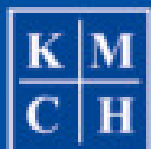


**31<sup>st</sup>**  
**Annual Report**  
2016-17



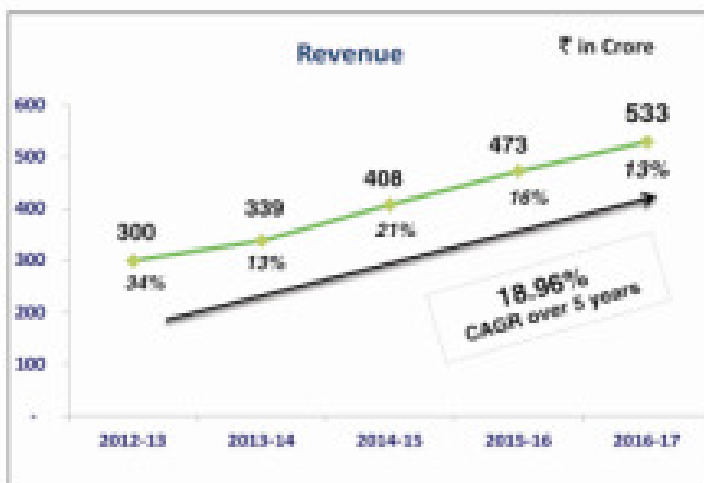
**Kovai Medical Center and Hospital Ltd.,**

Excellence in Healthcare

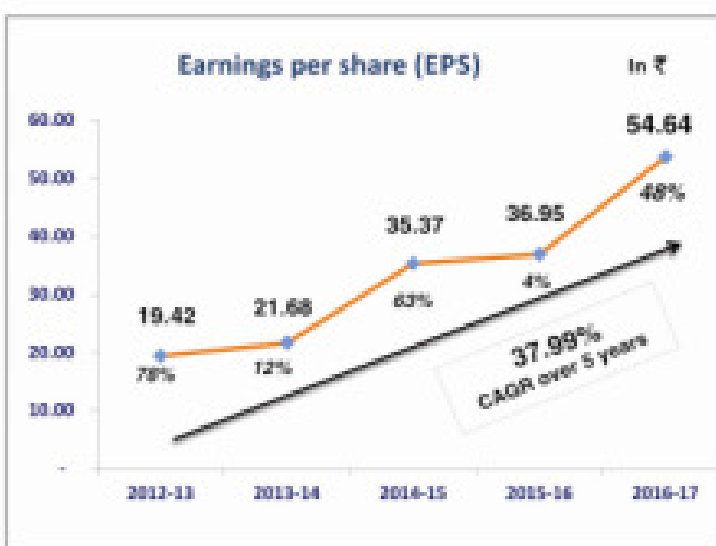
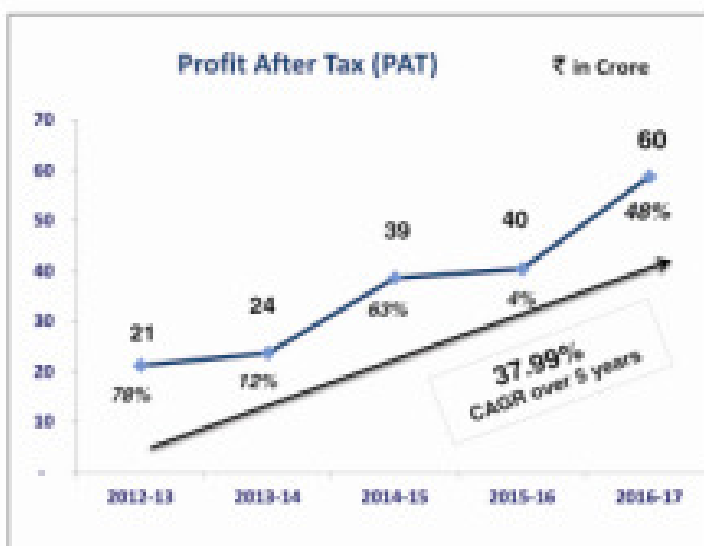
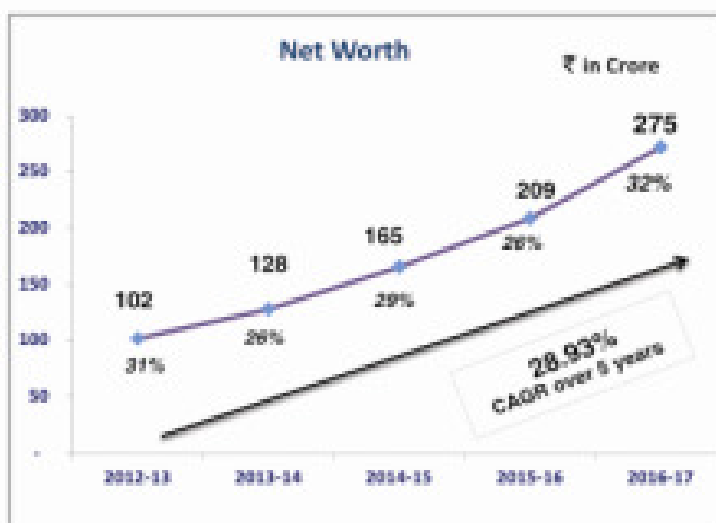
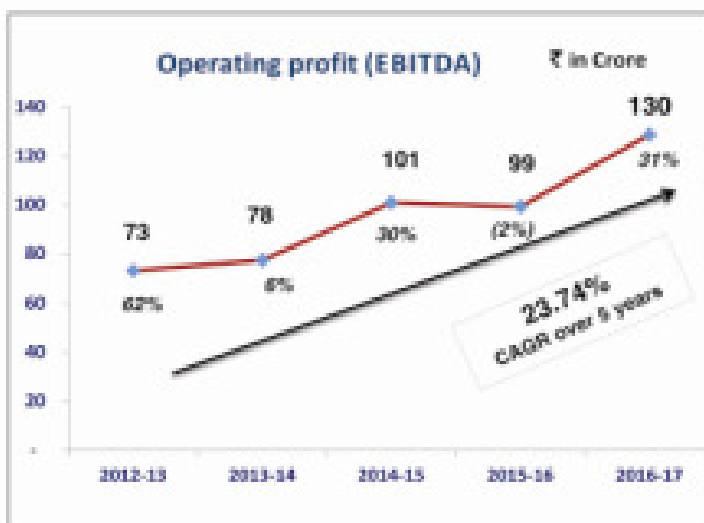
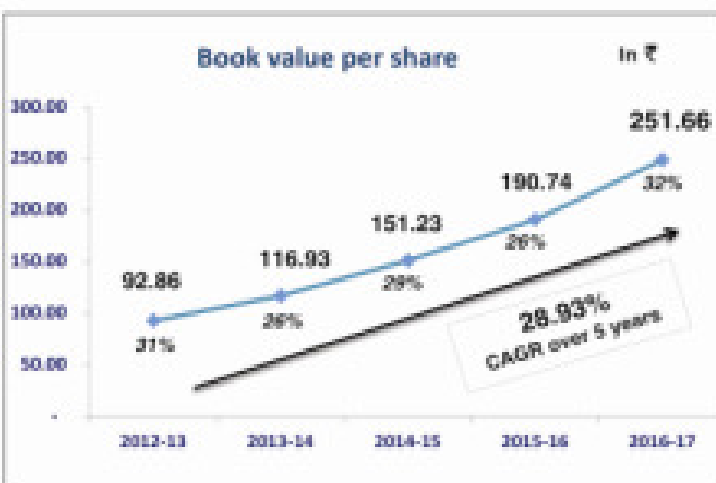




## Business Growth



## Shareholder value accretion







## KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

### BOARD OF DIRECTORS

**Dr. Nalla G Palaniswami**  
Managing Director

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

**Dr. Mohan S Gounder**  
Joint Managing Director

**Dr. Arun N Palaniswami**  
Whole Time Director

**Mr. Kasi K Goundan**  
Director

**Dr. M. Manickam**  
Director

**CA A.M. Palanisamy**  
Director

**Dr. M.C. Thirumoorthi**  
Director

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

**Mr. K. Saminathan**  
Director

**Dr. M.A. Muthusethupathi**  
Director

**Dr. Purani P Palaniswami**  
Director

**Dr. S. Krishnasamy**  
Alternate to Dr.Purani P Palaniswami

**CA P.K. Gopikrishnan**  
Chief Financial Officer

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

### REGISTERED OFFICE & HOSPITAL COMPLEX

Post Box No. 3209, Avanashi Road  
Coimbatore - 641 014

CIN : L85110TZ1985PLC001659  
Tele : +91 - 422 - 4323800, 3083800  
Fax : +91 - 422 - 4270639  
E-mail : secretarialdept@kmchhospitals.com  
accounts@kmchhospitals.com  
Website : www.kmchhospitals.com

### AUDITORS

**M/s.Haribhakti & Co. LLP**  
Chartered Accountants  
Coimbatore - 641 012.

### REGISTRAR & SHARE TRANSFER AGENT M/s.GNSA Infotech Limited

STA Department  
Nelson Chambers,  
F-Block, 4th Floor,  
No.115 Nelson Manickam Road,  
Aminjikarai,  
Chennai - 600 029.  
Phone : + 91-44-42962025  
Email : sta@gnsaindia.com

### BANKERS

Indian Bank  
Indian Overseas Bank  
HDFC Bank Limited  
State Bank of India  
Bank of Baroda





## KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

Contents	Page No.
<b>CORPORATE REVIEW</b>	
KMCH - A Pioneer in Healthcare.....	03
<b>STATUTORY SECTION</b>	
Notice of Annual General Meeting .....	05
Directors' Report .....	13
Corporate Governance Report .....	54
<b>FINANCIAL STATEMENTS</b>	
Auditor's Report on Standalone Financial Statements .....	74
Standalone Financial Statements .....	80
Auditor's Report on Consolidated Financial Statements .....	107
Consolidated Financial Statements .....	111



## KMCH - A Pioneer in Healthcare

Our commitment to provide responsive, compassionate and centric healthcare with human touch is reflected by the excellent clinical outcome provided at affordable cost to every patient. Our hospital follows the value of serving in devotion with a sense of responsibility and contributing towards sustainable community healthcare development in the society. KMCH with its Western Approach and an 'Indian Touch' has transformed into the most trusted Multispeciality Hospital in the City of Coimbatore. The relentless service of KMCH in the past 26 years has taken health care to the most modern levels in the region catering to urban and rural population.



As another financial year closes, we look to the future with excitement. The last year has been a truly stupendous year in terms of break-throughs for the hospital. The hospital acquired the Da Vinci Surgical Robot - a first in the state of Tamilnadu after Chennai and also successfully performed wide variety of surgeries. The team of surgeons involved in the surgery made KMCH proud when Dr.Prashant Vaijyanath, Cardiothoracic surgeon, performed one of the first robotic surgeries in the country and Dr. A.Ganesan, Dr.Kuppurajan and others started routinely performing a wide array of GI and uro surgeries. Dr.Prashant Vaijyanath along with Dr. Thomas Alexander also

did two cases of trans-catheter aortic valve implantation using the pre-crimped valves, another first in the country. Another significant achievement is the first Heterotopic Heart Transplant (a first in Asia) performed by Dr.Prashant Vaijyanth and his team.

The transplant team has been continuously outdoing themselves and last year, they performed the first Domino Transplant, where the liver of one patient having a metabolic disease was transplanted to an elderly gentleman and replaced by a young person's liver, thus giving a new lease of life to both patients in the same sitting. Domino transplants are rare and again is a first in this part of the country.



The Renal Transplant Program continues to be busy with patients coming from all over the country and KMCH has become the single center with the largest experience in steroid-free transplants. KMCH also performs combined liver and kidney transplants and conducts transplant programs with different blood groups.

The hospital has also been seeing a steady growth in the number of international patients visiting the hospital. This year, in addition to patients coming from the African countries, Middle-East and Nepal, we had a patient from Cambodia with a hole in the heart who was treated successfully by the Department of Cardiac Surgery.





Another program that is growing rapidly at Kovai Medical Center and Hospital is the Rapid Response Team and treatment for stroke. The current treatment guideline for stroke states that any patient with stroke who arrives in the hospital before six hours should be treated both by drugs and by mechanical removal of the clot in a neuro-angiographic suite. KMCH is a leader in neuro-intervention and is the only center in this region with a dedicated biplane neurovascular lab with facilities to do CT scanning within the Cath Lab itself. The team, comprising of neurologists, neuro-anesthetists and critical care treated multiple patients by using this state-of-the-art technology this year. Keeping in line with the philosophy of the

hospital "Making the impossible possible," the first Mobile Stroke Unit in the country was ordered with Schiller Healthcare. This is the first unit of its kind an ambulance, built like an Intensive Care unit incorporating a CT scanner. Once all approvals are ready, the Mobile Stroke Unit will be available for people in and around Coimbatore. When it becomes operational, a stroke patient can get their diagnosis right outside their residence or nursing home and then can be shifted to KMCH for necessary treatment. As leaders in providing excellent healthcare we hope to see the unit dispensing treatment to the local population thus proving our leadership in Mobile stroke treatment.

KMCH under the leadership of Dr.Rupa Renganathan for the first time in Coimbatore started a novel procedure where non-cancerous tumors of the breast can be removed through a pinhole surgery. The procedure, which is termed as Vacuum-Assisted Biopsy, is a boon for young women where the tumour can be removed without any scar under local anaesthesia.



The Department of Neuro-Surgery has ordered for a state-of-the-art Neuro-Endoscopic System and Navigation System, both of which will enable them to move into more complex and difficult surgeries with precision.

KMCH played the host to the Second Annual Conference of the Society of Neuro-Intervention, which is the frontline society for treating diseases in the blood vessels of the brain including stroke through catheters inserted from the groin or arm. The conference was attended by more than 250 of the key neuro-interventional doctors of the country and had 10 of the world's leading interventional neuro-radiologists as the faculty where they shared their experience in the current management of stroke and bleeding into the brain.



Receiving awards has become a common practice in KMCH. This year, the center was awarded Best Multi Speciality Hospital - 2016 by Media group, Best Private Hospital - 2016 by FICCI, Best Swatch Bharat Award - 2016, Best CSR Activities - 2016, Green Hospital - 2016 by AHPI, Best Brand in the Region 2017 and Quality beyond accreditation 2017 by AHPI.



**NOTICE**

NOTICE is hereby given that the **Thirty First Annual General Meeting** of the Members of Kovai Medical Center and Hospital Limited will be held on Friday, the 11th August 2017 at 11.00 a.m. at "A.P. Kalyana Mandapam", 738/2, Avanashi Road, Goldwins, Coimbatore - 641014 to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) for the financial year ended 31st March, 2017 and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on equity shares for the Financial Year ended 31st March, 2017.
3. Dr.Purani P Palaniswami, Director, retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139 and other applicable provisions of the Companies Act 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for time being in force), the company hereby ratifies the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants, Coimbatore having ICAI Firm Registration No: 103523W/W100048 as the Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting to be held for the Financial Year 2017-18 on such remuneration as may be determined by the Board of Directors".

**SPECIAL BUSINESS**

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, Tirupur 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 2017-18 on a remuneration of ₹ 2,50,000/- (Rupees Two lakhs and fifty thousand only) plus service tax and out-of-pocket expenses if any for the purpose of audit be and is hereby ratified and confirmed".

**"RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".





## NOTES

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited at the Registered Office of the company at Post Box No.3209, Avanashi Road, Coimbatore - 641 014 not less than 48 hours before the commencement of the meeting.
2. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
3. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
4. The statement of material facts pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Item No.5 of special business is annexed thereto.
5. Pursuant to the provisions of Section 91 of the Companies Act 2013, the Register of members and Share Transfer Books of the Company will remain closed from Tuesday, 1st August 2017 to Friday, 11th August 2017 (both days inclusive) in connection with the 31st Annual General Meeting.
6. Dividend upon its declaration at the meeting will be paid within statutory period of 30 days to those members whose names appear :
  - a) As members on the Register of Members of the company as on 11th August 2017 after giving effect to all valid share transfers in physical form which would be received by the company upto the closing hours of business on 31st July 2017.
  - b) As beneficial owners as per the list to be furnished by NSDL/CDSL as at the closing hours of business on 31st July 2017.
7. Electronic Clearing Service (ECS) Facility

Shareholders holding shares in physical form who now wish to avail ECS facility, are requested to forward their ECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, M/s GNSA Infotech Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600 029.
8. Pursuant to the provisions of Section 124(6) of the Companies Act 2013, amended, dividend for the financial year ended 31st March 2010 and thereafter, which remains unclaimed for a period of 7 years from the date of transfer of the same to the unclaimed dividend account as referred to in sub-section (1) of section 205A of the Act, will be transferred to the Investor Education and Protection Fund (IEP Fund) of the Central Government. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2010 or subsequent financial years are requested to make their claim to the Secretarial Department, Kovai Medical Center and Hospital Limited, Post Box No.3209, Avanashi Road, Coimbatore - 641 014. It may also be noted that once the unclaimed dividend is transferred to the IEP Fund as above, no claim shall lie in respect thereof.



9. The company transferred all unclaimed dividend declared upto the financial year ended 31st March 2009 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Tamil Nadu, Coimbatore Stock Exchange Building, Second Floor, 683 Trichy Road, Singanallur, Coimbatore - 641 005.
10. 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 Limited, STA Department, Nelson Chambers, F-Block, 4th 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.
11. Members holding shares in dematerialised form (electronic form) are requested to intimate any change in their address, bank mandate etc. directly to their respective Depository Participants.
12. 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.
13. The Ministry of Corporate Affairs, New Delhi (MCA) has taken a 'Green initiative' in the corporate governance by permitting paperless compliances by companies vide its circulars which validate the sending of documents through electronic mode and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s). The members are requested to support this 'Green initiative' by registering / updating their e-mail address with the company or Share Transfer Agent M/s GNSA Infotech Limited, Chennai.
14. Documents referred to in the accompanying Notice and the Statement of material facts are open for inspection at the Registered Office of the Company during normal business hours (9:30 am to 6:00 pm) on all working days except Saturdays and Sundays (including Public Holidays) upto the date of the Annual General Meeting.



15. 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 inconvenience.
16. 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.
17. Electronic copy of the Annual Report for the year 2017 is being sent to all the members whose Email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2017 is being sent in the permitted mode.
18. Pursuant to the requirements of Corporate Governance under SEBI (LODR) Regulations, 2015, the brief resume of the Director proposed to be re-appointed, nature of her expertise in specific functional areas, names of companies in which she 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.
19. Members may also note that the Notice of the 31st Annual General Meeting and the Annual Report for the year 2017 will also be available on the Company's website for their download. The physical copies of the Notice and Annual Report will also be available at the Company's Registered Office during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's designated email id: [secretarialdept@kmchhospitals.com](mailto:secretarialdept@kmchhospitals.com).
20. As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.
21. Members seeking any information as regards the accounts are requested to write to the Company atleast seven days prior to the meeting so as to enable the management to keep the information available.
22. **Voting through electronic means**

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



**The instructions for e-voting are as under :**

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





- V. The remote e-voting period commences on 8th August 2017 (9:00 am) and ends on 10th August 2017 (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 4th August 2017 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of August 4, 2017.
- VII. Mr.C.V.Madhusudhanan, Practising Company Secretary (Membership No. FCS 5367) partner, KSR & Co Company Secretaries LLP, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. A member can opt for only one mode of voting i.e. either through e-voting or by ballot. If a member casts vote by both modes then voting done through e-voting shall prevail and ballot shall be treated as invalid.
- The facility for voting through ballot paper will be made available at the venue of the Annual General Meeting to enable the Shareholders to vote. Shareholders who have already exercised their votes through remote e-voting will not be eligible to vote again in the Annual General Meeting.
- IX. The Results shall be declared within 48 hours after the close of Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be displayed on the Company's website [www.kmchhospitals.com](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.

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

Place : Coimbatore  
Date : 29.05.2017

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



**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013****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, Tirupur as Cost Auditor to conduct audit of cost records of the company for the financial year ending 31st March 2018 and fixed his remuneration as ` 2,50,000/- (Rupees Two lakhs and fifty thousand only) plus reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor for the financial year ending 31st March 2018 has to be ratified by the shareholders.

Accordingly, the consent of the members is sought for passing an ordinary resolution set out in Item No.5 of the notice for ratification of remuneration payable to the Cost Auditor for the financial year ending 31st March 2018.

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 commends 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**

Place : Coimbatore  
Date : 29.05.2017

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





### ANNEXURE

The details of Director 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 of the Notice)

Name of the Director	Dr.Purani P Palaniswami
Date of Birth	18.12.1975
Date of First Appointment on the Board	03.09.2014
Relationship with other Directors	Daughter of Dr.Nalla G Palaniswami & Dr.Thavamani Devi Palaniswami, Sister of Dr.Mohan S Gounder & Dr.Arun N Palaniswami.
Expertise in Specific Functional areas	Rheumatologist with extensive experience along with combined training at adult and paediatric hospitals
Qualification	MD (USA)
Experience	13 years
<b>Board Membership of other Companies as on March 31, 2017</b>	<b>Public Limited Companies</b> 1. AOSTA Software Technologies (India) Ltd. 2. EDG Pharmaceuticals (India) Ltd. 3. Purani Hospital Supplies Ltd.
<b>Chairperson / Member of the Committee of the Board of Directors of the Company as on March 31, 2017</b>	<b>Nil</b>
<b>Chairperson / Member of the Committee of Directors of other Companies in which she is a Director as on March 31, 2017</b>	
Audit Committee	Nil
Stakeholders Relationship Committee	Nil
Nomination and Remuneration Committee	Nil
Shareholding in the Company (as on 31.03.2017)	10,000
No. of Board Meetings attended during the financial year 2016-17	2
Terms and Conditions of appointment or re-appointment	Director, liable to retire by rotation



**Dear Members,**

Your Directors take pleasure in presenting the Thirty First Annual Report along with the audited financial statements for the year ended 31.03.2017.

## **FINANCIAL HIGHLIGHTS (STANDALONE)**

(` in lakhs)

	<b>2016-17</b>	<b>2015-16</b>
Operating Income	52,562.15	46,529.81
Other Income	783.49	774.67
<b>Total Income</b>	<b>53,345.64</b>	<b>47,304.48</b>
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	13,039.94	9,945.85
Profit Before Taxation (PBT)	9,203.73	6,215.90
Provision for Taxation	3,225.30	2,172.55
<b>Profit After Taxation (PAT)</b>	<b>5,978.43</b>	<b>4,043.35</b>
Balance of Profit brought forward	12,215.64	8,801.53
<b>Profit available for appropriations</b>	<b>18,194.07</b>	<b>12,844.88</b>
<b>Appropriations</b>		
Interim Dividend	-	109.42
Proposed Dividend - Final	-	164.13
Tax on Dividend	-	55.69
Transfer to General Reserve	-	300.00
<b>Balance carried forward to Balance Sheet</b>	<b>18,194.07</b>	<b>12,215.64</b>

## **RESULTS OF OPERATIONS**

### **STANDALONE**

The income from operations for the financial year 2016-17 was ` 52,562.15 lakhs registering a growth of 12.96% over the previous year income of ` 46,529.81 Lakhs. Earnings before interest, tax, depreciation and amortization (EBITDA) were ` 13,039.94 lakhs registering a growth of 31.11% over the previous year EBITDA of ` 9,945.85 Lakhs.

