

KMC Speciality Hospitals (India) Limited

Bankers

Axis Bank
Indian Overseas Bank
Punjab National Bank
State Bank of India

Auditors

M/s Patel Mohan Ramesh & Co
Chartered Accountants
Old .4, New 35, ARK Colony,
Eldams Road, Alwarpet,
Chennai - 600 018.

REGISTERED OFFICE & CORPORATE HOSPITAL COMPLEX

6, Royal Road,
Cantonment,
Trichy – 620 001.

BOARD OF DIRECTORS

Mr R Mohan	Chairman Director
Dr S Chandrakumar	Managing Director
Dr S Manivannan	Director
(Upto 27th July, 2011)	
Dr T Senthilkumar	Director
(Upto 10th November, 2011)	
Mr D Selvaraj	Director
Mr A Krishnamoorthy	Director
Mr CA S Chenthilkumar	Director
Mr B Pattabhiraman	Director
Mr S Krishnamurthy	Nominee Director
(w.e.f. 23 rd May, 2011)	
Dr D Senguttuvan	Director
(w.e.f. 27 th July, 2011)	
Dr. S. Vijayabaskaran	Director
(w.e.f. 10th November, 2011)	
Smt N Jayanthi	Company Secretary & Compliance Officer

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 Ninth Annual General Meeting of the members of the Company will be held on Thursday, the 27th, September, 2012 at 3.30 pm at Hotel Sangam, Cantonment, Trichy 620 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Twenty Ninth annual Report of the Directors, the audited Balance sheet as at 31st March 2012, Profit and Loss Account for the year ended 31st March 2012 and the Auditors' Report thereon.

2. To consider the Directors retiring by rotation.

Mr B Pattabhiraman and Mr A Krishnamoorthy are retiring by rotation and as they are willing and eligible offer themselves for re-appointment.

2a. To appoint a Director in place of Mr B Pattabhiraman who retires by rotation at this meeting and being eligible, offers himself for reappointment.

2b. 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, (FRN : 002597S) 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 RESOLUTIONS AS ORDINARY RESOLUTIONS.

“Resolved that the co-option of Dr S Vijayabaskaran into the Board as Additional Director wef 10th November, 2011 be and is hereby approved and taken on record.”

“Resolved that Dr S Vijayabaskaran, be and is hereby confirmed as the Non-Executive, Non-Independent Director of the Company liable to retire by rotation, in the casual vacancy created by the resignation of Dr T Senthilkumar, the Director of the Company with effect from 10th November, 2011.”

NOTES

i. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his / her behalf. A proxy need not be the member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited 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 Tuesday, 18th September, 2012 to Sunday, 30th September, 2012 (both days inclusive).

iii. Members desiring any information as regards the agenda items are requested to write to the Company at least seven days before the meeting so as to enable the management to keep the information ready.

Registered Office:
No.6 Royal Road,
TRICHY 620 001.
Date: 13-08-2012

(By Order of the Board)

Dr S Chandrakumar
Managing Director & CEO

Annexure to Notice

Explanatory Statement annexed to the Notice convening the Twenty Ninth Annual General Meeting of the Company as required under Section 173(2) of the Companies Act, 1956 in respect of the Special Business.

Item 4

Explanatory Statement as required under Sec.173(2) of the Companies Act 1956 in respect of item no 4 of the notice is annexed.

With effect from 10th November, 2011, Dr T Senthilkumar, the Director of the Company has resigned his office of directorship in our company due to his commitments in the other projects of the same group.

In the casual vacancy created by the resignation of Dr T Senthilkumar, Dr S Vijayabaskaran was co-opted into the Board of the Company with effect from 10th November, 2011. He is a doctorate academician

with a rich experience of nearly 2 decades. He has widely travelled abroad to various countries for presenting papers in seminars and conferences. His managerial services to the other hospitals in the group are worthy to be recorded. He is the brother of Dr S Chanadrakumar, the Managing Director of the company. The Board at its wisdom thought it fit to co-opt such an eminent person into the Board to avail his able guidance and directions in the administration of the Company.

