

MISSION TO MAKE
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ANNUAL REPORT
2018 - 2019

KMC Speciality Hospitals
(India) Limited

ANNUAL REPORT 2018-19
KMC SPECIALITY HOSPITALS (INDIA) LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr S Chandrakumar	Executive Chairman (Whole-Time) (From 29 th September, 2018)
Dr S Manivannan	Managing Director (From 1 st October, 2018)
Dr D Senguttuvan	Executive Director (Upto 30 th August, 2018)
Dr S Aravindan	Director (From 31 st August, 2018)
Dr T Senthil Kumar	Director
Mr A Krishnamoorthy	Independent Director
CA S Chenthilkumar	Independent Director
Mr N Bala Baskar	Independent Director
Mr Adithya Bharadwaj	Nominee Director (Upto 30 th August, 2018)
Mr A Ganesan	Nominee Director (From 31 st August, 2018)
Mrs Jeyanthei Narayanasami	Independent Director (From 30 th August, 2018)
Mr Dandapani Swaminathan	Independent Director (From 29 th December, 2018)
Mr K Anand Babu	Chief Financial Officer (From 30 th May, 2019)
Ms Akshaya H	Company Secretary & Compliance Officer (From 30 th May, 2019)

BANKERS

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

AUDITORS

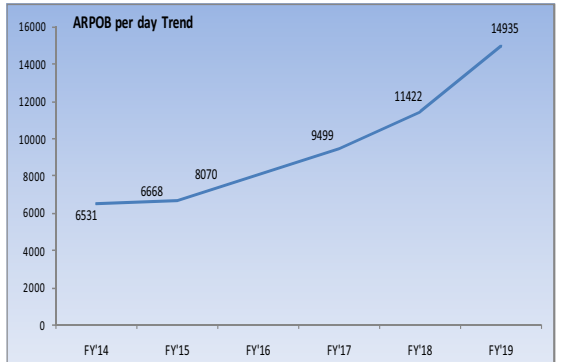
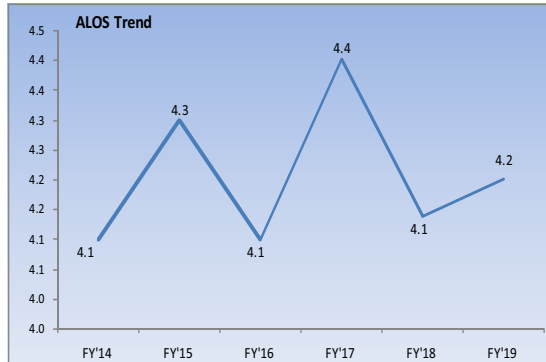
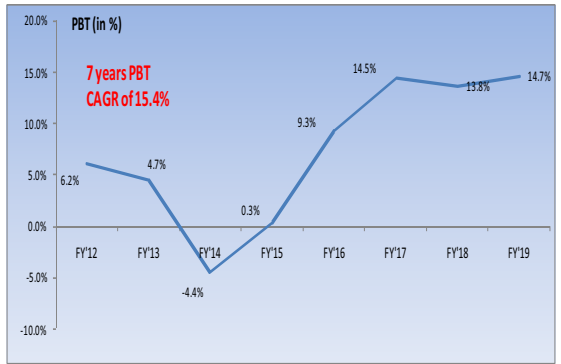
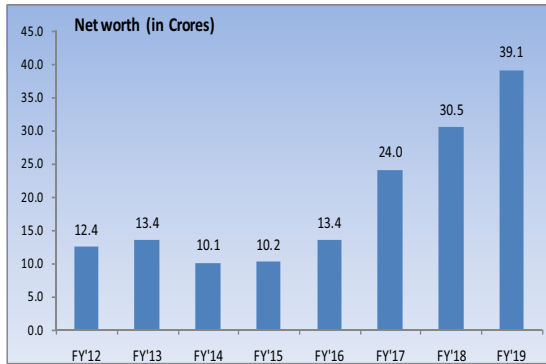
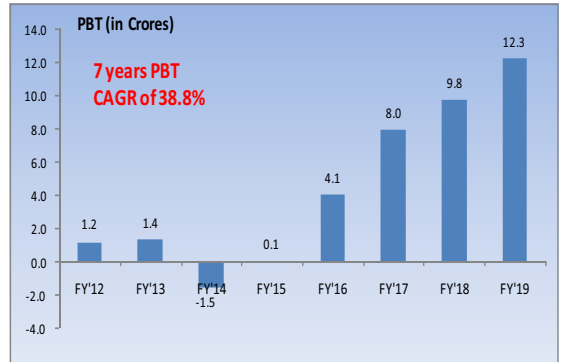
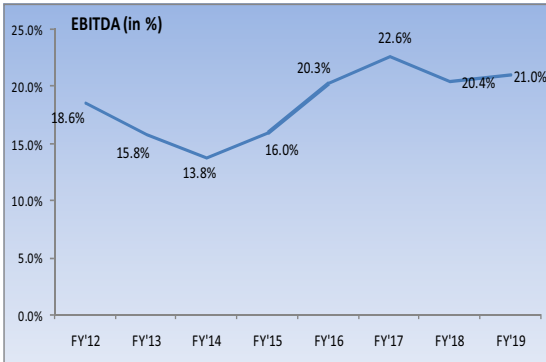
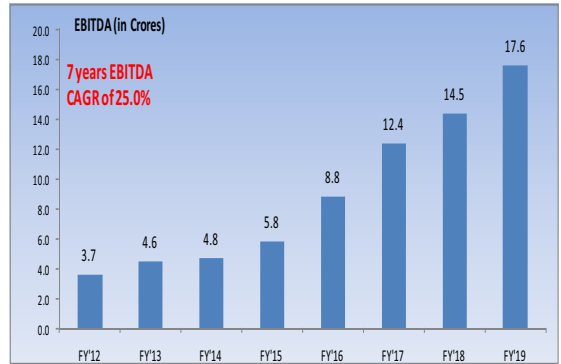
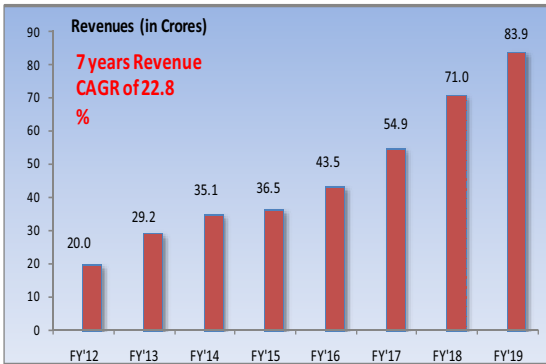
M/s. B S R & Co. LLP
Chartered Accountants
10, Mahatma Gandhi Road
Chennai – 600034

REGISTERED & CORPORATE OFFICE

6, Royal Road, Cantonment
Trichy - 620 001
CIN: L85110TN1982PLC009781
E-mail: corporatecompliance@kauveryhospital.com
Website: www.kauveryhospital.com

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the **THIRTY SIXTH ANNUAL GENERAL MEETING** of the members of the Company will be held on **Thursday, the 26th day of September, 2019** at **10.30 AM** at Hotel Sangam, Collectorate's Office Road, Cantonment, Trichy – 620001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. T. Senthil Kumar (DIN: 01742558), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass, the following Resolution as ordinary resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No.008072S), Chennai be and are hereby appointed as Statutory Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the forty first Annual General Meeting of the company as recommended by the Audit Committee and approved by the Board of Directors of the Company, at such remuneration as may be fixed by the Board of Directors of the Company in addition to the traveling and out of pocket expenses.”

SPECIAL BUSINESS:

4. **Appointment of Mr Dandapani Swaminathan (DIN: 01852739) as an independent director of the company**

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with schedule IV and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Dandapani

Swaminathan (DIN 01852739), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, be and is hereby appointed as an Independent Director to hold office for an initial term of 5 consecutive years with effect from 29th December, 2018 to 28th December, 2023.

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

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

“RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable provisions if any, and based on the recommendation by the board of directors, consent of members of the Company be and is hereby accorded for continuation of Directorship of Mr. A Krishnamoorthy (DIN: 00386122) who was re-appointed as Independent Director of the Company for a period of 5 years at the 35th Annual General Meeting of the Company held on 28th September, 2018 with effect from 1st April, 2019 to 31st March, 2024 by way of special resolution and who would be attaining the age of 75 years, for the remaining period of his existing term of Directorship as Independent Director of the Company.”

“RESOLVED FURTHER THAT The Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

By the order of the Board

Place: Chennai
Date: 13th August 2019

Akshaya H
Company Secretary

Notes:

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the act"), concerning the Special business in the notice is annexed hereto and forms part of this notice. The profile of the directors seeking

appointment/reappointment, as required in terms of clause 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.

2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing the proxy and the power of Attorney or other authority, if any, under which it is signed or a notarized certified copy of the power or other authority shall be lodged with the Registered Office at least 48 hours before the meeting. A proxy form is sent herewith. The proxy shall not be entitled to vote except on a poll.**
3. Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board resolution/power of attorney authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and the Share Transfer Books of the Company shall remain closed from 20th September, 2019 to 26th September, 2019 (both days inclusive).
6. Members, proxies and Authorised Representatives are requested to bring their Attendance Slips together with their copies of the Annual Reports to the Meeting. Copies of the Annual Report will not be provided at the venue of the Annual General Meeting.
7. A route map showing directions to reach the venue of the 36th Annual General Meeting is given along with this Notice as per the requirement of the Secretarial Standard – 2 on “General Meetings”.
8. Members are requested to notify Change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares members are requested to advise any change of communication address immediately to the Registrar and Transfer Agent, Viz. M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600002. Further, reminders have been sent thrice to the shareholders holding shares in physical form through our Registrar and Transfer Agent to their registered address insisting

shareholders to provide PAN and bank a/c details pursuant to directions given by SEBI circular.

9. Shareholders desiring any information as regards to financial statements are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting.
10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting and number of shares held by them.
11. The Ministry of Corporate Affairs (“Ministry”), Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode. As per the Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders. In case you are desirous of having a printed copy of Annual Report 2018-19, you may write to us at cs.kmcshil@kauveryhospital.com or at the registered Office of the Company. The Annual report of the Company can be accessed at www.kauveryhospital.com/investors# in the investor section. Electronic copy of the Annual Report for the year 2018-19 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2018-19 is being sent in the permitted mode. Electronic copy of the Notice of the 36th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 36th Annual General Meeting of the Company along with Attendance Slip and Proxy Form is being sent in the permitted mode.
12. Members may also note that the Notice of the Thirty Sixth Annual General Meeting and the Annual Report for the year 2018 - 19 will also be available on the Company's website www.kauveryhospital.com/investors# for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Trichy for inspection during normal business hours on working days, except Saturdays, Sundays and public holidays. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the

same, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id:cs.kmcshil@kauveryhospital.com.

13. The Notice and the Route map for the venue of the Annual General Meeting is hosted on the Company's website and can be accessed at <http://www.kauveryhospital.com/investors#>.
14. The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice by 'electronic means' (i.e. voting electronically from a place other than the venue of the General Meeting) and all the businesses may be transacted through e-voting services provided by Central Depository Services (India) Limited. The Company is providing facility for voting by electronic means in compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015. The E-Voting instructions/ procedure and details of Scrutinizer for the E-voting process is provided elsewhere in the report.
15. The remote e-voting period starts on Monday, 23rd September, 2019, 10:00 AM (IST) and ends on Wednesday, 25th September, 2019 at 05:00 PM (IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2019 may cast their votes electronically.
16. The Facility for voting through Ballot paper shall be made available at the 36th Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper.
17. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.
18. The Company's website is www.kauveryhospital.com. Annual Reports of the Company and other shareholder communications are made available on the Company's website.
19. All the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail id is investor@cameoindia.com mentioning the Company's name i.e., KMC Speciality Hospitals (India) Limited so as to enable the Company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address.
20. The Register of Directors and their shareholding, maintained u/s 170 of the Companies

Act, 2013 and Register of Contracts or Arrangements in which Directors are interested maintained u/s 189 of the Companies Act, 2013 and all other documents referred to in the notice and explanatory statement, will be available for inspection by the members of the Company at Registered office of the Company during business hours 10:00 A.M. to 06:00 P.M. (except Saturday and Sunday) up to the date of Annual General Meeting and will also be available during the Annual General Meeting.

Explanatory Statement (Pursuant to Regulation 36(5) of the SEBI (LODR) Regulations, 2015

The following Explanatory Statement sets out all the material facts relating to the Appointment of Statutory auditors Pursuant to Regulation 36(5) of SEBI (LODR) Regulations, 2015

Item No. 3: To consider the appointment of statutory auditors of the company

The company proposes to appoint M/s. Deloitte Haskins & Sells LLP, Chennai as the statutory auditors of the Company for a period of five consecutive years from the conclusion of this Annual General Meeting till the conclusion of the Forty First Annual General Meeting.

Pursuant to Regulation 36(5) of SEBI (LODR) Regulations, 2015

a) Proposed fees payable to the statutory auditor(s) – Rs. 18,50,000/- p.a.

b) Terms of appointment – 5 years from the conclusion of this Annual General Meeting

c) Any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change:

There is a reduction in the proposed fee payable to the incoming auditors to the extent of Rs. 4,00,000/- from the fee paid to the outgoing auditor. The reason for such change is due to the implementation of SAP by the company and streamlining of systems and process over last five years, the volume of man days to be spent by incoming auditor will be less than that of the earlier one.

d) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed

Company would like to appoint any one of the BIG FOUR Statutory Audit firm as Statutory auditors of the company. Since, KPMG being the current auditor, company would like to appoint

Deloitte Haskins & Sells LLP., Chennai as Statutory Auditor of the company.

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

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

Item No. 4: Appointment of Mr Dandapani Swaminathan (DIN: 01852739) as an Independent Director of the company

Mr Dandapani Swaminathan has been appointed as an additional director (Independent & Non-executive) of the Company on 29th December 2018.

The Company has received declaration from Mr Dandapani Swaminathan confirming that he meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors at their meeting held on 29th December, 2018 taking into account the recommendations received from the Nomination & Remuneration Committee, appointed Mr Dhandapani Swaminathan as Independent Director of the Company subject to the approval of the shareholders of the Company.

Mr Dandapani Swaminathan has consented to and declared as qualified for the appointment as Independent Director, if made.

In the opinion of the Board, he fulfills the conditions specified in the Companies Act, 2013 and is independent of the management. Accordingly the board recommends the passing of the resolution set out in Item No 4 as an Ordinary Resolution.

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

Memorandum of Interest: Except Mr. Dandapani Swaminathan, being the appointee, none of the Directors, key managerial personnel of the Company or their relatives are in any way, concerned or interested financially or otherwise in the resolution except to the extent of their shareholding, if any.

Item No. 5 To approve the continuation of independent directorship of Mr. A Krishnamoorthy (DIN: 00386122) who has attained 75 years of age

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which came into effect from 1st April, 2019 prescribes that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Mr. A Krishnamoorthy who was re-appointed as an Independent Director of the Company at the 35th Annual General Meeting of the Company held on 28th September, 2018 with effect from 01.04.2019 for a period of five years by way of special resolution. In view of the said provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Mr. A Krishnamoorthy, who would be attaining the age of 75 years, and based on the recommendation of Nomination and Remuneration Committee, the Board of directors of the company at their meeting held on 13th August, 2019 discussed the matter and recommended the continuation of Directorship of the above Independent Director for the remaining period of his term.

He is with 40 years of experience in Banking Industry. He was the concurrent Chairman for the BSRB of Andhra Pradesh. He is expertise in business and corporate advisory, foreign taxation, financial consultancy and has advised several domestic and foreign companies on corporate affairs. He also forms part of Audit Committee of various companies. Considering his rich and varied experience in the field of banking, health care and various other sectors, the board hereby recommends the continuation of his term as independent director.

The Board based on the recommendation of Nomination and Remuneration Committee and considering benefits of the expertise of the aforesaid independent Director, has recommended the resolution for approval of shareholders by way of special resolution.

