

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

Regd Office: No:6, Royal Road, Trichy – 620 001.

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of the Company will be held on Thursday, the 24th, June, 2010 at 4 PM at Hotel Sangam, Cantonment, Trichy 620 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Twenty Seventh annual Report of the Directors, the audited Balance sheet as at 31st March 2010, Profit and Loss Account for the year ended 31st March 2010 and the Auditors' Report thereon.
2. Mr D Selvaraj, Mr R Mohan and Mr A Krishnamoorthy, are retiring by rotation and they are willing and eligible for re-appointment as Directors.
 - 2a. To appoint a Director in place of Mr D Selvaraj who retires by rotation at this meeting and being eligible, offers himself for reappointment.
 - 2b. To appoint a Director in place of Mr R Mohan, who retires by rotation at this meeting and being eligible, offers himself for reappointment.
 - 2c. To appoint a Director in place of Mr A Krishnamoorthy, who retires by rotation at this meeting and being eligible, offers himself for reappointment.
3. To appoint Auditors:
RESOLVED THAT the retiring auditors of the Company, M/s Patel, Mohan Ramesh & Co., Chartered Accountants, Chennai being eligible for reappointment, be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such terms and conditions as to remuneration, out of pocket expenses etc., as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:
"RESOLVED THAT the various Articles in the Articles of Association of the Company are amended / inserted by new Articles as given under —

- I. The Interpretation Clause shall have the following inclusions after the existing interpretations —

- t. Shares — "Shares" shall mean the equity shares of the Company, with one vote per equity share and at par value of Re 1/- per equity share.
 - u. Share Capital – "Share Capital" shall mean the total issued and paid up shares of the company, determined on a fully diluted basis.
 - v. Share Equivalent – shall mean any instrument convertible into shares including without limitation global depository receipts, American depository receipts, convertible debentures, warrants, convertible preference shares and Foreign Currency Convertible Bonds, of the company.
 - w. Shareholding – shall mean, in respect of any Person, the sum of the number of Shares held legally or beneficially by such Person on a fully diluted basis, such sum expressed as a percentage of the Share Capital.
 - x. Stock Exchange – shall mean all those Securities and Exchange Board of India recognized stock exchanges on which the shares of the company are listed as also stock exchanges on which the share equivalents of the company are listed.
 - y. Transfer – (including with correlative meaning, the term "Transferred by") shall mean to transfer, sell, pledge, assign, hypothecate, create a security interest in or Lien on, place in trust (voting or otherwise), exchange, gift or transfer by operation of law or in any other way subject to any encumbrance or disposal thereof.
 - z. Writing – includes printing, lithography, type-writing and any other usual substitute for writing.
- The following are inserted after the existing Article 5
1. The company may opt to avail the services of a depository pursuant to the Depositories Act, 1996, if the Board of Directors so consider and shall if the SEBI requires the company to avail the services of a depository, the Board of Directors may take such steps as may be necessary to have its securities dealt with in fungible form and partly in physical form or and partly in demat form as the case may be. The Board of Directors will also have power to have demat shares converted into shares in a physical form at the option of the shareholders, if such a course is permissible in law.

Every person subscribing to securities offered by the Company shall have the option to receive security / certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed provide to the beneficial owner the required certificates or securities.

If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of the security and on receipt of the information the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Nothing contained in Section 153, 153A, 153B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

The following are inserted after the existing Article 16

1. The Board of Directors shall also have power if and in any event of an legislation is made permitting the company to issue shares without voting rights, may issue shares without voting rights on such terms and conditions as they may deem fit subject to the provisions of the Companies Act and other applicable provisions regulating the voting rights.

2. Company may, subject to the provisions of Section 77A & 77B of the Companies Act, purchase its own shares or other specified securities out of its free reserves or the securities premium account or the proceeds of any other shares or any specified securities and also issue sweat equity shares subject to fulfillment of conditions as mentioned in Section 79A of the Companies Act and also shares to the employees of the Company or its associate companies under the employees stock option scheme as may be framed and followed in accordance with the guidelines that are notified, issued or may be issued by the SEBI.

3. The Board may at any time increase the subscribed capital of the company by issue of new shares out of the unissued part of the Share capital in the original or subsequently created capital but subject to Section 81 of the Act and subject to the following conditions namely—

A. a. such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.

b. the offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than twenty-one days, from the date of the offer within which the offer if not accepted will be deemed to have been declined.

c. the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the share offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement to this right.

B. The Directors may with the sanction of the company in General Meeting offer and allot shares to any person at their discretion provided that such sanction is accorded either by –

a. a special resolution passed at any General Meeting

b. “by an ordinary resolution passed at a General Meeting by a majority of the votes cast with the approval of the Central Government in accordance with Section 81 of the Act,. Provided that an option or right to call of shares shall not be given to any person or person except with the sanction of the company in general meetings”.

4. The company shall have the right to issue any shares which carry voting rights or rights in the company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders other shares.

5. As regards all allotment of shares, from time-to-time made, the Board shall duly comply with Section 75 of the Act.

6. An application signed by or on behalf of the applicant for shares in the company, followed by an allotment of any shares therein, shall mean acceptance of the shares within the meaning of these Articles,, and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purpose of these Articles, be a shareholder.

7. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate for the same share or shares and the delivery of a certificate for the share or shares to one of the several joint holders shall be sufficient delivery to all such holders. Subject as aforesaid, where more than one share is so held, the joint holders shall be entitled to apply jointly for the issue of several certificates in accordance with Article 21 below.

8. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being and from time-

to-time shall be the registered holder of the share or his legal representatives or representative if any.

9. The Board of Directors may permit the holder of shares / debentures / deposits nominate any person, to whom his shares in or debentures / deposits of company shall vest in the event of death and may in addition to the manner prescribed under the provisions of the Companies Act consider framing of such procedure as may be necessary for regulating the nomination of shares in or debentures / deposits of the Company under the provisions of the Companies Act.

The following are inserted after the existing Article 37

1. On the trial or hearing of any action or suit brought by the company against any shareholder or his representative to recover any debt or money claimed to be due to the company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of shareholders of the company as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the company and it shall not be necessary to prove the appointment of the Directors who made any call not that a quorum of directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

2. When any shares shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

The following are inserted after the existing Article 48

1. Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Managing Director or by some person for the time being duly authorized by the Board in that behalf. In case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate he shall be entitled to receive a new certificate without payment of any fee in this regard and upon his delivering up to be cancelled every old or existing certificate which is to be replaced by a new one.

2. The instrument of transfer shall, after registration, remain in the custody of the company or the Registrars and Share Transfer Agents / Common Agency of the Company. The Board may cause to be

destroyed all transfer deeds lying with the company for a period of ten years or more.

3a. The company shall keep a book to be called the "Register of Members" and therein shall be entered the particulars of every transfer or transmission of any shares and all other particulars of shares required by the act to be entered in such Register.

b. All instruments of transfer which shall be registered shall be retained by the company but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.

4. The company shall be entitled to maintain the Register of Members in such form and such mode as may be permitted under the provisions of the Companies Act and the Company be permitted to maintain "Foreign Registers" at the place other than the Registered Office of the company as the Board of Directors may consider expedient.

5. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

The following are inserted after the existing Article 49

1. The resolution whereby any share is sub-divided may determine subject to the provisions of the Act that, as between the holders, of the shares resulting from such sub-division one or more such shares shall have some preference of special advantage as regards dividend, capital or otherwise over or as compared with the others.

The following are inserted after the existing Article 60

1. Share Warrant shall entitle the bearer thereof to the shares included in it and the shares shall be transferred by the delivery of the share warrant and the provisions of the Articles of Association the Company with respect to transfer and transmission of share shall not apply thereto.

The following are inserted after the existing Article 79

1. On a poll, votes may be given either personally or by proxy provided that no company shall vote by proxy as long as resolution of its directors in accordance with provisions of Section 187 is in force.

The following are inserted after the existing Article 91

1. Subject to the provisions of the Act the company shall be entitled to appoint director/s on a non-rotational basis.

2. Subject to the provisions of the Act, the Directors may, with the sanction of a Special Resolution passed in the General Meeting, and such sanction if any of the Government of India as may be required under the Companies Act, sanction and pay to the Whole-Time Directors such remuneration for their services as Whole Time Directors or otherwise and for such period and on such terms as they deem fit.

