

## BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 20th Annual Report on the business and operations of your Company along with the Audited financial statements for the year ended March 31, 2020.

### FINANCIAL PERFORMANCE

The key highlights of the Audited Standalone and Consolidated financial statements of your Company for the financial year ended March 31, 2020 along with comparison with the previous financial year ended March 31, 2019 are summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Operations	66,530.71	58,120.81	85,640.54	76,118.18
Other income	2,931.79	2,052.32	856.66	821.32
<b>Total Revenue</b>	<b>69,462.50</b>	<b>60,173.13</b>	<b>86,497.20</b>	<b>76,939.50</b>
Less: Total expenses	53,010.76	45,254.20	67,119.25	58,141.30
<b>Profit before exceptional items and tax</b>	<b>16,451.74</b>	<b>14,918.93</b>	<b>19,377.95</b>	<b>18,798.20</b>
Exceptional items	2,452.66	-	2,452.66	-
Profit before share of profit for equity accounted investees and tax	-	-	16,925.29	18,798.20
Share of loss for equity accounted investees (net of tax)			(51.98)	(143.02)
<b>Profit Before Tax</b>	<b>13,999.08</b>	<b>14,918.93</b>	<b>16,873.31</b>	<b>18,655.18</b>
Less: Tax Expenses	2,793.65	4,773.23	4,118.09	6,293.90
<b>Profit after Tax</b>	<b>11,205.43</b>	<b>10,145.70</b>	<b>12,755.22</b>	<b>12,361.28</b>
Basic Earning per share of face value of ₹ 2/- each	22.32	20.32	25.36	24.06
Diluted Earning per share of face value of ₹ 2/- each	22.22	20.28	25.25	24.02

### OPERATIONAL PERFORMANCE & FUTURE OUTLOOK

During the year under review, the total Standalone revenue of the Company including other Income stood at ₹ 69,462.50 Lakhs as against ₹ 60,173.13 Lakhs for the previous year, registering a growth of 15.44% in the total revenue. The Standalone profit after tax for the year stood at ₹ 11,205.43 Lakhs as against ₹ 10,145.70 Lakhs in the previous year, registering a growth of 10.45% in the Profit after tax.

During the year under review, the total Consolidated revenue of the Company including other income stood at ₹ 86,497.20 Lakhs as against ₹ 76,939.50 Lakhs for the previous year registering a growth of 12.42% in the Consolidated Revenue. The Consolidated profit after tax stood for the year at ₹ 12,755.22 Lakhs as against ₹ 12,361.28 Lakhs, in the previous year registering a growth of 3.19% in the Consolidated Profit.

The operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report which forms a part of the Annual Report.

### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements of your Company for the Financial Year 2019-2020, are prepared in accordance with the provisions of the Companies Act, 2013 ("the Act") and Ind AS 110- Consolidated Financial Statements read with Ind AS 28 - Investment in Associates and Ind AS 31 - Interests in Joint Ventures, and SEBI (Listing Obligations Disclosures Requirements) Regulations, 2015. The Audited Consolidated financial statements form part of the Annual Report.

### DIVIDEND

The Board of Directors of your Company on February 6, 2020 declared an interim dividend of ₹ 8 per equity share of Face value of ₹ 2/- each entailing an outflow of ₹ 4,839.44 lakhs; including dividend distribution tax of ₹ 825.15 lakhs.

In order to conserve the resources for business requirement, your Board of Directors do not recommend any final dividend for Financial Year 2019-2020.

## BOARD'S REPORT (Contd.)

The payment of Interim Dividend was in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy of the Company is annexed as **'Annexure - 6'** to this Report. The policy is also available on the website of the Company and can be accessed through the following web link: <https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL-Dividend-Distribution-Policy.pdf>

### RESERVES

Your Directors do not propose to transfer any amount to General Reserves for the Financial Year 2019-2020.

### COVID-19

In the last month of Financial Year 2019-2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing Governments to enforce lock-downs of all economic activities. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services to all our customers. We were operating at sub optimal levels following Government directives on lockdown in the month of March 2020. While most of the economic activities were at halt during the lockdown period, the Healthcare sector continued its operations under the Essentials Commodities Act. Accordingly, we continued to serve our customers across our labs. The labs of the Company across India played an important role in carrying out the COVID-19 tests.