Hence the above cited resolutions in Item 4, were placed before the shareholders for their approval.

None of the Directors are interested in the above cited resolution except Dr S Chandrakumar, the Managing Director of the Company and brother of Dr S Vijayabaskaran.

Registered Office:
No.6 Royal Road,
TRICHY 620 001.
Date: 13.08.2012

(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 Ninth Annual Report of the company together with the audited statements of account for the year ended 31st March, 2012.

1. The financial results are as follows:

Amount in lacs of Rupees

Particulars	For the year ended	
	31 st March 2012	31 st March 2011
Operating Income	1969.52	1304.60
Other Income	26.90	26.70
Total Income	1996.42	1331.30
Financial expenses	149.20	55.77
Depreciation	96.96	85.39
Profit/(Loss) before Tax	124.59	(39.54)
Provision for Deferred Tax	44.27	412.00
Profit/(Loss) after Tax	80.32	(451.54)

During the year under review due to increase in Bed strength coupled with improved bed occupancy your company's Operating revenue increased significantly by 51% resulting in a turn around. Your company recorded a Profit Before Tax of Rs. 124.59 lacs as compared to loss of Rs. 39.54 lacs in the previous year. Consequently the deficit in the Profit & Loss account of Rs. 768.31 lacs as on 1st April 2011 has been reduced to Rs. 687.98 lacs increasing the Shareholders' funds from Rs. 1164.37 lacs to Rs. 1244.69 lacs.

However, considering the need to conserve cash for operations and capex requirements, dividends could not be declared.

During the year under review, the company received an Assessment Order under section 143 (3) read with section 147 of the Income Tax Act, withdrawing the eligibility to carry forward unabsorbed depreciation loss to the extent of Rs. 1371.60 lacs, claimed by the erstwhile management prior to the acquisition by the present management. An appeal against this order has already been filed before the Commissioner of Income Tax (Appeals). Further the company has challenged the Assessment Order by filing a writ in the Madras High Court.

The shareholders are aware that your company has successfully completed the Rights Issue in March, 2011 at 12:1 ratio, with a subscription to the tune of 1.12 times of the issue involving an Issue amount of Rs 150540000.

The utilization of Rights Issue Proceeds projected in the Letter of Offer dated 11.01.2011 and the amount of proceeds utilized as on 31.03.2012 is provided below for the kind reference of the shareholders.

Sl. No	Particulars	Amount Projected Rs. in lacs	Amount Expended Rs. in lacs
1	Renovation and civil construction	153.00	153.00
2	Equipments	103.85	103.85
3	Repayment of loans	1175.00	1175.00
4	General corporate purposes	23.55	13.55
5	Rights Issue Expenses	50.00	60.00
	TOTAL	1505.40	1505.40

2. HIGHLIGHTS DURING THE YEAR

1. Inauguration of State of the art NICU & Pediatric facility
2. Addition of the sophisticated Leica Microscope and 3D Scan
3. Sleep Lab
4. Additional lift facility for patients added
5. Facelift of the 2nd Floor, 3rd Floor and reception & lobby area
6. Renovation & expansion of the Triage facility.
7. Commencement of construction of the exclusive patient rooms.
8. Efforts in process of obtaining NABL & NABH Accreditations.
9. Rebranding – Though the group of hospitals under the same management has been established under the name KMC which was so far construed as the trade name, to create a unique business identity intertwined with quality, attraction, distinctive and durable perceptions, the management has taken the efforts with its sister companies, to promote its activities under the brand name KAUVERY HOSPITAL with the logo depicted on the face of this Annual Report.