3. Subject to the provisions of the Act, the Board of Directors in their meeting may sanction and pay to the directors in addition to their remuneration, an incentive out of the after tax net profits of the company calculated in accordance with the provisions of Section 198 of the Act. The said amount of remuneration so calculated shall be divided in an agreed upon ratio, between the whole-time directors of the company who held office as whole time directors at any time during the year of account in respect of which such remuneration is paid or during any portion of such year irrespective of the length of the period for which they had held office respectively as such whole time directors.

4.A Director may be or become a director of any company promoted by this company or in which this company may be interested as vendor, shareholder or otherwise and no such director shall be accountable to the company for any benefits received as a director or member of such company.

5.The business of the company shall be carried on by the Board of Directors.

The following Article is to replace the existing Article 95

1. Each committee shall have a Chairman to conduct the meeting; if he is not available or if for any meeting he is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their member to be Chairman of the meeting.

The following are inserted after the existing Article 124

1.The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Other Additions

1. (As addition to the contents of the existing Article 31) – Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

2. (As addition to the contents of the existing Article 35)—and that declaration and the receipt of the company for the consideration, if any given for the shares on the sale of disposal thereof, shall constitute a good title to the share and the person to

whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

3. (As additions to the existing Article 133) – In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the Special Resolution by notice in writing, direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators shall, if practicable, act accordingly.

Once the insertions are done with the entire Articles of the Articles of Association of the company is to be consecutively numbered starting from number 1".

NOTES

i. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be the member of the company. Proxies in order to be valid must be lodged with the Company in its Registered Office at least 48 hours before the meeting.

ii. The Register of members of the Company will be closed from 17th June, 2010 to 30th June, 2010 (both days inclusive). Queries on Agenda items shall reach the Registered Office at least 7 days before the AGM to facilitate detailed reply at the meeting.

Registered Office:

**No.6 Royal Road,
TRICHY 620 001.**

Date: 21-05-2010

(By Order of the Board)

Dr S Chandrakumar
Managing Director & CEO

DIRECTORS' REPORT

The Board of Directors of your company have pleasure in presenting the Twenty Seventh Annual Report of the company together with the audited statements of account for the year ended 31.03.2010.

1. The financial results are as follows:

	(Amount in lacs of Rupees)	
	2009-2010	2008-2009
Operating Income	853.70	327.38
Other Income	<u>34.66</u>	<u>45.05</u>
Total Income	<u>888.36</u>	<u>372.43</u>
Operating and Administrative Expenses	837.36	405.01
Financial cost	-	139.81
Depreciation	86.53	91.03
Deferred Tax & FBT	<u>6.07</u>	<u>(374.78)</u>
	<u>929.96</u>	<u>261.07</u>
Net Profit (Loss)	(41.60)	111.36

In spite of the increased revenues, due to the cumulative losses (Rs 316.76 lacs) incurred the management is not able to recommend any dividend.

The company has suffered due to severe competition offered by the number of smaller nursing homes offering the same type of services as our hospital, at a lesser cost due to comparatively lower overheads. Being Corporate Hospital our hospital has certain fixed type of statutory overheads. We are not able to match their cost without compromising with, quality and ethical standards of Medical care. Further many of the equipments have become old and obsolete requiring replacement. Strengthening of the other resources like human resources, modification of ICUs, Operation Theatres and Ward & OP Rooms and Halls are also considered necessary, to suit the present needs and comply with the accreditation standards.

To augment these needs the Board of Directors in their meeting held on 21.01.2010 decided to issue twelve equity shares of Re 1 each to every one equity share held by the equity shareholders. After receiving the required approval from SEBI, the offer document for the proposed rights issue will be duly sent to the shareholders.

HIGHLIGHTS

Our company has enrolled for Chief Ministers Insurance plan provided for people below povertyline.
Inauguration of Audiology department.
Inauguration of fulltime Gastro Enterology Department.
Inauguration of Obesity Clinic.

2. Directors

At present the following is the constitution of the Board –

1. Mr A Mohan
2. Dr S Chandrakumar
3. Mr A Krishnamoorthy
4. Dr S Manivannan
5. Dr T Senthilkumar
6. Mr D Selvaraj
7. CA S Chenthilkumar
8. Mr B Pattabhiraman

3. Disclosure under section 217(1)(e) of the Companies Act, 1956.

The particulars required to be given as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are as under—

i. Conservation of Energy

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 operation. However company takes all efforts to conserve energy and carries out periodical energy audits.

ii. Technology Absorption

The company currently is forced to restrict the updation of technology on account of severe financial constraints. However within the limitation, everything possible was done to acquire, improve and update the technology in various fields of Medicine.

iii. Foreign Exchange Earning and Outgo

	Current Year	Previous Year
a. Export and Foreign Exchanges Earned	NIL	NIL
b. Value of import of goods on CIF basis	NIL	NIL
c. Foreign Travel	NIL	NIL

4. Particulars of Employees pursuant to section 217(2A)

There is no employee drawing a salary attracting the provisions of Section 217(2A) of the Companies Act, 1956 except Dr S Chandrakumar, the Managing Director of the Company. (From 1.10.2009 to 31.03.2010, Rs 213500 per month)

5. Directors' Responsibility Statement pursuant to Section 217(2AA) of the Companies Act, 1956.

Your Directors report as follows –

i. that in the preparation of the annual accounts relating to the financial year ending on 31.03.2010, the applicable Accounting Standards had been followed and proper explanatory statements had been added relating to material departures, wherever necessary.

ii.that the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31.03.2010 and Profit of the company for the financial year ending on that date.

iii.that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv.that the Directors had prepared the annual accounts on a going concern basis.

v.that a comprehensive Code of Conduct has been laid down for all the Board Members and Senior Management Personnel of the Company. Strict compliance of this Code of Conduct by the Board Members and Senior Management personnel is closely monitored. This code of conduct has also been posted on the website of the company.

6. Audit Committee

In sequence of the change in the management the Audit Committee is re-constituted with the following members –

CA S Chenthilkumar — Chairman (Non-Executive & Independent)
Sri R Mohan — Member (Non-Executive & Independent)

Sri D Selvaraj — Member (Non-Executive)
The Audit Committee met 4 times during the year.

7. Deposits

The company has not accepted any deposit from the public.

8. Personnel

Employer-employee relationship in your company continues to be cordial. Your directors look forward to the same in future.

9. Auditors and their Report

M/s Patel, Mohan, Ramesh & Co, Chartered Accountants, Chennai, the present Statutory Auditors of the company have enclosed their Report.

They are willing and eligible for re-appointment. More details are included in the Notice to the shareholders. The auditors in their report for the period 2009-2010 indicated the non maintenance of the Fixed Assets

Register as per prescribed provisions of the Accounting Standards and non inclusion of terms of repayment of loans borrowed from the company under the same management.

In the course of efforts taken for revamping the civil areas as well as equipments, the proper fixed locations for the fixed assets could not be recorded. The management is taking prudent measures to set right the deficiency. The management is also assuring a full compliance within a short while.

Since the revamping process is not completed and still going on, the revenue generated by the operating activities are not sufficient to augment the requirements. Therefore for the loans borrowed from the company under the same management for the above purposes, the repayment terms could not be arrived at, as the future generation of revenues could not be predicted. Once the conditions of revenue generations are promising, which is assured by the present performance of the hospital, the terms of repayment will be arranged with the lenders in the best interest of the Company.

The substantially whole part of the accumulated losses are the legacy of the previous management. The present management is applying all strategies to reduce these accumulations within the shortest possible period. The major step taken towards this end is the capital reduction process undertook and successfully completed by the present management.

However the management is not leaving even a single stone un turned, to increase the revenues and to control the costs.

10. Corporate Governance

A Detailed Corporate Governance Report has been annexed to this report.

11. Acknowledgement

Your Directors wish to thank various Government Agencies, State Bank of India, Punjab National Bank and Axis Bank for their continued co-operation and the support to the company. Your Directors wish to record their appreciation of services rendered by the staff, consultants and officers of the company during the year under report.

Place: Trichy
Date : 21.05.2010

For and on behalf of the Board
Dr S Chandrakumar
Managing Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

KMC Speciality Hospitals (India) Limited, a company in the KMC group is committed in adopting the best possible practices of corporate governance. Corporate Governance envisages commitment of the Company towards the attainment of rendering the best medical facilities to the society at large at moderate cost, attaining the goal of making itself transparent and accountable with the ultimate objective of protecting the long-term interest of the Shareholders and other stakeholders.