The safety of employees, who were required to step out for home collection of samples, was ensured and is also being currently ensured as they have been mandated to use protective gear and take all safety precautions. We have curtailed the number of employees working at all the Offices and currently majority of employees continue to work from home.

The Company is confident about adapting to the changing business environment and respond suitably to fulfil the needs of its customers. With strong balance sheet having cash and cash equivalents in excess of ₹ 200 Crore, asset light business and leadership position in markets of our operations, we are well placed to tide over the current crisis and emerge stronger.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.

### ACQUISITIONS

During the year under review, the Company had entered into a Share Purchase and Shareholders' Agreement ("SPSA") on January 16, 2020 with the promoters of Shraddha Diagnostic

Centre (I) Private Limited (SDCIPL). Pursuant to the same the Company has agreed to acquire 51% of stake i.e. 5,100 Equity Shares of Shraddha Diagnostic Centre (I) Private Limited from its existing shareholders at a consideration of ₹ 9,36,30,000/- (Rupees Nine Crore Thirty Six Lakhs Thirty Thousand Only).

In light of the outbreak of Novel Corona Virus (COVID-19) and implementation of preventive measures by the Governmental Authorities, leading to difficulties in consolidation and alignment of business activities and other practicable difficulties the Company decided to defer the acquisition in SDCIPL by executing a supplement deed dated April 3, 2020 for amendment in aforesaid SPSA and has acquired a total of 550 equity shares of the Target Company (constituting 5.5 % of its Share Capital) on April 7, 2020 for a consideration of ₹ 1 Crores (Rupees One Crore Only).

The Company shall acquire the further stake in SDCIPL as per the terms of amended SPSA and subject to the fulfilment of conditions precedent by the parties to the agreement.

### CHANGE IN NATURE OF BUSINESS

There was no change in the nature of the business of the Company during the year under review.

### CHANGES IN CAPITAL STRUCTURE

During the year under review, the Company has allotted 4,51,886 equity shares of ₹ 2/- each pursuant to the exercise of the Options under the Metropolis Employee Stock Options Scheme - 2015 (MESOS 2015) to the Option holders and thereby, the paid up share capital of the Company has increased to ₹ 10,12,61,132/- (Rupees Ten Crores Twelve Lakhs Sixty One Thousand One Hundred and Thirty Two Only) as on March 31, 2020.

During the year under review, the Company has neither issued any shares with differential voting rights, nor has bought back any of its shares. It has also not issued any sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

### LISTING OF EQUITY SHARES

The equity shares of your Company are listed on BSE Limited and the National Stock Exchange of India Limited with effect from April 15, 2019 pursuant to Initial Public Issue of the Company by way of an Offer for Sale.

### DEPOSITS

Your Company has not accepted/invited deposits from the public falling within the purview of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

During the year, the Company has not taken any loan from the Promoter directors.

## BOARD'S REPORT (Contd.)

### MATERIAL SUBSIDIARY

The Company has formulated a Policy for determining Material Subsidiaries. The Company does not have any Material Subsidiary as per the parameters laid down under the Policy. The Policy is uploaded on the website of the Company and can be accessed through the following weblink: [https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL\\_Policy-for-determination-of-Material-Subsidiary.pdf](https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL_Policy-for-determination-of-Material-Subsidiary.pdf)

### SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Subsidiary Companies of your Company continued to perform in their respective areas as per the plans and thus, contributed robustly to the overall growth of the Company in terms of revenue and profits of the Company and overall performance of the Group.

As on March 31, 2020 the Company has 11 domestic subsidiaries, 7 overseas subsidiaries (including five step-down subsidiaries), 1 Foreign branch (which is considered as a foreign Company in the respective country) and 1 overseas Associate Company.

Pursuant to Section 129 (3) of the Companies Act, 2013 a Statement containing the salient features of the Financial Statements of the Company's Subsidiaries, Joint Ventures, Associate Companies in the specified format i.e. Form AOC - 1 is annexed as '**Annexure - 7**' to this Report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2020 the Board of Directors of your Company comprises of 6 (Six) Directors, of which 4 (Four) are Non-Executive Directors & 2 (Two) are Executive Directors. The constitution of the Board of the Company is in accordance with Section 149(6) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, Mr. Mihir Doshi (DIN: 01283331), Non-Executive Director has resigned with effect from April 30, 2020.