Profit after tax (PAT) for the year was ` 5,978.43 lakhs recording a growth of 47.86% over the PAT of ` 4,043.35 Lakhs in year 2015-16.



## **SUBSIDIARY COMPANY**

Idhayam Hospitals Erode Limited had become a wholly owned subsidiary of KMCH with effect from 23.04.2007.

A statement of salient features of financials of Idhayam Hospitals Erode Limited pursuant to Section 129(3) of the Companies Act 2013 in Form AOC 1 is annexed as "**Annexure - I**" and forming part of the report.

During the financial year ended 31.03.2017, no Subsidiary, Associate or Joint Venture were added. The Board of Directors have formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing regulations. The same is displayed on the website of the company.

## **CONSOLIDATED FINANCIAL STATEMENTS**

On consolidated basis, income from operations from current year under review was ` 52,562.15 Lakhs, higher by 12.96 % over year 2015-16 income of ` 46,529.81 Lakhs.

Profit after tax (PAT) for the year was ` 5,987.42 Lakhs recording a growth of 47.41 % over the PAT of ` 4061.74 Lakhs in year 2015-16.

## **MERGER**

The Board at its meeting held on 03.02.2017 approved the scheme of amalgamation of Idhayam Hospitals Erode Limited (Wholly Owned Subsidiary) with Kovai Medical Center and Hospital Limited effective 1st April 2016. The company has filed application seeking the direction of the National Company Law Tribunal inter alia for holding meeting of shareholders for their approval to the scheme of amalgamation. The Company has already obtained no objections to the scheme from its secured creditors.

The Company had filed the scheme with Bombay Stock Exchange Limited as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **DIVIDEND**

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a dividend of ` 2.50 per share (25 %) for the year 2016-17.

The dividend on equity shares, if approved by the members would involve the cash outflow of ` 329.24 Lakhs including dividend distribution tax.

## **TRANSFER TO RESERVES**

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

## **BOARD MEETINGS**

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

## **AUDIT COMMITTEE**

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



## **CORPORATE SOCIAL RESPONSIBILITIES**

During the year in pursuance of the recommendations of the CSR Committee the company had contributed ₹ 105.94 Lakhs being 2% of the 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 - II** " .

## **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, 2017 aggregates to ₹ 10,94,22,620/- comprising of 10942262 equity shares of ₹ 10/- each fully paid up.

## **CREDIT RATING**

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

## **HOSPITAL ACCREDITATION**

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

## **DIRECTORS RESPONSIBILITY STATEMENT**

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

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made 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 this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively



## **BOARD EVALUATION**

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

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

## **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

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

## **DIRECTORS**

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

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

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

## **COMPLIANCE OF CODE OF CONDUCT**

The compliance of code of conduct by Directors have been affirmed by the Managing Director and is disclosed under point no.19 of Corporate Governance Report.

## **KEY MANAGERIAL PERSONNEL**

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

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

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



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

During the year, there were no changes in the nature of business of the company or any of its subsidiary.

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

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

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

As on March 31, 2017, there were no outstanding loans or guarantees covered under the provisions of Section 186 of the Act. The details of Investments covered under the provisions of Section 186 of the Act are given in Note No.13 to the financial statements.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The company has set up vigil mechanism for Directors and Employees to report their genuine concerns, the details of which are given in the Corporate Governance Report. The policy on Vigil Mechanism and Whistle Blower Policy have been posted on the website of the Company

### **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/pdf/PolicyRelated Party Transaction.pdf](http://www.kmchhospitals.com/pdf/PolicyRelated%20Party%20Transaction.pdf).

### **RISK MANAGEMENT**

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

### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT 9 is annexed herewith as "**Annexure - IV**" and forming part of this report.

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

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



## **HUMAN RESOURCE DEVELOPMENT**

Your Company continues to place great importance to the development of human resources segment and the sustained focus on retention through employee engagement initiatives has made the employees realize their potential.

Learning and Development has provided various learning platforms which include classroom and online self - learning modules to meet the development need of employees to help build their skills, knowledge and capability.

The total strength of the employees of the Company as on 31st March 2017 was 4044 Nos.

## **INDUSTRIAL RELATIONS**

The industrial relations scenario continued to be cordial during the year under review.

## **PARTICULARS OF REMUNERATION PAID TO KEY MANAGERIAL PERSONNEL**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the remuneration of Directors, Key Managerial Personnel and employees are enclosed as "**Annexure - V**" forming part of the report.

The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is [http://www.kmchhospitals.com/pdf/Nomination.Remuneration Evaluation policy.pdf](http://www.kmchhospitals.com/pdf/Nomination.Remuneration%20Evaluation%20policy.pdf).

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

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

During the year 2016-17, no complaints were received by the company related to sexual harassment.

## **DEPOSITS**

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

## **SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the company has appointed M/s KSR & Co. Company Secretaries LLP, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the company for the Financial Year 2016-17. Secretarial Audit Report is annexed herewith as "**Annexure -VI**" forming part of the report.

## **COST AUDIT**

In terms of Section 148 and other applicable provisions of the Companies Act 2013, read with Companies (Cost Records and Audit) Rules 2014, Mr.V.Sakthivel, Cost Accountant, M/s RKMS & Associates, Tirupur was appointed as Cost Auditor of the company by the Board on recommendation of Audit Committee for the Financial Year 2017-18. 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 29th Annual General Meeting held on 25.09.2015 approved the appointment of M/s.Haribhakti & Co. LLP., Chartered Accountants as Statutory Auditors for a period of five years from 2015 -16 to 2019-20.

Rule 3 (7) of Companies (Audit and Auditors) Rules 2014, states that appointment of Auditor shall be subject to ratification by the members at every Annual General Meeting till the expiry of the term of appointment of Auditor.

In view of the above, the appointment of M/s.Haribhakti & Co. LLP., Chartered Accountants as Statutory Auditors from the conclusion of this meeting, until the conclusion of the next Annual General Meeting is subject to the members ratification.

## **LISTING WITH STOCK EXCHANGE**

The company confirms that it has paid the Annual Listing Fees for the year 2017-18 to BSE where the company's shares are listed.

## **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.

## **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 : 29.05.2017

**DR. NALLA G PALANISWAMI**  
MANAGING DIRECTOR



**ANNEXURE - I  
FORM AOC - 1**

**(Pursuant to first proviso to sub Section (3) of Section 129 read with Rule 5 of Companies  
(Accounts) Rules, 2014)**

**Statement containing salient features of the financial statement of Subsidiaries /  
Associate Companies / Joint Ventures**

**PART - A - SUBSIDIARIES**

( ` in lakhs)

S.No.	Particulars	Idhayam Hospitals Erode Limited
1.	Reporting Period	1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017
2.	Reporting Currency	INR
3.	Share Capital	372.44
4.	Reserves & Surplus	(282.75)
5.	Total Assets	340.97
6.	Total Liabilities	340.97
7.	Investments	Nil
8.	Turnover	32.88
9.	Profit before Taxation	9.00
10.	Provision for Taxation	Nil
11.	Profit after Taxation	8.99
12.	Proposed Dividend	Nil
13.	% of shareholding	100%



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

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

During the year, the company initiated sanitation and promotion of education programmes in line with CSR policy of the company and within the purview of Schedule VII of the Companies Act 2013. Web link to the CSR Policy: [http://www.kmchhospitals.com/CSR\\_Policy.pdf](http://www.kmchhospitals.com/CSR_Policy.pdf).

- 2. Composition of the CSR Committee.**

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

- Average net profit of the company for last three financial years : ` 5296.87 Lakhs
- Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ` 105.94 Lakhs

- 5. Details of CSR spent during the financial year:**

a) Total amount spent for the financial year: ` 138.21 lakhs (Including unspent amount of previous year)

b) Amount unspent, if any: ` 12.04 Lakhs\*

\* Work in progress (Refer Point No. 6).

c) Manner in which the amount spent during the financial year is detailed below (**` in lakhs**)

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs subheads: (1) Direct expenditure on projects or programs. (2)	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	2	3	4	5	6	7	8
1	Construction of Toilet facilities	Sanitation	Nehru Nagar, Coimbatore Dist. Tamilnadu.	36.08	11.08	36.08	36.08 (Direct)
2	Construction of Toilet facilities	Sanitation	Veeriyampalayam, Coimbatore Dist. Tamilnadu.	27.52	26.70	27.52	27.52 (Direct)
3	Construction of Infra-structure facility to Educational Institution	Promotion of Education	Kalapatti, Coimbatore. Dist. Tamilnadu.	61.00	60.97	61.00	61.00 (Direct)



(₹ in lakhs)

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs subheads: (1) Direct expenditure on projects or programs. (2)	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	2	3	4	5	6	7	8
4	Contribution to Govt. School	Promotion of Education	Govt. Boys School, Sulur, Coimbatore Dist. Tamilnadu.	10.00	10.00	10.00	10.00 (Direct)
5	Construction of Toilet facilities	Sanitation	Veeriyampalayam, Coimbatore Dist. Tamilnadu.	10.50	2.65	2.65	2.65 (Direct)
6	Construction of Sewage treatment plant	Sanitation	Kalapatti, Coimbatore Dist. Tamilnadu.	31.00	26.81	26.81	26.81 (Direct)
			<b>Total</b>	<b>176.10</b>	<b>138.21</b>	<b>164.06</b>	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: The company is in the process of spending the balance sum of ₹12.04 Lakhs towards CSR project and the same is expected to be achieved during the year 2017-18.

**7. CSR Committee Responsibility statement**

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

CSR Policy is available in the website of the Company and weblink is as under:  
[http://www.kmchhospitals.com/CSR\\_Policy.pdf](http://www.kmchhospitals.com/CSR_Policy.pdf).

Place : Coimbatore  
 Date : 20.01.2017

**Dr. Nalla G. Palaniswami.**  
 Chairman, CSR Committee

**Mr K. Saminathan**  
 Member, CSR Committee



### **ANNEXURE - III**

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

##### **Energy Conservation**

Energy conservation continues to receive priority attention at all levels. Your company undertakes all efforts to conserve and optimize the use of energy with continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques.

Your company has implemented an Energy Management System through which the volume of electricity consumed is monitored and recorded with the help of software and the areas which consume high units of electricity are identified and alternate actions have been taken to reduce the power consumption.

Movement sensors have been fitted in the bathrooms of the patient rooms. The lights are operated based on the human movement. Street lights and advertisement sign boards are controlled by timers. The above steps have yielded a considerable amount of savings in electricity consumption.

Also equipments with 5 star energy ratings are alone used.

Phasing out of CFL lamps to LED lights have also been undertaken. It is estimated that this step would yield an annual savings of nearly ` 2,03,000/-

Your company has deployed 5 new ambulances, replacing the older ones for better fuel efficiency & emission control. All the vehicles operated for the company are in line with pollution control regulations. Periodic maintenance is undertaken for complying with prescribed norms and better vehicle efficiency.

##### **Making the most out of the waste**

Your company has a waste management system. Under this, the bio-degradable food wastes (solid & liquid) are decomposed and biogas is produced. This gas is captively consumed as a cooking fuel in your hospital canteen. Hence considerable amount of expenditure on LPG is reduced.

Your company has a Sewage treatment plant which removes the toxic effluents from the sewage water and the treated water is used for horticulture.

##### **Technology Absorption**

Over the years, your Hospital has brought in enhanced life-saving equipments. Your Hospital is constantly involved in improving the patient care by adapting to innovative technologies. In its continuous endeavour to serve the patients better and to bring healthcare of international standards within the reach of every individual, your hospital has introduced the latest technology in clinical care and surgical procedures across various departments of the hospital. A couple of milestone investments include the addition of a Mobile Stroke Unit and the Da-Vinci surgery machine (Robotic Surgery).

Apart from the above, your Hospital has also invested in Video Endoscopy, Hemodialysis, Ventilator, Surgical Light, X-ray system and other equipments to the tune of ` 1917.26 Lakhs.

##### **Foreign Exchange Earnings & Outgo**

###### **(i) Earnings in Foreign Currency**

Earnings in foreign currency during the year ended March 31, 2017 : Nil (Previous Year : Nil)

###### **(ii) Expenditure in Foreign Currency**

Expenditure in foreign currency during the year ended March 31, 2017 was ` 238.94 Lakhs (Previous Year : ` 1970.38 Lakhs).



**ANNEXURE - IV**
**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31st March, 2017.**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

- |  |   |
|--|---|
| i) CIN   | : L85110TZ1985PLC001659   |
| ii) Registration date  | : 29.08.1985  |
| iii) Name of the company   | : Kovai Medical Center and Hospital Limited   |
| iv) Category / Sub-category of the company                                     | : Public Limited Company  |
| v) Address of the registered office and contact details                        | : Post Box No. 3209, Avanashi Road<br>Coimbatore - 641 014<br>Phone : +91-422-4323800, 3083800<br>E-mail : secretarialdept@kmchhospitals.com<br>Website : www.kmchhospitals.com           |
| vi) Whether listed company   | : Yes   |
| vii) Name, address and contact details of registrar and transfer agent, if any | : GNSA Infotech Ltd.<br>Nelson Chambers, F-Block, 4th Floor,<br>No. 115, Nelson Manickam Road,<br>Aminjikarai, Chennai - 600 029<br>Phone : +91-422-42962025<br>E-mail : sta@gnsindia.com |

**II. Principal business activities of the company**

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

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

**III. Particulars of holding, subsidiary and associate companies**

S. No.	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	Idhayam Hospitals Erode Limited	U85110TZ2001 PLC009631	Wholly owned Subsidiary	100%	2(87) of the Companies Act, 2013



#### IV. Shareholding pattern (Equity share capital breakup as percentage of total equity)

##### i) Category-wise share holding

S. No.	Category of shareholders	No. of shares held at the beginning of the year (01.04.2016)				No. of shares held at the end of the year (31.03.2017)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ HUF	1302374	30101	1332475	12.18	1313674	101	1313775	12.01	(0.17)
(b)	Central/State Govt.(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies corporate	4006461	-	4006461	36.61	4006461	-	4006461	36.61	-
(d)	FI/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	<b>5308835</b>	<b>30101</b>	<b>5338936</b>	<b>48.79</b>	<b>5320135</b>	<b>101</b>	<b>5320236</b>	<b>48.62</b>	<b>(0.17)</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	57706	77498	135204	1.24	49393	77498	126891	1.16	(0.08)
(b)	Bodies corporate	-	-	-	-	-	-	-	-	-
(c)	FI / Banks	-	-	-	-	-	-	-	-	-
(d)	QFI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2)</b>	<b>57706</b>	<b>77498</b>	<b>135204</b>	<b>1.24</b>	<b>49393</b>	<b>77498</b>	<b>126891</b>	<b>1.16</b>	<b>(0.08)</b>
	<b>Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)</b>	<b>5366541</b>	<b>107599</b>	<b>5474140</b>	<b>50.03</b>	<b>5369528</b>	<b>77599</b>	<b>5447127</b>	<b>49.78</b>	<b>(0.25)</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual funds/UTI	-	-	-	-	42937	-	42937	0.39	0.39
(b)	FI/Banks	114468	-	114468	1.05	133157	-	133157	1.22	0.17
(c)	Central/State Govt. (s)	-	-	-	-	-	-	-	-	-
(d)	Venture capital funds	-	-	-	-	-	-	-	-	-
(e)	Insurance companies	-	-	-	-	-	-	-	-	-
(f)	FII	-	-	-	-	-	-	-	-	-
(g)	Foreign venture capital funds	-	-	-	-	-	-	-	-	-
(i)	Any other(Foreign Port Folio Investor)	21967	-	21967	0.20	21967	-	21967	0.20	-
	<b>Sub-Total (B)(1)</b>	<b>136435</b>	<b>-</b>	<b>136435</b>	<b>1.25</b>	<b>198061</b>	<b>-</b>	<b>198061</b>	<b>1.81</b>	<b>0.56</b>
<b>(2)</b>	<b>Non-institutions</b>									
(a)	Bodies corporate	514947	533100	1048047	9.58	556766	533000	1089766	9.96	0.38
(b)	Individuals - i.Individual shareholders holding nominal share capital up to ` 1 lakh	1042997	1049197	2092194	19.12	1402046	1122898	2524944	23.08	3.96
(c)	Individuals - ii.Individual shareholders holding nominal share capital in excess of ` 1 lakh	463343	171240	634583	5.80	109402	-	109402	1.00	(4.80)
(d)	Any other	-	-	-	-	-	-	-	-	-
(d) i)	Non Resident Indians	237132	1249361	1486493	13.58	370464	1132128	1502592	13.73	0.15
(d) ii)	Director & Relatives	-	70370	70370	0.64	-	70370	70370	0.64	-
	<b>Sub-total (B)(2)</b>	<b>2258419</b>	<b>3073268</b>	<b>5331687</b>	<b>48.72</b>	<b>2438678</b>	<b>2858396</b>	<b>5297074</b>	<b>48.41</b>	<b>(0.31)</b>
	<b>Total public shareholding (B)= (B)(1)+ (B)(2)</b>	<b>2394854</b>	<b>3073268</b>	<b>5468122</b>	<b>49.97</b>	<b>2636739</b>	<b>2858396</b>	<b>5495135</b>	<b>50.22</b>	<b>0.25</b>
<b>(C)</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>									
	<b>Grand Total (A)+(B)+(C)</b>	<b>7761395</b>	<b>3180867</b>	<b>10942262</b>	<b>100.00</b>	<b>8006267</b>	<b>2935995</b>	<b>10942262</b>	<b>100.00</b>	<b>-</b>



**ii) Shareholding of promoters**

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	DR.N.PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
2	DR.THAVAMANI DEVI PALANISWAMI	1095430	10.01	NIL	1096730	10.02	NIL	0.01
3	DR.BALASUNDARAM S	86944	0.79	NIL	86944	0.79	NIL	0.00
4	DR.K.S.K.MURUGAIYAN	70000	0.64	NIL	70000	0.64	NIL	0.00
5	DR.KALIANNA GOUNDER SUNDARAMOORTHY	30000	0.27	NIL	10000	0.09	NIL	(0.18)
6	DR. ARUN N PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
7	DR. MOHAN S PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
8	DR.PURANI P PALANISWAMI	10000	0.09	NIL	10000	0.09	NIL	0.00
9	MRS.MALLIKA MURUGAIYAN	10000	0.09	NIL	10000	0.09	NIL	0.00
10	DR.K.C.RAMASWAMI	101	0.00	NIL	101	0.00	NIL	0.00
11	M/s. KOVAI PURANI FINANCE (P) LTD	4006461	36.61	NIL	4006461	36.61	NIL	0.00
12	MRS.VANI THIRUMOORTHY	71485	0.65	NIL	71485	0.65	NIL	0.00
13	DR.P. R.PERUMALSWAMI	45193	0.41	NIL	45193	0.41	NIL	0.00
14	DR.NANJAPPA C SADASIVAN	12513	0.11	NIL	4200	0.04	NIL	(0.08)
15	DR.M.C.THIRUMOORTHY	6013	0.05	NIL	6013	0.05	NIL	0.00
	<b>Total</b>	<b>5474140</b>	<b>50.03</b>	<b>NIL</b>	<b>5447127</b>	<b>49.78</b>	<b>NIL</b>	<b>(0.25)</b>



**iii) Change in promoters' shareholding (please specify, if there is no change)**

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	DR.N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
2	DR.THAVAMANI DEVI PALANISWAMI	1095430	10.01	1095430	10.01
	06.06.2016 - Market Purchase	300	0.00	1095730	10.01
	15.10.2016 – Market Purchase	1000	0.01	1096730	10.02
	At the end of the year (31.03.2017)			1096730	10.02
3	DR.BALASUNDARAM S	86944	0.79	86944	0.79
	At the end of the year (31.03.2017)			86944	0.79
4	DR.K.S.K.MURUGAIYAN	70000	0.64	70000	0.64
	At the end of the year (31.03.2017)			70000	0.64
5	DR.KALIANNA GOUNDER SUNDARAMOORTHY	30000	0.27	30000	0.27
	23.02.2017 – Market Sale	18500	0.17	11500	0.10
	17.03.2017 – Market Sale	1500	0.01	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
6	DR.ARUN N PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
7	DR.MOHAN S PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
8	DR.PURANI P PALANISWAMI	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
9	MRS.MALLIKA MURUGAIYAN	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
10	DR.K C RAMASWAMI	101	0.00	101	0.00
	At the end of the year (31.03.2017)			101	0.00
11	M/s. KOVAI PURANI FINANCE (P) LTD.	4006461	36.61	4006461	36.61
	At the end of the year (31.03.2017)			4006461	36.61
12	MRS.VANI THIRUMOORTHY	71485	0.65	71485	0.65
	At the end of the year (31.03.2017)			71485	0.65



13	DR.P.R.PERUMALSWAMI	45193	0.41	45193	0.41
	At the end of the year (31.03.2017)			45193	0.41
14	DR.NANJAPPA C SADASIVAN	12513	0.11	12513	0.11
	28.11.2016 – Market Sale	1513	0.01	11000	0.10
	05.12.2016 – Market Sale	300	0.00	10700	0.10
	12.12.2016 – Market Sale	196	0.00	10504	0.10
	24.03.2017 – Market Sale	6304	0.06	4200	0.04
	At the end of the year (31.03.2017)			4200	0.04
15	DR.M.C.THIRUMOORTHY	6013	0.05	6013	0.05
	At the end of the year (31.03.2017)			6013	0.05

**iv) Shareholding pattern of top ten shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	M/s PAVAI PROPERTY DEVELOPERS (P) LTD	519300	4.75	519300	4.75
	At the end of the year (31.03.2017)			519300	4.75
2	M/s SAKTHI SUGARS LTD	200000	1.83	200000	1.83
	At the end of the year (31.03.2017)			200000	1.83
3	MR.VYNATHEYA BIDADI SHESHADRI	64402	0.59	64402	0.59
	18.11.2016 - Market Purchase	10350	0.09	74752	0.68
	25.11.2016 - Market Purchase	5265	0.05	80017	0.73
	02.12.2016 - Market Purchase	15117	0.14	95134	0.87
	09.12.2016 - Market Purchase	1866	0.02	97000	0.89
	16.12.2016 - Market Purchase	270	0.00	97270	0.89
	23.12.2016 - Market Purchase	2700	0.02	99970	0.91
	30.12.2016 - Market Purchase	189	0.00	100159	0.91
	13.01.2017 - Market Purchase	9243	0.08	109402	1.00
	At the end of the year (31.03.2017)			109402	1.00
4	M/s RUNNER MARKETING PVT LTD	95000	0.87	95000	0.87
	10.02.2017 - Market Purchase	5000	0.05	100000	0.91
	At the end of the year (31.03.2017)			100000	0.91
5	M/s GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND	68583	0.63	68583	0.63
	30.09.2016 - Market Purchase	4000	0.04	72583	0.66
	25.11.2016 - Market Purchase	2500	0.02	75083	0.69
	At the end of the year (31.03.2017)			75083	0.69
6	MR.DHARMAPALAN VISWANATHAN	67041	0.61	67041	0.61
	03.02.2017 - Market Sale	800	0.01	66241	0.60
	24.03.2017 - Market Sale	500	0.00	65741	0.60
	31.03.2017 - Market Sale	265	0.00	65476	0.60
	At the end of the year (31.03.2017)			65476	0.60
7	DR.JAGADA S JAGADEESAN	62678	0.57	62678	0.57
	At the end of the year (31.03.2017)			62678	0.57