Name of the Director	Executive/ Non Exec. Independent	No of Meetings Attended	Attendance at last AGM held on 2010	No of outside Director-ship	No of Membership/ Chairmanship in Other Board Committees
Mr. R. Mohan	Independent	5	Present	-	(NIL)
Dr. S. Chandrakumar	Managing Director	5	Present	03	(NIL)
Dr. S. Manivannan	Non-Executive	4	Present	01	(NIL)
Dr. T. Senthilkumar	Non-Executive	5	Present	01	(NIL)
Mr. D. Selvaraj	Non-Executive	5	Present	02	(NIL)
Mr. A. Krishnamurthy	Non-Executive	5	-	03	2
CA S. Chenthilkumar	Independent	5	Present	-	(NIL)
Mr. B. Pattabhiraman	Independent	3	Present	08	1

The Total strength of the Board as on the Date of the report is 8.

Board Meetings were held during the financial year 2009 – 2010 on the following dates –

Name of the Director	DATES OF MEETINGS				
	1st 13.05.2009	2nd 17.06.2009	3rd 31.07.2009	4th 29.10.2009	5th 21.01.2010
Mr R Mohan	Present	Present	Present	Present	Present
Dr S Chandrakumar	Present	Present	Present	Present	Present
Dr S Manivannan	Present	Present	—	Present	Present
Dr T Senthilkumar	Present	Present	Present	Present	Present
Mr D Selvaraj	Present	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	—	Present
CA S Chenthilkumar	Present	Present	Present	Present	Present
Mr B Pattabhiraman	Present	Present	—	Present	—

AUDIT COMMITTEE

An Audit Committee consisting of the following independent directors has been reconstituted on 26.03.2009 -

1. CA S Chenthilkumar Chairman
2. Mr R Mohan Member
3. Mr D Selvaraj Member

Keeping in mind the Whistle Blower Policy as per Clause 49(IV) of the Listing Agreement, no personnel are denied access to the Audit Committee for sharing their views, suggestions or deficiencies in systems and procedures.

During the financial year 1.4.2009 to 31.3.2010 the Audit Committee met as per the details given hereunder –
Name of the Director DATES OF MEETINGS

	1st 13.05.2009	2nd 31.07.2009	3rd 29.10.2009	4th 21.01.2010
CA S Chenthilkumar	Present	Present	Present	Present
Mr. R. Mohan	Present	Present	Present	Present
Mr. D. Selvaraj	Present	Present	Present	Present

From 1.3.2009 our company has appointed a Company Secretary cum Compliance Officer of the Company. At present the Shareholders' / Investors' Grievance Committee consists of the following members –

Mr A Krishnamoorthy
Dr S Manivannan
Mr D Selvaraj

The committee met once during the year with full attendance, on 21.01.2010, to discuss the normal communications from the shareholders like change of address, non receipt of Annual Report etc (only 5 complaints in total for 3 meetings) for which immediate actions were taken. A separate email ID has been created to enable the share holders to register their grievances.

Upon reconstitution of the Board by induction of two Independent Directors all the committees are re-constituted for efficient operational purposes.

The total number of complaints received during the financial year 1.4.2009 to 31.3.2010 are categorized as under –

Nature of Complaints	Number of Complaints
1.Non-receipt of Annual Report and Accounts Annual Reports were sent duly sent in time. However for shareholders who haven't received, copies were sent.	5
2.Non-Receipt of share certificates The Duplicate share certificates were issued, wherever needed	Nil
3.Non receipt of Refund of Share Application Money	Nil
4.Non receipt of dividend The shareholders were informed that no dividend was declared so far.	NIL
5.Others (Non receipt of DD relevant to open offer)	NIL

Share Transfer Committee

M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600001 has been appointed as the Registrar and Share Transfer Agents since June, 2008.

At present the Share Transfer Committee consists of the following members—

1.Dr S Chandrakumar	Chairman
2.Dr S Manivannan	Member
3.Dr T Senthilkumar	Member

The committee met ten times during the financial year 2009-2010 and ensured that all valid transfer deeds and transmission applications were acted upon and share certificates sent to the transferee promptly within 30 days of receipt of the Documents as required under the provisions of the Stock Exchange Listing Agreements.

Remuneration Committee
At present the Remuneration committee consists of the following members –

1.Mr A Krishnamoorthy	Chairman
2.Mr R Mohan	Member
3.Mr D Selvaraj	Member

The Remuneration committee met once on 25.8.2009 to fix the remuneration to the Managing Director, Dr S Chandrakumar, which remuneration details have been included in the Annual Report for the year 2008-2009.. Apart from the above no remuneration was paid to any director except the sitting fees paid to the Independent Non-Executive Directors.

ANNUAL GENERAL MEETINGS

1.Location and time for the last three AGMs

Year	Date	Venue	Time
2006-2007	16.09.2007	Registered Office No. 6, Royal Road Trichy – 620 001	12.00 Noon
2007-2008	14.07.2008	—do—	4.30 p.m
2008-2009	25.09.2009	Hotel Sangam Cantonment Trichy – 620 001	4.00 p.m

2.Special Resolutions passed in the previous AGM (2008-2009)	4
3.Whether any special resolution passed last year through postal ballot	Nil
4.Person who conducted the postal ballot exercise	Not Applicable
5.Whether any special resolution proposed to be conducted through Postal ballot	NIL

DISCLOSURE

Necessary disclosures on Substantial Acquisition of Shares and Takeovers Regulations 1997 by the Promoters / Directors as required by SEBI has been made up to date and filed with Stock Exchanges at Mumbai and Chennai.

MEANS OF COMMUNICATIONS

The company is publishing Unaudited quarterly / Audited annual results in English and Tamil Newspapers promptly besides faxing the same to the Stock Exchanges 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.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility of Corporate hospital industry is four-dimensional and can be thought of, in terms of service, profitability, ecological friendly and outreach.

1.Service – The slogan of the company itself is 'People Caring for People'. The Management is determined to maintain a culture of Customer Service Excellence, respecting their diversified feelings and treating them with dignity. A wide land space is covered for providing services taking the services to the doorsteps of the patients when required. The management is striving its best to provide to the patient customers more and more comfort and convenience, thus paving way to a positive healthcare experience.

2. Profitability—The core policy of the management is to protect and enhance the value of the organization's assets while maximizing the shareholders' and stakeholders' benefit.

The financial figures depicted by the Directors' Report are self explanatory to speak about the efforts taken by the present management to enhance the status of all the shareholders and stakeholders of the company. All the resources are put to judicious use to benefit all in need of care, by generating higher revenue when compared to the previous year. Not only this but controlling the cost and improving the efficiency are also some of the basic concerns of the management.

3. Ecological friendly – The management considers ethically, the organization's obligation to protect the environment as per the ecological protocols prescribed by the authorities. At this juncture the management is following prudently the waste management protocols prescribed by the Pollution Control Boards. The waste is segregated and disposed off as per the provisions of the protocols.

Moreover as a simple gesture of bringing out the difference and reducing the alarming global warmth, the management has made arrangements to participate in the green revolution by implanting and maintaining trees in various places in and around Trichy. At present it has become an accelerated stride with strong anti-carbon footprints of the company aiming at a low carbon economy.

4. Outreach – The management is committed to the general public through expending for public programs to the extent possible. Free health check-ups and medical advices are provided to the rural and ignorant people, by various outreaching programmes conducted independently and also with other medical associations.

Various Medical, Paramedical and Hospital Management Programmes are being conducted by the company. Diversified projects are being considered by the management to bring into its ambit multi-dimensional medical services under one roof.

With all the above committed and dedicated measures of philanthropy our hospital company is assured of a unprecedented winning edge.

GENERAL SHAREHOLDER INFORMATION

It is brought to the notice of the shareholders that since March 2010, the shares of our company has been dematerialized with National Securities Depositories Ltd and Central Depository Services Ltd. The shareholders may kindly contact the Common Agency M/s Cameo Corporate Services Ltd, No 1, Subramanian Building, Club House Road, Chennai - 600 002, in this regard.

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

The Twenty Seventh Annual General Meeting is scheduled to be held on Thursday, the 24th June, 2010 at 4.00 p.m at Hotel Sangam, Cantonment, Trichy – 620 001 as per the notice enclosed. The shares of the company are at present listed with Bombay Stock Exchange Limited, Madras Stock Exchange Limited and Delhi Stock Exchange Limited and the listing fees for the year 2009-2010 were paid to them duly. The share trades of the company in the stock exchanges are not worth monitoring. The total number of shares transferred during the financial year 2009-2010 was 32 900 which constitutes 0.26% of the total shares of the company.