3. Directors

NAME OF THE DIRECTORS	STATUS OF THE DIRECTOR
Mr R Mohan	Non Executive Independent Chairman
Dr S Chandrakumar	Managing Director & CEO
Mr D Selvaraj	Non Executive Director
Mr A Krishnamoorthy	Non Executive Director
CA S Chenthil Kumar	Independent / Non-Executive Director
Mr B Pattabhiraman	Independent / Non-Executive Director
Mr S Krishnamurthy	Nominee Director
-Since 23 rd May, 2011	
Dr D Senguttuvan	Non-Executive Director
- Since 27 th July, 2011	
Dr S Vijayabaskaran	Non-Executive Director
- Since 10 th November, 2011	
Dr S Manivannan	Non Executive Director
- Upto 27 th July, 2011	
Dr T Senthilkumar	Non Executive Director
- Upto 10 th November, 2011	

Dr S Manivannan the Director of the Company and Dr T Senthilkumar the Director of the Company have resigned on 27th July, 2011 and 10th November, 2011 respectively, their office of directorship in our company due to their personal and other commitments in the projects of the same group.

In the casual vacancy created by the resignation of Dr S Manivannan, Dr D Senguttuvan was co-opted into the Board of the Company with effect from 27th July, 2011. He has a rich experience over 2 decades in the field and a renowned paediatrician in Trichy District. His services to the Hospital company and other hospitals in the group are proven through the performance results of the hospitals and are worthy to be recorded.

In the casual vacancy created by the resignation of Dr T Senthilkumar, Dr S Vijayabaskaran was co-opted into the Board of the Company with effect from 10th November, 2011. He is a doctorate academician with a rich experience of nearly 2 decades. He has widely travelled abroad to various countries for presenting papers in seminars and conferences. His managerial services to the other hospitals in the group are worthy to be recorded. He is the brother of Dr S Chanadrakumar, the Managing Director of the company.

The Board at its wisdom thought it fit to co-opt such eminent professionals into the Board to avail their able guidance and directions in the operations and administration of the Company.

At this juncture, the Board takes the opportunity of recording its deepest gratitude for the tireless, dedicated and sincere guidance and services in the operational and professional areas, provided by Dr.S.Manivannan and Dr.T.Senthilkumar during their tenure of directorship in the Company. The Board takes the privilege of requesting them their continued guidance and the advice in the time to come.

4. 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

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

ii. Technology Absorption

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

iii. Foreign Exchange Earning and Outgo

Particulars	Current Year	Previous Year
a. Export and Foreign Exchanges Earned	NIL	NIL
b. Import of Equipments and Foreign Exchange (EURO) Outflow	77,742	NIL
c. Foreign Travel	NIL	NIL

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

No employee of the company was in receipt of remuneration during the financial year 2011-2012, in excess of sum prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

6. 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 31st March, 2012, 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 31st March, 2012 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.

7. Audit Committee

The present constitution of the Audit Committee with the following members continues—

CA S Chenthilkumar	Chairman(Non-Executive & Independent)
Mr R Mohan	Member (Non-Executive & Independent)
Mr D Selvaraj	Member (Non – Executive)

The Audit Committee met 4 times during the year.

8. Deposits

The company has not accepted any deposit from the public.

9. Personnel

Employer-employee relationship in your company continues to be cordial. Your directors look forward to the same in future. Recruitment of experienced corporate professionals to Head all major corporate functions at a group level has been done.

10. 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 detailed Audit Report for the FY 2011-2012 is annexed with the Financials for the year ended 31st March, 2012.

11. Corporate Governance

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

12. Acknowledgement

Your Directors wish to thank various Government Agencies, State Bank of India, Axis Bank, Indian Overseas Bank and Punjab National 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.

For and on behalf of the Board

Place: Trichy
Date : 13.08.2012

Dr S Chandrakumar
Managing Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company firmly believes that practicing good corporate governance consistently is essential and uncompromising for creating long term sustainable growth that translates into progress, prosperity, accomplishment and enhancement of stake holders aspirations, business goals and visions.

Hence the mission of the management guided by the highly professionalized Board is playing a pivotal role to ensure the policy of democratic principles of highest level of fairness, transparency, accountability and responsibility in all the facets of its operations in letter and spirit. Our Corporate philosophy is, good ethics make better business sense, better ethics make best business sense and best ethics paves way to market leadership. The primary role of our Board is to set Corporate Goals, monitor corporate performance and ensure strict compliance with laws and regulations at all times.