Except Mr. A Krishnamoorthy, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

Annexure

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Clause 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of Director	Appointment
	Mr Dandapani Swaminathan
Director Identification Number	01852739
Type	Independent Director
Age & Date of Birth	66 Years 26.07.1953
Date of Appointment / Re -appointment	29.12.2018
Qualification	Chartered Accountant
Number of Equity shares held	Nil
Expertise in specific functional area	Rich and varied experience in general management, finance & Accounting, Sales & Marketing, International Trading and Human Resources Management
List of Public Limited Companies in which outside Directorships held	Grow Talent Company Limited
Chairman/ Member of the Committee of the Board of Director of the Company	Nil
Membership / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil
No. of Board meetings attended during the year	1
Relationship with other Directors inter-se	Nil

Name of Director	Re-appointment
	Dr T Senthil Kumar
Director Identification Number	01742558
Type	Director
Age & Date of Birth	58 Years 02.07.1961
Date of Appointment / Re -appointment	29.09.2016
Qualification	M.B.B.S MS, M.Ch, FIACS
Number of Equity shares held	1714736
Expertise in specific functional area	General Administration and Cardiology
List of Public Limited Companies in which outside Directorships held	Nil
Chairman/ Member of the Committee of the Board of Director of the Company	Nil
Membership / Chairmanships of Committees of other Public Companies(includes only Audit Committee and Stakeholders Relationship Committee)	Nil
No. of Board meetings attended during the year	7
Relationship with other Directors inter-se	Nil

Name of Director	Continuation of independent directorship
	Mr A Krishnamoorthy
Director Identification Number	00386122
Type	Independent Director
Age & Date of Birth	74 Years 17.10.1944
Date of Appointment / Re-appointment	28.09.2018
Qualification	MA, MBA
Number of Equity shares held	Nil
Expertise in specific functional area	Banking and Finance
List of Public Limited Companies in which outside Directorships held	4
Chairman/ Member of the Committee of the Board of Director of the Company	<u>Member</u> (i) Audit Committee <u>Chairman</u> (i) Nomination and Remuneration Committee (ii) Corporate Social Responsibility Committee
Membership / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	1) Sri Kauvery Medical Care (India) Limited Chairman-Audit Committee 2) Radaan Media Works India Limited Chairman-Audit Committee 3) IDFC Bharat Limited Chairman-Audit Committee 4) GVPR Engineers Limited Member – Audit Committee
No. of Board meetings attended during the year	7
Relationship with other Directors inter-se	Nil

E-VOTING PROCEDURE
SHAREHOLDER INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under :

- (I) The voting period begins on Monday, 23rd September, 2019, 10:00 AM (IST) and ends on Wednesday, 25th September, 2019 at 05:00 PM (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, 19th September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <KMC Speciality Hospitals (India) Limited> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same. (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

EVSN 190829060

Voting at AGM:

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

Other Instructions :

- i. Mr. M. Alagar, Practicing Company Secretary (Membership No. F7488 and PCS No. 8196), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.
- ii. The scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding three (3) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or

against, if any, to the Chairman or person authorized by the Chairman in writing for counter signature.

- iii. The Results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- iv. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.kauveryhospital.com/investors# and on the website of CDSL <https://www.evotingindia.com>, and communicated to Bombay Stock Exchange, where the shares of the Company are listed for placing the same in their website.

Route Map to Annual General Meeting



Collector Office Road

St. Johns Vestry
Anglo Indian Higher
Secondary School

Royal Road

Alexandria Road

Kauvery Hospital

VOC Road

Royal Road

VOC Road



Central Bus Stand

DIRECTORS' REPORT - 2018-19

To,
The Members

Your Directors have pleasure in presenting their THIRTY SIXTH Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2019.

1. Financial highlights for the year ended March 31, 2019

Particulars	2018-19 (Rs In Lakhs)	2017-18 (Rs In Lakhs)
Operating Income	8225.86	7066.65
Other Income	164.40	32.16
Total Income	8390.26	7098.81
Operating Expenses	6626.99	5653.64
EBIDTA	1763.27	1445.17
Finance Cost	110.51	78.70
Depreciation	419.94	386.38
Profit/(Loss) before Tax	1232.82	980.09
Tax expense	319.38	226.43
Provision for Deferred Tax	52.67	88.48
Profit/(Loss) after Tax (PAT)	860.77	665.18

2. Dividend

Board has not recommended dividend for the financial year 2018-19 keeping in view the long term objectives of the Company.

3. Reserves

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

4. Business and Operations Review

Total Operating income increased by 16.40% to Rs. 8225.86 lakhs during the financial year 2018-19 from 7066.65 lakhs in the previous year.

Your Company has earned Profit after tax of Rs. 860.77 lakhs for the financial year 2018-19 significantly higher than Rs. 665.18 lakhs achieved during the previous year.

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

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

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

6. Disclosure of particulars of loans/advances/investments outstanding during the Financial Year

During the year under review the company has granted loan to its holding company Sri Kauvery Medical Care (India) Limited to the extent of Rs.5,50,00,000/- and the board has provided approval for the grant of additional loan of Rs.3,00,00,000/- in compliance with Section 186 of the Companies Act, 2013. The Company has not given any other loans and advances to any other body corporate and associates as specified under Section 186 of the Companies Act, 2013. The details of the investments made by the Company and guarantees provided by the Company are given in the notes to the financial statements.

7. Deposits

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

8. Statutory Auditors

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

Since the tenure of the existing statutory auditors gets completed with the conclusion of the ensuing Annual General Meeting, the board is in the process of appointment of new statutory auditors.

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

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

10. Closure of Register of Members and Share Transfer Books

The Register of Members and Share Transfer Books of the company will be closed with effect from 20th September, 2019 to 26th September, 2019 (both days inclusive).

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

12. Share Capital

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

13. Corporate Governance

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

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

14. Transfer to Investor Education and Protection Fund

As required under the provisions of Section 124 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz.,

Investor Education and Protection Fund (“IEPF”). There are no amounts which remain unpaid/unclaimed for a period of seven years and hence no amount has been transferred to “IEPF”.

15. Extract of Annual Return

The extract of Annual Return as on the Financial Year ended 31st March, 2019, as prescribed under Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached to this report as **Annexure 1** and the same has been placed in the website of the company <http://www.kauveryhospital.com/investors#>.

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

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

i. Conservation of energy-

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

ii. Technology absorption-

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

iii. Foreign Exchange earnings and outgo.

S. No.	Particulars	2018-19	2017-18
1.	Foreign Exchange Earned	Nil	Nil
2.	Foreign Exchange outgo	Nil	Nil

17. Corporate Social Responsibility

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

The net profit for the financial year 2018-19 has crossed the ceiling limit of Rs. 5 Crores and hence CSR rules are applicable to the Company. The Company has duly constituted a Corporate Social Responsibility Committee as required under Section 135 (1) of the Companies Act, 2013 and the relevant rules made thereunder and the Board has approved a policy on Corporate Social Responsibility which is available in the website of the Company <http://www.kauveryhospital.com/investors#>.

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

18. Particulars of Employees

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

19. Directors and Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Dr. S Chandrakumar, Executive Chairman (Whole - Time) and Dr. S Manivannan, Managing Director.

During the year under review, Dr. D Senguttuvan, Executive Director resigned with effect from 30th August, 2018, Mr. Adithya Bharadwaj, Nominee Director resigned with effect from 30th August, 2018, Mr. Sathyan G, Company Secretary and Compliance Officer resigned with effect from 12th January, 2019 and Mr. S Badrinarayanan, Chief Financial Officer resigned with effect from 31st March, 2019.

Dr. S Aravindan has been appointed as an additional director on 31st August, 2018 and subsequently got regularized as a Non-Executive director in the Annual General Meeting held on

28th September, 2018, Mr. A Ganesan has been appointed as an additional director designated as nominee director on 31st August, 2018 and subsequently got regularized as a nominee director in the Annual General Meeting held on 28th September, 2018 and Mr. Dandapani Swaminathan has been appointed as an additional director (Independent & Non Executive) on 29th December, 2018.

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

20. Declaration given by Independent Directors

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

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

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

22. Particulars of contracts or arrangements with related parties

During the financial year 2018-19, the contracts and arrangements entered by the Company with related parties were on an “arm's length” basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interests of the Company at large.

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

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

23. Risk Management

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

24. Reporting of Frauds

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

25. Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alagar & Associates, Practicing Company Secretaries, Chennai as the Secretarial Auditors of the Company in the Board Meeting held on 9th February, 2019. The Secretarial Audit Report issued by the Company's Secretarial Auditor M/s. Alagar & Associates is annexed and forms part of this Report in **Annexure 3**. The report does not contain any qualification.

26. Number of meetings of Board

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

27. Composition of Audit Committee

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

28. Details of establishment of Vigil Mechanism

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

29. Prevention of Insider Trading

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

30. Board Evaluation

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

31. Separate Meeting of Independent Directors

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

During the Financial Year under review the Independent Directors met on 09th February, 2019 and all the Independent Directors attended the meeting without the presence of the non-independent directors and the members of the management.

32. Listing fees

The Company confirms that it has paid the annual listing fees for the year 2019-20 to Bombay Stock Exchange where the company's shares are listed.

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

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

The company has not received any complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 during the financial year 2018-19.

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

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

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

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

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

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

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

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

35. Material changes and commitments affecting financial position between the end of the financial year and the date of the report

There is no change in the nature of business of the Company during the year. There are no material changes and commitments in the business operations of the Company since the close of the financial year on 31st March, 2019 to the date of this report.

36. Familiarization Programme for Independent Directors:

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

37. Applicability of maintenance of Cost Records as specified by the Central Government

As per the requirements of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the maintenance of Cost Records as specified by the central government is not applicable to the company.

38. Acknowledgments

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

For and on behalf of the Board of Directors

Place: Chennai
Date : 30th May, 2019

(Dr S Chandrakumar)
DIN:01867847
EXECUTIVE CHAIRMAN
(Whole - Time)

(Dr S Manivannan)
DIN:0091080
MANAGING DIRECTOR

Annexure 1

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended 31.03.2019
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of Shares Held	Applicable Section of the Companies Act, 2013
1	Sri Kauvery Medical Care (India) Limited (Formerly Known as Sri Kavery Medical Care (Trichy) Limited)	U85110TN1997PLC039491	Holding Company	75%	2(46)

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

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

(2) Non Institutions									
a) Bodies Corporates									
i) Indian	745610	713900	1459510	0.8949	449238	713900	1163138	0.7132	-0.1817
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakhs	8202830	6424012	14626842	8.9688	8458058	6285312	14743370	9.0402	0.0714
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	12955190	7471123	20426313	12.5249	13841099	6737534	20578633	12.6183	0.0933
c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d) Others (specify)									
Clearing Members	61991	-	61991	0.0380	16081	-	16081	0.0098	-0.0281
Directors and their Relatives	1763850	50300	1814150	1.1123	1763850	50300	1814150	1.1123	-
HUF	1294930	-	1294930	0.7940	-	-	-	-	-0.7940
NRI	269514	817100	1086614	0.6662	363464	806100	1169564	0.7171	0.0508
Resident HUF	-	-	-	-	1285414	-	1285414	0.7881	0.7881
Sub Total : (B) (2)	25293915	15476435	40770350	24.9994	26177204	14593146	40770350	24.9994	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	25294515	15476735	40771250	25.0000	26177804	14593446	40771250	25.0000	-
Shares held by Custodians and Against which Depository Receipts has been Issued									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Total Custodian (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	147608265	15476735	163085000	100.0000	148491554	14593446	163085000	100.0000	-

(IV) (ii) SHARE HOLDING OF PROMOTERS

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

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

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

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning / End of the year		Date	Increase / Decrease in share - holding during the year	specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
1	SUDHA S	1705300	1.0456	1 st April, 2018	-	-	1705300	1.0456
		1705300	1.0456	30 th March, 2019	-	-	1705300	1.0456
2	MEENAKSHI SUNDARI A	1576128	0.9664	1 st April, 2018	-	-	1576128	0.9664
		1000	0.0006	07 th Dec, 2018	Increase	Purchase	1577128	0.9670

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning / End of the year		Date	Increase / Decrease in share holding during the year	specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
		1577128	0.9670	30 th March, 2019	-	-	1577128	0.9670
3	V TAMILSELVI	1563354	0.9586	1 st April, 2018	-	-	1563354	0.9586
		-14906	0.0091	1 st March, 2019	Decrease	Sale	1548448	0.9494
		-1175	0.0007	8 th March, 2019	Decrease	Sale	1547273	0.9487
		-1102	0.0006	29 th March, 2019	Decrease	Sale	1546171	0.9480
		1546171	0.9480	30 th March, 2019	-	-	1546171	0.9480
4	KANAGAM P	1505600	0.9231	1 st April, 2018	-	-	1505600	0.9231
		1505600	0.9231	30 th March, 2019	-	-	1505600	0.9231
5	SATHISH KUMAR S	1505100	0.9228	1 st April, 2018	-	-	1505100	0.9228
		1505100	0.9228	30 th March, 2019	-	-	1505100	0.9228
6(a)	PANDURANGAN S	1505100	0.9228	1 st April, 2018	-	-	1505100	0.9228
		1505100	0.9228	30 th March, 2019	-	-	1505100	0.9228
6(b)	PANDURANGAN S	713127	0.4372	1 st April, 2018	-	-	713127	0.4372
		713127	0.4372	30 th March, 2019	-	-	713127	0.4372
7(a)	P NATARAJAN	1492650	0.9152	1 st April, 2018	-	-	1492650	0.9152
		1492650	0.9152	30 th March, 2019	-	-	1492650	0.9152
7(b)	P NATARAJAN	1400	0.0008	1 st April, 2018	-	-	1400	0.0008
		1400	0.0008	30 th March, 2019	-	-	1400	0.0008
8	SENTHIL KUMAR	812000	0.4978	1 st April, 2018			812000	0.4978
		200000	0.1226	30 th November 2018	Increase	Purchase	1012000	0.6205
		999	0.0006	07 th December, 2018	Increase	Purchase	1012999	0.6211
		499	0.0003	14 th December, 2018	Increase	Purchase	1013498	0.6214
		20	0.0000	28 th December, 2018	Increase	Purchase	1013518	0.6214
		500	0.0003	04 th January, 2019	Increase	Purchase	1014018	0.6217
		-4285	0.0026	11 th January, 2019	Decrease	Sale	1009733	0.6191

		2000	0.0012	25 th January, 2019	Increase	Purchase	1011733	0.6203
		267	0.0001	01 st February, 2019	Increase	Purchase	1012000	0.6205
		777	0.0004	08 th February, 2019	Increase	Purchase	1012777	0.6210
		-2600	0.0015	15 th February, 2019	Decrease	Sale	1010177	0.6914
		1892	0.0011	08 th March, 2019	Increase	Purchase	1012069	0.6205
		1931	0.0011	29 th March, 2019	Increase	Purchase	1014000	0.6217
		1014000	0.6217	30 th March, 2019	-	-	1014000	0.6217
9 (a)	R JANAKARAJ	0	0.0000	1 st April, 2018	-	-	0	0.0000
		808536	0.4957	18 th Jan, 2019	Increase	Purchase	808536	0.4957
		2000	0.0012	25 th Jan, 2019	Increase	Purchase	810536	0.4970
		3000	0.0018	08 th Feb, 2019	Increase	Purchase	813536	0.4988
		813536	0.4988	30 th March, 2019	-	-	813536	0.4988
9 (b)	R JANAGARAJ	200	0.0001	1 st April, 2018	-	-	200	0.0001
		200	0.0001	30 th March, 2019	-	-	200	0.0001
9 (c)	R JANAKARAJ	808536	0.4957	1 st April, 2018	-	-	808536	0.4957
		-808536	0.4957	18 th Jan, 2019	Decrease	Sale	0	0
		0	0	30 th March, 2019	-	-	0	0
10	P. S. MANOHARAN (HUF)	778187	0.4771	1 st April, 2018	-	-	778187	0.4771
		900	0.0005	04 th May, 2018	Increase	Purchase	779087	0.4777
		755	0.0004	27 th July, 2018	Increase	Purchase	779842	0.4781
		245	0.0001	03 rd August, 2018	Increase	Purchase	780087	0.4783
		87	0.0000	10 th August, 2018	Decrease	Sale	780000	0.4782
		150	0.0000	14 th September, 2018	Increase	Purchase	780150	0.4783
		100	0.0000	21 st September, 2018	Increase	Purchase	780250	0.4784
		2000	0.0012	05 th October, 2018	Increase	Purchase	782250	0.4796
		2000	0.0012	19 th October, 2018	Decrease	Sale	780250	0.4784
		3000	0.0018	26 th October, 2018	Increase	Purchase	783250	0.4802
		1000	0.0006	02 nd November, 2018	Increase	Purchase	784250	0.4808
		784250	0.4808	30 th March, 2019	-	-	784250	0.4808

