixtures	Office Equipments	Plant & Equipments	Computers	Vehicles	Total
<b>Gross Carrying Value</b>									
<b>As at 1st April 2019</b>	<b>10,111.08</b>	<b>17,268.44</b>	<b>355.80</b>	<b>1,191.03</b>	<b>230.24</b>	<b>25,797.26</b>	<b>460.96</b>	<b>562.10</b>	<b>55,976.91</b>
Additions for the year	-	10,392.04	592.75	375.11	192.41	7,870.80	100.71	-	19,523.82
Disposals for the year	-	-	-	-	-	(85.70)	-	-	(85.70)
<b>As at 31st March 2020</b>	<b>10,111.08</b>	<b>27,660.48</b>	<b>948.55</b>	<b>1,566.14</b>	<b>422.65</b>	<b>33,582.36</b>	<b>561.67</b>	<b>562.10</b>	<b>75,415.03</b>
Additions for the year	2,812.77	33,874.26	53.26	892.44	212.62	6,360.73	304.23	-	44,510.31
Disposals for the year	-	-	-	(1.99)	(0.66)	(156.26)	(0.60)	-	(159.51)
<b>As at 31st March 2021</b>	<b>12,923.85</b>	<b>61,534.74</b>	<b>1,001.81</b>	<b>2,456.59</b>	<b>634.61</b>	<b>39,786.83</b>	<b>865.30</b>	<b>562.10</b>	<b>1,19,765.83</b>
<b>Accumulated depreciation and Impairment</b>									
<b>As at 1st April 2019</b>	<b>-</b>	<b>1,747.56</b>	<b>67.39</b>	<b>402.87</b>	<b>113.16</b>	<b>6,414.47</b>	<b>210.80</b>	<b>177.15</b>	<b>9,133.40</b>
Depreciation for the year	-	758.88	48.47	161.34	55.69	3,747.79	114.73	68.47	4,955.37
Depreciation withdrawn during the year	-	-	-	-	-	(25.57)	-	-	(25.57)
<b>As at 31st March 2020</b>	<b>-</b>	<b>2,506.44</b>	<b>115.86</b>	<b>564.21</b>	<b>168.85</b>	<b>10,136.69</b>	<b>325.53</b>	<b>245.62</b>	<b>14,063.20</b>
Depreciation for the year	-	1,537.52	46.18	210.51	81.08	4,342.84	123.14	68.29	6,409.57

Depreciation withdrawn during the year	-	-	-	(1.19)	(0.45)	(129.87)	(0.20)	-	(131.71)
<b>As at 31st March 2021</b>	<b>-</b>	<b>4,043.96</b>	<b>162.04</b>	<b>773.53</b>	<b>249.48</b>	<b>14,349.66</b>	<b>448.47</b>	<b>313.91</b>	<b>20,341.06</b>
<b>Net Carrying Value</b>									
As at 31st March 2020	10,111.08	25,154.04	832.69	1,001.93	253.80	23,445.67	236.14	316.48	61,351.83
<b>As at 31st March 2021</b>	<b>12,923.85</b>	<b>57,490.78</b>	<b>839.77</b>	<b>1,683.06</b>	<b>385.13</b>	<b>25,437.17</b>	<b>416.83</b>	<b>248.19</b>	<b>99,424.77</b>

(i) Additions include borrowing cost capitalized amounting to ₹ 5,004.15 lakhs (Previous year: ₹ 660.75 lakhs)

(ii) Certain Property, Plant and Equipment has been given as security against borrowing availed by the Company. Refer Note No. 17 and 23.

**Note 3 - Right of use assets**

₹ in Lakhs

Particulars	Land & Building	Total
<b>Gross Carrying Value</b>		
<b>As at 1st April 2019</b>	-	-
Additions for the year	3,046.40	3,046.40
Disposals for the year	-	-
<b>As at 31st March 2020</b>	<b>3,046.40</b>	<b>3,046.40</b>
Additions for the year	1,693.69	1,693.69
Disposals for the year	576.61	576.61
<b>As at 31st March 2021</b>	<b>4,163.48</b>	<b>4,163.48</b>
<b>Accumulated depreciation and impairment</b>		
<b>As at 1st April 2019</b>	-	-
Depreciation for the year	207.95	207.95
Depreciation withdrawn during the year	-	-
<b>As at 31st March 2020</b>	<b>207.95</b>	<b>207.95</b>
Depreciation for the year	332.30	332.30
Depreciation withdrawn during the year	-	-
<b>As at 31st March 2021</b>	<b>540.25</b>	<b>540.25</b>
<b>Net Carrying Value</b>		
As at 31st March 2020	2,838.45	2,838.45
<b>As at 31st March 2021</b>	<b>3,623.23</b>	<b>3,623.23</b>

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

₹ in Lakhs

Particulars	Buildings	Plant & Equipments	Others	Total
<b>As at 1st April 2019</b>	<b>19,749.97</b>	<b>2,666.70</b>	<b>313.10</b>	<b>22,729.77</b>
Additions for the year	19,427.06	6,118.73	192.61	25,738.40
Withdrawn during the year	(11,919.64)	(6,337.13)	(251.60)	(18,508.37)
<b>As at 31st March 2020</b>	<b>27,257.39</b>	<b>2,448.30</b>	<b>254.11</b>	<b>29,959.80</b>
Additions for the year	6,075.15	2,941.62	1,115.59	10,132.36
Withdrawn during the year	(29,393.63)	(4,802.27)	(1,369.50)	(35,565.41)
<b>As at 31st March 2021</b>	<b>3,938.91</b>	<b>587.65</b>	<b>0.20</b>	<b>4,526.76</b>

**Note 5 - Intangible assets**

₹ in Lakhs

Particulars	Computer software	Total
<b>Gross carrying Value</b>		
<b>As at 1st April 2019</b>	<b>162.44</b>	<b>162.44</b>
Additions for the year	48.68	48.68
Disposals for the year	-	-
<b>As at 31st March 2020</b>	<b>211.12</b>	<b>211.12</b>
Additions for the year	226.67	226.67
Disposals for the year	-	-
<b>As at 31st March 2021</b>	<b>437.79</b>	<b>437.79</b>
<b>Accumulated amortisation and impairment</b>		
<b>As at 1st April 2019</b>	<b>75.80</b>	<b>75.80</b>
Amortisation for the year	48.61	48.61
Amortisation withdrawn during the year	-	-
<b>As at 31st March 2020</b>	<b>124.40</b>	<b>124.40</b>
Amortisation for the year	60.64	60.64
Amortisation withdrawn during the year	-	-
<b>As at 31st March 2021</b>	<b>185.05</b>	<b>185.05</b>
<b>Net Carrying Value</b>		
As at 31st March 2020	86.72	86.72
<b>As at 31st March 2021</b>	<b>252.74</b>	<b>252.74</b>