8	MRS.MANI C MUDALIAR	62580	0.57	62580	0.57
	At the end of the year (31.03.2017)			62580	0.57
9	DR.USHA SUDINDRANATH	61331	0.56	61331	0.56
	At the end of the year (31.03.2017)			61331	0.56
10	M/s VEDANAYAGAM HOSPITAL LIMITED	50000	0.46	50000	0.46
	At the end of the year (31.03.2017)			50000	0.46

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. N. Palaniswami	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
2	Dr.Thavamani Devi Palaniswami	1095430	10.01	1095430	10.01
	06.06.2016 - Market Purchase	300	0.00	1095730	10.01
	15.10.2016 – Market Purchase	1000	0.01	1096730	10.02
	At the end of the year (31.03.2017)			1096730	10.02
3	Dr. Mohan S Palaniswami	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
4	Dr. Arun N Palaniswami	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
5	Dr. M.C. Thirumoorathi	6013	0.05	6013	0.05
	At the end of the year (31.03.2017)			6013	0.05
6	Mr. A.K. Venkatasamy	2500	0.02	2500	0.02
	At the end of the year (31.03.2017)			2500	0.02
7	CA. A.M. Palanisamy	4000	0.04	4000	0.04
	At the end of the year (31.03.2017)			4000	0.04
8	Mr. K. Saminathan	8000	0.07	8000	0.07
	At the end of the year (31.03.2017)			8000	0.07
9	Dr. Purani P Palaniswami	10000	0.09	10000	0.09
	At the end of the year (31.03.2017)			10000	0.09
10	CA.P.K. Gopikrishnan	100	0.00	100	0.00
	At the end of the year (31.03.2017)			100	0.00



## V. INDEBTEDNESS

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

( ` in Lakhs )

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	15284.05	Nil	Nil	15284.05
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>15284.05</b>	<b>Nil</b>	<b>Nil</b>	<b>15284.05</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	Nil	Nil	Nil	Nil
• Reduction	3169.89	Nil	Nil	3169.89
Net Change	3169.89	Nil	Nil	3169.89
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	12114.16	Nil	Nil	12114.16
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>12114.16</b>	<b>Nil</b>	<b>Nil</b>	<b>12114.16</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and /or Manager:

( ` in Lakhs )

S. No.	Particulars of Remuneration	Dr.Nalla G Palaniswami	Dr.Thavamani Devi Palaniswami	Dr. Mohan S Gounder	Dr. Arun N Palaniswami	Total Amount
1	1. Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69.00	64.05	88.21	39.10	260.36
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.07	5.32	-	0.32	15.71
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as 2 % of profit	197.50	197.50	-	-	394.99
5	Others, please specify *	-	-	-	-	-
	<b>Total (A)</b>	<b>276.57</b>	<b>266.87</b>	<b>88.21</b>	<b>39.42</b>	<b>671.07</b>
	Ceiling as per the Act (being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)					<b>987.48</b>

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



**B. Remuneration to other directors:**

( ` in Lakhs )

S. No.	Particulars of Remuneration	Name of the Director	Total Amount
1	Independent Directors <ul style="list-style-type: none"> <li>Fee for attending board meetings</li> <li>Commission</li> <li>Others *</li> </ul>	Mr.Kasi K Goundan Dr.M.Manickam CA.A.M.Palanisamy Mr.A.K.Venkatasamy Dr.M.A.Muthusethupathi Mr.K.Saminathan	0.10 0.30 0.40 0.40 0.10 0.50 Nil Nil
	Total (1)		1.80
2	Other Non-Executive Directors <ul style="list-style-type: none"> <li>Fee for attending board meetings</li> <li>Commission</li> <li>Others *</li> </ul>	Dr.M.C.Thirumoorthi Dr.Purani P Palaniswami Dr.S. Krishnasamy (Alternate Director)	0.10 0.20 0.30 Nil Nil
	Total (2)		0.60
	Total (B) = (1+2)		2.40
	Total Managerial Remuneration (A+B)		673.47
	Overall Ceiling as per the Act (being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)		1086.23

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



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

( ` in Lakhs )

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	54.90	9.15	64.05
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	-	0.40
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as 2 % of profit	-	-	-
5	Others *	-	-	-
	<b>Total</b>	<b>55.30</b>	<b>9.15</b>	<b>64.45</b>

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



# VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B. DIRECTORS</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--



### ANNEXURE - V

Particulars of Remuneration of Directors and Employees pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration) Rules, 2014.

**i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;**

S.No.	Name of the Director	Ratio
1	Dr. Nalla G Palaniswami	204x
2	Dr. Thavamani Devi Palaniswami	197x
3	Dr. Mohan S Gounder	65x
4	Dr. Arun N Palaniswami	29x
5	Mr. Kasi K Goundan	Nil
6	Dr. M.Manickam	Nil
7	CA. A.M. Palanisamy	Nil
8	Dr. M.C. Thirumoorthi	Nil
9	Mr. A.K. Venkatasamy	Nil
10	Mr. K. Saminathan	Nil
11	Dr. M.A. Muthusethupathi	Nil
12	Dr. Purani P Palaniswami	Nil
13	Dr. S. Krishnasamy	Nil

- The median remuneration of employees of the company was ₹ 1.35 Lakhs.
- For this purpose sitting fees paid to the directors have not been considered as remuneration.
- During the year, the non-executive directors received only the sitting fees as remuneration.



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

S. No.	Name of the Director/ CFO/ CS	% Increase / (Decrease) in remuneration
1	Dr. Nalla G Palaniswami	35%
2	Dr. Thavamani Devi Palaniswami	43%
3	Dr. Mohan S Gounder	7%
4	Dr. Arun N Palaniswami	8%
5	Mr. Kasi K Goundan	Nil
6	Dr. M.Manickam	Nil
7	CA A.M.Palanisamy	Nil
8	Dr. M.C.Thirumoorthi	Nil
9	Mr. A.K.Venkatasamy	Nil
10	Mr. K.Saminathan	Nil
11	Dr. M.A.Muthusethupathi	Nil
12	Dr. Purani P Palaniswami	Nil
13	Dr. S.Krishnasamy	Nil
14	CA P.K.Gopikrishnan	11%
15	CS S.P.Chittibabu	9%

- (iii) The percentage increase in the median remuneration of employees in the financial year : 11%

- (iv) The number of permanent employees on the rolls of company : 4044

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentile increase granted to employees other than managerial personnel is 11%

The percentile increase granted to managerial personnel is 35%.



- (vi) We affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the Company.
- (vii) Statement of employees receiving remuneration not less than eight lakhs fifty thousand rupees per month.

<b>Name</b>	<b>Dr.Nalla G Palaniswami</b>	<b>Dr.Thavamani Devi Palaniswami</b>
Designation of the employee	Managing Director	Joint Managing Director
Gross Remuneration (₹ in Lakhs)	276.57	266.87
Qualification	MBBS, MD AB (USA)	MBBS, AB (USA)
Date of Commencement of Employment	01.10.1989	29.07.2000
Last Employment	Hypertension, Obesity & Risk Factor Clinic, Wayne State University, Detroit, USA	Consultant in Paediatrics & Adolescence, City Clinic, Detroit, USA

**Note :**

1. Dr.Nalla G Palaniswami & Dr.Thavamani Devi Palaniswami are related to each other. Dr.Thavamani Devi Palaniswami is Dr.Nalla G Palaniswami's wife.
2. Dr.Thavamani Devi Palaniswami owns more than 2% of the equity shares of the Company as on 31st March 2017.
3. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and other benefits.
4. Net remuneration is exclusive of contribution to provident fund, gratuity fund, other benefits and tax deduction.





**ANNEXURE - VI  
SECRETARIAL AUDIT REPORT**

To

The Members,  
Kovai Medical Center and Hospital Limited,  
Post Box No. 3209, Avanashi Road,  
Coimbatore - 641 014.

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For KSR & Co Company Secretaries LLP**

Place : Coimbatore  
Date : 25.05.2017

**C.V.Madhusudhanan**  
Partner  
(FCS: 5367; CP: 4408)





**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014**  
**For the Financial Year ended 31st March, 2017**

To

The Members,  
Kovai Medical Center and Hospital Limited,  
Post Box No. 3209, Avanashi Road, Coimbatore - 641 014.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kovai Medical Center and Hospital Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2017 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, 2017 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iv) The Depositories Act, 1996 and the Regulations framed there under.
- (v) 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.\*\*
- (vi) 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, 2009.\*
  - 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.

\* No transactions took place during the audit period to require their compliance.

\*\* No Overseas Direct Investments and no External Commercial Borrowings happened during the period of audit.

**(vii) The following laws, regulations, directions, orders applicable specifically to the Company:**

- a. The Medical Termination of Pregnancy Act, 1971
- b. The Medical Termination of Pregnancy Rules, 1975
- c. The Medical Termination of Pregnancy Regulations, 1975
- d. The Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection Act, 1994)
- e. The Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Rules, 1996
- f. Blood Bank Rules under Drugs and Cosmetics (Second Amendment) Rules, 1999
- g. The Transplantation of Human Organs and Tissues Act, 1994
- h. The Environment Protection Act, 1986 & Bio-Medical Waste (Management & Handling) Rules, 1998
- i. The Pharmacy Act, 1948

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

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



**We further report that**

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

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

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

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

**We further report that** during the period covered under the Audit, the Company has not made any specific actions 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**

Place : Coimbatore  
Date : 25.05.2017

**C.V.Madhusudhanan**  
Partner  
(FCS: 5367; CP: 4408)



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **HOSPITAL'S PERFORMANCE MANAGEMENT**

Healthcare organizations operating in today's global economy are faced with increasing competitive and regulatory pressures, and a heightened level of public scrutiny. In such a market environment, there is a pressing need for shrinking decision cycles where improved, faster and more accurate decision-making enables organizations to create a competitive advantage.

Hospital management has seen a drastic change over the years. Traditionally, hospitals were managed by select stakeholders like doctors, entrepreneurs and trusts, who had a say in the decision-making at an operational and board level. There is a paradigm shift in the priorities of managing a hospital today compared to those in the past from focusing not only on the growth story but also more on the performance of the hospital in terms of clinical, operational and financial parameters. Focus on the bottom line has increased and so have the efforts to improve patient experience by providing quality patient care and treatment.

Hospitals have become more conscious towards performance. Professionalism in management and better cost control can help the hospital in achieving better results as well as offer cost-effective treatment to patients, thus providing a win-win outcome for investors, medicine practitioners and patients. Indicators like return on capital employed (ROCE); earnings before interest, tax, depreciation and amortization (EBITDA); internal rate of return (IRR); and price earnings (PE) multiples are tracked to see how healthy an organization is. Operational parameters like patient satisfaction index, patient turnaround time and clinical management information system (MIS) data are also tracked regularly.

### **HEALTHCARE GROWTH AND DEVELOPMENT**

India's phenomenal economic growth in the last decade has improved overall health standards in the country. But it has also brought to light the inequities and inefficiencies of our healthcare industry. Our Tier 3 cities and rural areas have very limited access to good quality healthcare. The poor conditions in these cities and villages make it imperative for us to act on improving the healthcare delivery system. Today, millions of Indians cannot use healthcare services because of their financial constraints. 70% of the payments in India are out-of-pocket (direct payments). This percentage is even higher for people below the poverty line. The first step towards solving the financial hardships faced by the poor is to move away from out-of-pocket payments at the time of utilizing services to prepayment for health service. (Source: PWC)

### **STRONG GROWTH IN HEALTHCARE EXPENDITURE OVER THE YEARS**

Healthcare has become one of India's largest sectors both in terms of revenue and employment. The industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well as private players. During 2008-20, the market is expected to record a CAGR of 16.5 per cent. The total industry size is expected to touch USD160 billion by 2017 and USD280 billion by 2020. (Source: KPMG)

### **SCOPE OF GROWTH**

Currently, India stands at a cross-road of high-end, multi-specialty private healthcare services on one end and lack of doctors, support staff, medicines and facilities at the other. India is expected to rank amongst the top three healthcare markets in terms of incremental growth by 2020. High-end facilities and education platforms are concentrated near metropolitan centres. India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research. Conducive policies for encouraging FDI, tax benefits, favorable government policies coupled with promising growth prospects have helped the industry.



## **FUTURE PROSPECTS**

India is a land full of opportunities for players in the healthcare services industry. The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of population. Besides, Indian medical service consumers have become more conscious towards their health upkeep. (Source: The Mark Health Saver)

## **LIFESTYLE DISEASES AND GROWING AWARENESS**

The purported rise of lifestyle diseases in India is expected to boost industry sales figures. Increased incidences such as heart disease, obesity and diabetes have contributed to rising healthcare spending by individuals. Growing health awareness and precautionary treatments coupled with improved diagnostics are resulting in an increase in hospitalization. Indian system of healthcare, Ayurveda has unique therapies which are beneficial for treatment of many chronic lifestyle disorders and thus attracting more number of patients to avail these services in India. (Source: India Opportunities)

## **GROWING IN-PATIENT / OUT-PATIENT AND DIAGNOSTIC MARKET**

Over 2015-20, the In-Patient market is expected to grow at a CAGR of 13%. And the out-Patient market is expected to grow at CAGR of 10%. As of 2016, the inventory of all bio-medical equipment stood around 7,56,750 worth USD 697.21 million in 29,115 health facilities of India. Over 2012-22, diagnostic market is expected to grow at a CAGR of 20.4 per cent to USD 32 billion from USD 5 billion in 2012. Diagnostic market is split between imaging and pathology with 30 per cent and 70 per cent share respectively.

## **STRONG GOVT. POLICY SUPPORT CRITICAL IN DEVELOPING THE SECTOR**

### **Encouraging the Private Sector**

Benefits of Section 10(23) of The Income Tax Act, 1961 extended to financial institutions that provide long term capital to Hospitals of 100 beds or more.

Government is encouraging the PPP model to improve availability of healthcare services and provide healthcare financing.

### **Encouraging investments in rural areas**

The benefit of section 80-IB has been extended to new hospitals with 100 beds or more that are set up in rural areas; such hospitals are entitled to 100 per cent deduction on profits for 5 years Tax Incentives.

All healthcare education and training services are exempted from service tax. Increase in tax holiday under section 80- IB for private healthcare providers in non metros for minimum of 50 bedded hospitals.

250 per cent deduction for approved expenditure incurred on operating technology enables healthcare services such as tele-medicine, remote radiology.

Income tax exemption for 15 years for domestically manufactured medical technology products (National Health Policy 2017).



Primary aim is to inform, clarify, strengthen and prioritize the role of the Government in shaping health systems in all its dimensions- investments in health, organization of healthcare services, prevention of diseases and promotion of good health through cross sectoral actions, access to technologies, developing human resources, encouraging medical pluralism, building knowledge base, developing better financial protection strategies, strengthening regulation and health assurance.

#### Incentives in the Medical Travel Industry

Incentives and tax holidays are being offered to hospitals and dispensaries providing health travel facilities. Senior citizens above 80 years of age will be allowed deduction of USD 491 towards medical expenditure if they are not covered under health insurance.

### OPPORTUNITIES

Healthier citizens build a healthier nation and this sector has the ability to propel GDP growth in multiple ways - both directly and indirectly.

**As an Employment generator:** With a rise in ageing population and growing disease burden, the demand for healthcare services is expected to increase manifold. In order to meet this demand, the sector calls for a greater number of healthcare practitioners and skilled labour, thereby creating more direct and indirect job opportunities in the coming years.

**As a productivity enhancer:** Health is an important constituent of human capital. Investing in healthcare can have a positive impact across various spectrums of the economy. It can not only enhance labour productivity by increasing their physical capacities, such as endurance and strength, but also augment mental capacities, such as reasoning ability and cognitive functioning. Thus, health is expected to have far-reaching effects on productivity of both unskilled and skilled manpower.

**As a forex generator:** India is fast emerging as one of the leading destinations for international patients, owing to technological advancement, improvements in quality of care imparted, international accreditation programs run by medical institutes, enhanced skill sets of medical staff and its cost arbitrage. This has consequently encouraged the inflow of foreign exchange, helping strengthen our position in the international market. Health experts have indicated that India can grab this opportunity and target GDP share of around two per cent in 10 years from now through medical tourism.

**As a driver for innovation and entrepreneurship:** Innovation and entrepreneurship can be instrumental in driving the economy's growth. With the advent of alternate and innovative healthcare models, such as wellness centers, diabetes clinic, day care centers, diagnostic chains, among others, the entrepreneurial spirit in the sector has heightened. This in turn is expected to create employment opportunities, enhance productivity and increase export potential of healthcare services.

### THREATS

#### a) Technological Advancements

The year 2016 witnessed a revolution in healthcare technology with innovations in medical devices, software and changes in healthcare administration. (Source: ReferralMD) Some of the advancements include,

- i. **Robotic Nurse Assistant** - A robot replaces human being for lifting the patient from or to bed, wheel chair etc.
- ii. **Remote Patient Monitoring** - Remote Patient monitoring collects wide varieties of health data and transmits them to health professionals to off-site specialized clinics / centers / hospitals for various diagnosis / treatments thus making the entire process cost effective.
- iii. **Light Bulbs that Disinfect and Kill Bacteria** - The technology of using visible light that continuously disinfect the environment and bolsters the infection prevention efforts.



- iv. **Electronic Underwear Preventing Bedsores** - The electric underpants deliver a small electrical charge every ten minutes. The effect is the same as if the patient was moving on their own, it activates muscles and increases circulation in that area, and effectively eliminates bed sores, thereby saving lives.
- v. **Long Lasting Batteries for Medical Device & Wearables** - With the need for power-hungry devices, there comes innovation in the form of new technologies that will help provide the world with long lasting and fast charging batteries.

With the outcome of these technological advancements, there comes a need for adapting into the new technologies to stay competitive in the market. Hence evolution needs to be carried out as a continuous process.

#### b) **Manpower Attrition Ratio**

The hospital industry relies heavily on trained healthcare professionals for delivering quality healthcare services. Among the challenges facing the industry is the high turnover of healthcare professionals leading to a global shortage of nearly 7.2 million healthcare workers that is expected to increase to 12.9 million by 2035. The shortage of skilled workers in hospitals has led to sub-optimal levels of patient care, increased patient mortality, increased medical errors, etc. Better remuneration, ideal working conditions abroad, high-stress levels, increased workload and reduced job satisfaction are some of the significant factors identified causing turnover in healthcare professionals. (Source: Biomed central)

### **CHALLENGES IN INDIAN HEALTH CARE SECTOR**

India is the second most populous country in the world. The death rate has declined but birth rates continue to be high in most of the states.

India faces the twin epidemic of continuing/emerging infectious diseases as well as chronic degenerative diseases. The former is related to poor implementation of the public health programs, and the latter to demographic transition with increase in life expectancy. Economic deprivation in a large segment of population results in poor access to health care. Poor educational status leads to non-utilization of scanty health services and increase in avoidable risk factors. (Source: pitt.edu)

Poor infrastructure, shortage of a skilled workforce and lack of standards impact the quality of care. With a 22% shortage of primary health centres (PHCs) and 32% shortage of community health centres (CHCs), it is estimated that 50% of beneficiaries travel more than 100 km to access quality care. India has only 1.1 beds per 1,000 populations in India compared to the world average of 2.7 beds per 1,000 populations. India still accounts for 16% of the global share of maternal deaths and 27% of global newborn deaths. Deaths continue to occur due to communicable diseases, with 22% of global TB incidence in India. India's non-communicable disease (NCD) burden continues to expand and is responsible for around 60% of deaths in India. (Source: NAT Health)

### **MEDICAL TOURISM IN INDIA**

Over the years, India has grown to become a top-notch destination for medical value travel because it scores high over a range of factors that determines the overall quality of care. From quality of therapy, range of procedural and treatment options, infrastructure and skilled manpower to perform any medical procedure with zero waiting time, the list of benefits of travelling for medical treatment in India are many.

The high-end healthcare system in India is as good as the best in the world. India maintains not only a robust accreditation system but also a large number of accredited facilities. These set of approved hospitals in India can provide care at par or above global standards.



## **EXPANSION PLAN**

Medical Council of India (a statutory body established by Government of India for establishing and maintaining standards for medical education) in January 2017 has amended the eligibility criteria by permitting Companies registered under Companies Act, 1956 to establish medical college institutions. This amendment in the regulation has opened a huge opportunity for KMCH. The Board is of the opinion that starting a medical college now will be ideal, considering the present opportunity thrown open by Medical Council India. The Board feels that this opportunity should be exploited at the earliest, ahead of the Chennai Hospital Project. KMCH possesses the requisite infrastructure - Land area, Technology and Manpower. The cost of the project is estimated to be ` 500 Crores approximately.

We are contemplating to commence the construction by the year 2017-18 provided the necessary approvals from the appropriate authority are obtained in time.

## **RISK MANAGEMENT**

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risk management's objective is to assure uncertainty does not deflect the endeavor from the business goals. Your company has a risk management committee to identify the risks, assessing the vulnerability, identify the ways to reduce the risks and prioritizing the risk reduction measures. This committee is headed by the Managing Director.

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

Internal control, as defined in accounting and auditing, is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Internal control involves everything that controls risks to an organization. Your company has appointed an independent firm of chartered accountants to review the adequacy of internal control systems, reliability of financial statements and compliance with laws and regulations.

## **INTERNAL FINANCIAL CONTROLS UNDER SECTION 134(5)(e) OF THE COMPANIES ACT, 2013**

Internal financial controls means the policies and procedures adopted by the company 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.

The company has engaged with M/s. Astral Consulting Limited (Astral) for reviewing the existing process and mapping them with risks & controls and ensure that they are adequate, for improving the process and controls wherever it is observed that process is slack and for testing the Internal controls so formed on regular basis and ensure that processes are working effectively.

Adequate systems and processes, commensurate with the size of the company and of its businesses are put in place to ensure compliance with the provisions of all applicable laws and such systems and processes are operating effectively.

## **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the health care sector's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.





## REPORT ON CORPORATE GOVERNANCE (Annexure to the Thirty First Directors' Report 2016-17)

### INTRODUCTION

The Securities and Exchange Board of India (SEBI) in terms of powers conferred under SEBI Act 1992 notified SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and introduced Code of Corporate Governance (Code) by way of new Listing Agreement executed with the Stock Exchange. The company has complied with the mandatory requirements of the Code.

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

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprise are built to last. The Company is committed to exercise the overall responsibilities. The company has a strong legacy of fair, transparent and ethical governance practice. The company is committed to learn and adopt the best practice of corporate governance.

### 2.BOARD OF DIRECTORS

#### (a) Composition

As on 31st March 2017, the strength of the Board is twelve Directors of which four are Executive Directors. As per SEBI (LODR) Regulations 2015, if the Chairman is an Executive, atleast half of the Board should comprise of Independent Directors. There are six Independent Directors in our Board.