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

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date	Increase / Decrease / In share - holding during the year	Specifying the reasons	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of total shares of the company
1 (a)	T SENTHIL KUMAR	1714536	1.0513	1 st April, 2018	-	-	1714536	1.0513
		1714536	1.0513	30 th March, 2019	-	-	1714536	1.0513
1 (b)	SENTHIL KUMAR T	200	0.0001	1 st April, 2018	-	-	200	0.0001
		200	0.0001	30 th March, 2019	-	-	200	0.0001
2	JEYANTHEI NARAYANASAMI	50100	0.0307	1 st April, 2018	-	-	50100	0.0307
		50100	0.0307	30 th March, 2019	-	-	50100	0.0307

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	122,854.47	-	-	122,854.47
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	565.53	-	-	565.53
Total (i+ii+iii)	123,420.00	-	-	123,420.00
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	31,866.42	-	-	31,866.42
Net Change	-31,866.42	-	-	-31,866.42
Indebtedness at the end of the financial year				
I) Principal Amount	91,008.01	-	-	91,008.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	545.57	-	-	545.57
Total (i+ii+iii)	91,553.58	-	-	91,553.58

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Dr S Chandrakumar Executive Chairman (Whole - Time)	Dr S Manivannan Managing Director	Dr Senguttuvan* Executive Director (Upto 30.08.2018)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	49,61,449	14,20,359	17,37,977	81,19,785
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of Profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	49,61,449	14,20,359	17,37,977	81,19,785
	Ceiling as per the Act	Rs. 1,68,00,000 /- per annum (being the maximum remuneration payable as per Schedule V of the Companies Act, 2013)	Rs. 1,68,00,000 /- per annum (being the maximum remuneration payable as per Schedule V of the Companies Act, 2013)	Rs. 1,68,00,000 /- per annum (being the maximum remuneration payable as per Schedule V of the Companies Act, 2013)	

NOTE

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

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr A Krishnamoorthy	CA S Chentilkumar	Mr N Bala Baskar	Mr Dandapani Swaminathan (From 29.12.2018)	Mrs Jeyanthei Narayanasami	
1	Independent Directors						
	(a) Fee for attending board and committee meetings	2,30,000	2,20,000	2,20,000	30,000	1,30,000	8,30,000
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	2,30,000	2,20,000	2,20,000	30,000	1,30,000	8,30,000

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount
2	Other Non Executive Directors	Dr S Aravindan (from 31.08.2018)	Dr T Senthil Kumar	
	(a) Fee for attending board and committee Meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (2)	-	-	-
3	Other Non Executive Directors	Mr Adithya Bharadwaj (Upto 30.08.2018)	Mr A Ganesan (from 31.08.2018)	Total Amount
	(a) Fee for attending board and committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others,	-	-	-
	Total (3)	-	-	-

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CA S Badrinarayan CFO (Upto 31.03.2019)	Mr G Sathyan Company Secretary (Upto 12.01.2019)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	57,21,628	5,63,689	62,85,317
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-

3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total (1)	57,21,628	5,63,689	62,85,317

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

Annexure 2

Form No AOC-2

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

Details of Related Party Transactions

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil

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

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

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ Transactions	Salient terms of the contracts or arrangements or transaction including the values, if any	Date of approval by the Board	Amount paid as advances, if any
1	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service	These transactions are continuous in nature and are not for a specific period	Revenue from hospital services rendered	NA	NIL
2	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Hospital services availed	NA	NIL
3	Sri Kauvery Medical Care (India) Ltd	Purchase and Sale of goods		Sale of goods	NA	NIL
4	Sri Kauvery Medical Care (India) Ltd	Purchase and Sale of goods		Purchase of goods	NA	NIL
5	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Rental income	13.11.2013	NIL
6	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Rental expenses	NA	NIL
7	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Reimbursement of expenses	NA	NIL
8	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Advance received (net of Payments and TDS)	NA	NIL
9	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Claims made on behalf of the Holding Company	NA	NIL
10	Sri Kauvery Medical Care (India) Ltd	Availing and Rendering of Service		Reimbursement of claims received on behalf of the Holding Company	NA	NIL
11	Agile Labs Private Limited	Availing and Rendering of Service		IT Services Availed	20.04.2018	NIL
12	Curtis Drug Point Private Limited	Purchase and Sale of goods		Purchase of goods	29.05.2018	NIL
13	Dr Suchitra	Professional fees		Doctor fees paid in professional capacity	NA	NIL

Annexure 3

Form No. MR-3 SECRETARIAL AUDIT REPORT

*For the Financial Year ended March 31, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,
KMC Speciality Hospitals (India) Limited

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

Based on my verification of the **KMC Speciality Hospitals (India) Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the year ended March 31, 2019 (**“Audit Period”**) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the year ended March 31, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder; as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; as amended from time to time;
5. The following Regulations and Guidelines prescribed under the Securities and exchange

Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding dealing with client;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

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

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

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

1. The Tamil Nadu Narcotic Drugs Rules, 1985
2. The Registration of Births and Deaths Act, 1969
3. Tamilnadu Tax on consumption or sale of electricity act 2003
4. Transplantation of Human Organ Act 1994

5. Pre-conception and pre-natal diagnostic techniques Act, 1994
6. Drugs and cosmetic Act 1940
7. Pharmacy Act 1948
8. Bio-Medical Waste (Management and Handling) Rules, 1998
9. Blood bank regulations under Drugs and cosmetics, Act 1940
10. Atomic Energy Act, 1962

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

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

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

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

For M. Alagar & Associates

Place: Chennai
Date: May 27,2019

M. Alagar
FCS No: 7488
C P No.: 8196

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

'Annexure A'

**To,
The Members**

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

For M. Alagar & Associates

Place: Chennai
Date: May 27, 2019

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

ANNEXURE – 4

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

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

Kindly refer the Corporate Social Responsibility Policy published in the website of the Company at the web link: <http://www.kauveryhospital.com/investors#>

2) The Composition of the CSR Committee

S. No.	Name	Designation	Chairman/Member
1	Mr A Krishnamoorthy	Independent Director	Chairman
2	Dr S Chandrakumar	Executive Chairman (Whole - Time)	Member
3	Dr S Manivannan	Managing Director	Member

3) Average net profit of the Company for last three financial years :Rs. 7,64,34,921/-

**4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) :
Rs. 15,28,698 /-**

5) Details of CSR spent during the financial year:

a) Total amount to be spent for the financial year :Rs. 15,28,698 /-

b) Amount unspent, if any; Nil

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

Sl.No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting health care including preventive healthcare	Healthcare and preventive Healthcare	Local Area covering Trichy and surrounding areas in Tamilnadu	Rs.21,76,000/-	Direct expenditure of Rs. 21,76,000/-	Rs.21,76,000/- Spent during the year 2018-19	Through Rotary Foundation (India)
	TOTAL			Rs. 21,76,000/-	Rs. 21,76,000/-	Rs.21,76,000/-	

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

Not Applicable

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

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

Place: Chennai
Date: 30th May, 2019

Dr S Manivannan
Managing Director
DIN: 00910804

Mr A Krishnamoorthy
Chairman of the CSR Committee
DIN: 00386122

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

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

S. No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration
1.	Dr S Chandrakumar	27.09
2.	Dr S Manivannan	23.56

2. Percentage increase in remuneration

S. No.	Name of the Director	Designation	% of increase / decrease in remuneration
1.	Dr S Chandrakumar	Executive Chairman (Whole - Time)	8 %
2.	Dr S Manivannan*	Managing Director	-
3.	Mr S Badrinarayan	Chief Financial Officer	1%

* Not applicable since he was designated as a Managing Director in the middle of the last financial year.

3. Percentage increase in the median remuneration of employees

The percentage of increase in the Median employee remuneration is 6.11% as compared to the previous year.

4. Permanent Employees:

The Number of Permanent Employees on the rolls of the Company as on March 31, 2019 is 715 employees

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

The average percentile increase in salaries of employees other than KMP is 6.11% while that of KMPs is 26.45%.

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

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

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

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Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2019

S. No.	Name	Designation	Qualification	Gross Remuneration (Rs. In Lakhs.)	Nature of employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Experience	Last Previous employment	% of Equity Shares held	Relative of Director or Manager
1	BADRINARAYAN S	Chief Financial Officer	CA	5721628	Full Time	01-12-16	40	15 Years	Sparsh Hospital - CFO	Nil	Nil
2	DR ALOK KHULLAR Y	Chief Business officer	MBBS, PGDBM	5474534	Full Time	28-08-17	41	16 Years	HCL healthcare & Head of Business Solutions & Development	Nil	Nil
3	DR MOHAMED ARIF S	Medical Administrator	MBBS, MBA, Mphil, PGDMLE	1731962	Full Time	28-09-17	44	21 years	Apollo Spectra Hospital& Head Operations	Nil	Nil
4	G SRINIVASA RAO	Vice President	B.sc, PG (Sociology) PMIR, Executive General Management Program -IIM	2660972	Full Time	19-07-18	51	24 years	Telegana Academy for Skill and Knowledge (Consultant)	Nil	Nil
5	BANUREKHAM	Group Head Bio Medical	BE (EEE) , MBA (Pursing)	1421616	Full Time	10-05-18	47	22 Years	TrimedX India Private ltd	Nil	Nil
6	THIRUMAVALAVAN K	AGM-IT	MCA	1082112	Full Time	06-03-09	45	10 years	Srimad Andavan arts & science collage	Nil	Nil
7	MADHAVAN A	Regional Head - Business Development	B.Pharm, MBA	942,714	Full Time	15-08-11	47	21 Years	Dr. Reddy's Lab - Regional Manager	Nil	Nil
8	MURUGAPPAN	Senior Manager - Finance	MBA, M.com	1101635	Full Time	01-03-17	46	2.6 Years	Manipal Hospital	Nil	Nil
9	MUTHUKUMARI	Manager - Internal Audit	M.com	989115	Full Time	02-06-03	45	16 Years	Artist -Clerk	Nil	Nil
10	PREM KUMAR M	Manager - HR	MSW (HR) PGCHRM-XLRI	827637	Full Time	22-05-17	33	11 Years	Nova Pulse IVF India Ltd	NIL	NIL

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

1. INDUSTRY STRUCTURE :

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

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

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

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

Government Initiatives

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

In 2018, Government of India launched Pradhan Mantri Jan Arogya Yojana (PMJAY), to provide health insurance worth Rs 500,000 to over 100 million families every year.

In August 2018, the Government of India has approved Ayushman Bharat-National Health Protection Mission as a centrally Sponsored Scheme contributed by both center and state government at a ratio of 60:40 for all States, 90:10 for hilly North Eastern States and 60:40 for Union Territories with legislature. The center will contribute 100 per cent for Union Territories without legislature.

The Government of India has launched Mission Indradhanush with the aim of improving coverage of immunisation in the country. It aims to achieve atleast 90 per cent immunisation coverage by December 2018 which will cover unvaccinated and partially vaccinated children in rural and urban areas of India.

Significant Industry highlights

- Healthcare has become one of India's largest sectors both in terms of revenue and employment.
- Healthcare market is expected to reach US\$ 372 billion by 2022 driven by rising incomes, greater health awareness, lifestyle diseases and increasing access to insurance.
- The hospital industry in India is forecasted to increase to Rs 8.6 trillion (US\$ 132.84 billion) by FY22 from Rs 4 trillion (US\$ 61.79 billion) in FY17 at a CAGR of 16-17 per cent.
- As of September 23, 2018, the world's largest government funded healthcare scheme, Ayushman Bharat was launched.
- The sector is expected to generate 40 million jobs in India by 2020.
- The Government of India approved the continuation of National Health Mission with a budget of Rs 31,745 crore (US\$ 4.40 billion) under the Union Budget 2019-20
- The Ayushman Bharat - Pradhan Mantri Jan ArogyaYojana (PMJAY), the largest government funded healthcare program targeting more than 500 million beneficiaries, was allocated Rs 6,400 core (US\$ 887.04 million), under the Union Budget 2019-20

Source: IBEF Healthcare update

2. OPPORTUNITIES AND THREATS:

Opportunities:

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

Threats:

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

3. RISKS AND CONCERNS

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

4. FINANCIAL AND OPERATIONAL PERFORMANCE

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, and Indian Accounting Standards (Ind AS) in India. The management

accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the state of affairs of the Company.

Particulars	2018-19 (Rs In Lakhs)	2017-18 (Rs In Lakhs)
Operating Income	8225.86	7066.65
Other Income	164.40	32.16
Total Income	8390.26	7098.81
Operating Expenses	6626.99	5653.64
EBIDTA	1763.27	1445.17
Finance Cost	110.51	78.70
Depreciation	419.94	386.38
Profit/(Loss) before Tax	1232.82	980.09
Tax expense	319.38	226.43
Provision for Deferred Tax	52.67	88.48
Profit/(Loss) after Tax (PAT)	860.77	665.18

Total Operating income increased by 16.40% to Rs.8225.86 lakhs during the financial year 2018-19 from 7066.65 lakhs in the previous year.

Your Company has earned Profit after tax of Rs. 860.77 lakhs for the financial year 2018-19 significantly higher than Rs. 665.18 lakhs achieved during the previous year. Improvement in Bed occupancy with better revenue mix coupled with operational efficiency and cost control measures contributed to better profitability.

5. OUTLOOK

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

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

S. No	Ratio's	Basis	31-Mar-19	31-Mar-18	Variance	Reasons
1	Debtor's turnover	Net credit sales / Average accounts receivables	4.43	13	66%	The main reason for the change in accounts receivable turnover is on account of increasing problems with collecting receivables on time.
2	Current ratio	Current assets/ current liability	1.01	0.68	-48%	Current assets ratio has been improved due to repayment of various loans thereby having a ideal ratio of 1:1
3	Debt equity ratio	Debt / Total equity	0.33	0.59	44%	The Company's debt has reduced leading to the reduction in the debt to equity ratio. Also, increase in company's profit has contributed to the reduction in the debt equity ratio.

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

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

I confirm that the Company has in respect of the financial year ended March 31, 2019, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them for the year ended March 31, 2019.

Place: Chennai
Date: 30th May, 2019

Dr. S Manivannan
Managing Director
DIN: 00910804

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

We certify to the Board that:

A) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2019 and that to the best of our knowledge and belief:

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

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

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

D) We have indicated to auditors and the Audit Committee

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

Place: Chennai
Date: 30th May, 2019

Dr. S Manivannan
Managing Director
DIN: 00910804

K Anand Babu
Chief Financial Officer

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of KMC Speciality Hospitals (India) Limited

I have examined the compliance of conditions of Corporate Governance by KMC Speciality Hospitals (India) Limited, for the year ended March 31, 2019 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

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

In my opinion and to the best of my information and according to the explanation given to me and the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI LODR.