MANAGEMENT ANALYSIS REPORT

Industry Structure and development:

The Healthcare industry in India is poised for a phenomenal growth and is reckoned to be the engine of the economy in the years to come. It is worth \$17 billion and is anticipated to grow by 13% every year according to a recent survey. Employment opportunities are provided to as many as 4 million people in the health care segment or other related sectors catering to the health care industry in India in some way or the other. Owing to the vast differences in medical expenses in western countries and that of India, India has become one of the favorites for health care treatments.

Opportunities and threats:

With the current strength of 200 beds, your company is fully equipped with state-of-the-art diagnostic and treatment facilities to cater to the need of a city as populous as Trichy and also to the areas in and around Trichy. Quality and affordable healthcare in more than 25 key specialties and 24/7 trauma care is delivered for the patients. With an increasing incidence of life style diseases and a growing geriatric and pediatric population, there is an emphasis on the need for specialty care which we view as an opportunity to strengthen our presence.

Attrition rate, competition, equipments obsolescence, higher costs, non-availability of qualified and experienced personnel are some of the major threats faced by the healthcare industry which is combated through effective risk mitigation measures.

3. FINANCIAL AND OPERATIONAL PERFORMANCE

In spite of the challenges faced while renovating, rebuilding or repositioning the completely rundown hospital, the constant increase in the revenues since take over of management in May, 2008 accompanied with the complete up-gradation of a super structure depicts the positive transition in the financial and operational performance.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

5. DEVELOPMENTS IN HUMAN RESOURCES

To cope up with growing needs of the Company, professionals and executives in various specialities are appointed to form tier-management in pyramid structure. Staff levels have been boosted wherever necessary.

6. OUT LOOK

Being a listed corporate entity our vision and mission is centered around, core corporate governance and corporate social responsibility and as a corporate citizen in the constant pursuit of creating and maintaining a flawless health care atmosphere around.

i. Board of Directors

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 Chairmanship/ Membership in other Committees of the Board	Chairman	Member
Mr R Mohan	Independent	4	Present	NIL	NIL	NIL	NIL
Dr S Chandrakumar	Managing Director	4	Present	6	NIL	NIL	NIL
Mr D Selvaraj	Non Executive Director	4	Present	3	NIL	1	1
Mr A Krishnamoorthy	Non Executive Director	4	Present	7	8	1	1
CA S Chenthilkumar	Independent	4	Present	NIL	NIL	NIL	NIL
Mr B Pattabhiraman	Independent	2	Present	7	NIL	NIL	NIL
Mr S Krishnamurthy	Nominee Director	4	Present	4	NIL	5	5
Dr D Senguttuvan (From 27 th July, 2011)	Non – Executive Director	3	Present	2	NIL	NIL	NIL
Dr S Vijayabaskaran (From 10 th November, 2011)	Non – Executive Director	2	NA	NIL	NIL	NIL	NIL
Dr S Manivannan (upto 27 th July, 2011)	Non Executive Director	2	Present	4	NIL	NIL	NIL
Dr T Senthilkumar (Upto 10 th November, 2011)	Non Executive Director	3	Present	1	NIL	NIL	NIL

The Total strength of the Board as on the date of the Report is 9

Board Meetings were held during the financial year 2011 – 2012 on the following dates –

Name / Date	23.05.2011	27.07.2011	10.11.2011	09.02.2012
Mr R Mohan	Present	Present	Present	Present
Dr S Chandrakumar	Present	Present	Present	Present
Mr D Selvaraj	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	Present
CA S Chenthilkumar	Present	Present	Present	Present
Mr B Pattabhiraman	Present	LOA	LOA	Present
Mr.S Krishnamurthy	Present	Present	Present	Present
Dr D Senguttuvan	NA	Present	Present	Present
Dr S Vijayabaskaran	NA	NA	Present	Present
Dr S Manivannan	Present	Present	NA	NA
Dr T Senthilkumar	Present	Present	Present	NA

ii. AUDIT COMMITTEE

The Audit Committee consists of the following independent Directors :

CA S Chenthilkumar	Chairman
Mr R Mohan	Member
Mr D Selvaraj	Member

Yours being a Listed Company, the Audit Committee ensures proper compliance and implementation of the provisions of Section 292A of the Companies Act, 1956 as well as the stipulations provided by SEBI Regulations u/c 49 of the Listing Agreement.