**Note 6 - Investments**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Investments in Equity Instruments</b>		
At fair value through other comprehensive income		
<b>(i) Quoted, Non Trade - fully paidup</b>		
6100 (as on 31.03.2020- 6100)		
Equity shares of ₹ 10 each in Canara Bank	9.29	5.52
2300 (as on 31.03.2020 - 2300 )		
Equity shares of ₹ 10 each in Indian Overseas Bank)	0.37	0.16
<b>(ii) Unquoted, Trade - fully paid up</b>		
60,000 (as on 31.03.2020 -60,000)		
Equity shares of ₹ 10 each fully paid up in Mytrah Vayu (Manjira) Private Limited	6.00	6.00
<b>Total</b>	<b>15.66</b>	<b>11.68</b>

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
(i) Aggregate Market value of quoted investments	9.66	5.68
(ii) Aggregate amount of unquoted investments	6.00	6.00
<b>Total (i+ii)</b>	<b>15.66</b>	<b>11.68</b>

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



**Note 7 - Other Financial Assets**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Unsecured, Considered Good</b>		
a) Rental and Lease Deposits	162.44	243.03
b) Security Deposits	729.22	735.88
c) Deposits with banks having maturity more than 12 months	226.70	208.51
<b>Total</b>	<b>1,118.36</b>	<b>1,187.42</b>

There is no amount due from a firm in which any director is a partner or private companies in which the director is a Director or Member.

**Note 8 - Other Non-current Assets**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a) Capital advance	53.30	1,053.96
b) Advance Payment of Taxes (Net of Provision)	97.43	85.85
c) Prepayments	138.02	114.25
<b>Total</b>	<b>288.75</b>	<b>1,254.06</b>

**Note 9 - Inventories**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a) Pharmacy	511.92	585.61
b) Hospital Consumables	401.61	578.14
c) Stores & Spares	71.14	63.59
d) Fuel & Canteen Inventory	45.56	72.43
<b>Total (A)</b>	<b>1,030.23</b>	<b>1,299.77</b>
Less : Provision for non-moving inventory (Net) (B)	7.65	33.79
<b>Total (A-B)</b>	<b>1,022.58</b>	<b>1,265.98</b>

- For method of valuation of inventories, refer note No.1 (B) (XV)
- There has been no write down of inventories in current and previous years. Provision / (Reversal) for slow moving / non-moving inventory as at the year end (₹ 7.65 lakhs) (Previous year: ₹ 33.79 lakhs)
- Inventories have been given has security against certain bank. Refer Note No.17 and 23.
- Cost of inventory recognised as an expense:

## a) Amount of inventories charged to Statement of Profit and Loss

₹ in Lakhs

Particulars	2020-21	2019-20
a) Cost of Medicines & Hospital Consumables	19,355.40	20,479.55
b) Stores and spares	192.07	238.21
c) Fuel & Canteen Inventory	2,120.80	1,690.91
<b>Total</b>	<b>21,668.27</b>	<b>22,408.67</b>

## b) Amount of inventories stated at fair value less cost to sell

Nil

Nil

## c) Amount of written down of inventories

Nil

Nil

**Note 10 - Trade Receivables**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured considered good	1,053.50	842.33
Trade receivables which have significant increase in Credit Risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<b>1,053.50</b>	<b>842.33</b>

**Note:** There have been no history of write off of trade receivables and hence no allowance has been made for doubtful debts. Trade receivable has been given as security for the borrowings availed by the Company. Refer No. 17 and 23.

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

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
60- 90 days	91.35	78.58
91-180 days	149.94	133.85
>180 days	193.14	105.44

There is no trade receivables that are due from Company / firms in which the director is a Partner or Director or a member.

**Note 11 - Cash and Cash Equivalents**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a) Balance with Banks		
i) In Current Accounts	377.62	122.77
ii) In deposit accounts with maturity less than 3 months at inception	111.06	2,983.45
b) Cheques on hand	1.43	24.83
c) Cash on hand	176.70	77.74
<b>Total</b>	<b>666.81</b>	<b>3,208.79</b>

**Note 12 - Bank Balances other than Cash and Cash Equivalents**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a) In term deposit accounts		
with maturity more than 3 months but less than 12 months at inception	14,641.36	7,783.04
b) Earmarked balances		
In margin money	128.24	45.00
In unpaid dividend Account	40.00	56.69
In unspent CSR Account	9.82	-
<b>Total</b>	<b>14,819.42</b>	<b>7,884.73</b>

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

**Note 13 - Other Financial Assets**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Unsecured, Considered Good</b>		
a) Rent receivable	17.99	17.03
b) Accrued Income	541.55	336.93
c) Unbilled revenue	346.85	215.41
<b>Total</b>	<b>906.39</b>	<b>569.37</b>

**Note 14 - Other Current Assets**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a) Advance for purchases	6.54	19.86
b) Advance for expenses	105.92	6.12
c) Prepayments	249.13	234.00
<b>Total</b>	<b>361.59</b>	<b>259.98</b>

**Note 15 - Equity Share Capital**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
<b><u>Authorized Share Capital</u></b>		
1,92,00,000 equity shares of ₹ 10/- each	<b>1,920.00</b>	<b>1,920.00</b>
(31-03-2020 - 1,92,00,000 Equity Shares of ₹ 10/- each)		
<b><u>Issued and Subscribed Capital</u></b>		
1,09,42,262 Equity shares of ₹ 10 each	<b>1,094.23</b>	<b>1,094.23</b>
(31-03-2020 - 1,09,42,262 Equity Shares of ₹ 10/- each)		
<b>Total</b>	<b>1,094.23</b>	<b>1,094.23</b>

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

₹ in Lakhs

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,09,42,262	1,094.23	1,09,42,262	1,094.23
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,09,42,262	1,094.23	1,09,42,262	1,094.23

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

The Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend Proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of the Equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the Shareholders.

**c. Shares held by Holding Company or Ultimate Holding Company – Nil**
**d. Details of Shareholders' holding more than 5% shares in the Company:**

₹ in Lakhs

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of Shares	% of holding	No. of shares	% of holding
Kovai Purani Finance Private Limited	40,43,061	36.95	40,25,761	36.79
Dr. Thavamani Devi Palaniswami	12,41,997	11.35	12,35,647	11.29

**e. No shares have been issued as fully paid up pursuant to contract without payment being received in cash, bonus shares and shares bought back in the immediately preceding five years.**

**Note 16 - Other equity**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a) Capital Reserve	14.86	14.86
b) General Reserve	4,244.95	4,244.95
c) Retained Earnings	45,495.78	37,727.24
d) Other Comprehensive Income	150.02	22.41
<b>Total</b>	<b>49,905.61</b>	<b>42,009.46</b>