Your Directors place on record its appreciation for the valuable services rendered by Mr. Mihir Doshi during his tenure as Director of the Company.

Ms. Anita Ramachandran (DIN: 00118188) was appointed as an Additional Non-Executive Independent Director on the Board of the Company under Section 161 of the Act read with relevant rules, in the category of Woman Independent Director as per Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from May 14, 2020 for a period of 5 years, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Accordingly, the matter for regularisation of Ms. Anita Ramachandran has been placed before the shareholders for

their approval and forms a part of the Notice of the Annual General Meeting.

The present term of Mr. Sushil Kanubhai Shah (DIN: 00179918) as a Whole time Director will expire on September 3, 2020. Accordingly, the Board of Directors at its meeting held on May 29, 2020 re-appointed Mr. Sushil Kanubhai Shah as a Whole-time Director of the Company (designated as a Chairman and Executive Director) for a period of 5 years with effect from September 4, 2020, subject to the approval of the members at the ensuing Annual General Meeting.

Accordingly, the matter for re-appointment of Mr. Sushil Kanubhai Shah has been placed before the shareholders for their approval and forms a part of the Notice of the Annual General Meeting.

On the basis of the written representations received from the directors, none of the above directors are disqualified under Section 164 (2) of the Companies Act, 2013.

### KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Rakesh Agarwal was appointed as the Chief Financial Officer and Ms. Poonam Tanwani was appointed as the Company Secretary and Compliance Officer of the Company with effect from November 11, 2019 and February 10, 2020 respectively.

Further, during the year under review, Mr. Tushar Manohar Karnik, Chief Financial Officer and Mr. Jayant Prakash, Head Legal, Company Secretary & Compliance Officer of the Company resigned from the Company with effect from November 11, 2019 and December 6, 2019 respectively.

As per the provisions of Section 203 of the Companies Act, 2013 the Key Managerial Personnel of the Company as on March 31, 2020 are as under :

1. Mr. Sushil Kanubhai Shah, Chairman & Executive Director;
2. Ms. Ameera Sushil Shah, Managing Director;
3. Mr. Vijender Singh, Chief Executive Officer;
4. Mr. Rakesh Kumar Agarwal, Chief Financial Officer; and
5. Ms. Poonam Tanwani, Company Secretary & Compliance Officer.

### DIRECTORS RETIRING BY ROTATION

Pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the relevant rules made thereunder, out of the total Directors, two-third shall be liable to retire by rotation out of which one-third of the Directors shall retire by rotation every year and if eligible, can offer themselves for re-appointment at the AGM.

Ms. Ameera Sushil Shah, Managing Director of the Company is liable to retire by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting of the Company.

## BOARD'S REPORT (Contd.)

Accordingly, the matter for re-appointment of Ms. Ameera Sushil Shah has been placed before the shareholders for their approval and forms a part of the Notice of the Annual General Meeting.

Pursuant to Regulation 36 of the SEBI (Listing Obligations Disclosures Requirements) Regulations, 2015 read with Secretarial Standards - 2 on General Meetings, brief details of Ms. Ameera Sushil Shah, are provided as an Annexure to the Notice of the Annual General Meeting.

### DECLARATION OF INDEPENDENCE

Pursuant to the provisions Section 149, 152 of the Companies Act, 2013, read with Schedule IV and other applicable provisions, if any, and the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors are appointed for a term of 5 years and are not liable to retire by rotation.

The Company has received declarations from the Independent Directors confirming that they meet the criteria of Independence as prescribed under section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than the receiving the Sitting fees, Commission, if any, and reimbursement of expenses incurred by them for the purpose of attending the meetings of the Board / Committees of the Company.

### FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

Pursuant to the SEBI Regulations, the Company has worked out a Familiarisation Programme for the Independent Directors, with a view to familiarise them with their role, rights and responsibilities in the Company, nature of Industry in which the Company operates, business model of the Company etc.

Through the Familiarisation Programme, the Company apprises the Independent directors about the business model, corporate strategy, business plans and operations of the Company. The directors are also informed about the financial performance, annual budgets, internal control system, statutory compliances etc. They are also familiarised with Company's vision, core values, ethics and corporate governance practices.