The communications sent to many of the shareholders are reverted back to the company for want of proper addresses. Hence the shareholders who are receiving this Annual Report are requested to advise any of the other shareholders known to them who have not received the Annual Report, to communicate to the company their current addresses where the communications are to be sent. The shareholders can also send their addresses to the email id referred at the end of this report.

The Distribution pattern of the shareholdings as on 31.03.2010 is as follows –

No.of shares	No.of shareholders	No.of shares	% of Total Shares
01 - 5000	50368	7 14 0055	56.92
5001 - 10000	10	72 300	0.58
10001 - 20000	3	45 700	0.36
20001 - 30000	4	94 700	0.75
30001 - 40000	1	33 300	0.27
40001 - 50000	2	1 00 000	0.80
50001 - 100000	1	56 700	0.45
Above 100000	1	5002245	39.87

PATTERN OF SHAREHOLDING AS ON 31.03.2010

PARTICULARS	No.of shares held	% of shares held
1.Promoters & persons acting in concert	50 02 245	39.87
2.Mutual Funds and UTI	900	0.01
3.Banks, Financial Institutions and Insurance COs	—	—
4.Foreign Institutional Investors	—	—
5.Corporate Bodies	1 67 500	1.33
6.Indian Public	64 96 655	51.79
7.NRI / OCBs	8 77 600	7.00
8.HUF	100	—
TOTAL	1 25 45 000	100.00

ADDRESS FOR CORRESPONDENCE

Registered Office

No 6, Royal Road, Cantonment
Tiruchirapalli – 620 001
Phone – 0431 4077777
Fax — 0431 2415402

Website address
Hospital Complex
For Complaints

www.kmcspecialityhospital.in
Email id – info@kmcspecialityhospital.in
Email id – finance@kmcspecialityhospital.in

Place: Trichy
Date :21.05.2010

For and on behalf of the Board
Dr S Chandrakumar
MANAGING DIRECTOR



Patel Mohan Ramesh & Co.
Chartered Accountants

Auditors Report on Corporate Governance

To
The Members
KMC Speciality Hospitals (India) Ltd

We have examined the compliance of conditions of Corporate Governance by KMC Specialty Hospitals (India) Ltd, for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Patel Mohan Ramesh & Co
Chartered Accountants

N.Ramesh
Partner
Membership No: 019136

Place: Trichy
Date: 21-5-2010



Patel Mohan Ramesh & Co.
Chartered Accountants

Auditors' Report

To
The Members of KMC Specialty Hospitals (India) Ltd
Trichy- 620 001

1. We have audited the attached Balance Sheet of KMC Specialty Hospitals (India) Ltd as at March 31, 2010, and the related Profit and Loss account of the company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.



Patel Mohan Ramesh & Co.
Chartered Accountants

- v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. The quantitative particulars in respect of the trading operations of the company are not compiled and disclosed as required under sub clause (ii) (d) of Clause 3 of Part-II of Schedule VI to the Companies Act, 1956
- vii. Subject to what is stated in clause (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010; and
 - b) in the case of the profit and loss account, of the Loss for the period ended on that date.
 - c) in case of the cash flow statement, of the cash flows of the company for the year ended on that date.

For Patel Mohan Ramesh & Co.
Chartered Accountants

N.Ramesh
Partner
Membership No.: 019136

Place: Trichy
Date: 21st May 21, 2010



Patel Mohan Ramesh & Co.
Chartered Accountants

Annexure Referred to in paragraph 3 of our report of even date to the members of KMC Specialty Hospitals (India) Limited

i) In respect of its Fixed Assets:

- a) *The fixed assets register maintained by the company is not in proper format. The company was found to be maintaining records relating to fixed assets in an electronic format in which location and identification details are not furnished.*
- b) As explained to us, the management has a verification programmed for fixed assets in a phased manner and all the assets are covered by physical verification once in three years. According to the information and explanation given to us no material discrepancies were noticed by the management on such verification.
- c) In our opinion and according to the information and explanation given to us, the fixed assets that have been sold/ disposed off during the year under audit do not constitute a substantial part of the total fixed assets of the company. Hence the going concern assumption has not been affected by such disposal.

ii) In respect of its Inventories:

- a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.

iii) In respect of Loans given or taken:

- a) The company has not granted any loans to companies, firms or other parties covered in the register maintained under Sec 301 of the companies act, 1956. Hence sub clauses (b), (c) and (d) are not applicable.
- b) The company has taken unsecured loan from another company under the same management. In respect of the said loan the balance as at year end amounts to Rs.15.54 Crores
- c) In our opinion and according to the explanation given to us, the terms and conditions of loans taken by the company are prima facie not prejudicial to the interest of the company.
- d) *There was no repayment terms fixed as per the records produced.*

- iv) In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.



Patel Mohan Ramesh & Co.
Chartered Accountants

- v)
- a) In our opinion and according to the information and explanation given to us, the contracts or arrangements referred to section 301 of the companies act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and to the information and explanation given to us the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices. *In respect of the some of the services received from the group company, the group company has waived the fees payable for their services.*
- vi) The company has neither accepted any deposits during the year nor having outstanding liability against interest payable on deposits thereon. Hence the provisions of this clause are not applicable.
- vii) The company has appointed a firm of Chartered Accountants as Internal Auditors. On the basis of the reports submitted by them to the management, in our opinion the internal audit system is reasonable having regard to its size and nature of its business.
- viii) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under Section 209(1) (d) of the companies act, 1956 for any of the activities of the company.
- ix) **In respect of Statutory Dues:**
- a) According to the records of the Company, undisputed statutory dues including Income Tax, Sales Tax, PF, Service Tax, Customs Duty, Excise Duty, Cess, Gratuity and other material statutory dues, to the extent applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- b) In our opinion and information and explanation given to us there are no disputes pending regarding dues of Income Tax, Sales Tax, PF, Service Tax, Excise Duty, Cess and Gratuity payable to the Government Authorities except for Customs Duty. The details are as follows:-

Name of the Statue	Nature of the Dues	Amt involved in Rs.	Period to which the amount relates	Forum where the dispute is Pending
Customs Act, 1962	Customs Duty	85,24,905	1989 to 1993	Madras High Court



Patel Mohan Ramesh & Co.
Chartered Accountants

- x) The accumulated losses of the company have exceeded fifty percent of its net worth. The company has incurred no cash losses during the financial year but incurred cash loss in the year immediately preceding the current financial year.
- xi) The company has not taken any loans from financial institutions and banks. Hence the question of default of repayment of dues does not arise. The company has not issued any debenture.
- xii) In our opinion and the information and explanation given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanation given to us, the company is not a chit fund or a nidhi/mutual benefits/society. Therefore, provisions of any special statute applicable to Chit Funds Nidhi or Mutual Benefit Fund Society do not apply to this Company. Hence the provisions of clause (xiii) (a), (b), (c) and (d) are not applicable to this Company.
- xiv) The company is not trading in shares, securities, debentures and other investments. Also the company is not having investment in the nature of shares, securities, debentures and other investments.
- xv) According to the information and explanation given to us, the company has given guarantee for loans taken by another company under the same management from banks and the terms of such guarantee are prima facie appears to us, as not prejudicial to the interest of the company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans raised were prima facie been used for the purpose for which they were raised.
- xvii) According to the information and explanation given to us funds raised on short-term basis by the company have, prima facie not been used during the year for long term investments.
- xviii) The company has not made any preferential allotments of shares to the parties and companies covered in the register maintained u/s 301 of the act.
- xix) According to the information and explanation given to us, the company has not issued any debentures during the year under audit.
- xx) The company has not raised any money by way of public issue during the year.
- xxi) During the course of our examination of the books and records of the Company, and such checks carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of fraud on or by the company is reported or unearthed.