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

**Notes:**

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

**Note 17 – Borrowings**

₹ in Lakhs

Particulars	As at 31st March 2021		As at 31st March 2020	
	Non-Current	Current	Non-Current	Current
<b>Secured Loan</b>				
<b>Term Loans</b>				
From Banks	55,071.58	2,357.17	50,463.76	452.64
<b>Total</b>	<b>55,071.58</b>	<b>2,357.17</b>	<b>50,463.76</b>	<b>452.64</b>

Details of amount Outstanding, Terms of repayment &amp; Security details

**Term Loans from Bank**
**a) Term loans from Indian Bank:**

₹ in Lakhs

S.No	As at 31st March 2021	As at 31st March 2020	Terms of loans
1	-	594.50	-
2	2,815.41	2,900.10	Repayable in 137 monthly instalments aggregating to ₹ 2815.42 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.35% to 8.60% per annum.
3	2,479.17	2,500.00	Repayable in 142 monthly instalments aggregating to ₹ 2479.17 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.30% to 8.30% per annum.
4	380.00	380.00	Repayable in 144 monthly instalments aggregating to ₹ 380.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 8.25% to 8.60% per annum.
5	6,000.00	6,000.00	Repayable in 144 monthly instalments aggregating to ₹ 6000.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 8.45% to 7.30% per annum.
6	4,400.00	4,400.00	Repayable in 144 monthly instalments aggregating to ₹ 4400.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.30% to 8.25% per annum.

7	5,600.00	5,600.00	Repayable in 144 monthly instalments aggregating to ₹ 5600.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.30% to 8.25% per annum.
8	2,500.00	2,500.00	Repayable in 144 monthly instalments aggregating to ₹ 2500.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.30% to 8.25% per annum.
9	1,120.00	1,120.00	Repayable in 144 monthly instalments aggregating to ₹ 1120.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 8.25% to 8.60% per annum.
10	3,000.00	-	Repayable in 144 monthly instalments aggregating to ₹ 3000.00 lakhs. The Interest is payable on monthly basis and the rate of interest is 7.30% per annum
11	4,875.00	-	Repayable in 59 monthly instalments aggregating to ₹ 4875.00 lakhs. The Interest is payable on monthly basis and the rate of interest is 7.30% per annum.

**b) Term loans from Indian Overseas Bank:**

₹ in Lakhs

S.No	As at 31st March 2021	As at 31st March 2020	Terms of loans
1	-	641.80	-
2	3,280.00	3,280.00	Repayable in 144 monthly instalments aggregating to ₹ 3280.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.45% to 8.45% per annum.
3	2,479.17	2,500.00	Repayable in 142 monthly instalments aggregating to ₹ 2479.17 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.45% to 8.50% per annum.
4	6,000.00	6,000.00	Repayable in 144 monthly instalments aggregating to ₹ 6000.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.55% to 8.70% per annum.
5	4,400.00	4,400.00	Repayable in 144 monthly instalments aggregating to ₹ 4400.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.45% to 8.45% per annum.
6	5,600.00	5,600.00	Repayable in 144 monthly instalments aggregating to ₹ 5600.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.45% to 8.50% per annum.
7	2,500.00	2,500.00	Repayable in 144 monthly instalments aggregating to ₹ 2500.00 lakhs. The Interest is payable on monthly basis and the rate of interest varies from 7.45% to 8.45% per annum.

**c) Security details:**

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

**Note 18 - Lease Liabilities**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Obligation in respect of lease liability (Refer No. 40)	3,871.01	2,947.29
<b>Total</b>	<b>3,871.01</b>	<b>2,947.29</b>

**Note 19 - Other Financial Liabilities**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Rental Deposits	28.79	27.62
<b>Total</b>	<b>28.79</b>	<b>27.62</b>

**Note 20 - Provisions**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2021
<b>Provision for Employee Benefits</b>		
- Gratuity (Refer Note No.37 (b) (i) )	937.86	850.91
<b>Total</b>	<b>937.86</b>	<b>850.91</b>

**Note 21 - Deferred Tax Liabilities (net)**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Deferred Tax Liabilities</b>		
-On PPE and intangible assets	3824.59	3256.30
-On fair value adjustment of financial instruments	(1.29)	0.45
<b>(A)</b>	<b>3,823.30</b>	<b>3,256.75</b>
<b>Deferred tax assets</b>		
- On disallowances under the Income Tax Act	(421.67)	(407.37)
- On lease liability	(91.19)	(42.70)
<b>(B)</b>	<b>(512.86)</b>	<b>(450.07)</b>
<b>Net deferred tax liability / (asset) (A-B)</b>	<b>3,310.44</b>	<b>2,806.68</b>

Refer Note No. 36 (b) for reconciliation of components of deferred taxes.

**Note 22 - Other Non-Current Liabilities**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Advance rental Income	1.47	2.36
Others	36.39	52.79
<b>Total</b>	<b>37.86</b>	<b>55.15</b>

**Note 23 - Borrowings**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Secured</b>		
Working capital loans from bank	843.03	376.17
<b>Total</b>	<b>843.03</b>	<b>376.17</b>

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

- First Charge on current assets by way of hypothecation of present and future current assets including book debts and receivables.

- b. The above working capital facility is collaterally secured by all fixed assets mentioned in Note No.17 long term borrowings.
- c. The working capital facility carries interest rates varies from @ 7.30% to @ 8.60%

**Note 24 - Trade Payables**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Trade payables		
a. Total outstanding dues of Micro and Small Enterprises (Refer Note No 48)	47.06	69.47
b. Total outstanding dues of creditors other than Micro and Small Enterprises	1,499.15	2,523.68
<b>Total</b>	<b>1,546.21</b>	<b>2,593.15</b>

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

Refer Note No.42 for transactions with Related Parties.

**Note 25 - Lease Liabilities**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Obligation in respect of lease liability (Ref. Note No. 40)	114.55	58.44
<b>Total</b>	<b>114.55</b>	<b>58.44</b>

**Note 26 - Other Financial Liabilities**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a. Current maturities of long-term debt (Ref. Note No.17)	2,357.17	452.64
b. Deposits from Employees	256.51	389.25
c. Payable to related parties (Ref. Note No.42)	469.14	504.52
d. Employee Benefits Payable	596.30	570.58
e. Other payables	1,858.67	1,631.72
<b>Total</b>	<b>5,537.79</b>	<b>3,548.71</b>

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

**Note 27 - Provisions**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a. Gratuity - Refer Note No.37 (b) (i))	405.08	406.77
b. Leave Encashment	18.25	20.39
c. Current tax Liability (Net off Advance Tax)	164.23	-
<b>Total</b>	<b>587.56</b>	<b>427.16</b>

**Note 28 - Other Current Liabilities**

₹ in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
a. Statutory dues payables	377.22	502.77
b. Creditors for capital goods	2,353.07	2,141.61
c. Unpaid dividend	40.00	56.69
d. Advance received from patients	241.70	165.35
e. Advance towards course fees	2,182.05	595.99
<b>Total</b>	<b>5,194.04</b>	<b>3,462.41</b>