During the financial year 2011 - 2012 the Audit Committee met as per the details given hereunder:

Name of the Director	Audit Committee Meetings			
	23.05.2011	27.07.2011	10.11.2011	09.02.2012
CA S Chenthilkumar	Present	Present	Present	Present
Mr R Mohan	Present	Present	Present	Present
Mr D Selvaraj	Present	Present	Present	Present

iii. SHARE TRANSFER COMMITTEE / SHAREHOLDERS GRIEVANCE COMMITTEE

At present the Share Transfer Committee, consisting of the following members, is acting as the Shareholders' Grievance Committee:

Dr S Chandrakumar	Chairman
Dr D Senguttuvan	Member
Dr S Vijayabaskaran	Member

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

Company Secretary is the compliance officer of the Company.

The total number of complaints received during the financial year 2011 - 2012 are categorized as under –

Nature of Complaints	Number of Complaints	Action Taken
Non-Receipt of Annual Report	6	Copies were sent
Others	—	—

M/s Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600001 are the Registrar and Share Transfer Agents of the Company since June, 2008.

The Share Transfer Committee met sixteen times during the financial year 2011-2012 and ensured that all valid transfer deeds and transmission applications were acted upon and share certificates sent to the transferees promptly within 30 days of receipt of the Documents as required under the provisions of the Stock Exchange Listing Agreements.

iv. REMUNERATION COMMITTEE

The constitution of the Remuneration committee is in place with the following members:

Mr A Krishnamoorthy	Chairman
Mr R Mohan	Member
Mr D Selvaraj	Member
CA S Chenthilkumar	Member

During the year 2011-2012 the committee met on 23rd May, 2011 to consider and recommend on the remuneration of Dr S Chandrakumar, the Managing Director of the Company, which details were informed to the shareholders via the Annual Report for the year 2011.

7. ANNUAL GENERAL MEETINGS

i. Location and time for the last three AGMs

YEAR	DATE	VENUE	TIME
2008 – 2009	25.09.2009	Hotel Sangam, Cantonment, Trichy – 620 001	4.00 PM
2009 – 2010	24.06.2010	Hotel Sangam, Cantonment, Trichy – 620 001	4.00 PM
2010 – 2011	21.09.2011	Hotel Sangam, Cantonment, Trichy – 620 001	3.30 PM

ii. Special Resolutions passed in the previous AGM (2011) 2

iii. Whether any special resolution passed during 2011-2012 through postal ballot 2

iv. Person who conducted the postal ballot exercise

CS R Deenadayalu

Practising Company Secretary

C/o Cameo Corporate Services Limited

1, Subramanian Building, Club House Road

Chennai – 600 002.

v. Whether any special resolution u/s 192A proposed to be conducted through Postal ballot (Yes) 1

A special resolution relevant to provision of Corporate Guarantee to the Holding Company Sri Kavery Medical Care (Trichy) Ltd, u/s 372A of the Companies Act, 1956 was necessitated to be passed through postal ballot. The postal ballot documents were sent to the share holders in the Third week of August, 2012. The results of the postal ballot resolutions will be announced on 30th September, 2012.

DISCLOSURES

A. Necessary disclosures on Substantial Acquisition of Shares and Takeover Regulations 1997 by the Promoters / Directors as required by SEBI Regulations have been made up to date and filed with Stock Exchange at (BSE) Mumbai.

B. Related-Party Transactions

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, the Management, subsidiary companies or related parties except for those disclosed in the financial statements for the year ended March 31, 2012.

C. Details of Non-Compliance

There has been no instance of non-compliance of any legal requirements. Further, no conditions have been imposed by any Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to the capital markets during the last three years.