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

For M. Alagar & Associates

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

Place: Chennai
Date: May 27, 2019

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

Composition of the Board and directorships held as on 31st March 2019:

Name of the Director	Designation	Attended previous AGM held on 28/09/2018	Total board meetings attended	No. of Directorship in other companies	Number of membership and Chairmanship in Audit/Stakeholder Committee(s) including this listed entity	
					Member**	Chairman*
Dr S.Chandrakumar	Executive Chairman (Whole- Time)	YES	7	5	1	0
Dr. D. Senguttuvan (Upto 30 th August, 2018)	Executive Director	NA	4	2	0	0
Dr. S.Manivannan	Managing Director	YES	7	9	2	0
Dr. T.Senthil Kumar	Non - Executive Non-Independent Director	YES	7	0	1	1
Mr. A.Krishnamoorthy	Independent Director	YES	7	5	4	1
CA S Chenthilkumar	Independent Director	YES	7	0	1	1
Mr. N Bala Baskar	Independent Director	YES	7	2	3	0
Mrs. Jeyanthei Narayanasami	Independent Director	YES	6	2	2	0
Mr.Adithya Bharadwaj (Upto 30 th August, 2018)	Nominee Director Represented by Aral Holdings Private Limited	NA	1	3	0	0
Dr. S Aravindan (From 31 st August, 2018)	Non - Executive - Non Independent Director	YES	1	3	0	0
Mr. A Ganesan (From 31 st August, 2018)	Nominee Director Represented by Aral Holdings Private Limited	NO	3	8	0	0
Mr. Dandapani Swaminathan (From 29 th December, 2018)	Independent Director	NA	1	7	0	0

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

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

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

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

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

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

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

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

Dr T Senthil Kumar holds 1714536 equity shares of the Company

Mrs Jeyanthei Narayanasami holds 50100 equity shares of the Company

6. DATE OF BOARD MEETINGS

Board Meetings were held during the financial year 2018 – 2019 on the following dates

:-

S.NO.	NAME OF THE DIRECTORS	20-Apr-18	29-May-18	13-Aug-18	30-Aug-18	11-Oct-18	9-Nov-18	9-Feb-19
1	Dr S Chandrakumar	Present	Present	Present	Present	Present	Present	Present
2	Dr D Senguttuvan	Present	Present	Present	Present	NA	NA	NA
3	Dr S Manivannan	Present	Present	Present	Present	Present	Present	Present
4	Dr T Senthil Kumar	Present	Present	Present	Present	Present	Present	Present
5	CA S Chenthilkumar	Present	Present	Present	Present	Present	Present	Present
6	Mr A Krishnamoorthy	Present	Present	Present	Present	Present	Present	Present
7	Mr A Bala Baskar	Present	Present	Present	Present	Present	Present	Present

8	Mr Adithya Bharadwaj	LOA	LOA	Present	LOA	NA	NA	NA
9	Mrs Jeyanthei Narayanasami	LOA	Present	Present	Present	Present	Present	Present
10	Dr S Aravindan	NA	NA	NA	NA	LOA	Present	LOA
11	Mr A Ganesan	NA	NA	NA	NA	Present	Present	Present
12	Mr Dandapani Swaminathan	NA	NA	NA	NA	NA	NA	Present

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

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

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

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

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

9. CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS

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

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

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

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

11. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

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

12. AUDIT COMMITTEE

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

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

During the financial year 2018 - 2019 the Audit Committee met as per the details given hereunder—

S.NO.	NAME OF THE DIRECTORS	20-Apr-18	29-May-18	13-Aug-18	11-Oct-18	9-Nov-18	9-Feb-19
1	CA S Chentilkumar	Present	Present	Present	Present	Present	Present
2	Mr A Krishnamoorthy	Present	Present	Present	Present	Present	Present
3	Mr A Bala Baskar	Present	Present	Present	Present	Present	Present
4	Dr S Manivannan	Present	Present	Present	Present	Present	Present

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

- i. Supervision of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Modified opinion(s) in the draft audit report;
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter – corporate loans and investments;
- x. Valuation of undertakings or assets of the company, wherever it is necessary;

- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up thereon;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post -audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xxi. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

13. NOMINATION AND REMUNERATION COMMITTEE

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

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

During the financial year 2018-2019, the Nomination and Remuneration Committee met on 30th August, 2018 and all the members were present.

Brief description of terms of reference

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

Remuneration policy

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

SUMMARY OF THE REMUNERATION POLICY

1. INTRODUCTION:

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

2. GUIDING PRINCIPLES:

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

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

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

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

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

Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay:

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

Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

Remuneration to Non - Executive/Independent Director:

1. Remuneration /Commission:

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

2. Sitting Fees:

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

3. Limit of Remuneration/Commission:

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

4. Stock Options:

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

14. DETAILS OF REMUNERATION TO DIRECTORS

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

During the financial year 2018-19, the sitting fees paid to independent directors were as under:

In Rupees

S.NO.	NAME OF THE DIRECTORS	SITTING FEES PAID	OTHERS	TOTAL
1	CA S Chenthilkumar	2,20,000	-	2,20,000
2	Mr A Krishnamoorthy	2,30,000	-	2,30,000
3	Mr N Bala Baskar	2,20,000	-	2,20,000
4	Mrs Jeyanthei Narayanasami	1,30,000	-	1,30,000
5	Mr Dandapani Swaminathan	30,000	-	30,000

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

S. No	Name of Director	Salary Paid (Rs.)	Stock Options	Performance linked incentives	Severance Fees	Others	Total
1	Dr S Chandrakumar	49,61,449	-	-	-	-	49,61,449
2	Dr D Senguttuvan*	17,37,977	-	-	-	-	17,37,977
3	Dr S Manivannan	14,20,359	-	-	-	-	14,20,359

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

15. REVIEW OF THE POLICY

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

16. STAKEHOLDERS RELATIONSHIP COMMITTEE

The constitution of Stakeholders Relationship Committee is as follows:

Dr T Senthilkumar	Chairman
Dr S Chandrakumar	Member
Dr S Manivannan	Member

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

Mr G Sathyan, Company Secretary is the Compliance officer of the Company upto 12th January, 2019. He resigned on 12th January, 2019.

During the year 2018-19, the existing Stakeholders Relationship Committee was reconstituted in the Board meeting held on 30th August, 2018. Consequent to the resignation of Dr. D Senguttuvan, Dr. T Senthil Kumar was re-designated as Chairman of the Committee and Dr. S Manivannan was re-designated as member of the Committee with effect from 31st August, 2018.

The total number of complaints received during the financial year 2018 - 2019 is categorized as under

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

M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai – 600002 is the Registrar and Share Transfer Agents of the Company since June, 2008.

The Stakeholders Relationship Committee met 36 times during the financial year 2018 - 2019 and ensured that all valid transfer deeds & transmission applications were acted upon and share certificates sent to the transferees promptly as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

17. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The constitution of Corporate Social Responsibility Committee is as follows:

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

During the year 2018-19, the existing Corporate Social Responsibility Committee was reconstituted in the Board meeting held on 30th August, 2018. Consequent to the resignation of Dr. D Senguttuvan, Dr. S Manivannan was appointed as member of the Committee with effect from 31st August, 2018.

Brief description of terms of reference

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

During the financial year 2018-2019 the Corporate Social Responsibility Committee met on 29th May, 2018 and all the members were present.

18. BORROWING AND BANKING COMMITTEE

The constitution of Borrowing and Banking Committee is as follows

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

During the year 2018-19, the existing Banking and Borrowing Committee was reconstituted in the Board meeting held on 30th August, 2018. Consequent to the resignation of Dr D Senguttuvan and Mr Adithya Bharadwaj, Dr S Manivannan and Mr A Ganesan were appointed as member of the Committee and Dr D Senguttuvan was re-designated as Member-Management Representative of the Committee with effect from 31st August, 2018.

Brief description of terms of reference

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

19. SUBSIDIARY COMPANIES

The Company has no subsidiary Companies

20. ANNUAL GENERAL MEETINGS

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

YEAR	DATE	VENUE	TIME
2017 – 2018	28.09.2018	Hotel Breeze Residency, Mcdonald's Road, Trichy – 620 001.	10.30 AM
2016 – 2017	28.09.2017	Hotel Sangam, Cantonment, Trichy – 620 001	3.00 PM
2015 – 2016	29.09.2016	Hotel Sangam, Cantonment, Trichy – 620 001	3.00 PM

i. Extra ordinary General Meeting

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

ii. Postal Ballot

No Resolution has been passed through Postal Ballot during the year 2018-19.

iii. Special Resolutions passed in the last three Annual General Meetings

35th Annual General Meeting held for the year 2017-18 on 28th September, 2018

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

34th Annual General Meeting held for the year 2016-17 on 28th September 2017

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

33rd Annual General Meeting held for the year 2015-16 on 29th September 2016

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

21. MEETINGS OF INDEPENDENT DIRECTORS

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

During the Financial Year under review, the Independent Directors met on 9th February, 2019 and all the Independent Directors attended the meeting without the presence of the non-independent directors and the members of the management.

22. DISCLOSURES

A. RELATED-PARTY TRANSACTIONS

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, the Management or related parties except for those disclosed in the financial statements for the year ended March 31, 2019.

The policy on dealing with Related Party Transactions is posted on the website of the Company which may be accessed at the following web link:

<http://www.kauveryhospital.com/investors#>.

B. DETAILS OF NON-COMPLIANCE

The company has paid a penalty of Rs.5900/-, to the Bombay Stock Exchange on account of delay in appointment of Independent Directors consequent to change in composition of chairman of the board. The company subsequently took necessary action in this regard and appointed independent directors on board and the same has been intimated to the stock exchange. There has been no other instance of non-compliance of any legal requirements.

Further, no other strictures or penalties have been imposed by any Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to the capital markets during the last three years.

C. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

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

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

E. RECONCILIATION OF SHARE CAPITAL AUDIT

A quarterly audit was conducted by a Practicing Company Secretary, reconciling the issued and listed capital of the Company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchange within the prescribed time limit. As on 31st March, 2019, there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories.

F. MEANS OF COMMUNICATIONS

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

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

G. THE DISTRIBUTION PATTERN OF THE SHAREHOLDINGS AS ON 31.03.2019 IS AS FOLLOWS

Pattern of Holding - No. of Shares	No. of Share Holders	No. of Shares	% of Holding to Total No. of Shares
1 - 5000	53116	10425184	6.3924
5001 - 10000	198	1411425	0.8654
10001 - 20000	105	1521662	0.9330
20001 - 30000	47	1146097	0.7027
30001 - 40000	12	421447	0.2584
40001 - 50000	10	466704	0.2861
50001 - 100000	18	1273315	0.7807
Above 100000	45	146419166	89.7808
TOTAL	53551	163085000	100.00

H. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting Date, Time and Venue of the 36th Annual General Meeting

Date and Time : 26th September, 2019 at 10.30 AM

Venue: Hotel Sangam, Collectorate's Office Road, Cantonment, Trichy – 620001

(ii) Financial Year

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

Tentative Financial Calendar for the year 2019-20

Financial year	April 1, 2019 to March 31, 2020
First quarter results	On or before August 14, 2019
Second quarter results	On or before November 14, 2019
Third quarter results	On or before February 14, 2020
Fourth quarter and Annual Results	On or before May 30, 2020

(iii) **Date of book closure**

20th September, 2019 to 26th September, 2019 (both days inclusive).

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

The equity shares of the company is listed with BSE Limited, P J Towers, Dalal Street, Fort, Mumbai – 400001. Stock Symbol: KMCSHIL; Scrip Code: 524520. The Company has paid the Annual Listing fee for the year 2019-20.

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

The closing market price of equity shares on March 29, 2019 (last trading day of the year) was Rs.15.42 on BSE.

Monthly share price movement during the financial year 2018-19.

Month	KMC SPECIALITY HOSPITALS (INDIA) LIMITED			BSE LTD INDEX	
	High Price	Low Price	No. of Shares traded	High Price	Low Price
April-18	24.00	17.80	6,94,187	35,213.30	32,972.56
May-18	21.80	18.00	4,52,997	35,993.53	34,302.89
June-18	19.60	13.70	3,84,210	35,877.41	34,784.68
July-18	19.00	15.30	2,40,705	37,644.59	35,106.57
August-18	20.30	16.25	4,93,800	38,989.65	37,128.99
September-18	17.95	15.55	2,68,325	38,934.35	35,985.63
October-18	18.80	13.65	3,50,283	36,616.64	33,291.58
November-18	16.25	11.80	3,70,400	36,389.22	34,303.38
December-18	14.04	11.20	2,54,235	36,554.99	34,426.29
January-19	14.07	10.36	3,03,238	36,701.03	35,375.51
February-19	14.85	9.55	3,85,874	37,172.18	35,287.16
March-19	18.00	12.90	8,34,602	38,748.54	35,926.94

(vi) Dematerialization of shares and liquidity

Shares comprising of 91.05% of the Paid up Capital have been dematerialized as on 31.03.2019

(vii) Address of Registrar and Transfer Agents

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

23. INFORMATION TO SHAREHOLDERS

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

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

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

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

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

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

In view of the above the shareholders are requested to provide their e-mail id to corporatecompliance@kauveryhospital.com, to enable the company to avail the benefits of reduction of paper work and cost, assured / timely / quality services to investors, contributing to global sustainability, etc.

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

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

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

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

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

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

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

27. PLANT LOCATIONS

The Company is in the healthcare sector and has one unit at its registered office No. 6, Royal Road, Cantonment, Trichy – 620001.

28. CODE OF CONDUCT & INSIDER TRADING CODE

The Code of Conduct for the Management / Directors of the company has been adopted which applies to all the Board Members and Senior Management of the Company. The Board Members,

Senior Management personnel and all designated persons have affirmed their compliance on an annual basis and their confirmation has been received in this regard. As required under Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirement), 2015, a declaration to this effect signed by the Managing Director is provided elsewhere in the annual report. The Code of Conduct policy is available on the Company's website: www.kauveryhospital.com/investors#.

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

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

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

30. ADDRESS FOR CORRESPONDENCE

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

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

The Company has obtained the credit rating for its bank facilities of Rs. 11.47 Crores. The credit rating obtained is “BBB-“ from ACUITE Rating & Research Limited on 28th September, 2018.

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

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

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

There is no such recommendation which has not accepted by the Board received from any

committee of the Company during the financial year.

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

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

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

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

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

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

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

The Company is periodically reporting the Internal Audit Report to Audit Committee of the Company.

The Company has not adopted the other discretionary requirements as specified in Part E of Schedule II of Listing Regulations.

38. THE DISCLOSURE OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46

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

39. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

This provision is not applicable to the company.

For and on behalf of the Board of Directors

Place: Chennai
Date : 30th May, 2019

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

(Dr S Manivannan)
DIN:00910804
MANAGING DIRECTOR

ANNEXURE - 5

CERTIFICATE OF NON -DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
KMC Speciality Hospitals (India) Limited
No.6, Royal Road Cantonment
Trichy 620001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **KMC Speciality Hospitals (India) Limited** having CIN 85110TN1982PLC009781 and having registered office at No.6, Royal Road, Cantonment, Trichy - 620001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Krishnamoorthy Arunachalam	00386122	30/05/2008
2.	Natarajan Bala Baskar	00469656	14/08/2013
3.	Selvaraj Manivannan	00910804	20/07/2013
4.	Thirunavukkarasu Senthil Kumar	01742558	29/09/2016
5.	Dandapani Swaminathan	01852739	29/12/2018
6.	Sundararaj Chandrakumar	01867847	30/05/2011
7.	Athmanathan Ganesan	02122660	31/08/2018
8.	Chenthilkumar Sathasivam	02621693	26/03/2009
9.	Aravindan Selvaraj	05172690	31/08/2018
10.	Narayanasami Jeyanthei	07143462	31/03/2015

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

For **M. Alagar & Associates**

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

Place: Chennai
Date: May 27, 2019

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KMC Speciality Hospitals (India) Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cashflows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition under new accounting standard Ind AS 115</p> <p>The Company has adopted Ind AS 115 - Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard.</p>	<p>In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none">• Testing the design and operating effectiveness of controls relating to implementation of the new revenue accounting standard.

Independent Auditor's Report

To the Members of KMC Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019

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<p>Ind AS 115 is effective for the year beginning April 1, 2018 and establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price, appropriateness of the basis used to measure revenue recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.</p> <p>In view of the above, the application and transition to this accounting standard is an area of focus in the audit.</p> <p>See Note 27 to the financial statements.</p>	<ul style="list-style-type: none">• Selecting samples of revenue transactions, testing management's assessment relating to identification of distinct performance obligations and determination of transaction prices.• Verifying management's assessment of different types of revenue contracts (self-pay, insured etc.) including the terms of contracts and commercial substance thereof in order to assess the adherence to revised accounting policies in light of the industry specific circumstances, our understanding of the business and the requirements of Ind AS 115.• Additionally, we also evaluated the adequacy of disclosures made in the financial statements.
<p>Taxation and contingent liability related matters</p> <p>Determination of tax provisions and assessment of contingent liabilities involves judgment with respect to various tax positions on deductibility of transactions, interpretation of laws and regulations etc. Judgment is also required in assessing the range of possible outcomes for some of these matters.</p> <p>Management makes an assessment to determine the outcome of these matters and decides to make an accrual or consider it to be a possible contingent liability in accordance with applicable accounting standards.</p> <p>Accordingly, taxation and contingent liability related matters are areas of focus in the audit.</p> <p>See Note 10 and 37 to the financial statements.</p>	<p>In view of the significance of the matter we applied the following key audit procedures:</p> <ul style="list-style-type: none">• Testing the design and operating effectiveness of controls relating to taxation and contingencies.• We evaluated management's judgement in respect of estimates of provisions, exposures and contingencies.• On significant legal cases, we inspected the correspondences with the regulatory authorities and the Company's external legal counsels, wherever applicable. We considered whether an obligation exists and the appropriateness of provisioning, based on the facts and circumstances available including the status of the legal proceedings in relation to the aforesaid cases, legal views taken from independent expert, if any, forum where such cases are pending etc. We also assessed whether the Company's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Company.• In understanding and evaluating management's judgment, we deployed our tax specialists, considered third party advice received by the Company, wherever applicable, the status of recent and current tax assessments and enquiries, the outcome of previous claims, judgmental positions taken in tax returns and developments in the tax environment.