**Note 29 - Revenue From Operations**

₹ in Lakhs

Particulars	2020-21	2019-20
<b>I. Revenue from operations</b>		
a. Inpatients Revenue		
i) Doctors fees & Other healthcare services	39,166.34	38,981.86
ii) Pharmacy & Dietary	9,600.55	9,646.46
b. Outpatients Revenue		
i) Doctors fees & Other healthcare services	11,872.07	12,762.23
ii) Pharmacy & Dietary	6,114.37	8,234.15
c. Income from education	2,060.37	1,342.26
<b>II. Other Operating Income</b>		
Lease Income	222.47	205.92
<b>Total</b>	<b>69,036.18</b>	<b>71,172.88</b>

**Note 30 - Other Income**

₹ in Lakhs

Particulars	2020-21	2019-20
a. Interest Income		
(i) From Banks	761.00	743.76
(ii) From Others	4.83	6.03
b. Profit on sale of Property, Plant and Equipment (Net)	24.48	-
c. Other non-operating income	395.04	309.35
<b>Total</b>	<b>1,185.35</b>	<b>1,059.14</b>

**Note 31 - Cost of Medicines & Hospital consumables consumed**

₹ in Lakhs

Particulars	2020-21	2019-20
Opening Stock	1,132.57	902.59
<b>Add: Purchases</b>	<b>19,160.16</b>	<b>20,709.53</b>
	20,292.73	21,612.12
<b>Less: Closing Stock</b>	<b>937.33</b>	<b>1,132.57</b>
<b>Total</b>	<b>19,355.40</b>	<b>20,479.55</b>

**Note 32 - Employee Benefits Expense**

₹ in Lakhs

Particulars	2020-21	2019-20
a. Salaries, Allowances & Bonus	10,586.31	11,128.22
b. Contribution to Provident and Other Funds	683.93	732.21
c. Gratuity [Refer Note No. 37 (b)(i)(b)]	322.21	323.98
d. Staff Welfare Expenses	214.56	228.51
e. Compensated Absence	59.76	73.59
<b>Total</b>	<b>11,866.77</b>	<b>12,486.51</b>

**Note 33 - Finance Costs**

₹ in Lakhs

Particulars	2020-21	2019-20
a. Interest on Borrowings	2,716.74	1,192.56
b. Interest on Lease Liability	352.46	232.46
c. Unwinding of Interest on Financial Instrument at amortised cost	1.17	-
d. Other Borrowing Cost	60.49	36.85
<b>Total</b>	<b>3,130.86</b>	<b>1,461.87</b>

**Note 34 - Depreciation and Amortisation Expense**

₹ in Lakhs

Particulars	2020-21	2019-20
a. Depreciation on Property, Plant and Equipment (Refer Note.2)	6,409.57	4,955.37
b. Depreciation on right of use assets (Refer Note.3)	332.30	207.95
c. Amortisation on intangible assets (Refer Note.5)	60.64	48.61
<b>Total</b>	<b>6,802.51</b>	<b>5,211.93</b>

**Note 35 - Other Expenses**

₹ in Lakhs

Particulars	2020-21	2019-20
a. Consumption of stores and spares	192.07	238.21
b. Power and Fuel consumed (net) (Refer Note No.52)	836.02	865.52
c. Consumption of Dietary	1,284.78	1,479.76
d. Professional & Consultancy charges	10,434.08	12,170.67
e. Hospital upkeep expenses	1,292.99	1,566.24
f. Lab test charges	466.81	471.37
g. Travel and conveyance	79.80	147.16
h. Rent	242.12	391.80
i. Advertisement	210.49	417.28
j. Auditor's Remuneration (Refer Note No.35(1) below)	34.77	32.76
k. Director's sitting fee	10.86	14.49
l. Annual Maintenance Charges	1,050.47	900.57
m. Repairs and Maintenance - Building	170.72	175.35
n. Repairs and Maintenance - Machinery	203.06	204.66
o. Repairs and Maintenance - Others	133.92	213.05
p. License fee, Rates & Taxes	233.14	337.76
q. Expenditure towards CSR activities (Refer Note No.46)	227.50	161.61
r. Donation	126.00	10.45
s. Printing & Stationery	286.22	462.31
t. Bank Charges	214.91	300.65
u. Loss on Sale of Assets (net)	8.72	39.56
v. Hire Charges- Vehicle	33.64	24.10
w. Uniforms, Books & other expenses	72.05	61.44
x. Miscellaneous expenses	647.23	714.12
<b>Total</b>	<b>18,492.37</b>	<b>21,400.89</b>

**Note 35 (1) - Auditor's Remuneration (Exclusive of GST)**

₹ in Lakhs

Particulars	2020-21	2019-20
<b>Payments to the auditor</b>		
a. For Statutory Audit	22.50	22.50
b. For Tax Audit	7.50	5.50
c. For Certification and other Services	3.95	3.45
d. For Reimbursement of Expenses	0.82	1.31
<b>Total</b>	<b>34.77</b>	<b>32.76</b>

**Note 36 (a) - Tax expenses**

₹ in Lakhs

Particulars	2020-21	2019-20
<b>A. Current Tax</b>		
Current tax on profit for the year	2,381.00	2,995.20
Change/ (Credit) in respect of current tax for earlier years	(36.75)	63.89
<b>TOTAL (A)</b>	<b>2,344.25</b>	<b>3,059.09</b>
<b>B. Deferred Tax</b>		
Origination/reversal of temporary differences	460.83	(1,326.53)
<b>TOTAL (B)</b>	<b>460.83</b>	<b>(1,326.53)</b>
Tax expense recognized in Statement of Profit and Loss - (C) = (A)+(B)	2,805.08	1,732.56
Tax expense recognized in Other Comprehensive Income (D)	42.92	37.70
<b>Total Tax Expense /(benefit) (C + D)</b>	<b>2,848.00</b>	<b>1,770.26</b>

**Note 36 (b) - Deferred Tax**
**Significant Components of deferred tax assets / liabilities and their movements**

₹ in Lakhs

Particulars	Deferred tax liabilities / (Assets) as at 01.04.2020	Charge / (credit) to Profit/Loss	Charge / (credit) to OCI	Deferred tax liabilities / (Assets) as at 31.03.2021
<b>Deferred tax liabilities</b>				
- On PPE and intangible assets	3,256.30	568.29	-	<b>3,824.59</b>
- On fair value adjustment of financial instruments	0.45	(1.74)	-	<b>(1.29)</b>
<b>Deferred tax assets</b>				
- On disallowances under the Income Tax Act	(445.07)	(57.22)	-	<b>(502.29)</b>
- On employee benefit expense	40.83	-	43.92	<b>84.75</b>
- On fair valuation of equity instruments	(3.13)	-	(1.00)	<b>(4.13)</b>
- On lease liability	(42.70)	(48.49)	-	<b>(91.19)</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>2,806.68</b>	<b>460.83</b>	<b>42.92</b>	<b>3,310.44</b>