D. Whistle Blower Policy

Your Company has adopted a Whistle Blower Policy as per Clause 49(IV) of the Listing Agreement and has established the necessary mechanism for employees to express to the management, their concerns and suggestions about the deficiencies in the systems and procedures or violation of any code of conduct or general ethics. No employee is denied access to the Audit Committee.

E. Adoption of Mandatory and Non-Mandatory Requirements

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and the non-mandatory requirements relating to adoption of a whistle blower policy.

F. Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed and forms a part of the Corporate Governance Report.

G. Auditors. Certificate on Corporate Governance

The Auditors' certificate with respect to compliance with Clause 49 of the Listing Agreement relating to Corporate Governance has been annexed to the Annual Report and will be sent to the Stock Exchange at the time of filing of the Annual Report.

H. CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, the CEO/CFO certificate has been provided to the Board members at every Board meeting.

I. Reconciliation of Share Capital Audit

As stipulated by SEBI, a Reconciliation of Share Capital Audit is carried out by an independent practising Company Secretary on a quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialised and physical mode, and the status of the Register of Members.

J. Means of Communications

The company is publishing Unaudited quarterly / Audited annual results in English and Tamil Newspapers promptly besides mailing the same to the Stock Exchange (BSE) 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.

In the following website of the company the Annual Report, shareholding pattern and other corporate information are published for the benefit of the shareholders www.kmcspecialityhospital.in

K. Information on Rights Issue

It is brought to the kind notice of the shareholders that the Rights Issue of Equity shares to the tune of Rs 150540000 in the ratio of 12:1 undertaken by the company has been completed in the month of March, 2011.

The utilization of Rights Issue Proceeds projected in the Letter of Offer dated 11.01.2011 and the amount of proceeds utilized as on 31.08.2012 is provided below for the kind reference of the shareholders:

Sl. No	Particulars	Amount Projected Rs in lacs	Amount Expended Rs in lacs
1	Renovation and civil construction	153.00	153.00
2	Equipments	103.85	103.85
3	Repayment of loans	1175.00	1175.00
4	General corporate purposes	23.55	13.55
5	Rights Issue Expenses	50.00	60.00
	TOTAL	1505.40	1505.40

L. The Distribution pattern of the shareholdings as on 31.03.2012 is as follows :

Pattern of Holding No. of Shares	No. of Share holders	No. of Shares	% of Holding to Total No. of Shares
0 - 5000	50488	8526819	5.22
5001 - 10000	105	743260	0.46
10001 - 20000	67	932000	0.57
20001 - 30000	29	695600	0.43
30001 - 40000	3	108800	0.07
40001 - 50000	6	295500	0.18
50001 - 100000	17	1119317	0.69
Above 100000	50	150663704	92.38
TOTAL	50765	163085000	100.00

M. GENERAL SHAREHOLDER INFORMATION IN INVESTORS' CORNER

It is brought to the notice of the shareholders that since March 2010, the shares of our company are dematerialized with National Securities Depositories Ltd and Central Depository Services Ltd. The Equity shares issued through Rights Issue are also dematerialised with NSDL and CDSL. Approximately 80.15% of the total number of shares are in dematerialized form. For any clarification and communication in this regard, the shareholders may kindly contact the Share Registrars and Transfer Agents / Common Agency M/s Cameo Corporate Services Ltd, No 1, Subramanian Building, Club House Road , Chennai - 600 002, (Phone – 044-28460390, email — investor@cameoindia.com).

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 shareholders are requested to recall that in the AGM for the year 2011, shareholders have passed the special resolutions to delist the Company's Equity shares from the Madras Stock Exchange Limited and the Delhi Stock Exchange Limited. Your company informs you that it has complied with the necessary formalities and the Equity shares of your company were delisted from the Madras Stock Exchange Limited and the Delhi Stock Exchange Limited in December, 2011 and March, 2012 respectively.