Independent Auditor's Report

To the Members of KMC Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019

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	<ul style="list-style-type: none"> • Additionally, we also evaluated the adequacy of disclosures on provisions and contingencies made in the financial statements.
<p>Recoverability of trade receivables and other financial assets</p> <p>The Company has significant trade receivables and other financial assets as at year end. Given the size of the balances and the risk that some of the trade receivables and other financial assets may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk.</p> <p>The Company recognizes loss allowance for trade receivables and other financial assets at the expected credit loss ('ECL').</p> <p>Assessment of the recoverability of trade receivables and other financial assets is inherently subjective and requires significant management judgment (which include repayment history, terms of underlying arrangements, overdue balances, market conditions etc.)</p>	<p>Our audit procedures to assess the recoverability of trade receivables and other financial assets included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal controls over the process of estimating the loss allowance for trade receivables and other financial assets including adherence to the requirements of the relevant accounting standards. • Assessing the Company's methodology for ECL provisioning towards trade receivables (which includes dues under government schemes and third party insurance contracts) and other financial assets. • Understanding the key inputs used in the ECL model by the Company such as repayment history, terms of underlying arrangements, overdue balances, market conditions etc. • Obtaining an understanding and assessing the reasonableness of the key outputs calculated by the model, as well as key judgments and assumptions used by the management for the implementation of the model. • Assessing the disclosures made against the relevant accounting standards.
<p>Property, plant and equipment</p> <p>The Company has significant balance towards Property, plant and equipment ('PPE') as at year end. All items of PPE are measured at cost, less accumulated depreciation and impairment losses, if any.</p> <p>Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives. This involves significant judgment in determining the</p>	<p>Our audit procedures to assess the valuation of property, plant and equipment included the following:</p> <ul style="list-style-type: none"> • Assessed whether the Company's accounting policy with respect to capitalization of expenditure and calculation of depreciation expense charged to the income statement is in accordance with the requirements of the relevant accounting standards. • Obtaining an understanding of and assessing the design, implementation and operating

Independent Auditor's Report

To the Members of KMC Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019

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<p>assumptions to be used such as method of depreciation, useful lives and residual values at each financial year end. This also involves taking into consideration other factors such as technical or commercial obsolescence, wear and tear etc. which may reflect a reduction of the future economic benefits.</p> <p>In view of the above, this is a significant focus area of audit.</p>	<p>effectiveness of the Company's key internal controls surrounding the implementation of the aforesaid policy, in particular with respect to valuation of property, plant and equipment.</p> <ul style="list-style-type: none">• Selecting samples of costs incurred during the year in evaluating management's assessment of whether costs recorded meet the capitalization criteria and that the classification of expenditure is appropriate.• Understanding the key areas of judgment made by management in determining the assumptions to be used such as method of depreciation, useful lives and residual values at each financial year end.• Understanding management's assessment in evaluation of indicators of impairment, if any, as
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Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Board's Report and Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cashflows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with

Independent Auditor's Report

**To the Members of KMC Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019
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the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor's Report

To the Members of KMC Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Independent Auditor's Report

To the Members of KMC Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019

Page 7 of 8

- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements - Refer Note 37 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2019.

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Independent Auditor's Report

To the Members of KMC Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019

Page 8 of 8

- (C) With respect to the matter to be included in the Auditor's Report under section 197(16):
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for BSR & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: May 30, 2019

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**Annexure 'A' to the Independent Auditor's Report
Referred to in our Independent Auditor's Report of even date to the members of KMC
Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019**

Page 1 of 3

- (i) (a) Though the Company has maintained records relating to fixed assets, the Company should comprehensively compile the fixed assets register with the particulars, including quantity and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the aforesaid programme, a portion of fixed assets has been physically verified by the management during the year and as per the information provided to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties which are freehold are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between physical stock and book records were not material.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loan to its parent company, covered in the register maintained under section 189 of the Companies Act, 2013, in respect to which :
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - c) There is no overdue amount outstanding as at year end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 with respect to the loans and investments made and guarantees and securities provided, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits either as per the directives issued by the Reserve Bank of India ("RBI") and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.

**Annexure A to the Independent Auditor's Report
 Referred to in our Independent Auditor's Report of even date to the members of KMC
 Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019**

Page 2 of 3

- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, value added tax, goods and services tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of sales tax, duty of excise and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, service tax, value added tax, goods and services tax and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

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

Nature of the Statute	Nature of the dues	Amount (INR) (Net of paid under protest)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs Duty	7,811,395	1990-1996	Madras High Court

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions and government or dues to debenture holders during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

**Annexure A to the Independent Auditor's Report
Referred to in our Independent Auditor's Report of even date to the members of KMC
Speciality Hospitals (India) Limited as at and for the year ended March 31, 2019**

Page 3 of 3

- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration for the year ended March 31, 2019 has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act and the rules framed thereunder.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

for **BSR & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place : Chennai
Date : May 30, 2019

Annexure B to the Independent Auditor's report on the financial statements of KMC Speciality Hospitals (India) Limited for the year ended March 31, 2019.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of KMC Speciality Hospitals (India) Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as “the Act”).

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Annexure B to the Independent Auditor's report on the financial statements of KMC Speciality Hospitals (India) Limited for the year ended March 31, 2019.

Page 2 of 2

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

for B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

S Sethuraman

Partner

Membership No: 203491

Place: Chennai

Date: May 30, 2019

KMC Speciality Hospitals (India) Limited
Balance sheet as at March 31, 2019
(All amounts are in Indian Rupees thousands)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,48,985	3,63,573
Capital work-in-progress		945	-
Investment property	5	4,043	4,043
Intangible assets	6	5,802	175
Intangible assets under development		-	2,950
Financial assets			
Investments	7	22	22
Loans receivables	8	47,354	6,579
Other financial assets	9	1,166	946
Deferred tax asset (net)	10	31,841	43,333
Income tax assets (net)	11	27,878	28,138
Other non-current assets	12	1,981	693
		4,70,017	4,50,452
Current assets			
Inventories	13	9,362	6,762
Financial assets			
Trade receivables	14	17,302	24,311
Cash and cash equivalents	15	17,843	3,470
Other bank balances	16	45,903	32,606
Loans receivables	8	9,958	289
Other financial assets	9	22,115	10,902
Other current assets	12	2,714	694
		1,25,197	79,034
TOTAL		5,95,214	5,29,486
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1,63,085	1,63,085
Other equity	18	2,27,630	1,40,991
		3,90,715	3,04,076
Non-current liabilities			
Financial Liabilities			
Borrowings	21	76,523	1,03,782
Other financial liabilities	22	1,226	1,882
Provisions	23	2,968	4,325
		80,717	1,09,989
Current liabilities			
Financial Liabilities			
Borrowings	21	-	8,219
Trade payables	25		
- Total outstanding dues of micro and small enterprises		1,076	658
- Total outstanding dues of creditors other than micro and small enterprises		51,643	40,264
Other financial liabilities	22	45,013	48,075
Other current liabilities	26	17,180	16,915
Provisions	23	8,870	1,290
		1,23,782	1,15,421
TOTAL		5,95,214	5,29,486
Significant accounting policies	3		

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

As per our report of even date attached

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

Chartered Accountants

Firm's registration No.101248W/W-100022

for and on behalf of the board of directors of

KMC Speciality Hospitals (India) Limited

CIN: L85110TN1982PLC009781

S Sethuraman

Partner

Membership No: 203491

Dr. S Manivannan

Managing Director

DIN : 00910804

Dr.S. Chandrakumar

Executive Chairman (Whole-Time)

DIN : 01867847

K Anand Babu

Chief financial officer

Place :Chennai

Date :May 30, 2019

Akshaya H

Company Secretary

Place : Chennai

Date : May 30, 2019

KMC Speciality Hospitals (India) Limited
Statement of profit and loss for the year ended March 31, 2019
(All amounts are in Indian Rupees thousands)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	27	8,22,586	7,06,665
Other income	28	16,440	3,216
		<u>8,39,026</u>	<u>7,09,881</u>
Expenses			
Cost of materials consumed	29	18,922	17,148
Purchases of pharmacy products	30	1,02,534	86,672
Changes in inventory of pharmacy products	31	(2,046)	541
Employee benefits expense	32	1,72,466	1,57,294
Finance costs	33	11,051	7,870
Depreciation and amortisation expense	34	41,994	38,638
Other expenses	35	3,70,823	3,03,709
		<u>7,15,744</u>	<u>6,11,872</u>
Profit before tax		1,23,282	98,009
Tax expense	10		
Current tax: MAT for the year		31,938	21,743
Current tax for previous year		-	900
Deferred tax charge		5,267	8,848
Total tax expense		<u>37,205</u>	<u>31,491</u>
Profit for the year		<u>86,077</u>	<u>66,518</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		793	(4,315)
Income tax relating to items that will not be reclassified to profit or loss		(231)	1,493
Other comprehensive income for the year, net of income tax		<u>562</u>	<u>(2,822)</u>
Total comprehensive income for the year		<u><u>86,639</u></u>	<u><u>63,696</u></u>
Earnings per share	20		
Basic and Diluted		0.53	0.41

Significant accounting policies 3
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration No.101248W/W-100022

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

S Sethuraman
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Executive Chairman (Whole-Time)
DIN : 01867847

K Anand Babu
Chief financial officer

Akshaya H
Company Secretary

Place : Chennai
Date : May 30, 2019

Place : Chennai
Date : May 30, 2019

KMC Speciality Hospitals (India) Limited
Statement of changes in equity for the year ended March 31, 2019
(All amounts are in Indian Rupees thousands)

a. Equity share capital

	Note	Amount
Balance as at April 1, 2017		1,63,085
Changes in equity share capital during year ended March 31, 2018	17	-
Balance as at March 31, 2018		1,63,085
Changes in equity share capital during the period ended March 31, 2019	17	-
Balance as at March 31, 2019		1,63,085

b. Other equity

	Attributable to the owners of the Company		
	Reserves and surplus	Items of OCI *	Total
	Retained earnings	Remeasurement of defined benefit plans	
Balance as at April 1, 2017	76,693	602	77,295
Total comprehensive income for the year ended March 31, 2018			
Profit for the year	66,518	-	66,518
Other comprehensive income (net of tax)	-	(2,822)	(2,822)
Total comprehensive income	66,518	(2,822)	63,696
Balance as at March 31, 2018	1,43,211	(2,220)	1,40,991

	Attributable to the owners of the Company		
	Reserves and surplus	Items of OCI *	Total
	Retained earnings	Remeasurement of defined benefit plans	
Balance as at April 1, 2018	1,43,211	(2,220)	1,40,991
Total comprehensive income for the year ended March 31, 2019			
Profit for the year	86,077	-	86,077
Other comprehensive income (net of tax)	-	562	562
Total comprehensive income	86,077	562	86,639
Balance as at March 31, 2019	2,29,288	(1,658)	2,27,630

* Items that will not be reclassified to profit and loss

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

As per our report of even date attached

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

Chartered Accountants

Firm's registration No.101248W/W-100022

for and on behalf of the board of directors of

KMC Speciality Hospitals (India) Limited

CIN: L85110TN1982PLC009781

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Chief financial officer

Place :Chennai

Date :May 30, 2019

Akshaya H

Company Secretary

Place : Chennai

Date : May 30, 2019

KMC Speciality Hospitals (India) Limited
Cash flow statement for the year ended March 31, 2019
(All amounts are in Indian Rupees thousands)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
A Cash flows from operating activities			
Profit before tax for the year		1,23,282	98,009
Adjustments:			
Depreciation and amortisation		41,994	38,638
Liabilities / provisions no longer required written back		(8,330)	(97)
Bad debts written off		4,631	6,857
Loss on sale of property, plant and equipment, net		-	654
Provision for loss allowance		6,263	8,183
Finance costs		11,051	7,870
Interest income from banks		(2,079)	(1,372)
Interest income from others		(3,495)	-
Re-measurement of defined benefit plans		793	(4,315)
Operating cash flow before working capital changes		1,74,110	1,54,427
Decrease / (increase) in inventories		(2,600)	8
(Increase) in trade receivables		(3,885)	(22,062)
Increase in trade payables		11,797	8,552
(Increase) in other financial assets and other assets		(13,119)	(3,751)
Increase in liabilities and provisions		17,699	7,091
Cash generated from operating activities		1,84,002	1,44,265
Income tax paid (net)		(25,684)	(20,202)
Net cash generated from operating activities (A)		1,58,318	1,24,063
B Cash flows from investing activities			
Acquisition of property, plant and equipment		(32,187)	(1,57,683)
Acquisition of non-current investment		-	(22)
Loans given		(55,000)	-
Loan repayment received		4,406	-
Proceeds from sale of property, plant and equipment		-	210
Bank deposits (having original maturity of more than three months)		(13,517)	(32,606)
Interest income from banks		2,114	448
Interest income from others		3,495	-
Net cash (used in) investing activities (B)		(90,689)	(1,89,653)
C Cash flows from financing activities			
Proceeds from loans and borrowings		-	1,07,635
Repayment of loans and borrowings		(42,220)	(39,964)
Interest paid		(11,037)	(7,312)
Net cash (used in)/ from financing activities (C)		(53,257)	60,359
Net increase / (decrease) in cash and cash equivalents (A+B+C)		14,373	(5,231)
Cash and cash equivalents at the beginning of the year		3,470	8,701
Cash and cash equivalents at the end of the year		17,843	3,470
		As at	As at
		March 31, 2019	March 31, 2018
Components of Cash and cash equivalents			
Cash on hand	15	1,723	1,051
Balances with banks			
- on current accounts		16,120	2,419
		17,843	3,470

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration No.101248W/W-100022

S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : May 30, 2019

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

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Akshaya H
Company Secretary

Place :Chennai
Date :May 30, 2019

KMC Speciality Hospitals (India) Limited
Notes to financial statements for the year ended March 31, 2019
(All amounts are in Indian Rupees thousands)

1. Company information

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

2. Basis of preparation

A. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on May 30, 2019.

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

B. Functional and presentation currency

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

C. Basis of measurement

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

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

D. Use of estimates and judgements

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment during the year ended March 31, 2019 is included in the following notes:

- **Note 10** – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- **Note 24** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 37** – recognition and measurement of provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources;

E. Measurement of fair values

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

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available.

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

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

- **Note 36** – financial instruments;

3. Significant accounting policies

A. Foreign currency

i. Foreign currency transactions

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

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

B. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- Fair value through other comprehensive income ('FVOCI') – debt investment;

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- FVOCI – equity investment; or
- Fair value through profit and loss ('FVTPL')

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by

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impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities

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

iii. Derecognition

Financial assets

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

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

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Financial liabilities

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

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

iv. Offsetting

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

C. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

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ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

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

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

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

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D. Intangible assets

i. Measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

The estimated useful lives are as follows:

Asset category	Management estimate of useful life
Software	3

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

E. Investment property

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

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

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

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F. Inventories

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

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

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

G. Impairment

i. Impairment of financial instruments

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

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

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes

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both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

ii. Impairment of non-financial assets

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

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

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

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

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

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

H. Employee benefits

i. Short-term employee benefits

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

ii. Defined contribution plans

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

iii. Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the

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recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

iv. Other long-term employee benefits

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

v. Termination benefits

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

I. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market

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assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

J. Revenue

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

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method, wherein the comparatives have not been retrospectively adjusted. There are no adjustments required to be made to the retained earnings as at March 31, 2018.