None of the Directors on the Board hold office of Director in more than ten Public Limited Companies or membership of the committees of the Board in more than ten committees and Chairmanship of more than five committees, across all companies.



S.No.	Name of the Director	Category of Directors	Directorship in other Public Ltd. Companies	Membership and/or Chairperson of Committees in other Public Ltd. Companies
1.	Dr.Nalla G Palaniswami	Promoter & Executive	2	---
2.	Dr.Thavamani Devi Palaniswami	Promoter & Executive	4	---
3.	Dr.Mohan S Gounder	Non-independent & Executive	3	---
4.	Dr.Arun N Palaniswami	Non-independent & Executive	3	---
5.	Mr.Kasi K Goundan	Independent & Non-Executive	---	---
6.	Dr.M.Manickam	Independent & Non-Executive	7	2
7.	CA A.M.Palanisamy	Independent & Non-Executive	1	---
8.	Dr.M.C.Thirumoorthi	Promoter, Non-Independent & Non-Executive	1	---
9.	Mr.A.K.Venkatasamy	Independent & Non-Executive	3	---
10.	Mr.K.Saminathan	Independent & Non-Executive	---	---
11.	Dr.M.A.Muthusethupathi	Independent & Non-Executive	---	---
12.	Dr.Purani P Palaniswami	Non-Independent & Non-Executive	3	---
13.	Dr.S.Krishnasamy (Alternate to Dr.Purani P Palaniswami)	Independent & Non-Executive	1	---

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

#### (b) Attendance of Directors at the Board Meetings and Annual General Meeting

The Board met five times during the financial year 2016-17. The Board of Directors of the Company had met not exceeding with a maximum time gap of one hundred and twenty days. The relevant details are as under:



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

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>Name of the Invitees</b>			
1.	Mr.C.S.Sathyanarayanan / Mr.K.Sidarth	Statutory Auditors	4	4
2.	CA.P.K.Gopikrishnan	Chief Financial Officer	4	4
3.	CS.S.P.Chittibabu	Company Secretary	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 Directors and Whole Time Director for the Financial Year ended 31.3.2017 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 Directors and Whole Time Director within the limits approved by the Shareholders.



Details of remuneration paid / payable to Managing Director, Joint Managing Directors and Whole Time Director for the year ended 31st March 2017 are as follows:

(₹ in lakhs)

Name of the Director	Total Remuneration ₹	Fixed Component ₹	Variable Component ₹
Dr.Nalla G Palaniswami Managing Director	276.57	69.00	207.57
Dr.Thavamani Devi Palaniswami Joint Managing Director	266.87	64.05	202.82
Dr. Mohan S Gounder Joint Managing Director	88.21	88.21	-
Dr. Arun N Palaniswami Whole Time Director	39.42	39.10	0.32

Non-executive Directors were paid Sitting Fees for attending Board Meetings.

**(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 and position	Attendance
1	CA A.M.Palanisamy, Chairman	Present
2	Mr.A.K.Venkatasamy, Member	Present
3	Mr.K.Saminathan, Member	Present

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 is the Secretary of the Committee. During the financial year 2016-17 the committee met on 16.5.2016 and 1.2.2017.

The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is <http://www.kmchhospitals.com/pdf/Nomination.Remuneration.EvaluationPolicy.pdf>.



### (c) Stakeholders Relationship Committee

#### Terms of Reference

#### Composition

The Board of Kovai Medical Center and Hospital Limited constituted a Stakeholders Relationship Committee to facilitate prompt and effective redressal of shareholders' complaints and reporting of the same to the Board periodically. This Committee meets approximately every fortnight to consider the request for transfer of shares and investors' grievance received on regular basis.

S.No.	Name of the Director and Position	Attendance
1	Dr.Nalla G Palaniswami, Member	Present
2	CA A.M.Palanisamy, Chairman	Present
3	Mr.A.K.Venkatasamy, Member	Present
4	Mr.K.Saminathan, Member	Present
	<b>Name of the Invitee</b>	
1	CS S.P.Chittibabu, Company Secretary	Present

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

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agent. The committee met 21 times during the year 2016-17. The committee approved the transfer of 47,100 shares in physical form.

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.



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. Mr.S.P.Chittibabu, Company secretary is the Compliance Officer of the company. For any clarification / complaint, the shareholders may contact Mr.S.P.Chittibabu, Company Secretary at the registered office of the company

During the financial year ended 31.3.2017, the company has received twelve complaints from the shareholders. All the complaints were redressed to the satisfaction of the shareholders.

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

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

During the year the Committee met two times 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 two times during the year on 11.11.2016 and 3.2.2017 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.

#### 5. REMUNERATION PAID TO DIRECTORS

Of the total 12 directors, four 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.

##### a) Details of Remuneration paid to Executive Directors during the financial year 2016-17.

(₹ in lakhs)

Name of the Director	Total Remuneration	Fixed Component	Variable Component
Dr. Nalla G. Palaniswami Managing Director	276.57	69.00	207.59
Dr. Thavamani Devi Palaniswami Joint Managing Director	266.87	64.05	202.82
Dr. Mohan S Gounder Joint Managing Director	88.21	88.21	-
Dr. Arun N Palaniswami Whole Time Director	39.42	39.10	0.32



**b. Details of Sitting Fees paid to Non-Executive Directors during the financial year 2016-17**

Apart from sitting fee, the Non-Executive Directors were not compensated in any other manner. in lakhs

Name of the Director	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Stakeholders' Relationship Committee Meeting	Total
Mr.Kasi K Goundan	0.10	---	---	---	0.10
Dr.M.Manickam	0.30	---	---	---	0.30
CA.A.M.Palanisamy	0.40	---	---	---	0.40
Dr.M.C.Thirumoorthi	0.10	---	---	---	0.10
Mr.A.K.Venkatasamy	0.40	---	---	---	0.40
Mr.K.Saminathan	0.50	---	---	---	0.50
Dr.M.A.Muthusethupathi	0.10	---	---	---	0.10
Dr.Purani P Palaniswami	0.20	---	---	---	0.20
Dr.S.Krishnasamy (Alternate Director)	0.30	---	---	---	0.30

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the company during the Financial Year ended 31st March, 2017.

**c. Details of shareholding of Directors as on 31st March 2017**

As on 31st March 2017, the company had four Executive Directors and eight Non-Executive Directors. Of the four Executive Directors, Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Dr.Mohan S Gounder and Dr.Arun N Palaniswami hold 11,26,730 equity shares in the company. Among the Non-Executive Directors CA A.M. Palanisamy, Dr.M.C.Thirumoorthi, Mr.A.K.Venkatasamy, Mr.K.Saminathan and Dr.Purani P Palaniswami hold 30,513 equity shares in the company. The other Non-Executive Directors do not hold any shares in the company.



## 6. ANNUAL GENERAL MEETINGS AND EXTRA - ORDINARY GENERAL MEETING

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

Particulars	30th AGM 2016
Date of the meeting	30.08.2016
No. of Members Attended	167
No. of Proxies Attended	3
Chairman of the Meeting	Dr.Nalla G Palaniswami
Chief Financial Officer	CA.P.K.Gopikrishnan
Company Secretary	CS.S.P.Chittibabu

## 7. SUBSIDIARY COMPANY

The financials of the subsidiary company viz., M/s Idhayam Hospitals Erode Limited have been duly reviewed by the Audit Committee and the Board of the holding company. The Board minutes of the unlisted subsidiary company has been placed before the Board of the holding company.

The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary company. The Company has also formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website of the Company ([www.kmchhospitals.com/Investor Relations/Others/Policies/Policy on subsidiaries](http://www.kmchhospitals.com/Investor_Relations/Others/Policies/Policy_on_subsidiaries)).

## 8. 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. 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.34 forming part of the Accounts, as required under Accounting Standard 18 of The Institute of Chartered Accountants of India.

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



#### (b) Compliance by the Company

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

#### (c) Accounting Treatment

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

#### (d) Insider Trading Policy

The code of conduct for prevention of Insider Trading, as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992 has been introduced with effect from 25.11.2002. The Company Secretary has been designated as the Compliance Officer for this purpose. The Board monitors the adherence to the various requirements as set out in the code. No violation of the code has taken place during the year.

#### (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, 2017 have been obtained and incorporated in the Company's Annual Report.

#### (f) Code of Conduct

The Company's Board has laid down code of conduct for the employees at all levels including Senior Management and Directors of the Company. A declaration submitted by the Managing Director to this effect is provided at the end of the report.

#### (g) Code for prevention of insider trading

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers / Designated employees. The code ensure the prevention of dealing in shares by persons having an access to unpublished price sensitive information.

#### (h) 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.

#### (i) Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations, 2015, is presented in a separate section forming part of the Annual Report.



### (j) Unpaid / Unclaimed Dividend

In terms of Section 124(6) and other applicable provisions of Companies Act 2013, any money transferred to unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, will be transferred to Investor Education and Protection Fund set up by the Govt. of India. No claim shall lie in respect thereof.

During the year, the company has transferred a sum of ₹ 5.43 Lakhs pertaining to the year 2008-09 as unclaimed dividend to the Investor Education and Protection Fund pursuant to Section 124 of the Companies Act 2013.

S.No.	Financial year	Date of Declaration of Dividend	Due date for transfer to Investor Education and Protection Fund of Govt. of India
1.	2009-10	August 12, 2010	September 10, 2017
2.	2010-11	August 23, 2011	September 21, 2018
3.	2011-12	July 13, 2012	August 11, 2019
4.	2012-13	July 19, 2013	August 17, 2020
5.	2013-14	September 3, 2014	October 1, 2021
6.	Jubilee Interim Dividend 2015-16	May 29, 2015	June 27, 2022
7.	2014-15	September 25, 2015	October 23, 2022
8.	2015-16	August 30, 2016	September 28, 2023

### (k) Equity Shares in Suspense Account

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

- Aggregate Number of Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year : 17 Shareholders - 4,200 shares
- Number of shareholders who approached issuer for transfer of shares from suspense account during the year : 3
- Number of shareholders to whom shares were transferred from suspense account during the year : 3
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March 2017 : 14 shareholders - 3,000 shares

As per the listing agreement, separate Demat Suspense Account has been opened with the Depository Participant and the voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.



## 9. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

## 10. 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 2016-17.

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

M/s GNSA Infotech Limited is the Registrar for the demat segment and also the share transfer agent of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement. A Practising Company Secretary certifies on a quarterly basis the timely dematerialization of shares of the company.

Address and contact details of the RTA :

### **GNSA Infotech 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

## 12. (a) SHARE TRANSFER SYSTEM

Request for transfer of shares held in physical forms, received by the company are processed and generally, the share certificates are dispatched within the stipulated time under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, these documents are clear and complete in all aspects except, in cases where there are disputes over title of shares.

Certificate of compliance for share transfer formalities as required under SEBI (LODR) Regulations, 2015 was obtained from a Company Secretary in Practice and filed with the Stock Exchange.



## (b) DEMATERIALISATION OF SHARES

The Company has already entered into agreements, with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the Company, to select the Depository of their choice for holding and dealing in shares in electronic form.

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

As on 31.3.2017, 73% of the Company's paid-up equity capital was held in dematerialized form.

The Company has not issued any ADRs/GDRs/Warrants or any Convertible Instruments during the year.

## 13. MEANS OF COMMUNICATION

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

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

**Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz: [www.kmchhospitals.com](http://www.kmchhospitals.com).

## 14. SHAREHOLDERS MEETING

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

### Annual General Meeting of the Company:

Year	Date	Venue	Time
2015-16	30.08.2016	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.
2014-15	25.09.2015	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 a.m.
2013-14	03.09.2014	KMCH Auditorium, KMCH Campus, Avanashi Road, Coimbatore	3.00 p.m.



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

**At the Annual General Meeting held on September 03, 2014:**

- Amendment of Articles of Association of the company pursuant to the Companies Act, 2013
- Re-appointment of Managing Director
- Approval for Borrowing in excess of the paid-up capital & free reserves of the company
- Approval for creation of charge / mortgage etc. on company's movable/immovable properties

**At the Annual General Meeting held on September 25, 2015:**

- Amendment of Articles of Association of the company pursuant to the Companies Act 2013
- Re-appointment of Joint Managing Director

**At the Annual General Meeting held on August 30, 2016 : Nil**

**Postal Ballot**

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





## 15. GENERAL SHAREHOLDERS INFORMATION

a. AGM Date, time and venue	11th August 2017 at 11.00 a.m. A.P.Kalyana Mandapam 738/2 Avanashi Road Goldwins Coimbatore - 641 014
b. Financial Calender	
1 <sup>st</sup> Quarter	1 <sup>st</sup> April to 30 <sup>th</sup> June
2 <sup>nd</sup> Quarter	1 <sup>st</sup> July to 30 <sup>th</sup> September
3 <sup>rd</sup> Quarter	1 <sup>st</sup> October to 31 <sup>st</sup> December
4 <sup>th</sup> & last Quarter	1 <sup>st</sup> January to 31 <sup>st</sup> March
c. Date of Book closure	1 <sup>st</sup> August 2017 to 11 <sup>th</sup> August 2017 (both days inclusive)
d. Dividend Payment date	On or before 10 <sup>th</sup> September 2017
e. Listing of	
i. Equity Shares	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
ii. Listing Fees	Paid for the above Stock Exchange for 2016-17 and 2017-18
f. Custodial Fees	Paid the fees to NSDL and CDSL for 2016-17 and 2017-18
g. Compliance officer & Address for Correspondence	Mr.S.P.Chittibabu, Company Secretary Post Box No.3209, Avanashi Road, Coimbatore - 641 014
h. Stock Exchange Security Code for Equity Shares :	
Bombay Stock Exchange Limited	Security Code: 523323 Security ID : KOVAI
i. Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 177F01017
j. Branches	<ol style="list-style-type: none"> <li>1. KMCH - City Center 18, Vivekananda Road, Ram Nagar, Coimbatore - 641 009.</li> <li>2. KMCH - Erode Center 68, Perundurai Road, Erode - 638 011.</li> <li>3. KMCH Speciality Hospital 16, Palaniappa Street, Erode - 638 009.</li> <li>4. KMCH Sulur Hospital 242-B, Trichy Road, Coimbatore - 641 402.</li> </ol>



## 16. RECONCILIATION OF SHARE CAPITAL AUDIT

For each of the quarter in the Financial Year 2016-17, a qualified Practising Company Secretary, carried out Share Capital Audit as stipulated by the Securities and Exchange Board of India to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued / listed capital.

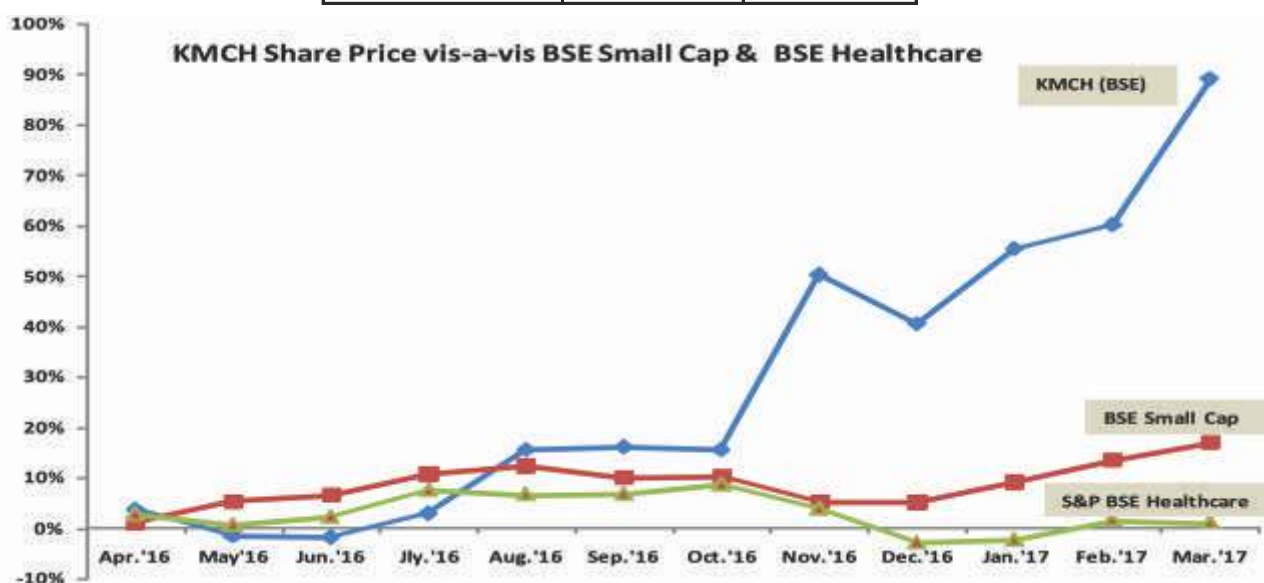
The Audit Reports confirm the total issued/paid-up capital, is in agreement with total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and in respect of the above, quarterly Secretarial Audit Report was filed with the Stock Exchange.

## 17. STOCK MARKET DATA

Monthly high and low quotations of shares traded on Bombay Stock Exchange for the period April 2016 to March 2017 is given below.

BSE

Month	High	Low
April 2016	780.00	662.00
May 2016	739.00	675.00
June 2016	710.00	660.10
July 2016	733.00	660.00
August 2016	838.00	681.00
September 2016	824.00	753.00
October 2016	829.80	760.40
November 2016	1,044.90	753.60
December 2016	1,090.00	950.00
January 2017	1,095.00	956.00
February 2017	1,150.00	1,045.00
March 2017	1,330.00	1,085.00





# 18. DISTRIBUTION OF SHAREHOLDERS

(a) Distribution of shareholding as at 31st March 2017.

No. of Equity Shares (Slab)	No. of Shareholders	Percentage of Shareholders	Nos.	Percentage of Shareholding
1 - 500	6684	87.81	770144	7.04
501 - 1000	475	6.24	431291	3.94
1001 - 2000	163	2.14	259759	2.37
2001 - 3000	78	1.02	201339	1.84
3001 - 4000	21	0.28	75063	0.69
4001 - 5000	20	0.26	94396	0.86
5001 - 10000	61	0.80	520479	4.76
Above 10000	110	1.45	8589791	78.50
<b>Total</b>	<b>7612</b>	<b>100.00</b>	<b>10942262</b>	<b>100.00</b>

(b) Categories of shareholders as on 31st March 2017

S.No.	Category of Shareholders	Total Number of Shares	Percentage (%)
1	Promoters	5447127	49.78
2	Bodies Corporate	1287827	11.77
3	General Public	2704716	24.72
4	Non-Resident Indians	1502592	13.73
	<b>Total</b>	<b>10942262</b>	<b>100.00</b>

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

In accordance with Regulation 34 (3) read with para D of schedule V of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with their respective code of conduct, as applicable to them, for the Financial Year ended 31st March 2017.

For Kovai Medical Center and Hospital Limited

Place : Coimbatore  
Date : 29.05.2017

**DR. NALLA G PALANISWAMI**  
MANAGING DIRECTOR





To

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

**CERTIFICATE PURSUANT TO REGULATION 17(8) AND PART B OF  
SCHEDULE II OF SEBI (LODR) REGULATIONS, 2015 FOR THE FINANCIAL YEAR 2016-17**

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

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

Place : Coimbatore  
Date : 29.05.2017

**Dr. Nalla G Palaniswami**  
Managing Director

**CA P.K. Gopikrishnan**  
Chief Financial Officer



**COMPLIANCE CERTIFICATE**

**To**

**The members of Kovai Medical Center and Hospital Limited,  
Coimbatore.**

I have examined the compliance conditions of Corporate Governance by Kovai Medical Center and Hospital Limited ('the Company') for the year ended 31<sup>st</sup> March 2017, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the listing regulations for the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

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

In my opinion and to the best of my information and according to the explanation given to me, I certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing regulations applicable.

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 : 29.05.2017

**R. Ramchandar B.Com, ACS., LLB**  
**Company Secretary**  
**Membership Number: 33068**  
**CP : 12240**



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Kovai Medical Center and Hospital Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

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

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



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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, we give our separate Report in "Annexure 2".



- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No. 32 on Contingent Liabilities to the standalone financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (iv) The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the company and as produced to us by the Management ( Refer Note No. 37 to the standalone financial statements);

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg. No.103523W / W100048

**C.S. Sathyanarayanan**

Partner

Membership No.028328

Place : Coimbatore

Date : 29.05.2017



**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 standalone financial statements for the year ended 31-03-2017]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except in the respect of title of piece of land measuring 5000 Sq.ft which has been challenged by a third party, the details are which are as under :

Land/ Building	Total number of cases	Leasehold / Freehold	Gross and Net Block as on 31.03.2017 ( ` )	Remarks
Land	1	Freehold	99,26,294	Second appeal has been filed before the Madras High Court.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

And

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

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

Name of the statute	Nature of dues	Amount ( ` )	Period to which the amount relates	Forum where dispute is pending
Customs Act	Customs Duty	189.46 Lakhs	1999 – 2000 & 2000 – 2001	High Court, Chennai.
Finance Act	Service tax	78.00 Lakhs	2010 – 2011	Central Excise, Customs & Service Tax Appellate Tribunal

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company did not raise any money by way of Initial Public Offer or further public offer including debt instruments during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations 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 Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg. No.103523W / W100048

**C.S. Sathyanarayanan**

Partner

Membership No.028328

Place : Coimbatore

Date : 29.05.2017



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

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center & Hospital Limited on the standalone financial statements for the year ended 31st March 2017]

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

We have audited the internal financial controls over financial reporting of Kovai Medical Center & Hospital Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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.