For Patel, Mohan, Ramesh & Co

FRN : 002597 S

Chartered Accountants

N.Ramesh (M.No.019136)

Partner

Place: Trichy

Date: 21st May 2010

Block II-D, 'Kences Enclave', Chari Street, T. Nagar, Chennai 600 017.
Telefax: 2814 0525, 2814 2331, 6517 0748, e-mail: pmrandco@gmail.com

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office: No. 6, Royal Road, Trichy-620 001
Balance Sheet as at 31st March 2010

Particulars	Sch Ref	As at 31st (Rs.)	March 2010 (Rs.)	As at 31st (Rs.)	March 2009 (Rs.)
I. Sources of Funds					
1. Shareholders Funds:					
a. Share Capital	A		12,545,000		125,450,000
b. Reserves & Surplus	B		30,182,334		30,182,334
2. Loan Funds:					
Unsecured Loans	C		155,400,969		123,231,807
Total			198,128,303		278,864,141
II. Application of Funds					
1. Fixed Assets	D				
a. Gross Block		244,836,339		242,575,822	
b. Less: Depreciation		140,576,490		142,088,383	
c. Net Block			104,259,849		100,487,439
d. Capital Work in Progress			16,658,517		994,355
2. Net Deferred Tax Asset (Refer notes to accounts M.2.(o))			36,960,649		37,567,691
3. Current Assets and Loans & Advances					
Inventories	E	2,990,673		1,563,848	
Sundry Debtors	F	14,076,625		5,048,341	
Cash & Bank Balances	G	885,841		860,493	
Loans and Advances	H	2,490,330		2,064,891	
		20,443,469		9,537,573	
4. Less: Current Liabilities and Provisions	I				
Net Current Assets		11,870,656	8,572,812	9,791,000	(253,427)
5. Miscellaneous Expenditure (to the extent not written off)			31,676,476		140,068,083
6. Profit & Loss Account					
Total			198,128,303		278,864,141

Schedules "A" to "I" and Notes in Schedule "M" form part of this Balance Sheet

As per our report of even date

■ **For Patel Mohan Ramesh & Co** ■

■ **For KMC Speciality Hospitals (India) Ltd** ■

FRN : 002597 S

Chartered Accountants

N.Ramesh

Dr. S.Chandrakumar

CA. S.Chenthilkumar

N.Jayanthi

Partner

Managing Director

Director

Company Secretary

M. No: 019136

■ Place : Trichy ■

Date: 21-5-2010

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office: No. 6, Royal Road, Trichy-620 001
Profit & Loss Account for the year ended 31st March 2010

Particulars	Sch Ref	For the year ended 31st March 2010 (Rs.)	For the year ended 31st March 2009 (Rs.)
I. Income			
Hospital Income		85,369,658	32,737,919
Interest Income		35,877	163,945
Other Income		581,504	1,731,785
Balances/ Provisions written back		2,849,081	2,510,833
Total		88,836,120	37,144,482
II.Expenditure			
Hospital Operative Expenses	J	37,524,455	15,030,976
Personnel Cost	K	19,686,904	10,339,895
Administrative & Other Expenses	L	26,524,326	15,129,881
Financial Expenses		11,407,535	13,980,865
Total		95,143,220	54,481,617
Profit / (Loss) before Depreciation		(6,307,100)	(17,337,135)
Depreciation	D	8,653,304	9,103,449
Profit / (Loss) before Extraordinary Items & Taxes		(14,960,406)	(26,440,584)
Extraordinary Item (See M.2.(a) (ii) in Notes to Accounts)		11,407,535	-
Less: Provision for Taxes		(3,552,871)	(26,440,854)
Income Tax		-	-
Deferred Tax		607,042	(37,567,691)
Fringe Benefit Tax		-	90,000
Tax Relating to Previous Years		516	-
Profit / (Loss) for the Year		(4,160,428)	11,037,107
Prior Period Items		(352,965)	98,577
Profit / (Loss) after Prior Period Items		(4,513,393)	11,135,684
Profit / (Loss) Brought Forward		(140,068,083)	(151,203,767)
Less : Adjusted against Share Capital		112,905,000	-
Profit / (Loss) carried to Balance Sheet		(31,676,476)	(140,068,083)
Basic earnings per share (before extra ordinary item)		(1.27)	0.89
Basic earnings per share (after extra ordinary item)		(0.36)	0.89
Diluted earnings per share (before extra ordinary item)		(1.27)	0.89
Diluted earnings per share (after extra ordinary item)		(0.36)	0.89

Schedules "J" to "L" and Notes in Schedule "M" form part of this Profit & Loss Account

As per our report of even date

For Patel Mohan Ramesh & Co

For KMC Speciality Hospitals (India) Ltd

FRN : 002597 S

Chartered Accountants

N.Ramesh

Dr. S.Chandrakumar
Managing Director

CA. S.Chenthilkumar
Director

N.Jayanthi
Company Secretary

Partner

M. No: 019136

Place : Trichy

Date: 21-5-2010

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<u>Schedule A - Share Capital:</u>		
Authorised Share Capital		
25,00,00,000 Equity Shares of Re. 1/- each * (Previous Year 2,50,00,000 Equity Shares of Rs. 10/- each)	250,000,000	250,000,000
Issued & Subscribed & Paid up Capital		
1,25,45,000 Equity Shares of Re. 1/- each* (Previous Year 1 25 45 0000 Equity Shares of Rs. 10/- each) (Of the above 2,59,270 equity Shares (Previous Year 2,59,270) were issued for consideration other than cash.)	12,545,000	125,450,000
Total	12,545,000	125,450,000
* During the year, the face value of the shares authorised, issued, subscribed and paid up was reduced from Rs. 10/- each to Re.1/- each consequent to the scheme of reduction of capital approved by the Hon. High Court of Judicature at Madras		
<u>Schedule B - Reserves & Surplus:</u>		
Capital Reserve	30,182,334	30,182,334
Total	30,182,334	30,182,334
<u>Schedule C - Unsecured Loans:</u>		
From Others*	155,400,969	107,600,000
Interest accrued on above loan		14,931,807
Working Capital Loan	-	700,000
Total	155,400,969	123,231,807

The above loan was taken from, a company under the same management. Maximum balance outstanding during the year - Rs.16,58,00,000 (Previous Year - Rs. 10,76,00,000)

* See Note M.2(a)(ii) in Notes to Accounts.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office: No. 6, Royal Road, Trichy-620 001

Schedule - D Fixed Assets

Particulars	Gross Block			Rate	Depreciation Block				Nett Block	
	As on 01.04.2009	Addition	Deletion		As on 31.03.2010	As on 01.04.2009	For the Year	On Deletion	As on 31.03.2010	As on 01.04.2009
Land	4,043,397	-	-	4,043,397	-	-	-	-	4,043,397	4,043,397
Buildings	83,052,190	-	775,185	82,277,005	1.63%	1,342,154	254,935	22,683,663	59,593,342	61,455,746
Medical & Surgical Equipments	100,077,340	14,424,647	13,351,849	101,150,138	7.07%	5,451,772	8,925,159	75,595,864	25,554,274	21,008,090
Electrical Installation & Generators	26,093,067	250,933	926,985	25,417,015	4.75%	160,458	926,985	23,894,575	1,522,440	1,431,966
Air Conditioners	1,289,778	369,500	-	1,659,278	4.75%	58,084	-	498,373	1,160,905	849,488
Office Equipments	1,827,017	201,009	43,491	1,984,535	4.75%	88,867	20,633	1,159,523	825,012	735,728
Furniture & Fixtures	3,144,678	219,904	-	3,364,582	6.33%	1,309,638	-	1,512,001	1,852,581	1,835,040
Refrigerators	257,967	-	-	257,967	4.75%	3,471	-	225,135	32,832	36,303
Lab Equipments	4,113,406	-	-	4,113,406	7.07%	2,899,564	-	3,131,124	982,282	1,213,842
Vehicles	1,068,597	342,486	-	1,411,083	9.50%	554,376	-	687,855	723,228	514,221
Books	484,133	-	-	484,133	4.75%	384,979	-	407,976	76,156	99,153
Other Equipments	4,811,341	56,353	-	4,867,694	4.75%	3,723,208	229,728	3,952,937	914,757	1,088,133
Lift	3,986,802	1,050,000	-	5,036,802	4.75%	2,088,598	-	2,313,226	2,723,576	1,898,203
Computers	4,924,612	1,206,932	-	6,131,544	16.21%	3,855,235	-	4,146,390	1,985,153	1,069,376
Dental Equipments	3,301,497	34,264	798,002	2,537,759	7.07%	167,726	37,487	309,498	2,228,261	3,133,771
Intangible Assets -	100,000	-	-	100,000	33.33%	33,330	-	58,350	41,650	74,980
Total	242,575,822	18,156,028	15,895,512	244,836,339		142,088,383	10,165,198	140,576,490	104,259,849	100,487,439