Details of Familiarisation Programme of Independent Directors with the Company are available on the website of the Company

and can be accessed through the following weblink: [https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL\\_Familiarization-Programme-for-Independent-Directors.pdf](https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL_Familiarization-Programme-for-Independent-Directors.pdf)

### PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of your Company have carried out an Annual Performance evaluation of:

- (i) Their own performance as a whole;
- (ii) Individual Directors Performance; and
- (iii) Performance of all Committees of the Board for the Financial Year 2019-2020.

The performance of the Board as a Whole and of its Committees was evaluated by the Board through structured questionnaire which covered various aspects such as the composition and quality, meetings and procedures, contribution to Board processes, effectiveness of the functions allocated, relationship with management, professional development, adequacy, appropriateness and timeliness of information etc. Taking into consideration the responses received from the Individual Directors to the questionnaire, performance of the Board and its Committees was evaluated. The Directors expressed their satisfaction with the evaluation process.

In terms of requirements of Schedule IV of the Act, a separate meeting of the Independent Directors of the Company was held on February 6, 2020 to review:

- (a) The performance of Non- Independent Directors (including the Chairperson);
- (b) The performance of the Board as a whole and its Committees thereof, taking into views of Executive and Non-Executive Directors; and
- (c) To assess the quality, quantity and timeliness of the flow of information between the Management and the Board.

The performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

### NOMINATION AND REMUNERATION POLICY

The policy of the Company on remuneration and for other matters as provided in Section 178(3) of the Companies Act, 2013, has been disclosed in the Corporate Governance Report, which forms a part of the Annual Report and is also available on the Company's website which can be accessed through



## BOARD'S REPORT (Contd.)

the following weblink: [https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL\\_Nomination-and-Remuneration-Policy.pdf](https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL_Nomination-and-Remuneration-Policy.pdf)

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) In preparation of the Annual accounts for the year ended March 31, 2020; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) They have selected such accounting policies as mentioned in the notes to the Financial Statements and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the Statement of Affairs of the Company as at March 31, 2020 and of the Profit of the Company for the year ended on that date;
- (c) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the Annual accounts on a going concern basis;
- (e) They have laid down internal finance controls to be followed by the Company and such internal finance controls are adequate and operating effectively;
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report as per clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations Disclosures Requirements), Regulations, 2015, is applicable for the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year).

Accordingly, Business Responsibility Report for the financial year ended 2019-2020 is presented in a separate section and forms a part of the Annual Report of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the (Listing Obligations Disclosures Requirements), Regulations, 2015 is presented in a separate section forming part of the Annual Report of the Company.

### COMMITTEES OF THE BOARD

The Board of Directors of your Company have formed various Committees, as per the provisions of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as a part of the best corporate governance practices, the terms of reference and the constitution of those Committees is in compliance with the applicable laws.

In order to ensure focused attention on business and for better governance and accountability, the Board has constituted the following Committees:

- a) Audit Committee;
- b) Nomination and Remuneration Committee;
- c) Stakeholders Relationship Committee;
- d) Corporate Social Responsibility Committee;
- e) Risk Management Committee.

The details with respect to the Composition, powers, roles, functions, terms of reference, etc. of the aforesaid Committees are given in the "Corporate Governance Report" of the Company which is presented in a separate section and forms a part of the Annual Report of the Company.

### MEETINGS OF THE BOARD

During the year under review, the Board of Directors of your Company met 6 (Six) times, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

### EXTRACT OF ANNUAL RETURN

The extract of Annual return in Form MGT 9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website of the Company and can be accessed through the following weblink: <https://www.metropolisindia.com> and the same is attached as 'Annexure - 3' to this Report.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and rules made thereunder are given in note no. 51 (a) to the Financial Statements.

## BOARD'S REPORT (Contd.)

### INSTANCES OF FRAUD, IF ANY, REPORTED BY THE STATUTORY AUDITORS:

During the year under review, the Statutory Auditors had not reported any fraud under Section 143 (12) of the Companies Act, 2013.

### RELATED PARTY TRANSACTIONS

The Board has formulated and adopted a Related Party Transactions Policy ("RPT Policy") for the purpose of identification, monitoring and reporting of related party transactions. The RPT Policy as approved by the Board is uploaded on the Company's website and can be accessed through the following weblink: [https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL\\_Policy-on-Related-Party-Transaction.pdf](https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL_Policy-on-Related-Party-Transaction.pdf)

All the Related Party Transactions entered into during the financial year were entered in the Ordinary course of business and at an arm's length basis. There are no materially significant Related Party Transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other Designated persons which may have a potential conflict with the interest of the Company at large.