The Twenty Ninth Annual General Meeting is scheduled to be held on Thursday, the 27th September 2012 at 3.30 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 and the listing fees for the year 2012-2013 was paid to them duly. The share trades of the company in the stock exchange are not worth monitoring. The total number of physical shares transferred during the financial year 2011-2012 was 59100 which constitutes 0.036% 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 address where the communications are to be sent. The shareholders are requested to communicate in writing their complete address with pincode number and any changes to be made in the records of the company.

It is brought to the kind notice of the shareholders that the Ministry of Corporate Affairs has taken a Green Initiative as part of the Corporate Governance by allowing paperless compliances and communications not overruling the other relevant statutory Enactments. The MCA clarified that the Company would have

complied with the required Regulations, if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notice / documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the company.

In view of the above the shareholders are requested to provide their e-mail id to investor@kmcspecialityhospital.in besides sending the duly filled in form annexed at the end of this book to the Share Registrars and Transfer Agents, to enable the company to avail the benefits of reduction of paperwork and cost, assured / timely / quality services to the investors, contributing to global sustainability etc.

The shareholders are requested to contact the Registrars and Share Transfer Agents / Common Agency for any queries regarding the procedures for issue of new share certificates, dematerialization, transfers, nominations and address updations.

N. CORPORATE SOCIAL RESPONSIBILITY: (CSR)

At our Company Corporate Social Responsibility is our Corporate Conscience and moral responsibility.

The following principles are practiced by your company towards CSR –

- a. Offering highly dedicated and professional multi-speciality, timely care and services to the patients at affordable cost;
- b. Building a genuine culture of doing the right thing in the organization;
- c. Building goodwill and reputation through efficient Brand management;
- d. Transparency in accounting, auditing and reporting of transactions;
- e. Recruitment and Retention of Human Resources and providing ethical training and Quality of Life to them ;
- f. Maximizing the value and returns to the stakeholders evidenced by ever excelling performance;
- g. Obeying the laws, rules and regulations of the land;
- h. Adopting the measures of pollution control protocols to sustain ecologically friendly environment;
- i. Maintaining quality and standards in all its processes;
- j. Create a positive effect on society through our presence;
- k. Continuous commitment to ethical behavior and economic development;
- l. Constant involvement in philanthropic activities through outreach camp programmes targeted at disadvantaged and ignorant sections of the society;
- m. Rightly extending the benefits of Chief Minister's Comprehensive Health Insurance Scheme to the needy and eligible people;

With the cited marks of impeccable, immaculate and committed strides evidenced by the phenomenal transformation in operational, financial and other dimensions, your management re-confirms its responsibility in positioning your company as a trustworthy corporate citizen.

O. CODE OF CONDUCT

The Code of Conduct for the Management/Directors of the company has been framed with ethical professionalism and is published in the website of the company to which prescriptions our Board of Directors strictly adhere.

P. ADDRESS FOR CORRESPONDENCE

Registered Office

No 6, Royal Road, Cantonment

Tiruchirapalli – 620 001

Phone – 0431 4077777 Fax — 0431 2415402

Website address :

www.kmcspecialityhospital.in

Hospital Complex

Email id – info@kmcspecialityhospital.in

Place: Trichy

For and on behalf of the Board

Date :13.08.2012

(Dr S Chandrakumar)
MANAGING DIRECTOR & CEO



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 2012, 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
FRN: 002597 S

Place: Trichy
Date: May 28, 2012



Patel Mohan Ramesh & Co.
Chartered Accountants

Auditors' Report

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

1. We have audited the attached Balance Sheet of KMC Specialty Hospitals (India) Ltd ('the Company') as at March 31, 2012, 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- vi. 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, 2012; and
 - b) in the case of the profit and loss account, of the Profit for the year 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
FRN : 002597S

N.Ramesh

Partner
Membership No.: 019136

Place: Trichy
Date: May 28, 2012



Patel Mohan Ramesh & Co.
Chartered Accountants

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

i) In respect of its Fixed Assets:

- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the management has a verification programme 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.

ii) In respect of its Inventories:

- a) The inventory of medicines, consumables etc. 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) Loans taken/Advanced by the company

- 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.
- e) The company has taken unsecured loan from the holding company and the balance outstanding at year end amounts to Rs.5.66Crores.
- f) 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.