#### **Auditors' 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") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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



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

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

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

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

### **Opinion**

In our opinion, 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, 2017, 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 Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg. No.103523W / W100048

#### **C.S. Sathyanarayanan**

Partner

Membership No.028328

Place : Coimbatore

Date : 29.05.2017



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2017**

(₹ in lakhs)

Particulars	Note	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
<b>EQUITY AND LIABILITIES</b>					
<b>1. Shareholder's Funds</b>					
(a) Share Capital	2	1,094.23	23,533.25	1,094.23	17,554.82
(b) Reserves and Surplus	3	22,439.02		16,460.59	
<b>2. Non-Current Liabilities</b>					
(a) Long - Term Borrowings	4	8,572.39	13,490.22	12,079.41	16,247.83
(b) Deferred Tax Liabilities (Net)	5	4,004.06		3,316.76	
(c) Other Long Term Liabilities	6	333.25		285.79	
(d) Long - Term Provisions	7	580.52		565.87	
<b>3. Current Liabilities</b>					
(a) Short - Term Borrowings	8	433.43	9,373.63	552.40	9,152.09
(b) Trade Payables	9				
(i) Total outstanding dues to Micro and small enterprises		63.71		70.12	
(ii) Total outstanding dues to creditors other than micro and small enterprise		1,561.03		1,801.87	
(c) Other Current Liabilities	10	6,978.74		6,307.61	
(d) Short - Term Provisions	11	336.72		420.09	
<b>TOTAL</b>				<b>46,397.10</b>	
<b>ASSETS</b>					
<b>1. Non- Current Assets</b>					
(a) Fixed Assets:	12		35,396.05		
(i) Property,Plant & Equipment				33,712.36	
(ii) Intangible Assets				37.02	
(iii) Capital Work-in-Progress			564.85		1,009.54
(b) Non-Current Investment	13		372.27		372.27
(c) Long-Term Loans and Advances	14		871.68		748.69
<b>2. Current Assets</b>					
(a) Inventories	15	877.76	9,165.68	854.84	7,074.86
(b) Trade Receivables	16	1,175.34		897.32	
(c) Cash and Bank Balances	17	6,812.82		5,093.69	
(d) Short -Term Loans and Advances	18	128.47		162.43	
(e) Other Current Assets	19	171.29		66.58	
<b>TOTAL</b>			<b>46,397.10</b>		<b>42,954.74</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 44

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

**C.S. SATHYANARAYANAN**

Partner  
Membership No. 028328

Place : Coimbatore  
Date : 29.05.2017

**For and on behalf of the Board of Directors**
**Dr. NALLA G PALANISWAMI**

Managing Director  
DIN : 00013536

**CA A.M. PALANISAMY**

Director  
DIN : 00112303

**CA P.K. GOPIKRISHNAN**

Chief Financial Officer

**CS S.P. CHITTIBABU**

Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

( ` in lakhs)

Particulars	Note	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
<b>INCOME</b>			
Revenue from Operations	20	52,562.15	46,529.81
Other Income	21	783.49	774.67
<b>Total Income</b>		<b>53,345.64</b>	<b>47,304.48</b>
<b>EXPENSES</b>			
Hospital Consumables	22	7,220.31	6,710.62
Medicines Consumed	23	8,753.79	7,681.12
Employee Benefits Expense	24	8,817.54	7,935.89
Finance Cost	25	1,468.77	1,665.97
Depreciation and Amortization Expenses	12	2,367.44	2,063.98
Other Expenses	26	15,514.06	15,031.00
<b>Total Expenses</b>		<b>44,141.91</b>	<b>41,088.58</b>
<b>Profit Before Tax</b>		<b>9,203.73</b>	<b>6,215.90</b>
<b>Tax Expenses</b>			
Current Tax	27	2,536.77	1,562.57
Prior Year Tax		1.23	-
Deferred Tax		687.30	609.98
<b>Profit for the Year</b>		<b>5,978.43</b>	<b>4,043.35</b>
<b>Earnings Per Equity Share (in ` )</b>	28		
Basic & Diluted ( Face Value of ` 10 each ) ( Previous Year ` 10 each )		54.64	36.95

Significant Accounting Policies and Notes on Financial Statements

1 to 44

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

**C.S. SATHYANARAYANAN**

Partner  
Membership No. 028328

Place : Coimbatore  
Date : 29.05.2017

**For and on behalf of the Board of Directors**
**Dr. NALLA G PALANISWAMI**

Managing Director  
DIN : 00013536

**CA A.M. PALANISAMY**

Director  
DIN : 00112303

**CA P.K. GOPIKRISHNAN**

Chief Financial Officer

**CS S.P. CHITTIBABU**

Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

( in lakhs)

Particulars	31 <sup>st</sup> MARCH 2017		31 <sup>st</sup> MARCH 2016	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before taxation and exceptional items		9,203.73		6,215.90
Adjustment for :				
Depreciation and Amortisation	2,367.44		2,063.98	
Finance cost	1,468.77		1,665.97	
Interest Income	(465.22)		(489.53)	
Profit on sale of Fixed Assets	(10.97)		(12.62)	
Loss on sale of Discarded Assets	4.32		0.01	
Dividend Income	-	3,364.34	(0.64)	3,227.17
<b>Operating profit before working capital changes</b>		<b>12,568.07</b>		<b>9,443.07</b>
<b>Changes in Working Capital :</b>				
Inventories	(22.92)		(22.36)	
Trade & Other Payables	261.23		442.24	
Trade & Other Receivables	(399.62)	(161.31)	168.40	588.28
<b>Cash generated from operations</b>		<b>12,406.76</b>		<b>10,031.35</b>
Income Tax		(2,527.17)		(1,569.88)
<b>Net cash from operating activities (A)</b>		<b>9,879.59</b>		<b>8,461.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(3,602.65)		(7,079.82)	
Sale of Fixed Assets	13.31		28.87	
Investment in shares	-		-	
Interest Received	383.49		554.67	
Dividend Received	-		0.64	
<b>Net cash used in investing activities (B)</b>		<b>(3,205.85)</b>		<b>(6,495.64)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Repayment of Long term Borrowings	(3,169.88)		(500.25)	
Working Capital Borrowings (Net of Repayment)	(118.97)		69.84	
Dividend paid (Including Dividend Distribution Tax)	(196.99)		(326.51)	
Finance Cost	(1,468.77)		(1,665.97)	
<b>Net cash used in financing activities (C)</b>		<b>(4,954.61)</b>		<b>(2,422.89)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>1,719.13</b>		<b>(457.06)</b>
<b>Cash and bank balances at beginning of the year</b>		<b>5,093.69</b>		<b>5,550.75</b>
<b>Less: Bank Balances not considered as Cash &amp; Cash equivalents as per AS 3 (Refer Note No.17)</b>		<b>6,606.55</b>		<b>4,853.55</b>
<b>Cash and Cash equivalent at end of the year</b>		<b>206.27</b>		<b>240.14</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 44

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

As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No. 103523W / W100048

**For and on behalf of the Board of Directors**
**C.S. SATHYANARAYANAN**

Partner

Membership No. 028328

**Dr. NALLA G PALANISWAMI**

Managing Director

DIN : 00013536

**CA P.K. GOPIKRISHNAN**

Chief Financial Officer

Place : Coimbatore

Date : 29.05.2017

**CA A.M. PALANISAMY**

Director

DIN : 00112303

**CS S.P. CHITTIBABU**

Company Secretary



**NOTE NO 1.**
**A. NATURE OF OPERATIONS**

Kovai Medical Center and Hospital Limited was 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 City Center, Erode Center, Erode Speciality and Suler Center. The company's equity shares are listed in Bombay Stock Exchange.

**B. SIGNIFICANT ACCOUNTING POLICIES:**
**(i) ACCOUNTING CONVENTION**

The financial statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act read with Rule 7 of the companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared under the historical cost convention on an accrual basis. This accounting policy has been consistently applied by the company with those used in the previous year.

**(ii) USE OF ESTIMATES**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Difference between the actual amounts and the estimates are recognized in the year in which the events become known / are materialized.

**(iii) 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.

**(iv) DEPRECIATION**

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.



The Company has used the following useful lives to provide depreciation on its Property, Plant and Equipment

Particulars	Useful life (No. of Yrs)
<b>I. Buildings</b>	
a) Building (other than factory buildings) RCC Frame Structure	60
b) Building (other than factory buildings) other than RCC Frame Structure	30
c) Fences, wells, tube wells	5
d) Other (including temporary structure, etc.)	3
<b>II. Plant &amp; Machinery</b>	
a) Electrical Machinery, X-ray and electro therapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, Cat-scan, Ultrasound Machines, ECG Monitors, etc.	13
b) Plant and Machinery used in medical and surgical operations - Other Equipments	15
c) Electrical Installations and Equipment	10
<b>III. Furniture and fittings</b>	10
General furniture and fittings	5
<b>IV. Office equipments</b>	
<b>V. Computers and data processing units</b>	6
a) Servers and networks	3
b) End user devices, such as, desktops, laptops, etc.	
<b>VI. Motor Vehicles</b>	10
a) Motor cycles, scooters and other mopeds	8
b) Motor buses, motor lorries, motor cars and motor taxies other than those used in a business of running them on hire.	

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.

#### (v) INTANGIBLE ASSETS AND AMORTIZATION

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 & five years based on management's assessment of useful life.



**(vi) IMPAIRMENT OF ASSETS**

The carrying amounts of 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 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 recognized for the asset in prior years.

**(vii) BORROWING COSTS**

Borrowing Costs include interest and other costs incurred in connection with borrowing of funds. Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All the other borrowing costs are charged to revenue. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

**(viii) INVESTMENTS**

Current Investments are carried at lower of cost and market value. Long Term Investments are stated at cost. Provisions for diminution in value of long-term investments are made, if the diminution is other than temporary.

**(ix) LEASES**
**Where the company is the lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Where the company is the lessor**

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Asset subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

**(x) INVENTORIES**

- a) Inventories are valued at lower of cost and estimated net realizable value.
- b) Cost is arrived at on First-in-First Out (FIFO) basis.
- c) Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.
- d) 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.



**(xi) FOREIGN CURRENCY TRANSACTIONS**

- a) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- b) Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- c) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.
- d) Premium or discount on forward exchange contracts arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**(xii) REVENUE RECOGNITION**

The Company generally follows the Mercantile system of accounting and recognise the Income and Expenditure on an accrual basis except those with significant uncertainties. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

**Operating Income**

- a) The income by way of Doctors' Consultancy Fees and the consequent liability towards Doctor's consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from Patients is established.
- b) The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.
- c) Revenue from sale of dietary items / pharmacy items are recognized as and when the services are rendered / goods sold.

**Income from Sponsorships**

Revenue is recognized as and when the services are rendered at the center.

**Income from Academic services**

Revenue is recognized on Straight Line basis on the completion of such services over the duration of the course.

**Income from Interest / dividend**

- a) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- b) Dividend income is recognized as and when the right to receive payment is established.

**(xiii) TAXES ON INCOME**

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.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.



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

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

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period

#### **(xiv) RETIREMENT BENEFITS**

- a) Payments to defined contribution schemes are charged as expense as and when incurred.
- b) 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.
- c) Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.
- d) Post employment and other long term benefits which are defined benefit plans are recognized based on the present value of the obligation determined in accordance with Accounting Standard (AS) - 15 on "Employee Benefits".

#### **(xv) PROVISIONS**

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

#### **(xvi) CONTINGENT LIABILITIES AND ASSETS**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are neither accounted for nor disclosed.

#### **(xvii) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any.



For the purpose of calculating diluted earnings per share, the net 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) CASH & CASH EQUIVALENTS**

Cash flow is reported using indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The Company considers all highly liquid investments with an initial maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.



## Notes to Financial Statements

### 2. SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Number	(₹ in lakhs )	Number	(₹ in lakhs )
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	15000000	1,500.00	15000000	1,500.00
<b>Issued, Subscribed &amp; Paid-up</b>				
Equity Shares of ₹ 10/- each	10942262	1,094.23	10942262	1,094.23

#### a. Reconciliation of the Equity shares outstanding is set out below :

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Number	( ₹ in lakhs )	Number	( ₹ in lakhs )
<b>Number of shares outstanding at the beginning of the year</b>	10942262	1,094.23	10942262	1,094.23
<b>Add: Issued during the year</b>	-	-	-	-
<b>Number of shares outstanding at the end of the year</b>	10942262	1,094.23	10942262	1,094.23

#### b. Terms / Rights attached to 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 the 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. The Company has no shares 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.

#### d. Details of Shareholders holding more than 5% shares in the company :

Name of the Shareholder	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Equity Shares		Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Kovai Purani Finance Private Limited	4,006,461	36.61	4,006,461	36.61
2. Dr. Thavamani Devi Palaniswami	1,096,730	10.02	1,095,430	10.01

e. There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company.



**3. RESERVES & SURPLUS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>a. General Reserve</b>		
Opening Balance	4,244.95	3,944.95
Add:- Transferred from surplus	-	300.00
<b>Closing Balance</b> <b>A</b>	<b>4,244.95</b>	<b>4,244.95</b>
<b>b. Surplus in the statement of profit and loss</b>		
Opening Balance	12,215.64	8,801.53
Add:- Profit for the year	5,978.43	4,043.35
<b>Amount available for appropriation</b>	<b>18,194.07</b>	<b>12,844.88</b>
Less:- Appropriations		
- Proposed equity dividend (Previous Year ₹ 1.50 per share) (Refer Note No. 39 )	-	164.13
- Interim Dividend - Nil (Previous Year ₹ 1.00 per share)	-	109.42
- Tax on Dividend	-	55.69
- Transferred to General Reserve	-	300.00
<b>Closing Balance</b> <b>B</b>	<b>18,194.07</b>	<b>12,215.64</b>
<b>Total (A+B)</b>	<b>22,439.02</b>	<b>16,460.59</b>

**4. LONG - TERM BORROWINGS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
	Non-Current Portion	Non-Current Portion	Current Maturities	Current Maturities
<b>Secured Borrowings</b>				
(a) Term loans from Banks	8,465.72	11,867.42	3,436.46	3,065.63
(b) From Others	106.67	211.99	105.32	139.01
	<b>8,572.39</b>	<b>12,079.41</b>	<b>3,541.78</b>	<b>3,204.64</b>
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long - Term Debt" (Note no. 10)	-	-	(3,541.78)	(3,204.64)
<b>Net Amount</b>	<b>8,572.39</b>	<b>12,079.41</b>	<b>-</b>	<b>-</b>



**A. Security Particulars of Secured Loans :**

- i. The term loans availed from Indian Bank and Indian Overseas Bank are primarily Secured by:
  - a) Pari pasu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
  - b) Pari pasu first charge on the entire Fixed Assets (Present and Future) of the Company.
  - c) Charge on the leasehold rights of the building at Erode in the name of Idhayam Hospitals Erode Limited, Erode.
  - d) Charge on the leasehold rights of the Plant & Machinery and Medical equipments in the name of Idhayam Hospitals Erode Limited, Erode.

The above facilities are also collaterally secured by a paripasu second charge on the entire current assets (Present and Future) of the Company.
- ii. The term loans from banks are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director- Dr. Thavamani Devi Palaniswami of the Company. The term loans carry interest rates varying from 9.50 % to 10.55%.
- iii. Secured Loans from others represent Hire Purchase loans from SREI Equipments Finance Pvt. Ltd, HDFC Bank Ltd & Kotak Mahindra Prime Ltd secured by hypothecation of assets purchased out of the loans and it carries interest rates varying from 8.20% to 11%.

**B. Repayment Details :**
**i. Secured Loans from Indian Bank**

- (a) Term Loan (Subordinate Loan) - The loan is repayable in 36 monthly instalments aggregating to ₹ 162.30 Lakhs (Previous Year - ₹ 216.90 Lakhs)
- (b) Term Loan (I Phase) - The loan is repayable in 36 monthly instalments aggregating to ₹ 1,127.48 Lakhs (Previous Year - ₹ 1,513.98 Lakhs )
- (c) Term Loan (II Phase) - The loan is repayable in 36 monthly instalments aggregating to ₹ 1,122.50 Lakhs (Previous Year - ₹ 1,462.00 Lakhs)
- (d) Term Loan (III Phase) - The loan is repayable in 36 monthly instalments aggregating to ₹ 832.50 Lakhs (Previous Year - ₹ 1,110.00 Lakhs)
- (e) Term Loan (IV Phase) - The loan is repayable in 32 monthly instalments aggregating to ₹ 1,460.00 Lakhs (Previous Year - ₹ 1,900.00 Lakhs )
- (f) Term Loan (Solar Power) - The loan is repayable in 105 monthly instalments aggregating to ₹ 1,227.40 Lakhs commencing from January 2017 (Previous Year - ₹ 1262.50 Lakhs)

**ii. Secured Loans from Indian Overseas bank**

- (a) Term Loan (Subordinate Loan) - The loan is repayable in 36 monthly instalments aggregating to ₹ 164.16 Lakhs (Previous Year - ₹ 218.64 Lakhs)
- (b) Term Loan (I Phase) - The loan is repayable in 36 monthly instalments aggregating to ₹ 1,127.56 Lakhs (Previous Year - ₹ 1,514.08 Lakhs )
- (c) Term Loan (II Phase) - The loan is repayable in 36 monthly instalments aggregating to ₹ 1,123.52 Lakhs (Previous Year - ₹ 1,463.00 Lakhs )
- (d) Term Loan (III Phase) - The loan is repayable in 36 monthly instalments aggregating to ₹ 831.76 Lakhs (Previous Year - ₹ 1,108.96 Lakhs )



(e) Term Loan (IV Phase) - The loan is repayable in 32 monthly instalments aggregating to ₹ 1,460.00 Lakhs (Previous Year - ₹ 1,900.00 Lakhs)

(f) Term Loan (Solar Power) - The loan is repayable in 108 monthly instalments aggregating to ₹ 1,263.00 Lakhs commencing from January 2017 (Previous Year - ₹ 1263.00 lakhs)

**iii. Secured Loans from others - SREI Equipments Finance Private Limited**

(a) Hire Purchase Loan is repayable in 3 equated monthly instalments aggregating to ₹ 12.05 Lakhs (Previous Year - ₹ 57.73 Lakhs)

**iv. Secured Loans from others - HDFC Bank Ltd**

(a) Hire Purchase Loan is repayable in 28 equated monthly instalments aggregating to ₹ 168.46 Lakhs (Previous Year - ₹ 228.48 Lakhs)

(b) Hire Purchase Loan is repayable in 14 equated monthly instalments aggregating to ₹ 4.10 Lakhs (Previous Year - ₹ 8.47 Lakhs)

(c) Hire Purchase Loan is repayable in 17 equated monthly instalments aggregating to ₹ 4.07 Lakhs (Previous Year - ₹ 7.72 Lakhs)

**v. Secured Loans from others - Kotak Mahindra Prime Ltd**

(a) Hire Purchase Loan is repayable in 14 equated monthly instalments aggregating to ₹ 23.31 Lakhs (Previous Year - ₹ 43.10 Lakhs)

**5. DEFERRED TAX LIABILITIES (Net)**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	Charged/ (Reversed) during the year	As at 31 <sup>st</sup> March 2016
Deferred Tax Liability Arising out of timing difference in depreciable assets (A)	4,416.01	734.40	3,681.61
Deferred Tax Asset On expenses allowable against taxable income in future years (B)	411.95	47.10	364.85
<b>Net Deferred Tax Liability (A-B)</b>	<b>4,004.06</b>	<b>687.30</b>	<b>3,316.76</b>

**6. OTHER LONG TERM LIABILITIES**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Rental Advances	61.38	53.66
(b) Security deposits & Other payables #	271.87	232.13
<b>Total</b>	<b>333.25</b>	<b>285.79</b>

# Other payables represent Advance from Doctors, Employees etc.,



**7. LONG - TERM PROVISIONS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Provision for employee benefits (Refer Note No. 30)		
(a) Gratuity	485.74	481.51
(b) Long Term Compensated Absence	94.78	84.36
<b>Total</b>	<b>580.52</b>	<b>565.87</b>

**8. SHORT TERM BORROWINGS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Secured Borrowings		
Cash Credit Loan from banks - Indian Bank	433.43	552.40
<b>Total</b>	<b>433.43</b>	<b>552.40</b>

The Company has availed working capital facility from Indian Bank which is secured by:

- First Charge on current assets by way of hypothecation of present and future current assets including book debts and receivables.
- The above working capital facility is collaterally secured by all fixed assets mentioned in item No. A i(a) to (d) in note no.4 long term borrowings.
- The working capital facility carries interest rate varying from 10.15% to 10.45%.

**9. TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Total outstanding dues to		
(a) Micro and Small Enterprises #	63.71	70.12
(b) Others (including amount payable to related parties - Refer Note No.33)	1,561.03	1,801.87
	<b>1,624.74</b>	<b>1,871.99</b>
<b>Total</b>	<b>1,624.74</b>	<b>1,871.99</b>

# There are no interest amounts paid / payable to Micro and Small Enterprises. 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, which has been relied upon by the auditors.



**10. OTHER CURRENT LIABILITIES**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Current Maturities of Long-Term Debt (Refer Note No.4 "Long Term borrowings")	3,541.78	3,204.64
(b) Accrued Salaries and Benefits	303.32	335.41
(c) Amount payable to Related parties (Refer Note No. 33)	397.10	269.52
(d) Advance received from Patients	193.89	157.85
(e) Statutory dues	271.08	305.63
(f) Unclaimed Dividend account	42.55	42.00
(g) Creditors for capital goods	821.47	771.64
(h) Accrued expenses	1,407.55	1,220.92
<b>Total</b>	<b>6,978.74</b>	<b>6,307.61</b>

**11. SHORT TERM PROVISIONS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Provision for employee benefits (Refer Note No.30)		
(i) Gratuity	262.91	167.52
(ii) Long Term Compensated Absence	72.57	55.03
(b) Others		
(i) Provision for proposed dividend	-	164.13
(ii) Provision for tax on proposed dividend	-	33.41
(iii) Provision for tax	1.24	-
<b>Total</b>	<b>336.72</b>	<b>420.09</b>



## (₹ in lakhs)

90

The title of piece of land belonging to the company measuring 5000 Sq. ft. is challenged legally by a third party which the Company is defending. The case filed against the company before the District Court, Erode has been adjudicated against the Company. The Company has filed a second appeal against the order before the Honourable High Court of Judicature, Madras. The High Court was pleased to pass an interim order of status quo until further order. The Company is confident of succeeding the matter before the Madras High Court and hence no provision is considered necessary for the amount paid towards the cost of land.