Capital WIP 994,355 16,658,517 994,355 16,658,517

16,658,517 994,355

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<u>Schedule E - Inventory</u>		
Inventories of Medicines, Stores, Lab Chemicals, Instruments, Etc.,	2,990,673	1,563,848
Total	2,990,673	1,563,848
<u>Schedule F - Sundry Debtors</u>		
(Unsecured and Considered Good)		
More than Six Months	3,035,250	759,545
Others	11,401,442	4,288,796
Less: Provision for doubtful debts	(360,067)	-
Total	14,076,625	5,048,341
<u>Schedule G- Cash & Bank Balances</u>		
Cash in hand	231,898	59,758
Balances in Current account in Scheduled Banks	653,943	800,735
Total	885,841	860,493
<u>Schedule H- Loans & Advances:</u>		
a. Advances:		
(Unsecured and Considered Good)		
Income Tax Payments	604,258	550,070
Prepaid Expenses	512,077	169,837
Income Receivable	-	50,551
Other Advances	899,556	782,024
b. Deposits:		
with Government Departments	452,744	496,414
with Others	21,695	15,995
Total	2,490,330	2,064,891
<u>Schedule I - Current Liabilities & Provisions:</u>		
a. Current Liabilities:		
Taxes Payable	536,899	3,767,908
Sundry Creditors for goods and services*	4,940,840	2,308,644
Other Liabilities	988,417	3,005,063
b. Provisions:		
Provision - Others	5,404,500	479,000
Provision - FBT	-	230,385
Total	11,870,656	9,791,000

* Of this Rs 49,381 /- (Previous year Nil) is due to a company under the same management. Maximum amount outstanding during the year Rs 13,22,259 /- (previous year Rs 51,45,704 /-)

SCHEDULES TO PROFIT & LOSS ACCOUNT

Particulars	For the Half Year	For the
	Ended 31.03.2010	Year Ended 31.03.2009
	Rs.	Rs.
Schedule J - Hospital Operative Expenses		
Consumptions - Medicine, Films, etc.,	16,175,230	6,103,137
Lab Charges	5,468,825	2,488,152
Doctors Professional Charges	14,016,157	4,491,241
IP Services	1,864,243	1,948,446
Total	37,524,455	15,030,976
Schedule K - Personnel Cost:		
Salaries, Wages & Bonus	18,045,558	9,601,744
Contribution to Provident Fund	269,449	142,445
Staff Welfare Expenses	1,210,655	290,916
Gratuity	161,242	304,790
Total	19,686,904	10,339,895
Schedule L - Administrative & Other Expenses		
Power & Fuel	3,227,112	2,383,116
Lease Rent	3,000,000	3,000,000
Property Tax Revision	5,000,000	-
Municipal Rent	-	379,000
Claims paid	-	100,000
Rates & Taxes	768,796	417,650
Sales Tax	321,895	94,558
Printing & Stationery	974,389	691,453
Postage & Telegram	415,947	199,455
Telephone expenses	666,731	401,198
Publicity & Advertisements	715,412	1,294,442
Business Promotion	449,955	353,906
Travelling, Boarding & Conveyance	513,661	430,338
Payment to Auditors (including Service tax)		
Statutory Audit	88,240	55,150
Tax Audit	22,060	5,515
Other Services	55,150	55,150
Uniform & Liveries	184,275	142,027
Director's Sitting Fees/Meeting Expenses	353,255	271,700
Security Charges	368,430	323,424
Freight	25,165	47,702
Miscellaneous Expenses	217,155	41,518
Listing Fees	79,872	103,681
Loss on sale of assets	3,700,775	
Professional Charges	656,331	514,318
Capital Reduction Expenses	1,280,450	-
Books & Periodicals	15,514	12,974
Insurance	165,608	33,293
Bank Charges	53,362	38,246
Repairs & Maintenance	2,480,362	3,740,067
Bad debts	724,424	-
Total	26,524,326	15,129,881

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd office: No. 6, Royal Road, Trichy-620 001
SCHEDULE M – NOTES TO ACCOUNTS

Significant Accounting Policies and Notes to Accounts forming part of financial statements for the year ended 31st March 2010

M. 1 Statement of Significant Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention under accrual method of accounting except in case of assets for which provision for impairment is made and revaluation is carried out and as a going concern, in accordance with the Generally Accepted Accounting Principles (GAAP) prevalent in India and to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any cost attributed for bringing the asset to its working condition for its intended use. Capital Work in Progress comprises of outstanding advances paid to acquire fixed assets and amount expended on development/ acquisition of fixed assets that are not yet ready for their intended use as on the balance sheet date.

d) Depreciation

Depreciation is provided using the Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956, which is management's estimate of the useful lives of the assets. Depreciation on new assets acquired during the year is provided at the rates applicable from the date of acquisition to the year end. Depreciation on assets sold or discarded is provided till the date of disposal. The rates of depreciation are as follows:-

Particulars	Rate
Buildings	1.63%
Medical, Surgical and Other Medical Equipment	7.07%
Vehicles	9.50%
Computers	16.21%
Furniture and Fixtures	6.33%
Office and Other Equipment	4.75%
Lifts	4.75%
Electrical Installations	4.75%

e) Intangibles

Intangible Assets are stated at cost of acquisition less accumulated amortization. Application Software is amortised over the license period of the software.

f) Impairment

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After testing for impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Inventories

- i) The inventories of all medicines, Medicare items traded and dealt with by the company are valued lower of cost and Net Realisable Value by applying the FIFO method.
- ii) The stock of stores, dental instruments, surgical instruments, dental and other Consumables are valued at cost. Cost of these inventories comprises of all costs of purchase and other cost incurred in bringing the assets to their present location.

h) Revenue Recognition

- i) Income from healthcare services is recognized on completed service contract method. The hospital collections of the company are net of rebates, concessions etc.
- ii) Pharmacy sales are stated net of returns, discounts and inclusive of sales tax.
- iii) Ambulance income is accounted on the basis of the contract entered between the parties on an accrual basis.

i) Leases

The Company has entered into a Land Lease arrangement for a period of 10 years with a further option to extend the lease. The Lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

j) Prior Period Items and Extraordinary Items

Prior period item and extraordinary item are separately classified, identified and dealt with as required under Accounting Standard 5 on "Net Profit or Loss for the period, prior period items and changes in accounting policies".

k) Employee benefits

i. Defined Contribution Plan

Provident Fund:

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon is paid at retirement. The company and employee's make monthly contributions to provident fund equal to a specified percentage of the covered employee's salary. The contributions are made to a government administered provident fund. The monthly contributions are charged off to revenue.

ii. Defined benefit plan

Gratuity:

The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity benefits based on actuarial valuation as at the balance sheet, using Projected Unit Credit Method.

iii. Short term benefits

Short term employee benefits are benefits which are payable within twelve months after the end of the period in which the employees render service and these are measured at cost.

i) Income Tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will not be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

b) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

c) Provisions

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

M.2 Notes forming Part of Accounts

a) Significant Events during the year

- i) During the year the company has effected a scheme of Capital Reduction as authorized under section 100 of the Companies Act 1956 and the same was confirmed by the Hon High Court of Judicature at Madras vide its order dated 24th November 2009. Consequent to such scheme of reduction, the loss of Rs. 11,29,05,000 been adjusted to write down the capital from Rs. 12,54,50,000 to Rs. 1,25,45,000.
- ii) The company is funded by borrowings from a company under the same management. Till last year, the company had agreed to pay interest at 10% p.a. However, the operations of the company did not generate enough inflows to service the interest payments and on representation, the other company has agreed to waive the entire interest payable till 31st March 2010. Accordingly, a sum of Rs.1,14,07,535 debited to the interest account is reversed and the payment made during the year has been adjusted against the principal outstanding.

b) Contingent Liability:

- iii) The company has received a show cause notice from The Department of Customs demanding a sum of Rs.85,24,905.00(Previous Year Rs.85,24,905), towards customs duty for the medical equipment imported during the years 1989-93 and the said amount is not provided as the company is taking appropriate legal steps regarding this issue.
- iv) The company has received a show cause notice from The Municipal Corporation, Trichy contending the construction of the 4th, 5th & 6th floors of the hospital building have no approval. The financial effect of the same could not be ascertained. The company has filed application before the appropriate authorities for the regularization of the construction.
- v) The company has received a show cause notice from Trichy Municipal Corporation demanding a sum of Rs. 9,17,260 being the arrears of rent on peramboke land. Of the said sum, a sum of Rs. 3,79,000 has been provided in the books of accounts for the year ended 31st March 2009.
- vi) The company has received a demand notice from Trichy Corporation for an amount of Rs. 1,08,31,767 being arrears of property tax for the period 2005-2010. The company in reply has filed an appeal with the District Munisif Court in the year 2003. A provision of Rs.50,00,000 has been made which is based on the management's estimate likely settlement of the above dues.
- vii) Claims against the company not acknowledged as debt Rs. 4,35,000 (Previous year Rs.6,76,000)

c) Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 59,14,142/- (Previous year- 2,26,145)

d) Sundry Debtors and Loans and Advances

Sundry Debtors, Creditors and deposits with Government authorities are yet to be confirmed. The company has sent letters of confirmation. The auditors have relied on the balance as per books of accounts maintained in the absence of confirmation from the debtors/creditors. The balances adopted are as appearing in the books of accounts.