Sale of traded goods – pharmacy items

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

Inpatient and Outpatient Revenue

Inpatient and Outpatient revenue is recognized as and when the related services are rendered. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered. Revenue is recognised net of discounts and concessions given to the patients.

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

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

Disaggregation of revenue

The Company disaggregates revenue from contract with customers by the nature and type of goods sold or services provided. As the Company provides hospital services, this level of disaggregation best depicts the revenue structure of the Company (also refer Note 27).

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K. Leases

i. Determining whether an arrangement contains a lease

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

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

ii. Lease payments

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

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

L. Recognition of interest income or expense

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

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

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

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

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M. Income tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

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

N. Borrowing cost

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

O. Earnings per share

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

P. Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's Managing Director is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker ('CODM'). The Company's CODM reviews financial information presented, for purposes of making operating decisions and assessing financial performance of the Company. Therefore, the Company has determined that it operates in a single operating and reportable segment (Also refer to note 39).

Q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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R. Cash flow Statement

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

S. New standards and amendments to existing standards issued but not yet effective

Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 12, Income taxes

The amendment to Ind AS 12 clarifies that the income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Company does not expect any impact from this pronouncement.

Appendix C has been added to Ind AS 12 which specifies that the Company shall recognise and measure its current or deferred tax asset or liability applying the requirements in Ind AS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Appendix, when there is uncertainty over income tax treatments under Ind AS 12. In this regard, the Company is in process of carrying out assessment of potential impact on adoption, though no significant impact is expected.

KMC Speciality Hospitals (India) Limited
Notes to financial statements for the year ended March 31, 2019
(All amounts are in Indian Rupees thousands)

Ind AS 19- Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any impact on its standalone financial statements.

Ind AS 23 - Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any significant impact from this amendment.

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KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019
(All amounts are in Indian Rupees thousands)

4. Property, plant and equipment

See accounting policy in note 3(c)

Reconciliation of carrying amount

Particulars	Land	Buildings	Leasehold improvements	Surgical and other equipments	Electrical installation	Computers	Books	Furniture and fixtures	Vehicles	Total
Gross carrying amount										
Balance as at April 1, 2017	-	1,07,402	55,870	88,126	15,554	1,252	16	3,721	54	2,71,995
Additions	58,358	-	-	92,866	3,581	1,804	45	793	5,040	1,62,487
Disposals	-	-	-	(2,300)	(5)	-	-	-	-	(2,305)
Balance as at March 31, 2018	58,358	1,07,402	55,870	1,78,692	19,130	3,056	61	4,514	5,094	4,32,177
Additions	-	-	-	15,707	4,563	2,124	-	1,488	1,980	25,862
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	58,358	1,07,402	55,870	1,94,399	23,693	5,180	61	6,002	7,074	4,58,039
Accumulated Depreciation										
Balance as at April 1, 2017	-	2,901	8,802	10,972	6,725	331	3	1,819	54	31,607
Depreciation for the year	-	2,901	8,802	17,089	6,106	676	5	1,601	1,258	38,438
Disposals	-	-	-	(1,436)	(5)	-	-	-	-	(1,441)
Balance as at March 31, 2018	-	5,802	17,604	26,625	12,826	1,007	8	3,420	1,312	68,604
Depreciation for the year	-	2,901	8,802	22,189	3,515	990	7	728	1,318	40,450
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	-	8,703	26,406	48,814	16,341	1,997	15	4,148	2,630	1,09,054
Carrying amounts (net)										
Balance as at March 31, 2018	58,358	1,01,600	38,266	1,52,067	6,304	2,049	53	1,094	3,782	3,63,573
Balance as at March 31, 2019	58,358	98,699	29,464	1,45,585	7,352	3,183	46	1,854	4,444	3,48,985

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

5 Investment property

See accounting policy in note 3(e)

A Reconciliation of carrying amount

	<u>Land #</u>	<u>Total</u>
Cost or deemed cost (gross carrying amount)		
Balance as at April 1, 2017	4,043	4,043
Addition	-	-
Deletion	-	-
Balance as at March 31, 2018	4,043	4,043
Balance as at April 1, 2018	4,043	4,043
Addition	-	-
Deletion	-	-
Balance as at March 31, 2019	4,043	4,043

Investment property represents freehold land towards which depreciation charge is not applicable. Accordingly, the carrying amount (net) is equivalent to the gross carrying amount as at the respective balance sheet date.

Fair value

At March 31, 2017	1,37,025	1,37,025
At March 31, 2018	1,43,550	1,43,550
At March 31, 2019	1,33,400	1,33,400

B Measurement of fair values

Fair value hierarchy and valuation technique

Investment property comprises of freehold land in Trichy. The fair value of investment property has been determined in accordance with the requirements of Ind AS 113 - Fair value measurement.

The fair value measurement for the investment property has been categorised as a Level 3 (See accounting policy in note 3(e)).

Information regarding income and expenditure of investment property

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Rental income from the investment property	132

KMC Speciality Hospitals (India) Limited
Notes to financial statements for the year ended March 31, 2019
(All amounts are in Indian Rupees thousands)

	As at March 31, 2019	As at March 31, 2018
6 Intangible assets		
See accounting policy in note 3(d)		
Particulars	Software	Total
Gross carrying amount		
Balance as at April 1, 2017	675	675
Additions	3	3
Deletions	-	-
Balance as at March 31, 2018	678	678
Additions	7,171	7,171
Deletions	-	-
Balance as at March 31, 2019	7,849	7,849
Accumulated amortisation		
Balance as at April 1, 2017	303	303
Amortisation for the year	200	200
Deletions	-	-
Balance as at March 31, 2018	503	503
Amortisation for the year	1,544	1,544
Deletions	-	-
Balance as at March 31, 2019	2,047	2,047
Carrying amount (net)		
Balance as at March 31, 2018	175	175
Balance as at March 31, 2019	5,802	5,802
7 Investments		
(See accounting policy in note 3(b))		
Non Current Investments		
Unquoted equity shares		
Equity shares at FVOCI	22	22
2,200 (March 31, 2018: 2,200) equity shares of Nazca Energy Private Limited)	22	22
Aggregate value of unquoted investments	22	22
8 Loans receivables		
<i>(Unsecured, considered good)</i>		
Non-current		
Loan to Holding Co. - Sri Kauvery Medical Care (India) Limited (formerly Known as Sri Kavery Medical Care (Trichy) Limited)	41,095	-
Security deposits	6,259	6,579
	47,354	6,579
Current		
Loan to Holding Co. - Sri Kauvery Medical Care (India) Limited (formerly Known as Sri Kavery Medical Care (Trichy) Limited)	9,499	-
Employee advances	459	289
	9,958	289
	57,312	6,868

KMC Speciality Hospitals (India) Limited**Notes to the financial statements for the year ended March 31, 2019**

(All amounts are in Indian Rupees thousands)

	As at March 31, 2019	As at March 31, 2018
9 Other financial assets		
<i>(Unsecured, considered good)</i>		
Non-current		
Bank deposits (due to mature after 12 months from the reporting date)	918	800
Interest accrued on fixed deposits but not due	248	146
	<u>1,166</u>	<u>946</u>
Current		
Unbilled revenue	15,677	10,043
Interest accrued on fixed deposits but not due	721	859
Due's from Holding Co.. - Sri Kauvery Medical Care (India) Limited (formerly Known as Sri Kavery Medical Care (Trichy) Limited)	5,717	-
	<u>22,115</u>	<u>10,902</u>
	<u>23,281</u>	<u>11,848</u>

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KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

10 Income tax

(See accounting policy in note 3(m))

A Amounts recognised in profit and loss

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax (a)		
Current period	31,938	21,743
Previous period	-	900
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	5,267	8,848
Increase in tax rate	-	-
Tax expense (a) + (b)	37,205	31,491

B Income tax recognised in other comprehensive income

	As at March 31, 2019			As at March 31, 2018		
	Amount	Tax (expense) / benefit	Net of tax	Amount	Tax (expense) / benefit	Net of tax
Remeasurements of defined benefit liability	793	(231)	562	(4,315)	1,493	(2,822)

C Reconciliation of effective tax rate

	Year ended March 31, 2019		Year ended March 31, 2018	
	%	Amount	%	Amount
Profit before tax		1,23,282		98,009
Tax using the Company's domestic tax rate	29.12%	35,900	27.82%	27,266
Effect of:				
Change in temporary differences	1.06%	1,305	4.31%	4,225
Effective tax rate / tax expense	30.18%	37,205	32.13%	31,491

D Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Deferred tax assets		Deferred tax liabilities		Net deferred tax assets / (liabilities)	
	As at	As at	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Property, plant and equipment		-	24,913	22,153	(24,913)	(22,153)
Provision for employee benefits	7,689	6,541	-	-	7,689	6,541
Loss allowance on trade receivables	3,995	4,839	-	-	3,995	4,839
Tax losses carried forward	-	3,300	-	-	-	3,300
Minimum alternative tax	45,608	51,600	-	-	45,608	51,600
Others	-	-	538	794	(538)	(794)
Deferred tax assets	57,292	66,280	25,451	22,947	31,841	43,333
Offsetting of deferred tax assets and deferred tax liabilities	(25,451)	(22,947)	(25,451)	(22,947)	-	-
Net deferred tax assets	31,841	43,333	-	-	31,841	43,333

Movement in temporary differences for the year ended March 31, 2019 and March 31, 2018

	Balance as at April 1, 2017	Recognised in profit and loss during 2017-18	Recognised in OCI during 2017-18	Balance as at March 31, 2018	Recognised in profit and loss during 2018-19	Recognised in OCI during 2018-19	Balance as at March 31, 2019
Property, plant and equipment	(19,507)	(2,646)	-	(22,153)	(2,760)	-	(24,913)
Provision for employee benefits	5,101	(53)	1,493	6,541	1,379	(231)	7,689
Loss allowance on trade receivables	3,045	1,794	-	4,839	(844)	-	3,995
Tax losses carried forward	33,090	(29,790)	-	3,300	(3,300)	-	-
Minimum alternative tax	28,958	22,642	-	51,600	(5,992)	-	45,608
Others	-	(794)	-	(794)	256	-	(538)
	50,687	(8,847)	1,493	43,333	(11,261)	(231)	31,841

KMC Speciality Hospitals (India) Limited**Notes to the financial statements for the year ended March 31, 2019**

(All amounts are in Indian Rupees thousands)

	As at March 31, 2019	As at March 31, 2018
11 Income tax assets (net)		
Advance income tax and tax deducted at source, net of provision for tax	27,878	28,138
	<u>27,878</u>	<u>28,138</u>
12 Other Non-current/ Current assets <i>(Unsecured, considered good)</i>		
Non-current		
Capital advances	1,461	173
Advance to Holding Co. - Sri Kauvery Medical Care (India) Limited (formerly Known as Sri Kavery Medical Care (Trichy) Limited) towards Windmill Deposit	520	520
	<u>1,981</u>	<u>693</u>
Current		
Prepaid expenses	2,072	348
Advance to suppliers	642	346
	<u>2,714</u>	<u>694</u>
	<u>4,695</u>	<u>1,387</u>
13 Inventories (See accounting policy in note 3(f))		
Traded goods - Pharmacy items	6,048	4,002
Consumables - Surgical material and medical stores	3,314	2,760
	<u>9,362</u>	<u>6,762</u>

Inventories have been pledged as securities for borrowings. Refer note 21.

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KMC Speciality Hospitals (India) Limited**Notes to the financial statements for the year ended March 31, 2019**

(All amounts are in Indian Rupees thousands)

	As at March 31, 2019	As at March 31, 2018
14 Trade receivables		
(See accounting policy in note 3(b))		
Unsecured, considered good*		
Unsecured, considered doubtful	17,302	24,311
Less: Provision for doubtful debts	13,720	17,394
	(13,720)	(17,394)
	<u>17,302</u>	<u>24,311</u>
Movement of loss allowance in trade receivable		
Opening balance		
Allowances made during the year	17,394	9,211
Written off (also refer note 35)	6,263	8,183
Closing balance	(9,937)	-
	<u>13,720</u>	<u>17,394</u>

*includes receivable from Holding Company, refer note 41

Trade receivables have been pledged as securities for borrowings. Refer note 21.

The Company's exposure to credit risk and loss allowances relating to trade receivables are disclosed in note 36.

15 Cash and cash equivalents

Cash and cash equivalents		
Cash on hand	1,723	1,051
Balances with banks		
- on current accounts	16,120	2,419
	<u>17,843</u>	<u>3,470</u>

16 Other bank balances

- On deposit accounts (due to mature within 12 months of the reporting date)	45,903	32,606
	<u>45,903</u>	<u>32,606</u>

Note :

The disclosure regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2019.

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

17 Equity

	As at March 31, 2019	As at March 31, 2018
Authorised		
250,000,000 (March 31, 2018 - 250,000,000) equity shares of Re. 1/- each	2,50,000	2,50,000
	<u>2,50,000</u>	<u>2,50,000</u>
Issued, subscribed and paid up		
163,085,000 ((March 31, 2018 - 163,085,000) equity shares of Re. 1/- each fully paid up	1,63,085	1,63,085
	<u>1,63,085</u>	<u>1,63,085</u>

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares (In Thousands)	Amount	No. of shares (In Thousands)	Amount
Equity shares of Re. 1/- each fully paid up				
At the commencement and at the end of the year	1,63,085	1,63,085	1,63,085	1,63,085

b. Rights, preferences and restrictions attached to shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Shares held by holding company and / or their subsidiaries / associates

	As at March 31, 2019	
	No. of shares (In Thousands)	Amount
Equity shares of Re. 1/- each fully paid up		
Sri Kauvery Medical Care (India) Limited, the Holding Company (formerly known as Sri Kavery Medical Care (Trichy) Limited	1,22,314	1,22,314
	<u>1,22,314</u>	<u>1,22,314</u>
	As at March 31, 2018	
	No. of shares (In Thousands)	Amount
Equity shares of Re. 1/- each fully paid up		
Sri Kauvery Medical Care (India) Limited, the Holding Company (formerly known as Sri Kavery Medical Care (Trichy) Limited	1,22,314	1,22,314
	<u>1,22,314</u>	<u>1,22,314</u>

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

d. Details of share holders holding more than 5% of shares of Re. 1/- each fully paid in the Company

	As at March 31, 2019	
	No. of shares (In Thousands)	% of total equity shares
Equity shares of Re. 1/- each fully paid up Sri Kauvery Medical Care (India) Limited, the Holding Company (formerly known as Sri Kavery Medical Care (Trichy) Limited	1,22,314	75.00%

	As at March 31, 2018	
	No. of shares (In Thousands)	% of total equity shares
Equity shares of Re. 1/- each fully paid up Sri Kauvery Medical Care (India) Limited, the Holding Company (formerly known as Sri Kavery Medical Care (Trichy) Limited	1,22,314	75.00%

e. Bonus shares/ buy-back for consideration other than cash allotted during a period of five years immediately preceding the financial year ended March 31, 2019:

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

As at March 31, 2019 As at March 31, 2018

18 Other equity

Retained earnings

At the commencement of the year	1,43,211	76,693
Profit for the year	86,077	66,518
At the end of the year	<u>2,29,288</u>	<u>1,43,211</u>

Retained earnings represents the profits generated by the Company post distribution of dividend to the shareholders (if any). The reserve can be utilised for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.

Other comprehensive income

Items that will not be reclassified to profit or loss

Re-measurement of defined benefit plans

At the commencement of the year	(2,220)	602
Transfers during the year	562	(2,822)
At the end of the year	<u>(1,658)</u>	<u>(2,220)</u>
	<u>2,27,630</u>	<u>1,40,991</u>

19. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

other strategic investments. The funding requirements are met through a mixture of equity and other borrowings. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio is as follows:

	As at March 31, 2019	As at March 31, 2018
Total liabilities	2,04,499	2,25,410
Less : Cash and cash equivalents	(17,843)	(3,470)
Adjusted net debt	1,86,656	2,21,940
Total equity	3,90,715	3,04,076
Adjusted net debt to adjusted equity ratio	0.48	0.73

20 Earnings per share (EPS)

Basic and diluted earnings per share

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

	Year ended 31 March 2019	Year ended 31 March 2018
Profit for the year attributable to the equity shareholders (A)	86,077	66,518
Weighted average number of equity shares outstanding as at reporting date (B)	1,63,085	1,63,085
Basic and diluted earnings per share (EPS) (A/B)	0.53	0.41

The Company does not have any potential equity shares. Accordingly, basic and dilutive EPS would remain the same.