## NOTES ON FINANCIAL STATEMENTS

(₹ in lakhs)

Previous Year

Description of Assets	GROSS BLOCK				DEPRECIATION & AMORTIZATION BLOCK				NET BLOCK	
	As at 01.04.15	Additions	Deletions	As at 31.03.16	Upto 31.03.15	For the year	Deletions	Upto 31.03.16	As at 31.03.16	As at 31.03.15
<b>Property, Plant &amp; Equipment :</b>										
Land	628.87	212.52	-	841.39	-	-	-	-	841.39	628.87
Buildings	15,276.85	1,014.28	-	16,291.13	1,406.82	289.88	-	1,696.70	14,594.43	13,870.03
Furniture & Fixtures	1,036.48	179.29	-	1,215.77	370.06	104.64	-	474.70	741.07	666.42
Office Equipments	166.10	111.62	0.15	277.57	101.66	32.50	0.12	134.04	143.53	64.44
Plant & Equipment	19,738.96	6,052.58	263.04	25,528.50	7,250.77	1,529.56	249.88	8,530.45	16,998.05	12,488.19
Computers	487.59	61.96	0.98	548.57	366.56	51.74	0.94	417.36	131.21	121.03
Vehicles	404.88	71.05	-	475.93	167.43	45.82	-	213.25	262.68	237.45
<b>Total Property, Plant &amp; Equipment (A)</b>	<b>37,739.73</b>	<b>7,703.30</b>	<b>264.17</b>	<b>45,178.86</b>	<b>9,663.30</b>	<b>2,054.14</b>	<b>250.94</b>	<b>11,466.50</b>	<b>33,712.36</b>	<b>28,076.43</b>
<b>Intangible Assets :</b>										
Software Licence	74.58	30.65	-	105.23	58.37	9.84	-	68.21	37.02	16.21
<b>Total Intangible Assets (B)</b>	<b>74.58</b>	<b>30.65</b>	<b>-</b>	<b>105.23</b>	<b>58.37</b>	<b>9.84</b>	<b>-</b>	<b>68.21</b>	<b>37.02</b>	<b>16.21</b>
<b>Total (A+B)</b>	<b>37,814.31</b>	<b>7,733.95</b>	<b>264.17</b>	<b>45,284.09</b>	<b>9,721.67</b>	<b>2,063.98</b>	<b>250.94</b>	<b>11,534.71</b>	<b>33,749.38</b>	<b>28,092.64</b>



**13. NON -CURRENT INVESTMENT**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Long term Investments</b>		
(a) Long Term - Non Trade <b>(Quoted)</b>		
(i) 6100 (Previous year 6100) Equity Shares of ₹ 10/- each Fully paid up in Canara Bank - Market Value - ₹ 18.48 lakhs (Previous Year - ₹ 11.58 lakhs)	2.14	2.14
(ii) 2300 (Previous year 2300) Equity Shares of ₹ 10/- each Fully paid up in Indian Overseas Bank - Market Value - ₹ 0.62 lakhs (Previous Year - ₹ 0.70 lakhs)	0.55	0.55
(b) Long Term - Trade <b>(Unquoted)</b>		
120000 (Previous year :120000) Equity Shares of ₹ 10/- each Fully paid up in Mytrah Vayu (Manjira) Private Limited	12.00	12.00
(c) Shares in Subsidiary Company, Trade (Unquoted)		
372440 (Previous year : 372440) Equity Shares of ₹ 100/- each Fully Paid up in Idhayam Hospitals Erode Limited (Extent of holding 100%)	357.58	357.58
<b>Total</b>	<b>372.27</b>	<b>372.27</b>
Aggregate amount of quoted Investments	2.69	2.69
Market Value of Quoted Investments	19.10	12.28
Aggregate amount of unquoted Investments	369.58	369.58

**14. LONG TERM LOANS AND ADVANCES**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Unsecured, Considered good</b>		
(a) <b>Capital Advance</b>	268.32	180.44
(b) <b>Security Deposits</b>		
Electricity and Other Deposits	161.76	140.02
(c) <b>Other loans and advances</b>		
(i) Rent and Lease Advances	402.73	379.77
(ii) Advance Tax (Net of Provisions)	38.87	48.46
<b>Total</b>	<b>871.68</b>	<b>748.69</b>



## CURRENT ASSETS

### 15. INVENTORIES (At Lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Pharmacy	442.44	440.77
(b) Hospital Consumables	370.83	336.35
(c) Stores & Spares	30.27	36.13
(d) Others #	34.22	41.59
<b>Total</b>	<b>877.76</b>	<b>854.84</b>

# Others includes fuel, canteen items and stationery etc.

### 16. TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Unsecured, considered good		
(a) Debts outstanding for a period exceeding six months from the date they were due for payment	89.26	37.07
(b) Other Debts	1,086.08	860.25
<b>Total</b>	<b>1,175.34</b>	<b>897.32</b>

### 17. CASH AND BANK BALANCES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Cash and Cheques on hand	107.19	64.44
(b) Balance with banks		
In Current accounts	52.82	79.42
In Deposit accounts	6,604.00	4,901.69
In Bank Guarantee Margin Deposit accounts	6.26	6.14
In Unclaimed Dividend accounts	42.55	42.00
<b>Total</b>	<b>6,812.82</b>	<b>5,093.69</b>
Less: Bank Balances not considered as Cash and Cash equivalents as per AS 3	6,606.55	4,853.55
Balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash flow statement is	206.27	240.14

### 18. SHORT-TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Unsecured, considered good</b>		
(a) Advance for Purchase	6.21	34.16
(b) Advance for Expenses	13.52	24.83
(c) Loan and Advance to Employees	0.03	1.28
(d) Prepaid Expenses	108.71	102.16
<b>Total</b>	<b>128.47</b>	<b>162.43</b>



## 19. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Rent Receivable	19.11	8.09
Accrued Interest / Income	152.18	58.49
<b>Total</b>	<b>171.29</b>	<b>66.58</b>

## 20. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
I. Revenue from operations		
(a) Inpatients Revenue	29,346.36	25,807.82
(b) Outpatients Revenue	10,140.87	9,374.29
(c) Pharmacy Sales	11,362.63	9,796.04
(d) Dietary Sales	1,712.29	1,551.66
<b>Total</b>	<b>52,562.15</b>	<b>46,529.81</b>

## 21. OTHER INCOME

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Interest Income	465.22	489.53
(b) Dividend income	-	0.64
(c) Rent Received	139.05	121.29
(d) Parking Charges	48.32	47.05
(e) Profit on Sale of Asset	10.97	12.62
(f) Miscellaneous Income	119.93	103.54
<b>Total</b>	<b>783.49</b>	<b>774.67</b>

## 22. HOSPITAL CONSUMABLES

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
Inventory at the beginning of the year	336.35	289.01
Add : Purchase of Hospital Consumables	7,254.79	6,757.96
	<b>7,591.14</b>	<b>7,046.97</b>
Less: Inventory at the end of the year	370.83	336.35
<b>Total</b>	<b>7,220.31</b>	<b>6,710.62</b>



**23. MEDICINES CONSUMED**

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
Inventory at the beginning of the year	440.77	462.22
Add : Purchase of medicines	8,755.46	7,659.67
	<b>9,196.23</b>	<b>8,121.89</b>
Less : Inventory at the end of the year	442.44	440.77
<b>Total</b>	<b>8,753.79</b>	<b>7,681.12</b>

**24. EMPLOYEE BENEFITS EXPENSE**

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Salaries, Allowances and Bonus	7,770.25	6,954.77
(b) Contribution to Provident and Other Funds	595.55	507.48
(c) Staff Welfare Expenses	199.85	162.83
(d) Long Term Compensated Absence ( Refer Note No. 30(d) )	118.06	140.34
(e) Gratuity ( Refer Note No. 30(d) )	133.83	170.47
<b>Total</b>	<b>8,817.54</b>	<b>7,935.89</b>

**25. FINANCE COST**

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Interest on Borrowings	1,458.24	1,643.12
(b) Other Borrowing Cost	10.53	22.85
<b>Total</b>	<b>1,468.77</b>	<b>1,665.97</b>

**26. OTHER EXPENSES**

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Consumption of Stores and Spares	159.09	158.18
(b) Power and Fuel Consumed (Refer Note No. 36)	669.89	881.61
(c) Consumption of Dietary	1,112.58	1,062.56
(d) Consultant Charges	8,865.48	7,946.90
(e) Hospital Up Keep Expenses	1,050.38	855.56
(f) Lab Test Charges	355.49	335.13
(g) Water Charges	103.59	138.84
(h) Travelling and Conveyance	109.94	87.46
(i) Rent	286.57	262.51
(j) Advertisement	344.39	387.43
(k) Auditors' Remuneration (Refer Note No. 26.1)	20.77	18.84
(l) Professional Charges	86.69	109.68
(m) Directors Sitting Fee	2.67	2.68
(n) Repair and Maintenance - Building	197.18	782.06
(o) Repair and Maintenance - Machinery	784.23	797.48
(p) Repair and Maintenance - Others	292.53	250.48
(q) License Fee, Rates & Taxes	76.16	55.54
(r) Insurance	44.75	39.29
(s) Expenditure towards CSR activities	138.21	77.83
(t) Silver Jubilee Expenses	-	146.98
(u) Miscellaneous Expenses	813.47	633.96
<b>Total</b>	<b>15,514.06</b>	<b>15,031.00</b>



**26.1 AUDITOR'S REMUNERATION**

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
<b>Payments to the Auditor's</b>		
(a) For Statutory Audit	14.00	12.50
(b) For Tax Audit	3.50	2.50
(c) For Other Services	-	0.75
(d) For Reimbursement of Expenses	0.51	0.56
(e) For Service Tax	2.76	2.53
<b>Total</b>	<b>20.77</b>	<b>18.84</b>

**27. CURRENT TAX**

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
Provision for Income Tax	2,536.77	1,562.57
<b>Total</b>	<b>2,536.77</b>	<b>1,562.57</b>



**GENERAL NOTES**
**28. EARNINGS PER SHARE (EPS) COMPUTED IN ACCORDANCE WITH ACCOUNTING STANDARD (AS)-20.**

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Profit after tax ( ` in lakhs)	5,978.43	4,043.35
Weighted average number of shares outstanding during the year (Nos in lakhs)	109.42	109.42
Earnings per share (Basic/Diluted) (in `) of face value ` 10 each	54.64	36.95
Face value per share (in `)	10.00	10.00

**29. OPERATING LEASE**

Disclosure for company as lessee :

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

**The future minimum lease payments are as follows**

( ` in lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Not later than one year	266.17	248.15
Later than one year and not later than five years	731.58	770.97
Later than five years	2134.47	2134.47

**Disclosure for company as lessor**

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

( ` in lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Not later than one year	84.35	91.07
Later than one year and not later than five years	97.88	95.17
Later than five years	15.28	26.95

**30. THE COMPANY HAS PROVIDED FOR EMPLOYEE BENEFITS AS PER ACCOUNTING STANDARD (AS) - 15 IN RESPECT OF DEFINED BENEFIT PLAN (GRATUITY AND LONG TERM COMPENSATED ABSENCE).**
**a) Description of the company's defined benefit plan:**

The Company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity and Long Term compensated absence. 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 the benefits are common for all the employees of the company.



**b) Reconciliation in respect of the changes in the Present value of the obligation : (₹ in lakhs)**

Particulars	Gratuity		Long Term Compensated Absence	
	2017	2016	2017	2016
Present Value of the obligation at the beginning of the period	649.03	536.10	139.39	80.56
Current service cost	42.83	57.36	20.77	23.25
Interest Cost	41.45	37.29	6.19	2.93
Benefits paid	(34.21)	(57.54)	(90.10)	(81.51)
Actuarial gains and losses	49.55	75.82	91.10	114.16
<b>Present value of the Obligation at the end of the period</b>	<b>748.65</b>	<b>649.03</b>	<b>167.35</b>	<b>139.39</b>

**c) Reconciliation in respect of the changes in the fair value of Plan assets : (₹ in lakhs)**

Particulars	Gratuity		Long Term Compensated Absence	
	2017	2016	2017	2016
Fair value of plan assets at the beginning of the period	-	-	-	-
Add:				
Expected rate of return	34.21	57.54	90.10	81.51
Contribution by Employer	(34.21)	(57.54)	(90.10)	(81.51)
Benefits paid	-	-	-	-
Actuarial (gains) and losses	-	-	-	-
<b>Fair value of plan assets at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**d) The total expenses recognized in the statement of Profit and Loss is as follows : (₹ in lakhs)**

Particulars	Gratuity		Long Term Compensated Absence	
	2017	2016	2017	2016
Current Service cost	42.83	57.36	20.77	23.25
Interest Cost	41.45	37.29	6.19	2.93
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain) / Loss recognized in the year	49.55	75.82	91.10	114.16
<b>Amount Recognized in the Statement of Profit and Loss</b>	<b>133.83</b>	<b>170.47</b>	<b>118.06</b>	<b>140.34</b>



**e) Principal actuarial assumptions used as at the balance sheet date:**

Particulars	Gratuity (%)		Long Term Compensated Absence (%)	
	2017	2016	2017	2016
Discount rate	6.56	7.35	6.56	7.35
Salary Escalation rate	8.00	8.00	8.00	8.00
Attrition rate	35.00	40.00	35.00	40.00
Expected return on plan assets	-	-	-	-

The estimates of future salary increases, considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**f) Particulars for the current annual period and previous four annual periods as per the para 120(n) of AS 15;**

Particulars	Gratuity (₹ in lakhs)				
	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of obligation	748.65	649.03	536.10	435.78	366.12
Plan assets	-	-	-	-	-
Surplus / (Deficit) in Plan assets	(748.65)	(649.03)	(536.10)	(435.78)	(366.12)
The experience adjustments arising on the plan liabilities – loss / (Gain)	22.91	84.75	169.85	27.92	19.79
The experience adjustments arising on the plan assets – loss / (Gain)	-	-	-	-	-

(₹ in lakhs)

Particulars	Long Term Compensated Absence				
	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of obligation	167.35	139.39	80.56	88.36	102.95
Plan assets	-	-	-	-	-
Surplus / (Deficit) in Plan assets	(167.35)	(139.39)	(80.56)	(88.36)	(102.95)
The experience adjustments arising on the plan liabilities – loss / (Gain)	87.95	128.65	49.46	11.26	41.19
The experience adjustments arising on the plan assets – loss / (Gain)	-	-	-	-	-

**g) Contribution of ₹ 407.90 Lakhs (Previous Year ₹ 341.81 Lakhs) made to defined contribution plan were charged to Statement of Profit and Loss.**



**31. EXPENDITURE IN FOREIGN CURRENCY**

(₹ in lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
(i) CIF value of imports		
a. Capital goods	217.28	1921.34
b. Spares	-	9.61
(ii) Business promotion	-	2.09
(iii) Dividend paid in Foreign Currency		
a. Dividend	21.66	37.34
b. No. of Non Resident Share Holders (in Nos.)	71	75
c. No of Shares of ₹ 10 each held by them	1443939	1500308

**32. CONTINGENT LIABILITIES AND COMMITMENTS AS ON THE CLOSING DATE:**

(₹ in lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
<b>Contingent Liabilities :</b>		
a. Letter of Credit for capital equipments	571.29	152.38
b. Disputed Statutory Liabilities not provided for (excluding interest, if any)	267.46	267.46
c. Claims of various nature made against the Company not acknowledged as debt	803.85	829.68
<b>Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account	2,420.15	614.93

**33. RELATED PARTIES' DISCLOSURE UNDER ACCOUNTING STANDARD (AS) - 18.**

The list of related parties as identified by the management are as under

(i) Names of related parties and description of relationship:

- |   |   |  |
|---|---|--|
| a. Key Management Personnel / Promoters   | : | Dr. Nalla G Palaniswami<br>Dr. Thavamani Devi Palaniswami<br>Dr. Mohan S Gounder<br>Dr. Arun N Palaniswami   |
| b. Subsidiary Company   | : | Idhayam Hospitals Erode Limited  |
| c. Other Related Parties<br>(Includes entities in which the Directors are interested) | : | Purani Hospital Supplies Limited<br>Aosta Software Technologies (India) Limited<br>Sakthi Sugars Limited<br>Biomed Hitech Industries Limited<br>K Pharmacy<br>Tava Drugs Mart<br>NGP Estate Motors Agencies<br>Dr. Purani P Palaniswami<br>Dr. Krishnasamy |



**(ii) Related Party Transactions :**

The Company has identified related parties as per Accounting Standard 18 and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties.

(` in lakhs)

Nature of Business	2016 - 17			2015 - 16		
	Subsidiary Company	Key Management Personnel	Other Related Parties	Subsidiary Company	Key Management Personnel	Other Related Parties
Lease Rent paid	37.52	50.44	59.25	54.96	36.79	39.12
Interest on Lease Advance Received	15.00	-	-	17.43	-	-
Purchases	-	-	3468.40	-	-	2,493.05
Advertisement	-	-	1.16	-	-	0.20
Rent Receipts	-	-	0.20	-	-	2.44
IT Software & Hardware Maintenance Charges	-	-	8.87	-	-	27.76
Consultant Charges	-	-	-	-	-	14.50
Directors Remuneration, Commission & Perquisites	-	671.07	-	-	497.11	-
Lease Advance Received back	-	-	-	50.00	-	-
Lease Advance paid	-	25.00	-	-	-	-
Amount Payable	-	394.99	98.34	-	268.52	98.68
Lease Advance paid (Closing Balance)	250.00	49.00	30.00	250.00	24.00	30.00

Guarantees given by Managing Director and Joint Managing director are restricted to the amount of outstanding borrowings. (Refer Note No 4.A.ii)

The remuneration to key management personnel does not include the provision made for Gratuity as they are determined on an actuarial basis for the company as a whole.

Disclosure requirements under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Nil (Previous Year - Nil)

**34. SEGMENT REPORTING**

The company operates in a single segment.

**35. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES :**

- a. Gross Amount required to be spent by the Company towards CSR Activities during the year : ` 105.94 Lakhs  
b. Amount spent during the year : ` 138.21 Lakhs

(` in Lakhs)

S.No	Particulars	Paid	Yet to be paid	Total
(i)	Construction/acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	134.15	4.06	138.21

- 36.** Power and fuel consumed is net of solar power of ` 372.03 Lakhs (Previous year : ` 79.70 Lakhs) representing the value of units supplied to the grid against which equivalent consumption was made inhouse.



**37. DISCLOSURE REQUIREMENT PURSUANT TO NOTIFICATION NO. G.S.R. 307 (E) AND NOTIFICATION NO. G.S.R. 308 (E) DATED 30TH MARCH 2017**

Specified Bank Notes held and transacted during the period 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016

( ` )

Particulars	Specified Bank Notes	Other Denomination Notes	Total
<b>Closing Cash in hand as on 08.11.2016</b>	<b>11,087,500</b>	<b>791,482</b>	<b>11,878,982</b>
Add : Permitted Receipts	9,553,500	179,374,825	188,928,325
Add : Non Permitted Receipts**	4,809,500	-	4,809,500
Less : Permitted Payments	-	4,186,117	4,186,117
Less : Amount Deposited in Banks	25,450,500	170,820,811	196,271,311
<b>Closing Cash in hand as on 30.12.2016</b>	<b>-</b>	<b>5,159,379</b>	<b>5,159,379</b>

\*\* Non Permitted receipts represent amounts received towards Doctors fees, Surgery fees and other hospital related receipts from Inpatients during their discharge from hospital on a bank holiday i.e 09th Nov 2016.

The term "Specified Bank Notes" shall have the same meaning provided in notification of Government of India, in Ministry of Finance, Department of Economic Affairs S.O.3407 (E) dated 8<sup>th</sup> November 2016.

**38. SCHEME OF AMALGAMATION**

The Board at its meeting held on 3<sup>rd</sup> February 2017 approved the draft scheme of amalgamation of Kovai Medical Center And Hospital Limited with the wholly owned subsidiary Idhayam Hospitals Erode Limited effective 1<sup>st</sup> April 2016 subject to all necessary consent and approvals.

The company has filed application seeking the direction of the National Company Law Tribunal inter alia for holding meeting of shareholders for their approval to the scheme of amalgamation. The Company has already obtained no objections to the scheme from its secured creditors.

- 39.** The Board of Directors of the Company have recommended a final dividend of ` 2.50 per share, (15% on the face value of ` 10/-) aggregating to ` 273.55 Lakhs on the equity shares of the company, for the year ended 31st March, 2017, which is subject to the approval of the shareholders at the Annual General Meeting. The Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, has amended Accounting Standard (AS)-4 "Contingencies and Events occurring after Balance sheet date". Consequently, the Company has not accounted for proposed dividend as liability as at 31st March, 2017. However, the proposed dividend of the previous year amounting to ` 273.55 Lakhs was accounted as liability as at 31st March, 2016 in accordance with the then existing Accounting Standard.
- 40.** In-patients and out patients revenues are net of discount/free/concessional treatment/claims.
- 41.** Income tax assessments have been completed upto the assessment year 2015-16.



**42. DISCLOSURE AS REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013**

Loans given and Guarantees furnished by the Company : Nil (Previous year : Nil)  
Investments made are given under the respective head.

**43.** Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.

**44.** Figures have been rounded off to the nearest thousands. Figures are in ` lakhs, except otherwise stated.

---

Significant Accounting Policies and Notes on Financial Statements 1 to 44

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

**C.S. SATHYANARAYANAN**

Partner  
Membership No. 028328

Place : Coimbatore

Date : 29.05.2017

**For and on behalf of the Board of Directors**
**Dr. NALLA G PALANISWAMI**

Managing Director  
DIN : 00013536

**CA A.M. PALANISAMY**

Director  
DIN : 00112303

**CA P.K. GOPIKRISHNAN**

Chief Financial Officer

**CS S.P. CHITTIBABU**

Company Secretary





## CONSOLIDATED FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Kovai Medical Center and Hospital Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 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, we give our separate Report in "Annexure".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note No. 32 to the consolidated financial statements;
  - (ii) The Group did not have any material foreseeable losses on long term contracts including derivative contracts;
  - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.





## CONSOLIDATED AUDITOR'S REPORT

- (iv) The Holding Company and its subsidiary companies, have provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed by us, we report that the disclosures are in accordance with the books of account maintained by the Holding Company and its subsidiary company (Refer Note No. 38 to the consolidated financial statements).