e) Prior Period Item

Prior period item is shown net of income and expense, the same during the year amounts to Rs.3,52,965/- (Previous Year – Rs. 98,577)

- f) The company provides hospital services and also sells drugs and Pharmaceutical products. The quantitative particulars as per Para 3(ii) d of Part-II of Schedule-VI of the companies act, 1956 with respect to the total value of turnover, purchases, goods traded, sales etc for the financial year ended 31st March 2010 as required under the Companies Act, 1956 are not disclosed. In the opinion of the management, such disclosure is practically difficult.
- g) Payment to Managing Director - Dr.S. Chandrakumar - Monthly Remuneration – Rs.2,13,500
- h) Earnings in Foreign Currency – Nil (Previous Year- Nil)
- i) Expenditure in Foreign Currency- Nil (Previous Year- Nil)
- j) Remittance during the period of foreign currency on account of Import of Raw Materials- Nil (Previous Year- Nil)
- k) Micro, Small and Medium Enterprises Development Act, 2006**

In accordance with the Notification No.GSR 719 (E) dt 16.11.2007, issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, small and Medium Enterprises as defined under the Micro, Small and Medium Development Act, 2006. The Company is in the process of compiling the relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures as required as per statutory provisions as stated above have been made in the accounts.

l) Disclosure as required by Accounting Standard – 15

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:-

Particulars	As at 31st March 2010 Gratuity (Funded)	As at 31st March 2009 Gratuity (Funded)
Opening Defined Benefit Obligation	83,627	66,411
Interest Cost	12,834	-
Current Services Cost	44,529	17,216
Benefits Paid	-	-
Actuarial (Gain)/ Losses on Obligation	-	-
Closing Defined Benefit Obligation	1,40,990	83,627

Defined Benefit Obligation liability as at the balance sheet is wholly funded by the company.

Particulars	As at 31st March 2010 Gratuity (Funded)	As at 31st March 2009 Gratuity (Funded)
Change in Plan Assets		
Fair Value of Plan Assets as on 1 st April 2009	83,627	-
Expected Return on Plan Assets	8,340	-
Contributions	1,05,823	83,627
Benefits Paid	-	-
Actuarial Gain/ (Loss)	-	-
Fair Value of Plan Assets as on 31 st March 2010	1,97,790	83,627

Reconciliation of Present Value of the obligation and the fair value of the Plan assets		
Fair Value of the defined benefit	1,40,990	83,627
Fair Value of the plan assets at the end of the year	1,97,790	83,627
Liability/ (Assets)	(56,800)	-
Unrecognised past service cost	56,800	-
Liability/ (Assets) recognised in the balance sheet	-	-
Expenses to be recognised in Profit and Loss A/c		
Current Service Cost	44,529	17,216
Interest Cost	12,834	-
Expected Return on Plan Assets	-	-
Actuarial (Gain)/ Loss	-	-
Unrecognised past service cost	56,800	-
Expenses recognised in the Income Statement	1,14,163	17,216
Balance Sheet Reconciliation		
Opening Net Liability	83,627	66,411
Expenses as above	57,363	17,216
Employers Contribution	1,40,990	83,627
Amount recognised in the Balance Sheet	-	-

Actuarial assumptions used:-

Particulars	2009-10	2008-09
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Discount Rate	8% p.a	8% p.a
Withdrawal Rate (depending on age)	1-3%	1-3%
Salary Escalation	5%	7%
Method used for Present value of plan liability	Projected Unit Credit Method	Projected Unit Credit Method

a) Related Party Transactions under AS-18 and disclosure under SEBI (Substantial Acquisition of Shares & Takeovers) regulations, 1997:-

A list of related parties where control exists and other related parties with whom the company had transactions and their relationships:

Sl.No	Name of the Related Party	Nature of Relationships
1	Dr.S. Chandrakumar	Key Management Personnel
2	Dr.S. Manivannan	Key Management Personnel
3	Dr. T. Senthil Kumar	Key Management Personnel
4	D. Selvaraj	Key Management Personnel
5	Sri Kavery Medical Centre (Trichy) Ltd	Enterprise in which KMP are interested (promoters)

Sl.No	Name of the Related Parties	Nature of Transactions	31 st March 2010 (Rs.)	31 st March 2009 (Rs.)
1	Dr. S. Chandrakumar	Remuneration	12,81,100	-
2	Sri Kavary Medical Care (Trichy) Ltd	Land Lease	30,00,000	30,00,000
		Loan Received	14,06,00,000	2,32,00,000
		Loan Repaid	8,44,00,000	
		Assets sold	13,57,834	-
		Assets purchased	15,68,234	
		Interest Paid on Loan	-	1,39,80,865
		Interest Waiver	1,14,07,535	-
		Services Received	45,24,927	10,90,423
		Services Rendered	20,21,187	4,87,491
		Reimbursement of Expenses	-	8,08,765
		Sale of goods	-	23,265
		Payment during the year (net)	49,87,473	51,45,703
		Balance due (other than loan balance)	49,381(Cr.)	-
		Balance of outstanding	15,54,00,969	12,25,31,807

Promoters of the company & Persons Acting in Concert (PAC):

Sri Kavary Medical Care (Trichy) Ltd

b) Disclosure under Accounting Standard – 22

The company recognises deferred tax on timing differences arising in an accounting period and reversing in subsequent accounting periods. Also, Deferred Tax is the case of losses is recognised only on Unabsorbed depreciation loss as the company is of the opinion that there will be sufficient profits in future available for set off such losses. However, deferred tax assets on business loss are not recognised as a matter of prudence.

Particulars	Amount (Rs)	Amount (Rs)
Opening Deferred Tax Assets		3,75,67,691
Deferred Tax Asset on Depreciation Differences	6,19,677	
Deferred Tax Liability on Other Timing Differences	(12,26,719)	
Net Deferred Tax Liability for the year		(6,07,042)
Closing Deferred Tax Assets		3,69,60,649

c) Travelling, Conveyance and Business Promotion expenses include expenditure incurred by the directors of the company for the purpose of the business of the company.

d) Business Segments (Accounting Standard – 17)

The company is engaged only in one business segment, that is hospital service and hence no reporting is done under Accounting Standard – 17 (Segment Reporting) on segment revenue, expenses etc.

e) Earnings per Share (Accounting Standard – 20)

Particulars	As on 31st March 2010	As on 31st March 2009
Profit/(Loss) before extraordinary items attributable to equity shareholders (A1)	(1,49,60,406)	11,135,684
Profit/(Loss) after extraordinary items attributable to equity shareholders (A2)	(45,13,393)	11,135,684
Weighted average equity shares outstanding during the year (B1)	12,545,000	12,545,000
Weighted average equity shares outstanding during the year for diluted earnings per share(B2)	12,545,000	12,545,000
Basic earnings per share (before extraordinary items) (A1)/(B1)	(1.27)	0.89
Basic earnings per share (after extraordinary items) (A2)/(B1)	(0.36)	0.89
Diluted earnings per share (before extraordinary items) (A1)/(B2)	(1.27)	0.89
Diluted earnings per share (after extraordinary items) (A2)/(B2)	(0.36)	0.89

- f) Previous year's figures have been regrouped wherever found necessary to conform to the current year's presentation.
- g) The figures given in the Profit and Loss account and balance sheet have been rounded off to the nearest rupee.

M.3 Notes forming part of Cash Flow Statements

1. Cash and Cash Equivalents includes Cash and Bank Balances
2. The Cash Flow Statement has been prepared under the "Indirect Method" as per Accounting Standard 3 issued by ICAI.
3. Previous Years figures have been regrouped wherever necessary.
4. Figures in bracket represent outflow.