Further, since the transactions with the related parties were in the ordinary course of business and at arms length pricing and not material in accordance with the Related Party Transactions Policy, the particulars of such transactions with the related parties are not required to be reported by the Company in Form AOC-2.

All the Related Party Transactions are placed before the Audit Committee and the Board on a quarterly basis.

The members may refer to note no. 40 to the financial statements which set out Related Party Disclosures.

### AUDITORS AND REPORTS

#### Statutory Auditors

B S R & Co. LLP, Chartered Accountants (ICAI Firm No. 101248W/W-100022) was appointed as Statutory Auditors of the Company, for a term of 5 (five) consecutive years, at the 17th Annual General Meeting (AGM) held on September 18, 2017. The Auditors have confirmed that they have not been disqualified to act as Statutory Auditors of the Company.

Further, in terms of Companies (Amendment) Act, 2017 notified with effect from May 7, 2018, the requirement for ratification of appointment of the Statutory Auditors at every AGM is not required and therefore, the matter is not placed before the members for their approval.

The Auditors Report for the financial year ended March 31, 2020, does not contain any qualification, reservation or

adverse remark. Further, the Auditors have expressed an Unmodified Opinion on the Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2020.

Pursuant to provisions of the Section 143(12) of the Companies Act, 2013 neither the Statutory Auditors nor the Secretarial Auditor have reported any incident of fraud to the Audit or the Risk Committee during the year under review.

#### Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204, Section 134(3) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Manish Ghia & Associates, Practising Company Secretaries, Mumbai, to undertake the Secretarial Audit of the Company for the Financial Year ended March 31 2020. The Secretarial Audit Report in the prescribed Form MR-3 is attached as '**Annexure-1**' and forms a part of this Report.

The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

The following are the clarifications to the observations given by the Secretarial Auditor in their Audit report:

1. Some properties are yet to be mutated in the name of the company, accordingly to that extent the same are not in compliance with provisions of section 187 of the Act;
  - The Company is in the process of getting the title deeds registered in the name of the Company, since the said properties were acquired under the scheme of amalgamation, the Company has already filed necessary documents with the adjudication authorities.
2. The submission of Annual Performance Report (relating to the financial year 2018-19) in respect of its overseas Joint Venture (JV) viz., Star Metropolis Healthcare Middle East LLC, Dubai, UAE has not been submitted to RBI.
  - The Company is in the process of filing the annual performance report with the RBI in respect of the said JV. The same has been delayed due to non-availability of financial statements from Star Metropolis Healthcare Middle East LLC, Dubai, UAE. Further, the Company has filed an application with RBI for seeking approval for disinvestment involving write-off of financial commitment in this joint venture abroad.

#### Internal Auditor

The Company has robust Internal audit system for assessment of audit findings and its mitigation. The Internal Audit function

## BOARD'S REPORT (Contd.)

covers all the labs, inventory audit, stock takes, audit for project related accounts, corporate accounts etc.

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, and on the recommendation of the Audit Committee, Suresh Surana & Associates LLP, were appointed by the Board of Directors to conduct internal audit reviews of the Company and the Internal Auditor directly reports to the Audit Committee for functional matters.

The Audit Committee in its quarterly meetings reviews the internal audit and controls reports. The Company's internal controls are commensurate with the size and operations of the business. Continuous internal monitoring mechanism ensures timely identification and redressal of issues.

### RECONCILIATION OF SHARE CAPITAL

A qualified Practising Company Secretary carried out quarterly audits to reconcile the total admitted equity share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), along with the total issued and listed equity share capital. These audits confirm that the total issued and paid up equity share capital tallies with the total number of equity shares in physical form, plus the total number of dematerialised shares held by NSDL and CDSL.

### RISK MANAGEMENT POLICY

The Company has adopted a Risk Management Policy wherein all material risks faced by the Company are identified and assessed. The Company has formed a Risk Management Committee which defines the risk management approach of the Company and includes collective identification of risks impacting the Company's business and documents their process of identification, mitigation and optimisation of such risks. The Risk Management Policy is uploaded on the website of the Company and can be accessed through the following weblink: [https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL\\_Risk-Management-Policy.pdf](https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL_Risk-Management-Policy.pdf)

### INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

The Company has an Internal control system. All these controls were operating effectively during the year. The Company has adequate Internal financial controls. Further, the members of the Audit Committee interact with the Statutory Auditors, Internal Auditors and the Management in dealing with matters within its terms of reference. During the year, such controls were assessed to find out whether there was any weakness in the Internal controls. Services of professional consultants were obtained to remove such weaknesses wherever required

and ensuring that the internal financial controls are robust and are operating effectively.