21 Borrowings

(See accounting policy in note 3(n))

	As at March 31, 2019	As at March 31, 2018
Non-Current		
Secured		
Term loans from banks	68,304	93,443
Deferred payment liabilities	8,219	10,339
	76,523	1,03,782
Current		
Secured		
Cash credit facility from bank	-	8,219
Term loans from banks	23,249	29,977
Deferred payment liabilities	3,300	3,300
Less: Amount disclosed under other current liabilities	(26,549)	(33,277)
	-	8,219
	76,523	1,12,001

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

21. Borrowings (Continued)

i) Terms of repayment of term loans from banks and the nature of security

a) Term loans outstanding as on March 31, 2019 of INR 9,896 (March 31, 2018: INR 29,036) availed from State Bank of India:

(i) Term loan - II was availed initially for INR 50 million during financial year 2011-12 from Axis Bank and is repayable in 60 monthly installments of INR 833,334/- commencing from January 31, 2014, being 24 months from the date of sanction. During the year 2016-17, the said loan was taken over by State Bank of India. The term loan is repayable in 28 installments of INR 833,334/- each commencing from November 28, 2016. The loan was repaid during the current year.

(ii) Term loan - III was availed initially for INR 30 million during the financial year 2013-14 from Axis Bank and is repayable in 60 monthly installments of INR 500,000/- commencing from April 30, 2014, being 10 months from the date of sanction. During the year 2016-17, the said loan was taken over by State Bank of India. The term loan is repayable in 24 instalments of INR 500,000/- each commencing from November 28, 2016.

(iii) Term loan - IV was availed initially for INR 50 million during the financial year 2013-14 from City Union Bank and is repayable in 84 equated monthly installments of INR 933,244/- commencing from August 01, 2013, being 6 months after the date of sanction. During the year 2016-17, the said loan was taken over by State Bank of India. The term loan is repayable in 45 instalments of INR 750,000/- each commencing from December 28, 2016. The loan was repaid during the current year.

The above loans are secured by way of the following:

a) Hypothecation of Stocks, Receivables and other current assets

b) Equitable mortgage on the commercial lands situated at Old TS no. 132, New TS No. 2-part and New TS no. 3/2 part, Old Ward No. 1, New Ward No. K, Old block no. 25, New block no. 17, K.Abishekapuram Village, Cantonment, Trichy and commercial building in the leasehold land situated at No.6, Royal Road, Cantonment, Trichy.

c) Corporate guarantee from Sri Kauvery Medical Care (India) Limited formerly known as Sri Kavery Medical Care (Trichy) Limited, the Holding Company

d) Personal guarantees of Dr. S Manivannan, Managing Director, Dr. S Chandrakumar, the Whole Time Director, Dr D Senguttuvan, Director.

e) Hypothecation of Fixed Assets created/ Purchased out of Bank finance of Axis Bank term loans.

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

21. Borrowings (Continued)

b) Term loans outstanding as on March 31, 2019 of INR 41,904 (March 31, 2018: 48,162) availed from HDFC Bank:

(i) Term loan - I from HDFC Bank for INR 43.77 million was availed on December 26, 2017, principal is repayable in 66 installments of INR 663,174/- towards principal commencing from August 30, 2018. Interest being serviced monthly. The above loan is secured by way of the following :

(a) First and exclusive charge for the land, building and equipment purchased with the loan amount. The collateral value of land, building and equipment amounting atleast INR 250 million.

(b) Letter of comfort from the holding company, Sri Kauvery Medical Care (India) Limited formerly known as Sri Kauvery Medical Care (India) Limited.

(ii) Term loan towards purchase of car from HDFC Bank for INR 5 million was availed in the year 16-17 and is repayable in 60 equated monthly installments (EMIs) of INR 100,904/- commencing from March 7, 2017. The loan is secured by way of hypothecation of the asset procured.

c) Term loans outstanding as on March 31, 2019 of INR 39,753 (March 31, 2018: 46,222) availed from Yes Bank Limited:

(i) Term loan towards purchase of MRI Scan from Yes Bank Limited for INR 39.55 million was availed on November 21, 2017 and is repayable in 78 equated monthly installments (EMIs) of INR 647,916/- commencing from December 2017.

(ii) Term loan towards purchase of CT Scan from Yes Bank Limited for INR 11.16 million was availed on October 9, 2017 and is repayable in 78 equated monthly installments (EMIs) of INR 182,732/- commencing from November 2017.

The above loans are secured by way of first and exclusive charge on the equipment's purchased against the loan.

(ii) Terms of repayment of deferred payment liabilities and the nature of security:

Deferred payment liabilities as on March 31, 2019 amounting to INR 11,519 thousands (previous Year : INR 13,639 thousands) has been recorded as a result of property, plant and equipment purchased from Siemens Healthcare Private Limited.

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

21. Borrowings (Continued)

e) Reconciliation of cash flows from financing activities

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	17,843	3,470
Non current borrowings	(76,523)	(1,03,782)
Current borrowings including current maturities	(26,549)	(41,496)
Net debt	(85,229)	(1,41,808)

	Balance as at March 31, 2017	Net Cash Flows	Balance as at March 31, 2018
Cash and cash equivalents	8,701	(5,231)	3,470
Non current borrowings	(34,564)	(69,218)	(1,03,782)
Current borrowings including current maturities	(28,847)	(12,649)	(41,496)
Less : Interest accrued included in finance cost movement	-	558	558
Less : Deferred payment liabilities included in fixed assets movement	-	13,639	13,639
Net debt	(54,710)	(72,901)	(1,27,611)

	Balance as at March 31, 2018	Net Cash Flows	Balance as at March 31, 2019
Cash and cash equivalents	3,470	14,373	17,843
Non current borrowings	(1,03,782)	27,259	(76,523)
Current borrowings including current maturities	(41,496)	14,947	(26,549)
Less : Interest accrued included in finance cost movement	558	14	572
Net debt	(1,41,250)	56,593	(84,657)

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KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

	As at March 31, 2019	As at March 31, 2018
22 Other financial liabilities		
<i>To parties other than related parties</i>		
Non-current		
Security deposits	1,226	1,882
	1,226	1,882
Current		
Current maturities of long-term borrowings (also refer note 21)	26,549	33,277
Liabilities towards purchase of fixed assets		
- Total outstanding dues of micro and small enterprises	-	-
- Total outstanding dues of creditors other than micro and small enterprises	129	-
Employee benefits payable	18,335	13,813
<i>To related parties</i>		
Due to related party (holding company)	-	985
	45,013	48,075
	46,239	49,957
23 Provisions		
<i>(See accounting policies in 3(h))</i>		
Non-current		
Provision for employee benefits		
Gratuity (refer note 24)	-	2,357
Compensated absences	2,968	1,968
	2,968	4,325
Current		
Provision for employee benefits		
Gratuity (refer note 24)	4,995	525
Compensated absences	3,001	765
Other provision		
Provision for tax	874	-
	8,870	1,290
	11,838	5,614

Also refer to note 24 for employee related provisions

24 Assets and liabilities relating to employee benefits

(See accounting policies in 3(h))

Net defined benefit asset - Gratuity plan	8,048	8,786
Total employee benefit asset (current)	8,048	8,786
Net defined benefit liability - Gratuity plan	13,043	11,668
Liability for compensated absences	5,969	2,732
Total employee benefit liabilities	19,012	14,400
Non-current	10,347	13,110
Current	8,665	1,290

KMC Speciality Hospitals (India) Limited

Notes to financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

24 Assets and liabilities relating to employee benefits (continued)

For details about the related employee benefit expenses, see note 32.

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

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, liquidity risk, salary escalation risk, demographic risk, regulatory risk and investment risk.

A. Funding

The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of Plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (E). Employees do not contribute to the plan.

B. Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

	Year ended March 31, 2019	Year ended March 31, 2018
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	11,671	5,560
Benefits paid	(1,316)	(1,009)
Current service cost	2,907	1,866
Interest cost	906	404
Past service gain	-	622
Actuarial (gains) / losses recognised in other comprehensive income		
changes in demographical assumptions	(4,578)	
changes in financial assumptions	2,373	2,662
experience adjustments	1,080	1,566
Balance at the end of the year	13,043	11,671
Reconciliation of fair value of plan assets		
Balance at the beginning of the year	8,789	7,202
Contributions paid into the plan	225	2,158
Benefits paid	(1,316)	(1,009)
Interest income	682	525
Return on plan assets recognised in other comprehensive income	(332)	(88)
Balance at the end of the year	8,048	8,789
Net defined benefit liability	4,995	2,882

KMC Speciality Hospitals (India) Limited**Notes to the financial statements for the year ended March 31, 2019**

(All amounts are in Indian Rupees thousands)

24 Assets and liabilities relating to employee benefits (continued)

C.	Year ended March 31, 2019	Year ended March 31, 2018
i. Expense recognised in profit or loss		
Current service cost	2,907	1,866
Past service cost	-	622
Interest cost	906	404
Interest income	(682)	(525)
	3,131	2,367
ii. Remeasurement recognised in other comprehensive income		
Actuarial (gain)/ loss on defined benefit obligation	(1,126)	4,227
Return on plan assets excluding interest income	332	88
	(794)	4,315

D. Plan assets

Plan assets comprise of LIC fund maintained by Company.

E. Defined benefit obligations**i. Actuarial assumptions****Principal actuarial assumptions at the reporting date (expressed as weighted averages):**

	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate (per annum)	6.55%	7.80%
Future salary growth (per annum)	8.00%	8.00%
Attrition rate (per annum)	45.00%	5.00%
Normal retirement age	60 Years	60 Years
Mortality rate (% of IALM 06-08)	100.00%	100.00%

ii. Sensitivity analysis

	Year ended March 31, 2019		Year ended March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	12,757	13,342	10,440	13,140
Future salary growth (1% movement)	13,335	12,759	13,004	10,528
Attrition rate (50% movement)	12,236	14,572	11,451	11,918
Mortality rate (10% movement)	13,044	13,043	11,668	11,668

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by percentage indicated, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

KMC Speciality Hospitals (India) Limited**Notes to the financial statements for the year ended March 31, 2019**

(All amounts are in Indian Rupees thousands)

24 Assets and liabilities relating to employee benefits (continued)**F. Five year information**

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

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Defined benefit obligation	13,043	11,671	5,560	5,340	4,701
Plan asset	8,048	8,789	7,202	3,820	2,665
Surplus/(deficit)	(4,995)	(2,882)	1,642	(1,520)	(2,036)
Experience adjustments					
- in plan liabilities (loss) / gain	(1,080)	(1,566)	903	753	(108)
- in plan assets (loss) / gain	-	-	3	25	(4)

25 Trade payables

	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro and small enterprises	1,076	658
Total outstanding dues of creditors other than micro and small enterprises*	51,643	40,264
	52,719	40,922
For dues to micro and small enterprises, refer note 40		
*includes dues to Holding Company	-	602

26 Other liabilities**Current***To parties other than related parties*

Advance from patients	10,690	5,055
Statutory liabilities	6,490	5,444
Other liabilities	-	6,416
	17,180	16,915

KMC Speciality Hospitals (India) Limited

Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

	For the year ended March 31, 2019	For the year ended March 31, 2018
27 Revenue from operations		
(See accounting policies in 3(j))		
A. Revenue streams		
The Company generates revenue primarily from the hospital services and sale of pharmacy products to its customers. Other source of revenue includes ambulance and scrap sales.		
Revenue from medical and healthcare services		
Income from hospital services	6,61,072	5,31,028
Sale of pharmacy products	1,59,188	1,73,894
	<u>8,20,260</u>	<u>7,04,922</u>
Other operating revenues		
Sale of scrap	247	101
Others	2,079	1,642
	<u>2,326</u>	<u>1,743</u>
	<u><u>8,22,586</u></u>	<u><u>7,06,665</u></u>

B. Disaggregation of revenue from contracts with customers

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Primary geographical markets		
India	8,22,586	7,06,665
	<u>8,22,586</u>	<u>7,06,665</u>
Major service lines / products		
Revenue from in-patient services	5,63,813	4,48,315
Revenue from out-patient services	96,183	80,387
Sales of pharmacy products	1,59,188	1,73,894
Others	3,402	4,069
	<u>8,22,586</u>	<u>7,06,665</u>
Timing of revenue recognition		
Service transferred over a period of time	6,61,072	5,31,028
Products transferred at a point in time	1,61,514	1,75,637
	<u>8,22,586</u>	<u>7,06,665</u>

C. Contract balances

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

	As at March 31, 2019	As at March 31, 2018
Receivables which are included in Trade receivables	17,302	24,311
Contract Assets Unbilled revenue	15,677	10,043
Contract Liabilities - Advance from patients	(10,690)	(5,055)

KMC Speciality Hospitals (India) Limited**Notes to the financial statements for the year ended March 31, 2019**

(All amounts are in Indian Rupees thousands)

	For the year ended March 31, 2019	For the year ended March 31, 2018
28 Other income		
Interest income from banks	2,079	1,372
Interest income from others	3,495	-
Rental income	132	132
Liabilities / provisions no longer required written back Miscellaneous income	8,330	97
	2,404	1,615
	16,440	3,216
29 Cost of materials consumed		
Inventory at the beginning of the year	2,760	2,228
Add: Purchases- consumables	19,476	17,680
Less: Inventory at the end of the year	(3,314)	(2,760)
	18,922	17,148
30 Purchases of pharmacy products		
Purchase of pharmacy products	1,02,534	86,672
	1,02,534	86,672
31 Changes in inventory of pharmacy products		
Opening inventory	4,002	4,543
Closing inventory	(6,048)	(4,002)
	(2,046)	541
32 Employee benefits expense (See accounting policies in 3(h))		
Salaries, wages and bonus	1,52,068	1,36,633
Contribution to provident and other funds	12,461	13,509
Staff welfare expenses	7,937	7,153
	1,72,466	1,57,294
33 Finance costs (See accounting policies in 3(n))		
Interest		
- on term loans	9,687	6,539
- on others	1,364	387
Other borrowing costs	-	944
	11,051	7,870

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

	For the year ended March 31, 2019	For the year ended March 31, 2018
34 Depreciation and amortisation expense		
(See accounting policies in 3(c)(iv) and 3(d)(iv))		
Depreciation of property, plant and equipment	40,450	38,438
Amortisation of intangible assets	1,544	200
	41,994	38,638
35 Other expenses		
Hospital operating expenses		
Professional fees paid to consultants	1,94,759	1,49,927
Power and fuel	16,952	18,393
Repairs and maintenance		
- Buildings	8,210	6,755
- Plant and machinery	4,084	4,165
- Others	13,571	11,772
Sub-contracting charges	33,949	32,827
Medical gas	2,851	2,403
Rent (refer note 43)	4,889	4,019
Blood and medical record scan charges	2,484	3,540
Health club expenses	904	1,371
	2,82,653	2,35,172
Administrative expenses	A	
Rates and taxes	2,973	2,728
Business promotion and publicity	31,346	18,055
Travelling and communication expenses	10,949	10,837
Printing and stationery	10,080	5,896
Legal and professional charges (refer note (i) below)	10,084	9,030
Security charges	199	333
Bad debts written off *	4,631	6,857
Provision for loss allowance	6,263	8,183
Loss on sale of asset	-	654
Insurance	602	318
Bank charges	2,964	1,926
Directors sitting fees	830	540
Miscellaneous expenses (refer note (ii) below)	7,249	3,180
	B	
	88,170	68,537
	A+B	
	3,70,823	3,03,709

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

35 Other expenses (Continued)

* Bad debts during the year amounting INR 9,936,679 (in absolute Rupees) has been adjusted against the provision already made. Also, refer note 14

	As at March 31, 2019	As at March 31, 2018
(i) Payment to auditors (excluding goods and services tax)		
Statutory audit	1,500	1,550
Quarterly limited reviews	750	450
Reimbursement of expenses	322	230
	<u>2,572</u>	<u>2,230</u>
(ii) Details of corporate social responsibility expenditure		
(a) Amount required to be spent by the Company during the year	1,529	789
(b) Amount spent during the year		
(i) Construction / acquisition of any assets	-	-
(ii) On purposes other than (i) above	2,170	795
The Company has contributed to Rotary Club (India) Foundation		

36 Financial instruments - Fair value and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

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KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

36 Financial instruments - Fair value and risk management (continued)

March 31, 2019	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount
Financial assets not measured at fair value			
Investments	22	-	22
Loans receivables	57,312	-	57,312
Trade receivables	17,302	-	17,302
Cash and cash equivalents	17,843	-	17,843
Balance other than above	45,903	-	45,903
Other financial assets	23,281	-	23,281

Financial liabilities not measured at fair value

Borrowings	-	76,523	76,523
Trade payables	-	52,719	52,719
Other financial liabilities	-	46,239	46,239

March 31, 2018	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount
Financial assets not measured at fair value			
Investments	22	-	22
Loans receivables	6,868	-	6,868
Trade receivables	24,311	-	24,311
Cash and cash equivalents	3,470	-	3,470
Balance other than above	32,606	-	32,606
Other financial assets	11,848	-	11,848

Financial liabilities not measured at fair value

Borrowings	-	1,12,001	1,12,001
Trade payables	-	40,922	40,922
Other financial liabilities	-	49,957	49,957

The Company has not disclosed fair values of financial instruments such as investments, loans, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, trade payables and other financial liabilities, since their carrying amounts are reasonable approximates of fair values. The Company does not have any financial asset/liability which are classified as FVTPL or FVTOCI.