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No. 103523W / W100048

**C.S. SATHYANARAYANAN**

Partner

Membership No. 028328

Place : Coimbatore

Date : 29.05.2017



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

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Kovai Medical Center & Hospital Limited** on the consolidated financial statements for the year ended 31-03-2017]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Group, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Group, which are companies incorporated in India, are 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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

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

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

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

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



### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

### Opinion

In our opinion, the Group, which are companies incorporated in India, have, 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, 2017, 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 Haribhakti & Co. LLP

Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

#### C.S. SATHYANARAYANAN

Partner  
Membership No. 028328

Place : Coimbatore  
Date : 29.05.2017



**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2017**

(₹ in lakhs)

Particulars	Note	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016		
<b>EQUITY AND LIABILITIES</b>						
<b>1. Shareholder's Funds</b>						
(a) Share Capital	2	1,094.23	23,389.82	1,094.23	17,402.40	
(b) Reserves and Surplus	3	22,295.59		16,308.17		
<b>2. Non-Current Liabilities</b>						
(a) Long - Term Borrowings	4	8,572.39	13,490.22	12,079.41	16,247.83	
(b) Deferred Tax Liabilities (Net)	5	4,004.06		3,316.76		
(c) Other Long Term Liabilities	6	333.25		285.79		
(d) Long - Term Provisions	7	580.52		565.87		
<b>3. Current Liabilities</b>						
(a) Short - Term Borrowings	8	433.43	9,374.91	552.40	9,153.54	
(b) Trade Payables						
(i) Total outstanding dues to Micro and small enterprises	9	63.71		70.12		
(ii) Total outstanding dues to creditors other than micro and small enterprises		1,561.03		1,801.87		
(c) Other Current Liabilities	10	6,980.02		6,309.06		
(d) Short - Term Provisions	11	336.72		420.09		
<b>TOTAL</b>			<b>46,254.95</b>		<b>42,803.77</b>	
<b>ASSETS</b>						
<b>1. Non- Current Assets</b>						
(a) Fixed Assets:	12		35,668.67		33,990.29	
(i) Property, Plant & Equipment				151.03		161.48
(ii) Intangible Assets				564.85		1,009.54
(iii) Capital Work-in-Progress						
(b) Non-Current Investment	13		14.69		14.69	
(c) Long-Term Loans and Advances	14		659.31		540.11	
<b>2. Current Assets</b>						
(a) Inventories	15	877.76	9,196.40	854.84	7,087.66	
(b) Trade Receivables	16	1,175.34		897.32		
(c) Cash and Bank Balances	17	6,842.72		5,105.61		
(d) Short -Term Loans and Advances	18	128.81		162.77		
(e) Other Current Assets	19	171.77		67.12		
<b>TOTAL</b>			<b>46,254.95</b>		<b>42,803.77</b>	

Significant Accounting Policies &amp; Notes on Financial Statements

1 to 45

Significant Accounting Policies & the accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

**C.S. SATHYANARAYANAN**

Partner  
Membership No. 028328

Place : Coimbatore  
Date : 29.05.2017

**For and on behalf of the Board of Directors**
**Dr. NALLA G PALANISWAMI**

Managing Director  
DIN : 00013536

**CA A.M. PALANISAMY**

Director  
DIN : 00112303

**CA P.K. GOPIKRISHNAN**

Chief Financial Officer

**CS S.P. CHITTIBABU**

Company Secretary





## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

(` in lakhs)

Particulars	Note	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
<b>INCOME</b>			
Revenue from Operations	20	52,562.15	46,529.81
Other Income	21	769.57	761.20
<b>Total Income</b>		<b>53,331.72</b>	<b>47,291.01</b>
<b>EXPENSES</b>			
Hospital Consumables	22	7,220.31	6,710.62
Medicines Consumed	23	8,753.79	7,681.12
Employee Benefits Expense	24	8,817.84	7,936.19
Finance Cost	25	1,468.77	1,665.97
Depreciation, Impairment and Amortization Expenses	12	2,372.75	2,074.03
Other Expenses	26	15,485.53	14,988.79
<b>Total Expenses</b>		<b>44,118.99</b>	<b>41,056.72</b>
<b>Profit Before Tax</b>		<b>9,212.73</b>	<b>6,234.29</b>
<b>Tax Expenses</b>			
Current Tax	27	2,536.77	1,562.57
Prior Year Tax		1.24	-
Deferred Tax		687.30	609.98
<b>Profit for the Year</b>		<b>5,987.42</b>	<b>4,061.74</b>
<b>Earnings Per Equity Share (in `)</b>	28		
Basic & Diluted ( Face Value of ` 10 each ) (Previous year ` 10 each)		54.72	37.12

Significant Accounting Policies and Notes on  
Financial Statements

1 to 45

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements  
As per our report of even date

#### For Haribhakti & Co. LLP

Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

#### C.S. SATHYANARAYANAN

Partner  
Membership No. 028328

Place : Coimbatore  
Date : 29.05.2017

#### For and on behalf of the Board of Directors

#### Dr. NALLA G PALANISWAMI

Managing Director  
DIN : 00013536

#### CA A.M. PALANISAMY

Director  
DIN : 00112303

#### CA P.K. GOPIKRISHNAN

Chief Financial Officer

#### CS S.P. CHITTIBABU

Company Secretary



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017** ( in lakhs)

Particulars	31 <sup>st</sup> March 2017		31 <sup>st</sup> March 2016	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before taxation and exceptional items		<b>9,212.73</b>		<b>6,234.29</b>
Adjustment for :				
Depreciation, Impairment and Amortisation	2,372.75		2,074.03	
Finance cost	1,468.77		1,665.97	
Interest Income	(451.30)		(476.06)	
Profit on sale of Fixed Assets	(10.97)		(12.62)	
Loss on sale of Assets	4.32		1.88	
Dividend Income	-	3,383.57	(0.64)	3,252.56
<b>Operating profit before working capital changes</b>		<b>12,596.30</b>		<b>9,486.85</b>
<b>Changes in Working Capital :</b>				
Inventories	(22.92)		(22.36)	
Trade & Other Payables	261.06		441.71	
Trade & Other Receivables	(392.46)	(154.32)	244.71	664.06
<b>Cash generated from operations</b>		<b>12,441.98</b>		<b>10,150.91</b>
Income Tax		(2,530.49)		(1,559.79)
<b>Net cash from operating activities (A)</b>		<b>9,911.49</b>		<b>8,591.12</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(3,602.65)		(7,079.46)	
Sale of Fixed Assets	13.31		28.87	
Investment in shares	-		-	
Interest Received	369.57		410.92	
Dividend Received	-		0.64	
<b>Net cash used in investing activities (B)</b>		<b>(3219.77)</b>		<b>(6639.03)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Repayment of Long Term Borrowings	(3,169.88)		(500.25)	
Working Capital Borrowings (Net of Repayment)	(118.97)		69.84	
Dividend paid (Including Dividend Distribution Tax)	(196.99)		(326.51)	
Interest Paid	(1,468.77)		(1,665.97)	
<b>Net cash used in financing activities (C)</b>		<b>(4,954.61)</b>		<b>(2,422.89)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)		<b>1,737.11</b>		<b>(470.80)</b>
Cash and bank balances at the beginning of the year		<b>5,105.61</b>		<b>5,576.41</b>
Less: Bank Balances not considered as Cash & Cash equivalents as per AS 3 (Refer Note No.17)		<b>6,634.05</b>		<b>4,862.55</b>
Cash and Cash equivalent at end of the year		<b>208.67</b>		<b>243.06</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 45

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

**For and on behalf of the Board of Directors**
**C.S. SATHYANARAYANAN**

Partner  
Membership No. 028328

**Dr. NALLA G PALANISWAMI**

Managing Director  
DIN : 00013536

**CA P.K. GOPIKRISHNAN**

Chief Financial Officer

Place : Coimbatore  
Date : 29.05.2017

**CA A.M. PALANISAMY**

Director  
DIN : 00112303

**CS S.P. CHITTIBABU**

Company Secretary



**NOTE NO 1.**
**A. NATURE OF OPERATIONS**

Kovai Medical Center and Hospital Limited was 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 City Center, Erode Center, Erode Speciality and Suler Center. The company's equity shares are listed in Bombay Stock Exchange.

The Wholly owned subsidiary company - Idhayam Hospitals Erode Limited, is also engaged in the business of healthcare services.

**B. SIGNIFICANT ACCOUNTING POLICIES**
**(i) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis. This accounting policy has been consistently applied by the company with those used in the previous year.

**(ii) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements relate to Kovai Medical Center and Hospital Limited ("the Company") and its wholly owned Subsidiary Company-Idhayam Hospitals Erode Limited. The Consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary Companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- b) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements

**(iii) ACCOUNTING OF INVESTMENTS**

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 - "Accounting for Investments".

**(iv) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment (PPE) 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 definition of PPE are capitalised 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.



**(v) DEPRECIATION**

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.

The Company has used the following useful lives to provide depreciation on its Property, Plant and Equipment

Particulars	Useful life (No. of Yrs)
<b>I. Buildings</b>	
a) Building (other than factory buildings) RCC Frame Structure	60
b) Building (other than factory buildings) other than RCC Frame Structure	30
c) Fences, wells, tube wells	5
d) Other (including temporary structure, etc.)	3
<b>II. Plant &amp; Machinery</b>	
a) Electrical Machinery, X-ray and electro therapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, Cat-scan, Ultrasound Machines, ECG Monitors, etc.	13
b) Plant and Machinery used in medical and surgical operations - Other Equipments	15
c) Electrical Installations and Equipment	10
<b>III. Furniture and fittings</b>	
General furniture and fittings	5
<b>IV. Office equipments</b>	
<b>V. Computers and data processing units</b>	
a) Servers and networks	6
b) End user devices, such as, desktops, laptops, etc.	3
<b>VI. Motor Vehicles</b>	
a) Motor cycles, scooters and other mopeds	10
b) Motor buses, motor lorries, motor cars and motor taxies other than those used in a business of running them on hire.	8

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

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

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

**(v) INTANGIBLE ASSETS AND AMORTIZATION**

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 & five years based on management's assessment of useful life.



**(vi) IMPAIRMENT OF ASSETS**

The carrying amounts of 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 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 recognized for the asset in prior years.

**(viii) BORROWING COSTS**

Borrowing Costs include interest and other costs incurred in connection with borrowing of funds. Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All the other borrowing costs are charged to revenue. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

**(ix) INVESTMENTS**

Current Investments are carried at lower of cost and market value. Long Term Investments are stated at cost. Provisions for diminution in value of long-term investments are made, if the diminution is other than temporary.

**(x) LEASES**
**Where the company is the lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Where the company is the lessor**

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Asset subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

**(xi) INVENTORIES**

- a) Inventories are valued at lower of cost and estimated net realizable value.
- b) Cost is arrived at on First-in-First Out (FIFO) basis.
- c) Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.
- d) 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.



**(xii) FOREIGN CURRENCY TRANSACTIONS**

- a) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- b) Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- c) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.
- d) Premium or discount on forward exchange contracts arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**(xiii) REVENUE RECOGNITION**

The Company generally follows the Mercantile system of accounting and recognise the Income and Expenditure on an accrual basis except those with significant uncertainties. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

**Operating Income**

- a) The income by way of Doctors' Consultancy Fees and the consequent liability towards Doctor's consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from Patients is established.
- b) The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.
- c) Revenue from sale of dietary items / pharmacy items are recognized as and when the services are rendered / goods sold.

**Income from Sponsorships**

Revenue is recognized as and when the services are rendered at the center.

**Income from Academic services**

Revenue is recognized on Straight Line basis on the completion of such services over the duration of the course.

**Income from Interest / dividend**

- a) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- b) Dividend income is recognized as and when the right to receive payment is established.



## (xiv) TAXES ON INCOME

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.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

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

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period

## (xv) RETIREMENT BENEFITS

- Payments to defined contribution schemes are charged as expense as and when incurred.
- 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.
- Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.
- Post employment and other long term benefits which are defined benefit plans are recognized based on the present value of the obligation determined in accordance with Accounting Standard (AS) - 15 on "Employee Benefits".

## (xvi) PROVISIONS

A provision is recognized 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) CONTINGENT LIABILITIES AND ASSETS

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are neither accounted for nor disclosed.



**(xviii) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net 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.

**(xix) CASH & CASH EQUIVALENTS**

Cash flow is reported using indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The Company considers all highly liquid investments with an initial maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.



**2. SHARE CAPITAL**

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Number	( ` in lakhs )	Number	( ` in lakhs )
<b>Authorised</b>				
Equity Shares of ` 10/- each	15000000	1,500.00	15000000	1,500.00
<b>Issued, Subscribed &amp; Paid-up</b>				
Equity Shares of ` 10/- each	10942262	1,094.23	10942262	1,094.23

**a. Reconciliation of the Equity shares outstanding is set out below**

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Number	( ` in lakhs )	Number	( ` in lakhs )
<b>Number of shares outstanding at the beginning of the year</b>	10942262	1,094.23	10942262	1,094.23
<b>Add: Issued during the year</b>	-	-	-	-
<b>Number of shares outstanding at the end of the year</b>	10942262	1,094.23	10942262	1,094.23

**b. Terms / Rights attached to 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. The Company has no shares issued as fully paid up pursuant to contract without payment being received in cash, bonus shares and shares bought back in the immediately preceeding five years.**
**d. Details of Shareholders holding more than 5% shares in the company :**

Name of the Shareholder	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Equity Shares		Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Kovai Purani Finance Private Limited	4006461	36.61	4006461	36.61
2. Dr. Thavamani Devi Palaniswami	1096730	10.02	1095430	10.01

**e. There are no Shares held by Holding Company / Subsidiaries of the ultimate Holding Company.**



## 3. RESERVES & SURPLUS

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>a. General Reserve</b>		
Opening Balance	4,244.95	3,944.95
Add:- Transferred from surplus	-	300.00
Closing Balance <b>A</b>	<b>4,244.95</b>	<b>4,244.95</b>
<b>b. Surplus in the statement of Profit &amp; Loss</b>		
Opening Balance	12,063.22	8,630.72
Add:- Profit for the year	5,987.42	4,061.74
<b>Amount available for appropriation</b>	<b>18,050.64</b>	<b>12,692.46</b>
Less:- Appropriations		
- Proposed equity dividend (Previous Year ₹ 1.50) ( Refer Note No.40)	-	164.13
- Interim Dividend - Nil (Previous Year ₹ 1.00)	-	109.42
- Tax on Dividend	-	55.69
- Transferred to General Reserve	-	300.00
- Closing Balance <b>B</b>	<b>18,050.64</b>	<b>12,063.22</b>
<b>Total (A+B)</b>	<b>22,295.59</b>	<b>16,308.17</b>

## 4. LONG - TERM BORROWINGS

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
	Non-Current Portion	Non-Current Portion	Current Maturities	Current Maturities
<b>Secured Borrowings</b>				
(a) Term loans from Banks	8,465.72	11,867.42	3,436.46	3,065.63
(b) From Others	106.67	211.99	105.32	139.01
	<b>8,572.39</b>	<b>12,079.41</b>	<b>3,541.78</b>	<b>3,204.64</b>
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long - Term liabilities" (Note no. 10)	-	-	(3,541.78)	(3,204.64)
<b>Net Amount</b>	<b>8,572.39</b>	<b>12,079.41</b>	<b>-</b>	<b>-</b>



## A. Security Particulars of Secured Loans :

- i. The term loans availed from Indian Bank and Indian Overseas Bank are primarily Secured by:
  - a) Pari pasu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
  - b) Pari pasu first charge on the entire Fixed Assets (Present and Future) of the Company.
  - c) Charge on the leasehold rights of the building at Erode in the name of Idhayam Hospitals Erode Limited, Erode.
  - d) Charge on the leasehold rights of the Plant & Machinery and Medical equipments in the name of Idhayam Hospitals Erode Limited, Erode.

The above facilities are also collaterally secured by a paripasu second charge on the entire current assets (Present and Future) of the Company.

- ii. The term loans from banks are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director - Dr. Thavamani Devi Palaniswami of the Company. The term loans carry interest rate varying from 9.50 % to 10.55%.
- iii. Secured Loans from others represent Hire Purchase loans from SREI Equipments Finance Pvt. Ltd, HDFC Bank Ltd & Kotak Mahindra Prime Ltd secured by hypothecation of assets purchased out of the loans and it carries interest rates varying from 8.20% to 11%.

## B. Repayment Details :

### i. Secured Loans from Indian Bank

- (a) Term Loan(Subordinate Loan) -The loan is repayable in 36 monthly instalments aggregating to ` 162.30 Lakhs (Previous Year- ` 216.90 Lakhs)
- (b) Term Loan (I Phase) - The loan is repayable in 36 monthly instalments aggregating to ` 1,127.48 Lakhs (Previous Year- ` 1,513.98 Lakhs )
- (c) Term Loan (II Phase) - The loan is repayable in 36 monthly instalments aggregating to ` 1,122.50 Lakhs (Previous Year- ` 1,462.00 Lakhs)
- (d) Term Loan (III Phase) - The loan is repayable in 36 monthly instalments aggregating to ` 832.50 Lakhs (Previous Year - ` 1,110.00 Lakhs)
- (e) Term Loan (IV Phase) - The loan is repayable in 32 monthly instalments aggregating to ` 1,460.00 Lakhs (Previous Year - ` 1,900.00 Lakhs )
- (f) Term Loan (Solar Power) - The loan is repayable in 105 monthly instalments aggregating to ` 1,227.40 Lakhs (Previous Year - ` 1262.50 Lakhs)

### ii. Secured Loans from Indian Overseas bank

- (a) Term Loan (Subordinate Loan) - The loan is repayable in 36 monthly instalments aggregating to ` 164.16 Lakhs(Previous Year- ` 218.64 Lakhs)
- (b) Term Loan (I Phase) - The loan is repayable in 36 monthly instalments aggregating to ` 1,127.56 Lakhs (Previous Year- ` 1,514.08 Lakhs )
- (c) Term Loan (II Phase) - The loan is repayable in 36 monthly instalments aggregating to ` 1,123.52 Lakhs (Previous Year- ` 1,463.00 Lakhs )
- (d) Term Loan (III Phase) - The loan is repayable in 36 monthly instalments aggregating to ` 831.76 Lakhs (Previous Year - ` 1,108.96 Lakhs )



(e) Term Loan (IV Phase) - The loan is repayable in 32 monthly instalments aggregating to ₹ 1,460.00 Lakhs (Previous Year - ₹ 1,900.00 Lakhs)

(f) Term Loan (Solar Power) - The loan is repayable in 108 monthly instalments aggregating to ₹ 1,263.00 Lakhs (Previous Year - ₹ 1263.00 lakhs)

## iii. Secured Loans from others - SREI Equipments Finance Private Limited

(a) Hire Purchase Loan is repayable in 3 equated monthly instalments aggregating to ₹ 12.05 Lakhs (Previous Year - ₹ 57.73 Lakhs)

## iv. Secured Loans from others - HDFC Bank Ltd

(a) Hire Purchase Loan is repayable in 28 equated monthly instalments aggregating to ₹ 168.46 Lakhs (Previous Year - ₹ 228.48 Lakhs)

(b) Hire Purchase Loan is repayable in 14 equated monthly instalments aggregating to ₹ 4.10 Lakhs (Previous Year - ₹ 8.47 Lakhs)

(c) Hire Purchase Loan is repayable in 17 equated monthly instalments aggregating to ₹ 4.07 Lakhs (Previous Year - ₹ 7.72 Lakhs)

## v. Secured Loans from others - Kotak Mahindra Prime Ltd

(a) Hire Purchase Loan is repayable in 14 equated monthly instalments aggregating to ₹ 23.31 Lakhs (Previous Year - ₹ 43.10 Lakhs)

## 5. DEFERRED TAX LIABILITIES (Net)

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	Charged/ (Reversed) during the year	As at 31 <sup>st</sup> March 2016
Deferred Tax Liability Arising out of timing difference in depreciable assets (A)	4,416.01	734.40	3,681.61
Deferred Tax Asset On expenses allowable against taxable income in future years (B)	411.95	47.10	364.85
<b>Net Deferred Tax Liability (A-B)</b>	<b>4,004.06</b>	<b>687.30</b>	<b>3,316.76</b>

## 6. OTHER -LONG TERM LIABILITIES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Rental Advances	61.38	53.66
(b) Security deposits & Other payables #	271.87	232.13
<b>Total</b>	<b>333.25</b>	<b>285.79</b>

# Other payables represents Advance from Doctors, Employees etc..



**7. LONG - TERM PROVISIONS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Provision for employee benefits (Refer Note No. 30)		
(a) Gratuity	485.74	481.51
(b) Long Term Compensated Absence	94.78	84.36
<b>Total</b>	<b>580.52</b>	<b>565.87</b>

**8. SHORT TERM BORROWINGS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Secured Borrowings		
Cash Credit Loan from banks - Indian Bank	433.43	552.40
<b>Total</b>	<b>433.43</b>	<b>552.40</b>

The Company has availed working capital facility from Indian Bank which is secured by:

- First Charge on current assets by way of hypothecation of present and future current assets including book debts and receivables.
- The above working capital facility is collaterally secured by all fixed assets mentioned in item No. A i(a) to (d) in note no.4 long term borrowings.
- The working capital facility carries interest rates varying from 10.15% to 10.45%.

**9. TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Total outstanding dues to		
(a) Micro and Small Enterprises #	63.71	70.12
(b) Others (including amount payable to related parties - Refer Note No.34)	1,561.03	1,801.87
	<b>1,624.74</b>	<b>1,871.99</b>
<b>Total</b>	<b>1,624.74</b>	<b>1,871.99</b>

# There are no interest amounts paid / payable to Micro and Small Enterprises. 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, which has been relied upon by the auditors.



**10. OTHER CURRENT LIABILITIES**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Current Maturities of Long-Term Debt (Refer Note No. 4 "Long Term borrowings")	3,541.78	3,204.64
(b) Accrued Salaries and Benefits	303.32	335.41
(c) Amount payable to Related parties (Refer Note No. 34)	397.10	269.52
(d) Advance received from Patients	193.89	157.85
(e) Statutory dues	271.31	306.03
(f) Unclaimed Dividend account	42.55	42.00
(g) Creditors for capital goods	821.47	771.64
(h) Accrued expenses	1,408.60	1,221.97
<b>Total</b>	<b>6,980.02</b>	<b>6,309.06</b>

**11. SHORT TERM PROVISIONS**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Provision for employee benefits (Refer Note No. 30)		
(i) Gratuity	262.91	167.52
(ii) Long Term Compensated Absence	72.57	55.03
(b) Others		
(i) Provision for proposed dividend	-	164.13
(ii) Provision for tax on proposed dividend	-	33.41
(iii) Provision for tax	1.24	-
<b>Total</b>	<b>336.72</b>	<b>420.09</b>



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

## 12. FIXED ASSETS

12. FIXED ASSETS											(₹ in lakhs)
Description of Assets	GROSS BLOCK				DEPRECIATION & AMORTIZATION BLOCK				NET BLOCK		
	As at 01.04.16	Additions	Deletions	As at 31.03.17	Upto 31.03.16	For the year	Deletions	Upto 31.03.17	As at 31.03.17	As at 31.03.16	
Property, Plant & Equipment :											
Land	841.39	10.85	-	852.24	-	-	-	-	852.24	841.39	
Buildings	16,628.70	1,254.87	-	17,883.57	1,769.91	334.21	-	2,104.12	15,779.45	14,858.79	
Furniture & Fixtures	1,259.18	167.92	0.38	1,426.72	515.95	123.40	0.38	638.97	787.75	743.23	
Office Equipments	330.03	34.10	0.15	363.98	183.87	39.28	0.15	223.00	140.98	146.16	
Plant & Equipment	25,721.46	2,449.76	30.12	28,141.10	8,714.63	1,754.12	25.61	10,443.14	17,697.96	17,006.82	
Computers	561.30	27.90	2.49	586.71	430.08	59.28	1.83	487.53	99.18	131.21	
Vehicles	475.93	97.02	29.87	543.08	213.25	47.10	28.38	231.97	311.11	262.68	
<b>Total Property, Plant &amp; Equipment : (A)</b>	<b>45,817.99</b>	<b>4,042.42</b>	<b>63.01</b>	<b>49,797.40</b>	<b>11,827.69</b>	<b>2,357.39</b>	<b>56.35</b>	<b>14,128.73</b>	<b>35,668.67</b>	<b>33,990.29</b>	
Intangible Assets :											
Software Licence	105.23	4.91	-	110.14	68.21	15.36	-	83.57	26.57	37.02	
Good will	124.46	-	-	124.46	-	-	-	-	124.46	124.46	
<b>Total Intangible Assets (B)</b>	<b>229.69</b>	<b>4.91</b>	<b>-</b>	<b>234.60</b>	<b>68.21</b>	<b>15.36</b>	<b>-</b>	<b>83.57</b>	<b>151.03</b>	<b>161.48</b>	
<b>Total (A+B)</b>	<b>46,047.68</b>	<b>4,047.33</b>	<b>63.01</b>	<b>50,032.00</b>	<b>11,895.90</b>	<b>2,372.75</b>	<b>56.35</b>	<b>14,212.31</b>	<b>35,819.69</b>	<b>34,151.77</b>	

Note:

The title of piece of land belonging to the company measuring 5000 Sq. ft. is challenged legally by a third party which the Company is defending. The case filed against the company before the District Court, Erode has been adjudicated against the Company. The Company has filed a second appeal against the order before the Honourable High Court of Judicature, Madras. The High Court was pleased to pass an interim order of status quo until further order. The Company is confident of succeeding the matter before the Madras High Court and hence no provision is considered necessary for the amount paid towards the cost of land.