The Company is complying with all the applicable Indian Accounting Standards (Ind AS). The accounting records are maintained in accordance with generally accepted accounting principles in India. This ensures that the financial statements reflect true and fair financial position of the Company.

The details of the Internal financial control systems and their adequacy are included in a detailed manner in the Management Discussions and Analysis Report, which forms part of the Annual Report.

### MAINTENANCE OF COST RECORDS

Provisions of maintenance of Cost records as specified by the Central Government under Section 148 (1) of Companies Act, 2013 are applicable to the Company. Accordingly, such Cost accounts are made and the Cost records are maintained by the Company in the prescribed format.

### COST AUDITOR

Pursuant to the provisions of Section 148 of the Companies Act, 2013 the Company is required to have the audit of its Cost records. The aforementioned audit is required to be conducted by a Cost Accountant. The Board of Directors of the Company have on the recommendation of the Audit Committee, approved the appointment of M/s. Joshi Apte & Associates (Registration No. 00240) as the Cost Auditors of the Company to conduct Cost audit as prescribed under the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2020-2021. The Board of Directors on recommendation of the Audit Committee have approved a remuneration of ₹ 1,00,000/- plus applicable GST and reimbursement of travelling and out of pocket expenses, subject to the ratification of their remuneration by the Members of the Company at the ensuing AGM.

M/s. Joshi Apte & Associates have, under Section 141 of the Act and the Rules framed thereunder, furnished a certificate confirming their eligibility and consent for appointment as Cost Auditors of the Company.

M/s. Joshi Apte & Associates, have vast experience in the field of Cost audit and have conducted the audit of the Cost records of the Company for the past several years.

### DISCLOSURE OF REMUNERATION OR COMMISSION RECEIVED BY A MANAGING OR WHOLE-TIME DIRECTOR FROM THE COMPANY'S HOLDING OR SUBSIDIARY COMPANY:

The Managing Director and Whole Time Director have not received any remuneration from the Subsidiary Company(ies) of the Company.

## BOARD'S REPORT (Contd.)

### CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

In compliance with the requirements of Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors of your Company have constituted a Corporate Social Responsibility (CSR) Committee. The details such as Constitution, Terms of reference, etc. of the Committee and the meetings held during the year are detailed in the Corporate Governance Report, which forms a part of the Annual Report of the Company. The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee are available on the website of the Company and can be accessed through the following web link: <https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/CSR/Corporate-Social-Responsibility-Policy-1.pdf>

The complete details on the CSR activities is enclosed as **'Annexure-2'**

### CORPORATE GOVERNANCE

Report on Corporate Governance and Certificate by the Secretarial Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in a separate section and forms a part of the Annual Report of the Company.

### CREDIT RATING

The Company has obtained credit rating. For the details on the same, please refer to the Corporate Governance Report.

### EMPLOYEE STOCK OPTIONS / RSU PLAN

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plan of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"). During the year under review, there was no change in the ESOP scheme of the Company.

The Company has an operative Metropolis Employee Stock Option Scheme 2015 (MESOS - 2015) which provides for grant of Stock Options to the eligible employees of the Company. The details of Employee Stock Options pursuant to Section 62 of the Companies Act, 2013 read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014 are provided in **'Annexure-4'** to this Report.

During year under review, the Company has allotted 4,51,886 equity shares pursuant to the exercise of Options to the eligible employees of the Company under Metropolis Employee Stock Options Scheme 2015 (MESOS-2015).

Further, subsequently on May 29, 2020 the Committee also granted 10,000 Stock Options out of the lapsed options at the exercise price of ₹705.77 per option.

Further, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors on February 6, 2020 and the Shareholders of the Company vide special resolution passed through the postal ballot process on April 6, 2020 approved the **"Metropolis Restricted Stock Unit, Plan 2020"** (RSU plan, 2020) for the eligible employees of the Company and its Subsidiaries.