₹ in Lakhs

Particulars	Deferred tax liabilities / (Assets) as at 01.04.2019	Charge / (credit) to Profit/Loss	Charge / (credit) to OCI	Deferred tax liabilities / (Assets) as at 31.03.2020
<b>Deferred tax liabilities</b>				
- On PPE and intangible assets	4,607.20	(1,350.90)	-	<b>3,256.30</b>
- On fair value adjustment of financial instruments	2.22	(1.77)	-	<b>0.45</b>
<b>Deferred tax assets</b>				
- On disallowances under the Income Tax Act	(513.91)	68.84	-	<b>(445.07)</b>
- On employee benefits expense	-	-	40.83	<b>40.83</b>
- On fair valuation of equity instruments	-	-	(3.13)	<b>(3.13)</b>
- On lease liability	-	(42.70)		<b>(42.70)</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>4,095.51</b>	<b>(1,326.53)</b>	<b>37.70</b>	<b>2,806.68</b>

Significant Management Judgment are involved in determining provision for tax, deferred tax & recoverability of deferred tax asset. The recoverability of deferred tax asset is based on estimation of taxable income in future and availability of sufficient future profit to utilize the deferred tax asset.

### Note 36 (c) - Reconciliation of estimated tax expense

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

₹ in Lakhs

Particulars	2020-21	2019-20
<b>Profit/(loss) before tax</b>	10,573.62	11,191.27
Enacted tax rate	25.168%	25.168%
Expected income tax expense/(benefit) at statutory tax rate	2,661.17	2,816.62
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Expenses not deductible in determining taxable profits	608.74	(1,204.93)
Tax allowances and concession	(51.98)	(39.07)
Disallowances and reversals - net	(333.18)	133.75
Change/ (Credit) in respect of current tax for earlier years	(36.75)	63.89
<b>Tax expense for the year</b>	<b>2848.00</b>	<b>1,770.26</b>
Effective income tax rate	26.93%	15.82%

The above workings are based on provisional computation of tax expenses and are subject to finalisation of tax audit/ filing of tax returns in due course.

### Note 37 - Employee Benefits

#### (a) Defined contribution plans :

The Company makes contributions towards provident fund and employee's state insurance as a defined contribution retirement benefit fund for qualifying employees. The provident fund is operated by the regional provident fund commissioner. The Employees state insurance is operated by the Employees State Insurance Corporation. Under these schemes, the Company is required to contribute a specific percentage of the payroll cost as per the statute.

The total expenses recognized in the Statement of Profit and Loss of ₹ 683.24 lakhs (for the year ended March 31, 2020: ₹ 731.35 lakhs) represents contributions payable to these plans by the Company.

**(b) Defined benefit plans :**
**i) Gratuity**

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

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

<b>Investment Risk:</b>	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
<b>Interest risk:</b>	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
<b>Salary risk:</b>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
<b>Longevity risk:</b>	The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:**

₹ in Lakhs

Particulars	Valuation as at	
	31.03.2021	31.03.2020
Discount rate(s)	5.58%	5.45%
Expected Return on Assets	-	-
Salary Escalation	Uniform 8.0%	Uniform 8.0%
Attrition Rate	Uniform 25.0%	Uniform 30.0%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

**(b) Amount recognized in Statement of Profit and Loss in respect of these defined benefit plans are as follows:**

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Current service cost	255.59	248.74
Net Interest on Defined Benefit Obligations	66.63	75.24
Expected return on Plan assets	-	-
Past service cost and (gain) / loss from settlements	-	-
Expenses recognized in the statement of profit and loss	322.22	323.98

**(c) Recognized in Other Comprehensive Income for the year:**

Particulars	31.03.2021	31.03.2020
Return on plan assets (excluding amounts included in net interest expenses)	-	-
Actuarial gains/losses arising from changes in demographic assumptions	18.42	-
Actuarial gains/losses arising from changes in financial assumptions	(3.29)	30.62

Actuarial gains/losses arising from experience adjustments	(181.69)	(192.86)
<b>Amount recognized in OCI for the current period</b>	<b>(166.56)</b>	<b>(162.24)</b>

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

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Present value of obligations as at the beginning of the year	1,257.68	1,163.31
Current service cost	255.59	248.74
Past service cost	-	-
Net Interest on Defined Benefit Obligations	66.63	75.24
<b>Remeasurement (gains)/losses:</b>		
Actuarial gains/losses arising from changes in demographic assumptions	18.42	-
Actuarial gains/losses arising from changes in financial assumptions	(3.29)	30.62
Actuarial gains/losses arising from experience adjustments	(181.69)	(192.86)
Benefits paid	(70.40)	(67.37)
<b>Present value of obligations as at the end of the year</b>	<b>1,342.94</b>	<b>1,257.68</b>

**(e) Change in fair value of plan assets:**

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Fair value of plan assets as at the beginning of the period	-	-
Return on plan assets	-	-
Contributions	70.40	67.37
Benefits paid	(70.40)	(67.37)
Actuarial gain/(loss) on plan assets	-	-
<b>Fair value of plan assets as at the end of the period</b>	<b>-</b>	<b>-</b>

**(f) Net Liability recognized in Balance Sheet:**

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Present value of obligations	1,342.94	1,257.68
Fair Value of Plan Assets	-	-
<b>Amount recognized</b>	<b>1,342.94</b>	<b>1,257.68</b>

**(g) Sensitivity analysis:**

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Discount rate + 100 basis points	1,302.48	1,217.89
Discount rate - 100 basis points	1,386.38	1,284.11
Salary Escalation rate + 1%	1,377.55	1,276.18
Salary Escalation rate - 1%	1,309.93	1,224.81
Attrition rate + 1%	1,335.50	1,243.73
Attrition rate - 1%	1,350.74	1,256.51

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**(h) Experience adjustments:**

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Defined Benefit Obligation	1,342.94	1,257.68
Plan Assets	-	-
Surplus / (Deficit) in Plan Assets	(1,342.94)	(1,257.68)
Experience Adjustments on Plan Liabilities – Loss/(Gain)	(181.69)	(192.86)
Experience Adjustments on Plan Assets – Gain/(Loss)	-	-

**Note 38 - Financial instruments**
**(a) Capital Management**

The Company manages its capital with the objective to maximize the return to stakeholders through the optimisation of the debt and equity mix. The Company's overall strategy remains unchanged from previous year.