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Previous Year

Description of Assets	GROSS BLOCK			DEPRECIATION, IMPAIRMENT & AMORTIZATION BLOCK					NET BLOCK		
	As at 01.04.2015	Additions	Deletions	As at 31.03.16	Upto 31.03.15	For the year	Provision for impairment	Deletions	Upto 31.03.16	As at 31.03.16	As at 31.03.15
Property,Plant & Equipment:											
Land	628.87	212.52	-	841.39	-	-	-	-	-	841.39	628.87
Buildings	15,614.42	1,014.28	-	16,628.70	1,474.72	295.19	-	-	1,769.91	14,858.79	14,139.70
Furniture & Fixtures	1,079.89	179.29	-	1,259.18	411.31	104.64	-	-	515.95	743.23	668.58
Office Equipments	218.56	111.62	0.15	330.03	151.49	32.50	-	0.12	183.87	146.16	67.07
Plant & Equipment	19,986.42	6,052.58	317.54	25,721.46	7,482.49	1,533.42	0.88	302.16	8,714.63	17,006.82	12,503.93
Computers	500.32	61.96	0.98	561.30	379.28	51.74	-	0.94	430.08	131.22	121.04
Vehicles	404.88	71.05	-	475.93	167.43	45.82	-	-	213.25	262.68	237.45
Total Property, Plant & Equipment: (A)	38,433.36	7,703.30	318.67	45,817.99	10,066.72	2,063.31	0.88	303.22	11,827.69	33,990.29	28,366.64
Intangible Assets :											
Software Licence	74.58	30.65	-	105.23	58.37	9.84	-	-	68.21	37.02	16.21
Good will	124.46	-	-	124.46	-	-	-	-	-	124.46	-
Total Intangible Assets (B)	199.04	30.65	-	229.69	58.37	9.84	-	-	68.21	161.48	16.21
Total (A+B)	38,632.40	7,733.95	318.67	46,047.68	10,125.09	2,073.15	0.88	303.22	11,895.90	34,151.77	28,382.85



### 13. NON -CURRENT INVESTMENT

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Long term Investments</b>		
(a) Long Term - Non Trade <b>(Quoted)</b>		
(i) 6100 (Previous year 6100) Equity Shares of ₹ 10/- each Fully paid up in Canara Bank - Market Value - ₹ 18.48 Lakhs (PY - ₹ 11.58 Lakhs)	2.14	2.14
(ii) 2300 (Previous year 2300) Equity Shares of ₹ 10/- each Fully paid up in Indian Overseas Bank -Market Value - ₹ 0.62 Lakhs (PY - ₹ 0.70 Lakhs)	0.55	0.55
(b) Long Term - Trade <b>(Unquoted)</b>		
120000 (Previous year : 120000) Equity Shares of ₹ 10/- each Fully paid up in Mytrah Vayu (Manjira) Private Limited	12.00	12.00
<b>Total</b>	<b>14.69</b>	<b>14.69</b>
Aggregate amount of quoted Investments	2.69	2.69
Market Value of Quoted Investments	19.10	12.28
Aggregate amount of unquoted Investments	12.00	12.00

### 14. LONG TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Unsecured, Considered good</b>		
(a) Capital Advance	268.32	180.44
(b) Security Deposits		
Electricity and Other Deposits	162.04	147.40
(c) Other loans and advances		
(i) Rent and Lease Advances	152.73	129.77
(ii) Advance Tax (Net of Provisions)	70.98	79.00
(iii) MAT Credit entitlement	5.24	3.50
<b>Total</b>	<b>659.31</b>	<b>540.11</b>



## 15. INVENTORIES (Valued at lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Pharmacy	442.44	440.77
(b) Hospital Consumables	370.83	336.35
(c) Stores & Spares	30.27	36.13
(d) Others #	34.22	41.59
<b>Total</b>	<b>877.76</b>	<b>854.84</b>

# Others includes fuel, canteen items and stationery etc.

## 16. TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Unsecured, considered good		
(a) Debts outstanding for a period exceeding six months from the date they were due for payment	89.26	37.07
(b) Other Debts	1,086.08	860.25
<b>Total</b>	<b>1,175.34</b>	<b>897.32</b>

## 17. CASH AND BANK BALANCES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
(a) Cash and Cheques on hand	107.19	64.44
(b) Balance with banks		
In Current accounts	55.22	82.34
In Deposit accounts	6,631.50	4,910.69
In Bank Guarantee Margin Deposit accounts	6.26	6.14
In Unclaimed Dividend accounts	42.55	42.00
<b>Total</b>	<b>6,842.72</b>	<b>5,105.61</b>

Less: Bank Balances not considered as Cash and Cash equivalents as per AS 3

6,634.05      4,862.55

The Balances that meet the definition of Cash and Cash Equivalents as per AS-3 Cash flow statement is

208.67      243.06

## 18. SHORT-TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Unsecured, considered good</b>		
(a) Advance for Purchase	6.21	34.16
(b) Advance for Expenses	13.52	24.83
(c) Loans and Advances to Employees	0.03	1.28
(d) Prepaid Expenses	109.05	102.50
<b>Total</b>	<b>128.81</b>	<b>162.77</b>



## 19. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Rent Receivable	19.11	8.09
Accrued Interest / Income	152.66	59.03
<b>Total</b>	<b>171.77</b>	<b>67.12</b>

## 20. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
<b>I. Revenue from operations</b>		
(a) Inpatients Revenue	29,346.36	25,807.82
(b) Outpatients Revenue	10,140.87	9,374.29
(c) Pharmacy Sales	11,362.63	9,796.04
(d) Dietary Sales	1,712.29	1,551.66
<b>Total</b>	<b>52,562.15</b>	<b>46,529.81</b>

## 21. OTHER INCOME

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Interest Income	451.30	476.06
(b) Dividend income	-	0.64
(c) Rent Received	139.05	121.29
(d) Parking Charges	48.32	47.05
(e) Profit on Sale of Assets	10.97	12.62
(f) Miscellaneous Income	119.93	103.54
<b>Total</b>	<b>769.57</b>	<b>761.20</b>

## 22. HOSPITAL CONSUMABLES

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
Inventory at the beginning of the year	336.35	289.01
Add : Purchase of Hospital Consumables	7,254.79	6,757.96
	<b>7,591.14</b>	<b>7,046.97</b>
Less: Inventory at the end of the year	370.83	336.35
<b>Total</b>	<b>7,220.31</b>	<b>6,710.62</b>



## 23. MEDICINES CONSUMED

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
Inventory at the beginning of the year	440.77	462.22
Add : Purchase of medicines	8,755.46	7,659.67
	<b>9,196.23</b>	<b>8,121.89</b>
Less : Inventory at the end of the year	442.44	440.77
<b>Total</b>	<b>8,753.79</b>	<b>7,681.12</b>

## 24. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Salaries, Allowances and Bonus	7,770.55	6,955.07
(b) Contribution to Provident and Other Funds	595.55	507.48
(c) Staff Welfare Expenses	199.85	162.83
(d) Long Term Compensated Absence ( Refer Note No 30 (d) )	118.06	140.34
(e) Gratuity ( Refer Note No 30 (d) )	133.83	170.47
<b>Total</b>	<b>8,817.84</b>	<b>7,936.19</b>

## 25. FINANCE COST

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Interest on Borrowings	1,458.24	1,643.12
(b) Other Borrowing Cost	10.53	22.85
<b>Total</b>	<b>1,468.77</b>	<b>1,665.97</b>

## 26. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) Consumption of Stores and Spares	159.09	158.18
(b) Power and Fuel Consumed ( Refer Note No 37)	669.89	881.61
(c) Consumption of Dietary	1,112.58	1,062.56
(d) Consultant Charges	8,865.48	7,946.90
(e) Hospital Up Keep Expenses	1,050.38	855.56
(f) Lab Test Charges	355.49	335.13
(g) Consumption of Water	103.59	138.84
(h) Travel and Conveyance	109.94	87.46
(i) Rent	254.89	236.11
(j) Advertisement	344.39	387.43
(k) Auditor's Remuneration ( Refer Note No 26.1)	21.96	20.77
(l) Professional Charges	88.08	111.25
(m) Directors Sitting Fee	2.67	2.68
(n) Repair and Maintenance- Building	197.18	782.06
(o) Repair and Maintenance-Machinery	784.23	797.48
(p) Repair and Maintenance-Others	292.53	250.48
(q) License Fee, Rates & Taxes	77.39	55.54
(r) Insurance	44.75	39.29
(t) Expenditure towards CSR activities	138.21	77.83
(s) Silver Jubilee Expenses	-	146.98
(u) Miscellaneous Expenses	812.81	614.65
<b>Total</b>	<b>15,485.53</b>	<b>14,988.79</b>



## 26.1 AUDITOR'S REMUNERATION

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
(a) For Statutory Audit	15.00	13.50
(b) For Taxation Matters	3.50	2.50
(c) For Other Services	-	1.25
(d) For Reimbursement of Expenses	0.54	0.73
(e) For Service Tax	2.92	2.79
<b>Total</b>	<b>21.96</b>	<b>20.77</b>

## 27. CURRENT TAX

(₹ in lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2017	For the Year Ended 31 <sup>st</sup> March 2016
Provision for Income Tax	2,538.51	1,566.07
Less : MAT Credit availed	1.74	3.50
<b>Total</b>	<b>2,536.77</b>	<b>1,562.57</b>



## GENERAL NOTES

### 28. EARNINGS PER SHARE (EPS) COMPUTED IN ACCORDANCE WITH ACCOUNTING STANDARD (AS)-20.

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Profit after tax (₹ in lakhs)	5,987.42	4,061.74
Weighted average number of shares outstanding during the year (Nos in lakhs)	109.42	109.42
Earnings per share (Basic/Diluted) (in ₹)	54.72	37.12
Face value per share (in ₹)	10.00	10.00

### 29. OPERATING LEASE

#### Disclosure for company as lessee :

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

#### The future minimum lease payments are as follows

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Not later than one year	264.97	248.15
Later than one year and not later than five years	730.38	770.97
Later than five years	2134.47	2134.47

#### Disclosure for company as lessor

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

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Not later than one year	84.35	91.07
Later than one year and not later than five years	97.88	95.17
Later than five years	15.28	26.95

### 30. THE COMPANY HAS PROVIDED FOR EMPLOYEE BENEFITS AS PER ACCOUNTING STANDARD (AS) - 15 IN RESPECT OF DEFINED BENEFIT PLAN (GRATUITY AND LONG TERM COMPENSATED ABSENCE).

#### a) Description of the company's defined benefit plan:

The Company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity and Long Term compensated absence. 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 the benefits are common for all the employees of the company.



**b) Reconciliation in respect of the changes in the Present value of the obligation :** (₹ in lakhs)

Particulars	Gratuity		Long Term Compensated Absence	
	2017	2016	2017	2016
Present Value of the obligation at the beginning of the period	649.03	536.10	139.39	80.56
Current service cost	42.83	57.36	20.77	23.25
Interest Cost	41.45	37.29	6.19	2.93
Benefits paid	(34.21)	(57.54)	(90.10)	(81.51)
Actuarial gains and losses	49.55	75.82	91.10	114.16
<b>Present value of the Obligation at the end of the period</b>	<b>748.65</b>	<b>649.03</b>	<b>167.35</b>	<b>139.39</b>

**c) Reconciliation in respect of the changes in the fair value of Plan assets :** (₹ in lakhs)

Particulars	Gratuity		Long Term Compensated Absence	
	2017	2016	2017	2016
Fair value of plan assets at the beginning of the period	-	-	-	-
Add:				
Expected rate of return	34.21	57.54	90.10	81.51
Contribution by Employer	(34.21)	(57.54)	(90.10)	(81.51)
Benefits paid	-	-	-	-
Actuarial (gains) and losses	-	-	-	-
<b>Fair value of plan assets at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**d) The total expenses recognized in the statement of Profit and Loss is as follows :** (₹ in lakhs)

Particulars	Gratuity		Long Term Compensated Absence	
	2017	2016	2017	2016
Current Service cost	42.83	57.36	20.77	23.25
Interest Cost	41.45	37.29	6.19	2.93
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain) / Loss recognized in the year	49.55	75.82	91.10	114.16
<b>Amount Recognized in the Statement of Profit and Loss</b>	<b>133.83</b>	<b>170.47</b>	<b>118.06</b>	<b>140.34</b>



e) Principal actuarial assumptions used as at the balance sheet date:

Particulars	Gratuity (%)		Long Term Compensated Absence (%)	
	2017	2016	2017	2016
Discount rate	6.56	7.35	6.56	7.35
Salary Escalation rate	8.00	8.00	8.00	8.00
Attrition rate	35.00	40.00	35.00	40.00
Expected return on plan assets	-	-	-	-

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

f) Particulars for the current annual period and previous four annual periods as per the para 120(n) of AS 15;

(` in lakhs)

Particulars	Gratuity				
	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of obligation	748.65	649.03	536.10	435.78	366.12
Plan assets	-	-	-	-	-
Surplus / (Deficit) in Plan assets	(748.65)	(649.03)	(536.10)	(435.78)	(366.12)
The experience adjustments arising on the plan liabilities – loss / (Gain)	22.91	84.75	169.85	27.92	19.79
The experience adjustments arising on the plan assets – loss / (Gain)	-	-	-	-	-

(` in lakhs)

Particulars	Long Term Compensated Absence				
	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of obligation	167.35	139.39	80.56	88.36	102.95
Plan assets	-	-	-	-	-
Surplus / (Deficit) in Plan assets	(167.35)	(139.39)	(80.56)	(88.36)	(102.95)
The experience adjustments arising on the plan liabilities – loss / (Gain)	87.95	128.65	49.46	11.26	41.19
The experience adjustments arising on the plan assets – loss / (Gain)	-	-	-	-	-

- (g) Contribution of ` 407.90 Lakhs (Previous year ` 341.81 Lakhs) made to defined contribution plan were charged to statement of profit and loss.



## 31. EXPENDITURE IN FOREIGN CURRENCY

(` in lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
(a) CIF value of imports		
a. Capital goods	217.28	1921.34
b. Spares	-	9.61
(b) Business promotion	-	2.09
(c) Dividend paid in Foreign Currency		
i. Dividend (` in Lakhs)	21.66	37.34
ii. No. of Non Resident Share Holders (in Nos.)	71	75
iii. No of Shares of ` 10 each held by them	1443939	1500308

## 32. CONTINGENT LIABILITIES AND COMMITMENTS AS ON THE CLOSING DATE

(` in lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
<b>Contingent Liabilities :</b>		
a. Letter of Credit for capital equipments	571.29	152.38
b. Disputed Statutory Liabilities not provided for (excluding interest, if any)	267.46	267.46
c. Claims of various nature made against the Company not acknowledged as debt	803.85	829.68
<b>Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account	2,420.15	614.93

## 33. ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED AS SUBSIDIARIES

Name of the Entity	Net Assets		Share in Profit & loss	
	As a % of Consolidated Net Assets	Amount (` in Lakhs)	As a % of Consolidated Profit / ( Loss)	Amount (` in Lakhs)
<b>Parent Company</b> Kovai Medical Center and Hospital Limited	98.55%	23,050.13	100.15%	5,996.31
<b>Subsidiary</b> Idhayam Hospitals Erode Limited	1.45%	339.69	(0.15%)	(8.89)



## 34. RELATED PARTIES' DISCLOSURE UNDER ACCOUNTING STANDARD (AS) - 18.

The list of related parties as identified by the management are as under

### (i) Names of related parties and description of relationship :

- |   |   |  |
|---|---|--|
| a. Key Management Personnel / Promoters   | : | Dr. Nalla G Palaniswami<br>Dr. Thavamani Devi Palaniswami<br>Dr. Mohan S Gounder<br>Dr. Arun N Palaniswami   |
| b. Subsidiary Company   | : | Idhayam Hospitals Erode Limited  |
| c. Other Related Parties<br>(Includes entities in which the Directors are interested) | : | Purani Hospital Supplies Limited<br>Aosta Software Technologies (India) Limited<br>Sakthi Sugars Limited<br>Biomed Hitech Industries Limited<br>K Pharmacy<br>Tava Drugs Mart<br>NGP Estate Motors Agencies<br>Dr. Purani P Palaniswami<br>Dr. Krishnasamy |

### (ii) Related Party Transactions :

The Company has identified related parties as per Accounting Statndard 18 and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties.

(` in lakhs)

Nature of Business	2016-17		2015-16	
	Key Management Personnel	Other Related Parties	Key Management Personnel	Other Related Parties
Lease Rent paid	50.44	59.25	36.79	39.12
Purchases	-	3,468.40	-	2,493.05
Advertisment	-	1.16	-	0.20
Rent Receipts	-	0.20	-	2.44
IT Software & Hardware Maintenance Charges	-	8.87	-	27.76
Consultant Charges	-	-	-	14.50
Directors Remuneration,Commission & Perquisites	671.07	-	497.11	-
Lease Advance Paid	25.00	-	-	-
Amount Payable	394.99	98.34	268.52	98.68
Lease Advance paid (Closing Balance)	49.00	30.00	24.00	30.00

Guarantees given by Managing Director and Joint Managing director are restricted to the amount of outstanding borrowings. (Refer Note No. 4. A.ii)

The remuneration to key management personnel does not include the provision made for Gratuity as they are determined on an actuarial basis for the company as a whole.

Disclosure requirements under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Nil (Previous Year -Nil)



**35. SEGMENT REPORTING**

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

**36. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES :**

a. Gross Amount required to be spent by the Company towards CSR Activities during the year : ` 105.94 Lakhs

b. Amount spent during the year : ` 138.21 Lakhs

(` in Lakhs)

S.No.	Particulars	Paid	Yet to be paid	Total
(i)	Construction/acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	134.15	4.06	138.21

37. Power and fuel consumed is net of solar power of ` 372.03 Lakhs (Previous year : ` 79.70 Lakhs) representing the value of units supplied to the grid against which equivalent consumption was made inhouse.

**38. DISCLOSURE REQUIREMENT PURSUANT TO NOTIFICATION NO. G.S.R. 307 (E) AND NOTIFICATION NO. G.S.R. 308 (E) DATED 30<sup>TH</sup> MARCH 2017**

Specified Bank Notes held and transacted during the period 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016

(`)

Particulars	Specified Bank Notes	Other Denomination Notes	Total
<b>Closing Cash in hand as on 08.11.2016</b>	<b>11,087,500</b>	<b>791,482</b>	<b>11,878,982</b>
Add : Permitted Receipts	9,553,500	179,424,825	188,978,325
Add : Non Permitted Receipts**	4,809,500	-	4,809,500
Less : Permitted Payments	-	4,186,117	4,186,117
Less : Amount Deposited in Banks	25,450,500	170,870,811	196,321,311
<b>Closing Cash in hand as on 30.12.2016</b>	<b>-</b>	<b>5,159,379</b>	<b>5,159,379</b>

\*\* Non Permitted receipts represent amounts received towards Doctors fees, Surgery fees and other hospital related receipts from Inpatients during their discharge from hospital on a bank holiday i.e 09th Nov 2016.

The term "Specified Bank Notes" shall have the same meaning provided in notification of Government of India, in Ministry of Finance, Department of Economic Affairs S.O.3407 (E) dated 8<sup>th</sup> November 2016.

**39. SCHEME OF AMALGAMATION**

The Board at its meeting held on 3<sup>rd</sup> February 2017 approved the draft scheme of amalgamation of Kovai Medical Center And Hospital Limited with the wholly owned subsidiary Idhayam Hospitals Erode Limited effective 1<sup>st</sup> April 2016 subject to all necessary consent and approvals.

The company has filed application seeking the direction of the National Company Law Tribunal inter alia for holding meeting of shareholders for their approval to the scheme of amalgamation. The Company has already obtained no objections to the scheme from its secured creditors.



40. The Board of Directors of the parent Company have recommended a final dividend of ` 2.50 per share, (25% on the face value of ` 10/-) aggregating to ` 273.55 Lakhs on the equity shares of the company, for the year ended 31st March, 2017, which is subject to the approval of the shareholders at the Annual General Meeting. The Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, has amended Accounting Standard (AS)-4 "Contingencies and Events occurring after Balance sheet date". Consequently, the Company has not accounted for proposed dividend as liability as at 31st March, 2017. However, the proposed dividend of the previous year amounting to ` 273.55 Lakhs was accounted as liability as at 31st March, 2016 in accordance with the then existing Accounting Standard.
41. In-patients and out patients revenues are net of discount/free/concessional treatment/claims.
42. Income tax assessments have been completed upto the assessment year 2015-16.
43. **DISCLOSURE AS REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013**
- Loans given and Guarantees furnished by the Company : Nil (Previous year : Nil)
- Investments made are given under the respective head.
44. Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.
45. Figures have been rounded off to the nearest thousands. Figures are in ` lakhs, except otherwise stated.

Significant Accounting Policies and Notes on Financial Statements 1 to 45

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements  
As per our report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No. 103523W / W100048

**For and on behalf of the Board of Directors**

**C.S. SATHYANARAYANAN**  
Partner  
Membership No. 028328

**Dr. NALLA G PALANISWAMI**  
Managing Director  
DIN : 00013536

**CA P.K. GOPIKRISHNAN**  
Chief Financial Officer

Place : Coimbatore  
Date : 29.05.2017

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

**CS S.P. CHITTIBABU**  
Company Secretary





# KMCH Coimbatore leads South India in Robotic Surgery

Advanced  
**da Vinci Si** HD  
SURGICAL SYSTEM

for the first time in region and performs  
successful precision surgeries

We congratulate our  
Robotic Surgery team

They have given relief to  
patients with less scar,  
minimal incision, less blood loss,  
fast relief and a cost at par  
with laparoscopic procedures

## Robotic Surgery Team



**Dr. A. Ganesan**  
MS, FRCS (LON), FRCS (EDIN),  
FRCS (UK), CCST (UK)  
(General Surgery)



**Dr. M. Kuppurajan**  
M.S. (General Surgery),  
FRCS (LON), FRCS (UK),  
DPMSc (STRAUSSBURG) (Urology)



**Dr. K.S. Rajkumar**  
MS, FRCS (LON)  
(General Surgery)



**Dr. M. Anandan**  
MS, MCh (Uro), Fellowship in  
Minimally Invasive Urology  
(Robotic Surgery)



**Dr. Anbukkani Subbian**  
DGO, DNB, MRCOG (UK)  
Fellow in Gynaecologic Oncology,  
Consultant Gynec. Oncologist



## Kovai Medical Center and Hospital Ltd.,

Excellence in Healthcare



**KMCH CITY CENTER** : 22, Vivekananda Street, Ram Nagar, Coimbatore-641009. Ph: +91 422 - 4378720, 2232511.  
**KMCH SULUR HOSPITAL** : 242 B, Trichy Road, Sulur, Coimbatore-641402. Ph:+91 422-2662940, 941, 942.  
**KMCH SPECIALITY HOSPITAL** : 16, Palaniappa Street, Erode - 638009. Ph:+91 424 - 2256456, 2226456.  
**KOVAI MEDICAL CENTER-ERODE** : 2/2, Gandhi Nagar Colony, Perundurai Road, Erode - 638011. Ph: +91 424 - 2262838, 2264141.

MAKING THE IMPOSSIBLE, POSSIBLE





**Kovai Medical Center and Hospital Ltd.,**  
Excellence in Healthcare



## ASIA'S FIRST **MOBILE STROKE UNIT**

Treatment-CT Scan  
**on wheels...**



*Exclusively for* **Stroke!**

Equipped with state-of-the-art life supporting systems

**CT Scan, ICU and Medical Crew**

Facilitates instant access to critical care within the Golden Hour