As per our report of even date

For Patel Mohan Ramesh & Co

FRN : 002597 S

Chartered Accountants

N.Ramesh

Partner

Membership No: 019136

For KMC Speciality Hospitals (India) Ltd

Dr. S.Chandrakumar CA S Chenthilkumar

Managing Director Director

N.Jayanthi

Company Secretary

Place: Trichy

Date: 21-5-2010

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office: No.6, Royal Road, Trichy - 620 001
Balance Sheet Abstract And Company's General Business Profile:
As per Part IV of Schedule VI to the Companies Act, 1956.

I Registration Details

Registration No.

				9	7	1	8
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 State Code

1	8
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Balance Sheet Date

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II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Right Issue						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					
Bonus Issue	Private Placement						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					

III Position of Mobilisation and Deployment of Funds (Amount in Rs.)

	Sources of Funds		Application of Funds																		
Paid up capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>2</td><td>5</td><td>4</td><td>5</td><td>0</td><td>0</td><td>0</td></tr></table>		1	2	5	4	5	0	0	0	Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>2</td><td>0</td><td>9</td><td>1</td><td>8</td><td>3</td><td>6</td><td>6</td></tr></table>	1	2	0	9	1	8	3	6	6
	1	2	5	4	5	0	0	0													
1	2	0	9	1	8	3	6	6													
Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>0</td><td>1</td><td>8</td><td>2</td><td>3</td><td>3</td><td>4</td></tr></table>		3	0	1	8	2	3	3	4	Investments	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L			
	3	0	1	8	2	3	3	4													
			N	I	L																
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				Deferred tax assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>6</td><td>9</td><td>6</td><td>0</td><td>6</td><td>4</td><td>9</td></tr></table>		3	6	9	6	0	6	4	9
			N	I	L																
	3	6	9	6	0	6	4	9													
Unsecured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>5</td><td>5</td><td>4</td><td>0</td><td>0</td><td>9</td><td>6</td><td>9</td></tr></table>	1	5	5	4	0	0	9	6	9	Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>5</td><td>7</td><td>2</td><td>8</td><td>1</td><td>2</td></tr></table>			8	5	7	2	8	1	2
1	5	5	4	0	0	9	6	9													
		8	5	7	2	8	1	2													
Other Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				Profit & Loss Acc.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>1</td><td>6</td><td>7</td><td>6</td><td>4</td><td>7</td><td>6</td></tr></table>		3	1	6	7	6	4	7	6
			N	I	L																
	3	1	6	7	6	4	7	6													
Total Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>9</td><td>8</td><td>1</td><td>2</td><td>8</td><td>3</td><td>0</td><td>3</td></tr></table>	1	9	8	1	2	8	3	0	3	Total Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>9</td><td>8</td><td>1</td><td>2</td><td>8</td><td>3</td><td>0</td><td>3</td></tr></table>	1	9	8	1	2	8	3	0	3
1	9	8	1	2	8	3	0	3													
1	9	8	1	2	8	3	0	3													

IV Performance of Company (Amount in Rs. Thousands)

	Net Turnover		Total Expenditure																
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>5</td><td>3</td><td>6</td><td>9</td><td>6</td><td>5</td><td>8</td></tr></table>	8	5	3	6	9	6	5	8		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>9</td><td>5</td><td>1</td><td>4</td><td>3</td><td>2</td><td>2</td><td>0</td></tr></table>	9	5	1	4	3	2	2	0
8	5	3	6	9	6	5	8												
9	5	1	4	3	2	2	0												
	(Please tick Appropriate box + for Profit, - for Loss)																		
	Profit before Tax +/-		Profit after Tax +/-																
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>3</td><td>5</td><td>5</td><td>2</td><td>8</td><td>7</td><td>1</td></tr></table>	-	3	5	5	2	8	7	1		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>4</td><td>5</td><td>1</td><td>3</td><td>3</td><td>9</td><td>3</td></tr></table>	-	4	5	1	3	3	9	3
-	3	5	5	2	8	7	1												
-	4	5	1	3	3	9	3												
	Basic +/-		Diluted +/-																
Earnings Per Share in Rs.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>-</td><td>0</td><td>.</td><td>3</td><td>6</td></tr></table>		-	0	.	3	6		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>-</td><td>0</td><td>.</td><td>3</td><td>6</td></tr></table>		-	0	.	3	6				
	-	0	.	3	6														
	-	0	.	3	6														

V Generic Names of Principal Products of the Company

Item Code No. (ITC Code)

N	O	T		A	P	P	L	I	C	A	B	L	E
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Product Description

H	O	S	P	I	T	A	L
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For KMC Speciality Hospitals (India) Ltd

Dr. S.Chandrakumar Managing Director	CA. S.Chenthilkumar Director	N.Jayanthi Company Secretary
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KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office: No. 6, Royal Road, Trichy-620 001
Cash Flow Statement for the year ended 31st March 2010

Particulars	For the year ended 31 st March 2010 (Rs.)	For the year ended 31 st March 2009 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and extra-ordinary items	(14,960,406)	(26,440,584)
Adjustments for		
Prior period items	(352,965)	98,577
Depreciation for the Year	8,653,304	9,103,449
Profit on Sale of Fixed Assets	-	(661,578)
Loss on Sale of Fixed Assets	3,700,775	-
Interest on Unsecured Loans	11,407,535	13,980,865
Interest received on Deposits	-	(163,945)
Provision for Claims	-	479,000
Operating Profit Before Working Capital Changes	8,448,243	(3,604,216)
Working Capital Adjustments	(1,426,825)	(810,019)
Inventories	(425,439)	272,366
Loans & Advances	(9,028,284)	(4,046,981)
Sundry Debtors	(2,615,461)	(988,190)
Current Liabilities	4,925,500	-
Provisions	(230,898)	-
Taxes Paid	(353,164)	(9,177,040)
Net Cash Flow From Operating Activities		
B. CASH FLOW FROM INVESTING ACTIVITIES	-	163,945
Interest Received on Deposits	2,029,540	1,261,462
Sale of Fixed Assets	(33,820,190)	(13,284,252)
Purchase of Fixed Assets	(31,790,650)	(11,858,845)
Net Cash Flow From Investing Activities		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	47,800,969	23,200,000
Repayment of Long Term Borrowings	(15,631,807)	-
Interest Paid on Long Term Borrowings	-	(3,168,065)
Cash Flow From Financing Activities before extraordinary item	32,169,162	20,031,935
Extra-ordinary item (see M 2 (a) (ii) in notes to accounts)	11,407,535	-
D. Net Cash Flow From Financing Activities	43,576,697	20,031,935
E. Net Decrease in Cash & Cash Equivalents (A+B+C)	25,348	(1,003,950)
F. Add : Opening Cash and Cash Equivalents	860,493	1,864,443
Closing Cash and Cash Equivalents (D+E)	885,841	860,493

Notes in Schedule "M" form part of this Cash Flow Statement

As per our report of even date

For Patel Mohan Ramesh & Co

For KMC Speciality Hospitals (India) Ltd

FRN : 002597 S

Chartered Accountants

N.Ramesh

Dr. S.Chandrakumar

CA. S.Chenthilkumar

N.Jayanthi

Partner

Managing Director

Director

Company Secretary

M. No: 019136

Place : Trichy

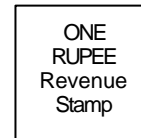
Date: 21-5-2010

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office : No. 6, Royal Road, Trichy – 620 001.

PROXY FORM

Folio No. _____
To be filled by the Shareholders

I/We _____
_____ in the district of _____ being a member/members of KMC
SPECIALITY HOSPITALS (INDIA) LIMITED, hereby appoint _____
of _____ in the _____ of _____ as my /our
proxy to vote for me/us on my/our behalf at the Twenty Seventh Annual General Meeting of the
Company to be held on Thursday, 24th day of June 2010 at 4.00 pm at Hotel Sangam, Cantonment,
Trichy 620 001 and at any adjournment thereof.



Signature

Signed this _____ day of _____ 2010

Address _____

Note: The Proxy form duly signed across the revenue stamp of Re. 1 should reach the Company's
Registered Office at least 48 hours before the commencement of the meeting.

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office : No. 6, Royal Road, Trichy – 620 001.

Admission Slip

I /We hereby record my/our presence at the Twenty Seventh Annual General Meeting of the
Company at Hotel Sangam, Cantonment, Trichy – 620 001 at 04.00 pm on Thursday the 24th June
2010.

Full Name of the Shareholder (in block letters) _____ Signature _____

Folio Number _____

Full name of the Proxy (in block letters) _____ Signature _____

Note: Share holders attending the meeting in person or by proxy are requested to complete
admission slip and hand it over at the entrance of the Meeting Hall.