The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). Net debts are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

The following table summarizes the capital structure and gearing ratio of the Company:

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Long term borrowings (including Current maturities) (Refer Note:17)	57,428.75	50,916.40
Short term Borrowings (Refer Note : 23)	843.03	376.17
<b>Total Borrowings (a)</b>	<b>58,271.78</b>	<b>51,292.57</b>
Cash and Cash equivalents (Refer Note:11)	666.81	3,208.79
Bank Balances other than cash and cash equivalents (Refer Note : 12)	14,996.31	8,036.55
<b>Total Cash (b)</b>	<b>15,663.12</b>	<b>11,245.34</b>
<b>Net Debt (c) = (a)-(b)</b>	<b>42,608.66</b>	<b>40,047.23</b>
Equity (Refer Note :15)	1,094.23	1,094.23
Other Equity (Refer Note : 16)	49,905.61	42,009.46
<b>Total Equity (d)</b>	<b>50,999.84</b>	<b>43,103.69</b>
<b>Net Debt to Equity Ratio = (c)/(d)*100</b>	<b>83.55%</b>	<b>92.91%</b>

**Note:**

- Equity includes all capital and reserves of the company that are managed as capital.
- Debt is defined as long term and short term borrowings (excluding derivatives and financial guarantee contracts) as stated in Notes 17 and 23.



**(b) Fair Value Measurement**
**(i) Financial instruments by category**

The carrying values of financial instruments by categories as at March 31, 2021 were as follows:

₹ in Lakhs						
Particulars	Note	FVTPL	FVTOCI	Amortised cost	Total Carrying value	Total Fair value
<b>Financial Assets</b>						
Investments	6	-	9.66	6.00	15.66	15.66
Trade Receivables	10	-	-	1,053.50	1,053.50	1,053.50
Other financial assets	7,13			2,024.75	2,024.75	2,024.75
Cash & Cash Equivalent	11	-	-	666.81	666.81	666.81
Other Bank Balances	12	-	-	14,819.42	14,819.42	14,819.42
<b>Financial Liabilities</b>						
Borrowings	17,23	-	-	55,914.61	55,914.61	55,914.61
Trade payables	24	-	-	1,546.21	1,546.21	1,546.21
Lease Liabilities	18,25	-	-	3,985.56	3,985.56	3,985.56
Other financial liabilities	19,26	-	-	5,566.58	5,566.58	5,566.58

The carrying values of financial instruments by categories as at March 31, 2020 were as follows:

₹ in Lakhs						
Particulars	Note	FVTPL	FVTOCI	Amortised cost	Total Carrying value	Total Fair value
<b>Financial Assets</b>						
Investments	6	-	5.68	6.00	11.68	11.68
Trade Receivables	10	-	-	842.33	842.33	842.33
Other financial assets	7,13	-	-	1,756.79	1,756.79	1,756.79
Cash & Cash Equivalent	11	-	-	3,208.79	3,208.79	3,208.79
Other Bank Balances	12	-	-	7,884.73	7,884.73	7,884.73
<b>Financial Liabilities</b>						
Borrowings	17,23	-	-	50,839.93	50,839.93	50,839.93
Trade payables	24	-	-	2,593.15	2,593.15	2,593.15
Lease Liabilities	18,25	-	-	3,005.73	3,005.73	3,005.73
Other financial liabilities	19,26	-	-	3,576.33	3,576.33	3,576.33

**(ii) Fair Value Hierarchy**

The Company has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

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

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2021 :**

₹ in lakhs

Particulars	Note	Level 1	Level 2	Level 3	Carrying Values
<b>Financial Assets</b>					
At amortised costs					
Investments – Non-current Unquoted	6	-	-	6.00	6.00
Trade Receivables	10	-	-	1,053.50	1,053.50
Cash and Cash Equivalents	11	-	-	666.81	666.81
Other Bank Balances	12	-	-	14,819.42	14,819.42
Other financial assets	7,13	-	-	2,024.75	2,024.75
At fair value through Other Comprehensive Income					
Investments – Non current quoted	6	9.66	-	-	9.66
<b>Financial Liabilities</b>					
At amortised costs					
Borrowings	17,23	-	-	55,914.61	55,914.61
Trade payables	24	-	-	1,546.21	1,546.21
Lease Liabilities	18,25	-	-	3,985.56	3,985.56
Other financial liabilities	19,26	-	-	5,566.58	5,566.58

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2020:**

₹ in Lakhs

Particulars	Note	Level 1	Level 2	Level 3	Carrying values
<b>Financial Assets</b>					
At amortised costs					
Investments – Non-current Unquoted	6	-	-	6.00	6.00
Trade Receivables	10	-	-	842.33	842.33
Cash and Cash Equivalents	11	-	-	3,208.79	3,208.79
Other Bank Balances	12	-	-	7,884.73	7,884.73
Other financial assets	7,13	-	-	1,756.79	1,756.79
At fair value through Other Comprehensive Income					
Investments – Non-current quoted	6	5.68	-	-	5.68
<b>Financial Liabilities</b>					
At amortised costs					
Borrowings	17,23	-	-	50,839.93	50,839.93
Trade payables	24	-	-	2,593.15	2,593.15
Other financial liabilities	19,26	-	-	3,576.33	3,576.33

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

### iii) Valuation technique used to determine fair value

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values.

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

The estimated fair value amounts as at March 31, 2021 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

There were no transfers between Level 1, Level 2 and Level 3 during the year.

## (c) Financial Risk Management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the Financial Statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit Ratings
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts
Market risk Interest rate risk	Long-term borrowings at variable rates	Cash flow forecasting, Sensitivity analysis

### (i) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

#### Credit risk management

#### Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- A. Low credit risk
- B. Moderate credit risk
- C. High credit risk

Assets Group	Description of category	Particulars	Provision for expected credit loss *
Low credit risk	Assets where the counter- party has strong capacity to meet the obligations and where the risk of default is negligible or nil	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets.	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong.	Nil	12 month expected credit loss/life time expected credit loss.
High credit risk	Assets where there is a high probability of default.	Nil	12 month expected credit loss/life time expected credit loss/fully provided for

\* Based on past experience and historical trend, there have not been any write off of trade receivables and hence no allowance is made for expected credit loss on trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Any subsequent recoveries made are recognized in Statement of Profit and Loss.

#### Classification of Financial assets among risk categories:

₹ in Lakhs			
Credit rating	Particulars	31.03.2021	31.03.2020
Low credit risk	Cash and cash equivalents, others	18,580.14	13,704.32
Moderate credit risk	Nil	-	-
High credit risk	Nil	-	-

#### Expected credit loss for trade receivables

The Company's trade receivables do not have any expected credit loss as healthcare services are generally provided once the Company receives the entire payment either before or during the course of treatment except in case of insurance claims. Moreover, company has almost recovered all the insurance claims in the past. During the periods presented, the Company made no write-offs of trade receivables.