As per the RSU plan, 2020, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company on May 29, 2020 has granted 206,700 awards / Restrictive Stock Units to the eligible employees of the Company and its Subsidiaries at the exercise price of ₹2 (at Face Value) per unit.

No employees was issued Stock options during the year equal to or exceeding 1% of the issued capital of the Company.

### INDUSTRIAL RELATIONS

The Company's relations with all its employees remained cordial and satisfactory during the year under review.

### PARTICULARS OF EMPLOYEES

The disclosure pertaining to the remuneration and other details as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **'Annexure-5'** and forms a part of this Report.

The statement containing names of Top ten employees in terms of remuneration drawn and the Particulars of Employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary of the Company.

### DEMATERIALIZATION OF SHARES

All the Shares of your Company (except 2 Equity shares held in physical mode) are in Dematerialization mode. The ISIN of the Equity Shares of your Company is INE112L01020.

### STATUTORY DISCLOSURES

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8 (3) of The Companies (Accounts) Rules, 2014 is as follows:



## BOARD'S REPORT (Contd.)

<b>A CONSERVATION OF ENERGY</b>		
i)	Steps taken or impact on conservation of energy	Your Company accords highest priority to energy conservation and is committed for energy conservation measures including regular review of energy consumption and effective control on utilisation of energy. The Company has designed its facilities keeping in view the objective of minimum energy loss. The Company has taken all steps to conserve Energy in the workplaces by educating and training the employees to conserve energy.  The Company has installed inverter AC in areas which are operating extended hours. Energy saving LED lights are installed at various laboratories and collection centres.  Every year, energy audit is conducted at Central Laboratory of the Company which is carried out by Independent Professional Agency.
ii)	Steps taken by the Company for utilising alternate sources of energy	The Company being in the service industry does not have any power generation units and did not produce/generate any renewable or conventional power
iii)	Capital investment on energy conservation equipment	The Capital investment on energy conservation equipment is insignificant.
<b>B TECHNOLOGY ABSORPTION</b>		
i)	Efforts made towards technology absorption	The Company being in Service Sector has adopted all new technology in terms of new software and hardware and latest machinery with automated processes available in the current Techno-environment and commensurate to the size, scale and complexity of its operations.
ii)	Benefits derived from technology absorption	Technology absorption has helped the Company to provide better and more accurate service to the Customers.
iii)	Details of Imported technology (last three years)	
	-Details of technology imported	Nil
	-Year of Import	N.A.
	-Whether technology being fully absorbed	N.A.
	-If not fully absorbed, areas where absorption has not taken place and reasons thereof	N.A.
iv)	Expenditure incurred on Research and development	Nil
<b>C FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ in Lakhs)</b>		
i)	Foreign Exchange inflow	998.23
ii)	Foreign Exchange outflow	109.99

### VIGIL MECHANISM/ WHISTLEBLOWER

Your Company has in place a Vigil mechanism as required under Section 177 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, for Directors and Employees to report their genuine concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Code of Conduct, the details of which are given in the Corporate Governance Report which forms a part of the Annual Report of the Company.

The Policy on Vigil Mechanism and Whistleblower is available on the website of the Company and can be accessed through the following weblink: [https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL\\_Whistle-Blower-PolicyA.pdf](https://prod-metropolisindia-bucket.s3.ap-south-1.amazonaws.com/Investors/code-of-conduct/MHL_Whistle-Blower-PolicyA.pdf)

**BOARD'S REPORT (Contd.)****DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has an Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment of women employees at the workplace. During the year, 2 (Two) Complaints were received, out of which, 1 (One) Complaint has been resolved and the other one will be disposed off in accordance with the Company's policy on prevention, prohibition and redressal of sexual harassment at workplace.

**COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has devised proper systems to ensure compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and the Company complies with all the applicable provisions of the same during the year under review.

Place: Mumbai

Date: May 29, 2020

**CAUTIONARY STATEMENT**

The statements in this Report, particularly those which relate to Management Discussion and Analysis as explained in a separate Section in this Report, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

**APPRECIATIONS**

The Directors thank the Company's employees, vendors, investors, consultants and bankers for their continuous support. The Directors also thank the Government of India, concerned Government departments and agencies for their co-operation.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. The Directors appreciate and value the contribution made by every member of the metropolis.

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

**Dr. Sushil Kanubhai Shah**

Chairman & Executive Director

(DIN: 00179918)