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

36 Financial instruments - Fair value and risk management (continued)

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a) credit risk (see (B)(ii));
- b) liquidity risk (see (B)(iii)); and
- c) market risk (see (B)(iv)).

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company,

ii. Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

	Carrying amount	
	As at March 31, 2019	As at March 31, 2018
Trade receivables	17,302	24,311
Loans receivables	57,312	6,868
Cash and cash equivalents	62,023	2,419
Balances other than above	45,903	32,606
Other financial assets	23,281	11,848
	2,05,821	78,052

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

36 Financial instruments - Fair value and risk management (continued)

Trade receivables

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to INR13,720 (March 31, 2018 : INR 17,394). The Company's exposure to credit risk for trade receivables and other receivables is as follows:

	As at March 31, 2019	As at March 31, 2018
Trade receivables (gross)	31,021	41,705
Less: Credit loss allowance	(13,720)	(17,394)
	17,302	24,311

Loans receivables

This balance primarily constitute of loan given to Parent Company, Sri Kauvery Medical Care (India) Limited (formerly known as Sri Kavery Medical Care (Trichy) Limited, rental deposits given to lessors, employee advances and electricity deposit given to Tamil Nadu Electricity Board. The Company does not expect any losses from non-performance by these counter parties.

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

Other financial assets comprises of unbilled revenue, bank deposits (due to mature after 12 months from the reporting date) and interest accrued on fixed deposits. These fixed deposits are held with credit worthy banks and financial institutions. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

iii. Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

36 Financial instruments - Fair value and risk management (continued)

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has current financial assets of INR 113,121 (March 31, 2018: INR 71,578), which the management believes is sufficient to meet all its liabilities maturing during the next 12 months amounting to INR 97,731 (March 31, 2018: INR 97,216).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and un discounted, including contractual interest.

As at March 31, 2019

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Borrowings	76,523	76,523	11,624	11,624	23,249	30,026
Trade payables	52,719	52,719	52,719	-	-	-
Other financial liabilities	46,239	46,239	46,239	-	-	-
	1,75,481	1,75,481	1,10,582	11,624	23,249	30,026

As at March 31, 2018

	Carrying amount	Total	6 months or less	6-12 months	1-2 years	More than 2 years
Borrowings	1,12,001	1,12,001	14,988	14,988	53,902	28,123
Trade payables	40,922	40,922	40,922	-	-	-
Other financial liabilities	49,957	49,957	48,075	-	1,882	-
	2,02,880	2,02,880	1,03,985	14,988	55,784	28,123

iv. Market risks

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to interest rate risk.

Cash flow and fair value interest rate

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

36 Financial instruments - Fair value and risk management (continued)

a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2019	As at March 31, 2018
Variable rate long term borrowings including current maturities	91,553	1,23,420
Total borrowings	91,553	1,23,420

(b) Sensitivity

	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
1% increase in MCLR rate	916	1,234	916	1,234
1% decrease in MCLR rate	(916)	(1,234)	(916)	(1,234)

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

37 Contingent liabilities and commitments

a) Contingent liabilities

	As at March 31, 2019	As at March 31, 2018
(i) Claims against the Company not acknowledged as debts		
- disputed customs duty	8,525	8,525
- disputed municipal rent	917	917
(ii) Guarantees given outstanding		
- Guarantees given to bankers on behalf of the holding Company Sri Kavery Medical Care (Trichy) Limited	4,30,970	4,80,400
(iii) Others	5,18,911	4,21,819

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

37 Contingent liabilities and commitments (Continued)

(iv) Amendment to the Minimum Wages Act

The Government of Tamil Nadu has passed an order by way of notification in the official gazette vide G.O. (2D) No.24 dated March 2, 2018 revising the minimum rates of wages for employment in hospitals and nursing homes under the provisions of the Minimum Wages Act, 1948.

As per the order, the notification shall come into force with immediate effect. In this regard, the Association of Health Care Providers India (“AHPI”) of which the Company is a member had filed the writ petition with the Madurai Bench of Madras High Court and pursuant to the aforesaid petition, the Court had granted an interim stay order dated May 31, 2018 restraining the authorities from initiating proceedings against the members of AHPI until the costing exercise of medical procedures is concluded. Pending conclusion of the legal proceedings and based on the legal advice obtained in this regard, the Company has not determined the impact arising out of implementation of the aforesaid order in the absence of reliable measurement. Accordingly, no provision has been recorded in the books on account of the differential wages.

(v) Provident Fund

Pursuant to the Supreme Court judgement dated February 28, 2019 on the inclusion of special allowances for contribution to provident fund, the Company has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of the reliable measurement of the provision for earlier periods, the Company has not recorded a provision for the periods prior to the date of the aforesaid judgement.

b) Commitments

Estimated value of contracts remaining to be executed on capital account and not provided for	1,526	195
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The Company also receives claims, which arise in the ordinary course of the business. However, the management does not believe that such matters would have a material effect on the financial statements.

38 Transfer pricing

The Company has specified domestic transactions with related parties as provided for in the Income Tax Act, 1961. In the opinion of the management, the Company maintains documents as prescribed by the Income-tax Act to prove that these specified domestic transactions are at arm’s length and the aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

39. Segment reporting

Ind AS 108 “Operating Segment” (“Ind AS 108”) establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the “management approach” as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company’s performance and allocates resources on overall basis. The Company’s sole operating segment is therefore ‘Medical and Healthcare Services’. The Company’s entire business operations is in India. Accordingly, there are no additional disclosure to be provided under Ind AS 108.

40. Dues to micro and small enterprises

The management has identified the enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Such determination/ identification has been done on the basis of information received and available with the Company and relied upon by the auditors. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2019 has been made in the financial statements based on information received and available with the Company.

Particulars	As at March 31, 2019	As at March 31, 2018
(i) The amounts remaining dues to micro and small suppliers as at the end of the year		
- Principal amount	1,076	658
- Interest due on the above amount	-	-
(ii) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 and amounts of payment made to the suppliers beyond the appointed day during the year.	-	-
(iii) Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act.	-	-
(iv) Amount of interest accrued and remaining unpaid at the end of the year.	-	-
(v) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

KMC Speciality Hospitals (India) Limited**Notes to the financial statements for the year ended March 31, 2019**

(All amounts are in Indian Rupees thousands)

41 Related party disclosures**a) Names of related parties and nature of relationship are as follows:**

Nature of relationship	Name of the related party
Holding company	Sri Kauvery Medical Care (India) Limited (formerly known as Sri Kavery Medical Care (Trichy) Limited)
Fellow subsidiaries	Kaveri Medi CT Scan (Thuraiyur) Private Limited Kauvery Medical Centre (Karaikudi) Limited Kauvery Hospital Medical Services Private Limited (formerly known as Arogya Seva Hospitals Private Limited)
Key management personnel (KMP)	- Dr.S. Chandrakumar, Managing director (Upto September 28, 2018) - Dr.S. Chandrakumar, Executive Chairman (w.e.f September 29, 2018) - Dr.S. Manivannan, Joint Managing director (Upto September 28, 2018) - Dr.S. Manivannan, Managing director (Upto October 1, 2018) - Mr. S Badrinarayan, Chief Financial Officer (Upto March 31, 2019) - Mr. K Anand Babu, Chief Financial Officer - Mr. G Sathyan, Company Secretary (upto January 12, 2019) - Dr. D Senguttuvan, Executive Director (upto August 30, 2018)
Enterprises over which KMP have significant influence	Trivitron Health Care Private Limited Curtis Drug Point Private Limited Agile Labs Private Limited Neuberg Ehrlich Laboratory Private Limited (formerly Known as Ehrlich Laboratory Private Limited)
Relative of KMP	Dr. N Suchitra

b) Transaction with related parties during the year

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sri Kauvery Medical Care (India) Limited (formerly known as Sri Kavery Medical Care (Trichy) Limited)		
Revenue from hospital services rendered	10,154	8,980
Hospital services availed	1,652	69
Sale of goods	-	1,295
Purchase of goods	27	35
Rental income	132	132
Rental expenses	210	210
Interest Income	2,484	-
Reimbursement of expenses	7,957	-
Advance received (net of payments and TDS)	74,981	985
Claims made on behalf of the Holding Company	97,092	87,226
Reimbursement of claims received on be	97,359	82,980
Holding Company Loan given	55,000	-
Loan repayment received	4,406	-

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

41 Related party disclosures

b) Transaction with related parties during the year (continued)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Fellow subsidiary - Kauvery Medical Centre (Karaikudi) Limited		
Expenses recharged	135	-
Fellow subsidiary - Curtis Drug Point (Private) Limited		
Purchase of goods	21,290	-
Enterprises over which KMP have significant influence		
Triviron Health Care Private Limited		
Purchase of goods (including property, plant and equipment)	588	1,550
Repairs and maintenance - Plant and machinery	-	75
Neuberg Ehrlich Laboratory Private Limited (formerly Known as Ehrlich Laboratory Private Limited)		
Testing Fees	32,222	26,191
Agile Labs Private Limited		
Software Maintenance expenses	1,290	-
Key managerial personnel		
Remuneration *		
- Dr.S. Chandrakumar, Managing director (upto September 28, 2018)	2,206	4,728
- Dr.S. Chandrakumar, Executive Chairman (w.e.f September 29, 2018)	2,755	-
- Dr.S. Manivannan, Managing director (from October 1, 2018)	1,420	-
- Dr. D Senguttuvan, Executive Director (including doctor fees paid in professional capacity) (upto August 30, 2018)	8,780	23,222
- Mr. S Badrinarayan, Chief Financial Officer (upto March 31, 2019)	5,722	5,666
- Mr. G Sathyan, Company Secretary (upto January 12, 2019)	564	-
* The obligation towards gratuity and leave encashment are calculated for the company as a whole and hence not included above.		
Relative of key management personnel		
Dr. N Suchitra : Doctor fees paid in professional capacity	12,728	10,148
c) Balances outstanding as at the year end		
Sri Kauvery Medical Care (India) Limited formerly known as Sri Kavery Medical Care (Trichy) Limited		
Loans and advances	50,594	520
Dues from holding Company	-	602
Claims reimbursable	4,291	985
Trade receivables	9,895	1,143
Guarantees and collaterals	4,30,970	4,80,400

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

	As at March 31, 2019	As at March 31, 2018
41 Related party disclosures (Continued)		
Fellow subsidiary - Kauvery Medical Centre (Karaikudi) Limited		
Trade receivables	135	-
Fellow Subsidiary- Curtis Drug Point (Private) Limited		
Trade payables	2,403	-
Enterprises over which KMP have significant influence		
Neuberg Ehrlich Laboratory Private Limited (Formerly Known as Ehrlich Laboratory Private Limited)		
Trade payables	3,087	1,504
Agile Labs Private Limited		
Trade Payables	1,290	-

Note : The above balances includes accrual's/provision's, as applicable

Disclosure in accordance with Section 186 of the Companies Act, 2013:

The above guarantees represents financial guarantee provided by the Company for term loans availed by the holding company.

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

Name of the Company	As at March 31, 2019	Maximum outstanding during the year 2018-19	As at March 31, 2018	Maximum outstanding during the year 2017-18
Sri Kauvery Medical Care (India) Limited Formerly known as Sri Kavery Medical Care (Trichy) Limited	50,594	55,000	-	-

43. Operating leases

(a) As lessee

The Company has taken land for its hospital building, premises for staff accommodation and medical equipment under cancellable and non-cancellable operating lease arrangements. The land lease was taken for a period of 42 years and premises for staff accommodation and the medical equipment are, in general, taken for a period ranging between 1-2 years and the lease arrangements are subject to renewal at mutual consent thereafter. The lease rent expense recognised during the year amounts to INR 4,889 (Previous year: INR 4,019). The schedule for future minimum lease payments in respect of non-cancellable operating lease is set out below:

KMC Speciality Hospitals (India) Limited
Notes to the financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees thousands)

43. Operating leases (Continued)

(a) As lessee

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Not later than one year	210	210
Later than one year but not later than five years	840	840
Later than five years	6,090	6,300

(b) As lessor

The Company had entered into an operating lease arrangement in respect of certain office space with a lease term of 29 years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent income recognised during the year amounts to INR 132 (Previous year: INR 132). The schedule for future minimum lease payments in respect of non-cancellable operating lease is set out below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Not later than one year	136	132
Later than one year but not later than five years	576	568
Later than five years	2,609	2,745

The notes from 1 to 43 are an integral part of these financial statements

As per our report of even date attached

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

Chartered Accountants

Firm's registration No.101248W/W-100022

for and on behalf of the board of directors of

KMC Speciality Hospitals (India) Limited

CIN: L85110TN1982PLC009781

S Sethuraman

Partner

Membership No: 203491

Dr. S Manivannan

Managing Director

DIN : 00910804

Dr.S. Chandrakumar

Executive Chairman (Whole-Time)

DIN : 01867847

K Anand Babu

Chief financial officer

Place :Chennai
Date :May 30, 2019

Akshaya H

Company Secretary

Place : Chennai

Date : May 30, 2019

Form No. MGT-11**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L85110TN1982PLC009781

Name of the Company KMC SPECIALITY HOSPITALS (INDIA) LIMITED

: No. 6, Royal Road, Cantonment, Trichy – 620 001

Registered Office :

Name of the member (s) :	
Registered Address :	
E-Mail ID :	
Folio No/Client ID :	
DP ID :	

I/We, being the member (s) of _____ shares of the above named company, hereby appoint

1. Name : _____ E-mail Id : _____

Address : _____

Signature : _____, or failing him

2. Name : _____ E-mail Id _____

Address : _____

Signature : _____, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on Thursday, the 26th day of September 2019 at 10.30 A.M at Hotel Sangam, Collectorate's Office Road, Cantonment, Trichy – 620 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	(✓)
Ordinary Business	
1	
2	
3	

Special Business	
4	
5	

Signed this _____ day of _____ 2019

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Registered Office: 6, Royal Road, Cantonment, Trichy – 620 001

CIN : L85110TN1982PLC009781

Phone: 0431-4077777 Fax: 0431 - 2415402

Website: www.kauveryhospital.com E-mail: corporatecompliance@kauveryhospital.com

Attendance Slip

Please handover the attendance slip at the entrance of the meeting hall, dully completed

I hereby record my presence at the Annual General Meeting of the Company at Hotel Sangam, Collectorate's Office Road, Cantonment, Trichy – 620 001 on Thursday the 26th day of September, 2019 at 10.30 A.M

Full Name of the Shareholder (in block letters)

Signature

Folio No.: DP ID No.* Client ID No.*

(*Applicable for member holding shares in electronic form)

Full name of the proxy (in block letters)

Signature

To:



If undelivered please return to:

KMC Speciality Hospitals (India) Limited

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

E cs.kmcshil@kauveryhospital.com

W www.kauveryhospital.com