#### (ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities as at 31 March, 2021**

₹ in Lakhs

Particulars	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	843.03	2,357.17	19,248.99	35,822.59	58,271.78
Other financial liabilities	-	3,207.22	2.10	0.09	3,209.41
<b>Total</b>	<b>843.03</b>	<b>5,564.39</b>	<b>19,251.09</b>	<b>35,822.68</b>	<b>61,481.19</b>

**Maturities of financial liabilities as at 31 March, 2020**

₹ in Lakhs

Particulars	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	376.17	452.64	13,125.76	37,338.00	51,292.57
Other financial liabilities	-	3,096.95	19.94	6.80	3,123.69
<b>Total</b>	<b>376.17</b>	<b>3,549.59</b>	<b>13,145.70</b>	<b>37,344.80</b>	<b>54,416.26</b>

**(iii) Interest rate risk**

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. However, The Company's variable rate borrowings are subject to interest rate risk. Below is the overall exposure of the borrowings:

**Interest rate risk exposure**

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
Fixed rate borrowing	-	-
Variable rate borrowing	58,271.78	51,292.57
<b>Total</b>	<b>58,271.78</b>	<b>51,292.57</b>

**Sensitivity Analysis :**

The following table demonstrates the sensitivity to a reasonably possible change (100 basis points) in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on variable rate borrowings, as follows:

₹ in Lakhs

Particulars	2020-21	2019-20
<b>Interest sensitivity</b>	-	-
Interest rates – increase by 100 basis points	476.38	383.99
Interest rates – decrease by 100 basis points	547.25	403.27

**Note 39 - Earnings per Share (EPS) (computed in accordance with Ind AS 33)**

Particulars	2020-21	2019-20
Profit for the year attributable to owners of the Company ₹ in Lakhs	7,768.54	9,458.71
Weighted Average Number of Equity Shares outstanding during the year for the purpose of Basic Earnings / Diluted Earnings Per Share (Nos. in Lakhs)	109.42	109.42
<b>Basic/ Diluted Earnings Per Share (in ₹ )</b>	<b>71.00</b>	<b>86.44</b>

**Note 40 – Leases**
**a) Disclosure as Lessee**

The Company has adopted Ind AS 116 “Leases” on all lease contracts with effect from April 1, 2019. The disclosures as required under the standard are given below:

i) The following is the reconciliation of lease :

₹ in Lakhs		
Particulars	2020-21	2019-20
<b>Opening balance</b>	<b>3,005.73</b>	-
Additions during the year	1,693.69	3,046.40
Less: Payment of lease liabilities	90.12	40.67
Less: Closure of lease liabilities	623.74	-
<b>Closing balance</b>	<b>3,985.56</b>	<b>3,005.73</b>
<b>The following is the break up of Non-current and Current lease liabilities</b>		
Non- Current	3,871.01	2,947.29
Current	114.55	58.44
<b>Amount recognized in the Statement of Profit and Loss</b>		
Interest expense on lease liabilities	352.46	232.46
Depreciation on Right-of-Use Assets	332.30	207.95

The broad range of effective interest rate for lease liability is 8.25% to 9.00%

ii) Details of contractual maturities of lease liabilities:

₹ in Lakhs		
Particulars	31.03.2021	31.03.2020
Less than one year	483.12	599.38
One to five years	1,255.24	1,451.87
More than five years	1,916.88	3,518.76
<b>Total</b>	<b>3,655.24</b>	<b>5,570.01</b>

**Note:** The above maturities are disclosed on an undiscounted basis.

iii) Rental expense recorded for short-term leases was ₹ 159.46 lakhs for the year ended March 31, 2021  
(Previous year ₹ 159.82 lakhs)

**b) Disclosure as Lessor**

Maturity Analysis of lease payment to be received:

₹ in Lakhs		
Particulars	31.03.2021	31.03.2020
Less than one year	85.90	72.40
One to five years	141.26	136.20
More than five years	4.90	21.92
<b>Total</b>	<b>232.06</b>	<b>230.52</b>

**Note 41 - Contingent Liabilities and Commitments as on the closing date**

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
<b>I) Contingent Liabilities:</b>		
a) Letter of Credit for capital equipment	3,235.76	526.06
b) Disputed Statutory Liabilities not provided for (excluding interest, if any)	527.97	190.26
c) Claims of various nature made against the Company not acknowledged as debt	1,187.07	1,100.57

The Company has reviewed all its pending litigation and proceedings and has adequately provided for the provisions required / disclosed as contingent liability where applicable, in its financial statements. The amount of provision / contingent liability is based on management estimation and no significant liability is expected to arise out of the same.

<b>II) Commitments:</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Estimated amount of contracts remaining to be executed on capital account	6,086.91	16,598.51

**Note 42 - Related Party Disclosures under Ind AS – 24**
**A. Relationship:**

List of Related parties where control exists and other related parties with whom the Company had transactions and their relationships.

S.No.	Nature of relationship	Name of related parties
1.	Key Management Personnel / Directors	<ul style="list-style-type: none"> <li>Dr. Nalla G Palaniswami</li> <li>Dr. Thavamani Devi Palaniswami</li> <li>Dr. Arun N Palaniswami</li> <li>Dr. Mohan S Gounder</li> <li>Dr.M.C.Thirumoorthi</li> <li>Dr.Purani P Palaniswami</li> <li>Dr.S.Krishnasamy (Alternate to Dr.Purani P Palaniswami)</li> <li>Mr.Kasi K Goundan</li> <li>Dr.M.Manickam</li> <li>CA.A.M.Palanisamy</li> <li>Mr.A.K.Venkatasamy</li> <li>Mr.K.Saminathan</li> <li>Mrs.R.Bhuvaneshwari</li> </ul>
2.	Other Related Parties (includes entities in which the Directors are interested)	<ul style="list-style-type: none"> <li>Purani Hospital Supplies Private Limited</li> <li>Aosta Software Technologies (India) Private Limited</li> <li>Sakthi Sugars Limited</li> <li>Biomed Hitech Industries Limited</li> <li>NGP Estate Motors Agencies</li> <li>ABT Limited</li> <li>Kovai Medical Center Research &amp; Educational Trust</li> <li>Dr. K.S.K. Murugaiyan</li> </ul>



**B. Related party transactions**

₹ in Lakhs

Particulars	2020-21		2019-20	
	Key Management Personnel	Other Related Parties	Key Management Personnel	Other Related Parties
<b>Transactions during the year</b>				
Rent Paid	175.00	40.06	143.01	36.54
Purchases	-	4,766.75	-	4,840.25
Advertisement	-	-	-	0.21
IT Software purchase & Hardware Maintenance	-	12.99	-	53.64
Consultant Charges	-	30.00	-	25.50
Directors Remuneration, Commission & Perquisites	732.20	-	722.92	-
Managing Director's Medical Treatment cost	66.12	-	-	-
<b>Amount outstanding at the end of the year</b>				
Trade payable	-	242.96	13.35	320.23
Remuneration payable	442.72		467.57	
Lease Advance paid	49.00	35.00	49.00	30.00

Guarantees given by Managing Director and Joint Managing Director are restricted to the amount of outstanding borrowings (Refer Note No.17).

The remuneration to key management personnel does not include the provision made for Gratuity as they are determined on an actuarial basis for the company as a whole.

The Company has entered into various lease arrangements with related parties against which Right-of-use Assets and Lease Liabilities has been recognised as required by IND AS 116. The lease liability at the year end is ₹ 1,378.75 lakhs.

Disclosure requirements under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Nil.

**C. Disclosure of transactions of the listed entity with any person or entity belonging to the Promoter / Promoter group which holds 10% or more shareholding in the listed entity - Dr.Thavamani Devi Palaniswami.**

₹ in Lakhs

Particulars	31-03-2021	31-03-2020
Lease rent paid	175.00	143.01
Purchase of Fuel	83.27	96.04
Remuneration, Commission & Perquisites	327.99	322.58
Amount Payable	221.36	255.60

**Note 43 - Segment reporting**

The company is engaged in the business of Healthcare and Medical Education activities. Details of segment wise Revenue and results along with segment assets and liabilities are given below:

**a. Segment revenues and results**

₹ in Lakhs

Particulars	Segment Revenue		Segment Results	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Healthcare	66,840.28	69,715.48	13,840.35	13,296.24
Education	2,195.90	1,457.40	(135.87)	(643.10)
<b>Total</b>	<b>69,036.18</b>	<b>71,172.88</b>	<b>13,704.48</b>	<b>12,653.14</b>
Finance cost	-	-	3,130.86	1,461.87
<b>Profit before tax (PBT)</b>	-	-	<b>10,573.62</b>	<b>11,191.27</b>
Income tax	-	-	2,805.08	1,732.56
<b>Profit after tax (PAT)</b>	-	-	<b>7,768.54</b>	<b>9,458.71</b>

**b. Segment assets and liabilities**

₹ in Lakhs

Particulars	As at 31-03-2021	As at 31-03-2020
<b><u>Segment assets</u></b>		
Healthcare	95,588.23	79,338.31
Education	29,310.16	22,293.19
Unallocated	3,182.17	9,089.64
<b>Sub – Total (A)</b>	<b>1,28,080.56</b>	<b>1,10,721.14</b>
<b><u>Segment liabilities</u></b>		
Healthcare	60,145.57	48,792.48
Education	16,935.15	18,824.97
Unallocated	-	-
<b>Sub – Total (B)</b>	<b>77,080.72</b>	<b>67,617.45</b>
<b>Total (A-B)</b>	<b>50,999.84</b>	<b>43,103.69</b>

**c. Other Information**

₹ in Lakhs

Particulars	Healthcare		Education		Total	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>a) Additions to Non-Current Assets</b>						
i) Capital Advance	152.32	1,458.59	108.22	953.28	260.54	2,411.87
ii) Fixed Asset	28,929.88	18,314.73	15,580.42	1,209.08	44,510.31	19,523.82
iii) CWIP (Net of Withdrawals)	(13,359.23)	(481.74)	(12,073.81)	7,711.77	(25,433.04)	7,230.03
iv) Intangible asset	219.41	48.67	7.26	-	226.67	48.67
<b>Total</b>	<b>15,942.38</b>	<b>19,340.25</b>	<b>3,622.09</b>	<b>9,874.14</b>	<b>19,564.47</b>	<b>29,214.39</b>
<b>b) Depreciation and Amortisation</b>	<b>6,388.20</b>	<b>5,029.24</b>	<b>414.31</b>	<b>182.69</b>	<b>6,802.51</b>	<b>5,211.93</b>

**Note 44 – Expenditure in Foreign Currency:**

₹ in Lakhs

Particulars	31-03-2021	31-03-2020
I. CIF value of imports – Capital goods	1,493.38	1,821.46
I. Dividend paid in foreign currency		
a. Dividend	-	31.70
b. No. of Non Resident shareholders (in Nos.)	-	67
c. No. of Shares of ₹ 10 each held by them (in Nos.)	-	10,56,543

**Note 45** - Foreign Currency amount realized from NRE account in respect of fee for education: ₹ 591.79 Lakhs ( ₹ 345.89 Lakhs)

**Note 46 - Corporate Social Responsibility (CSR) Activities:**
**a) Gross amount required to be spent by the company**

₹ in Lakhs

Particulars	Amount
Gross amount required to be spent by the company during the year 2020-21	199.81
Unspent amount pertaining to FY 2019-20	24.68
Unspent amount pertaining to FY 2018-19	12.79
<b>Total</b>	<b>237.28</b>

**b) Amount spent during the year**

₹ in Lakhs

S.No.	Particulars	Paid	Yet to be paid	Total
(i)	Construction / acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	227.46	9.82	237.28

**Note 47** - Income tax assessments have been completed upto the Assessment year 2017-18.

**Note 48 - Disclosure pertaining to micro, small and medium enterprises**

₹ in Lakhs

Particulars	31.03.21	31.03.20
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in:	-	-
Principal amount due to micro, small and medium enterprises	38.68	62.99
Interest due on above	8.38	6.48
<b>Total</b>	<b>47.06</b>	<b>69.47</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	1.81	6.48
The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.81	6.48
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006.	8.38	6.48
The Company has disclosed the suppliers who have registered themselves under "Micro, Small and Medium Enterprises Development Act, 2006" to the extent they have identified on the basis of information available with the Company.		

**Note 49 - Disclosure as required under section 186(4) of the Companies Act, 2013**

Loans and guarantees furnished by the Company: Nil (Previous year – Nil).

Investments made are given under the respective head.

**Note 50** - The New Code on Social Security 2020 (the Code) has been enacted which would impact the contribution by the company towards PF and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period in which the said Code becomes effective and the rules framed thereunder are published.

**Note 51** - The management has considered the possible effects that may result from the pandemic (COVID-19) on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets. The management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial results.

**Note 52** - Power and Fuel consumed is net off Solar Power Income ₹ 510.47 lakhs (Previous Year ₹ 545.97 lakhs)

**Note 53** - Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification. All figures are in lakhs unless otherwise stated.

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

**As per our report of even date**

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

Sd/-  
**KAUSHIK SIDARTHA**  
Partner  
Membership No. 217964

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

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

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

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

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

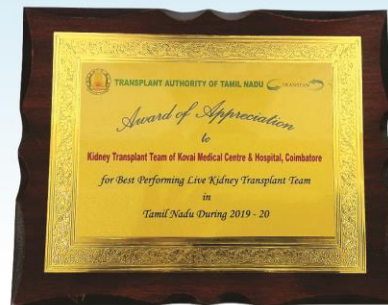
Place: Coimbatore

Date : 03.06.2021

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Award of Appreciation for **“Excellent performing Live Kidney Transplant Team”** in Tamil Nadu.



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**KMCH Ranked “No.1 Hospital in Coimbatore”** by The Week - Hansa Research survey 2020



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For details contact:

KMCH BREAST CENTER **Ph: 0422-4324151**

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