iv) Internal Control procedures:

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,



Patel Mohan Ramesh & Co.
Chartered Accountants

we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

v) Maintenance of Register u/s 301 and Transactions with the Parties listed:

- 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.

vi) Acceptance of Deposits:

The company has neither accepted any deposits during the year nor having any outstanding liability against interest payable on deposits thereon. Hence the provisions of this clause are not applicable.

vii) Internal Audit:

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 scope of the internal audit is commensurate with the size and nature of the business.

viii) Maintenance of Cost Records

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, 2012 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 other disputes pending regarding dues of Income Tax, Sales Tax, PF, Service Tax, Excise Duty, Cess and Gratuity payable to the Government Authorities except the following:



Patel Mohan Ramesh & Co.
Chartered Accountants

The Statute under which dues are found	Nature of the Dues	Amt involved in Rs.	Period to which the amount relates	Forum where the dispute is Pending
Customs Act, 1962 Income Tax Act 1961	Customs Duty Income Tax	85,24,905 13,71,60,209*	1989 to 1993 Assessment Year 2007 - 08	Madras High Court Commissioner of Income Tax (appeal)

* Denotes disallowance of carry forward unabsorbed depreciation (there is no tax demand on the company)

Accumulated Losses:

- x) The company has not incurred cash losses during the financial year and also immediately preceding the current financial year.
- xi) The company has taken loans from a bank. On the basis of verification of records, we report that the company has not defaulted in repayment of dues to the bank. 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 loan taken by the holding company from banks and the terms of such guarantee are prima facie, in our opinion, not prejudicial to the interests 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 by the company have 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.



Patel Mohan Ramesh & Co.
Chartered Accountants

- 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.
- xx) The company during the previous year 2010-11 raised a sum of Rs 15, 05, 40,000/- by way of right issue to the existing equity shareholders of the company. The management has disclosed the end use of money raised by rights issue and the same has been verified by us.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of fraud on or by the company is reported or noticed.

For Patel, Mohan, Ramesh & Co
Chartered Accountants
(Firm Regn No: 002597S)

N.Ramesh (M.No.019136)
Partner
Place: Trichy
Date:28th May 2012

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

(All amounts are in Indian Rupees, except share data or as stated)

Particulars	Note No	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	163,085,000	163,085,000
(b) Reserves and surplus	4	(38,616,024)	(46,648,370)
(c) Money received against share warrants		-	-
		<u>124,468,976</u>	<u>116,436,630</u>
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	137,153,673	87,531,137
(b) Deferred tax liabilities (net)	23(d)	8,665,705	4,239,118
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
		<u>145,819,378</u>	<u>91,770,255</u>
4 Current liabilities			
(a) Short-term borrowings	6	12,527,676	5,028,993
(b) Trade payables	7	8,090,788	7,130,371
(c) Other current liabilities	8	8,602,216	2,637,231
(d) Short-term provisions	9	9,851,540	8,205,374
		<u>39,072,220</u>	<u>23,001,969</u>
TOTAL		<u>309,360,574</u>	<u>231,208,854</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10(a)	225,715,393	141,573,549
(ii) Intangible assets	10(b)	1	8,320
(iii) Capital work-in-progress		<u>16,961,996</u>	<u>31,660,623</u>
		<u>242,677,389</u>	<u>173,242,493</u>
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	23(d)	-	-
(d) Long-term loans and advances	11	13,026,422	6,243,111
(e) Other non-current assets	12	400,000	-
		<u>256,103,811</u>	<u>179,485,604</u>
2 Current assets			
(a) Current investments		-	-
(b) Inventories	13	5,795,392	5,418,161
(c) Trade receivables	14	10,062,679	9,988,444
(d) Cash and cash equivalents	15	29,933,886	32,041,647
(e) Short-term loans and advances	16	4,912,326	3,125,697
(f) Other current assets	17	2,552,480	1,149,300
		<u>53,256,762</u>	<u>51,723,250</u>
TOTAL		<u>309,360,574</u>	<u>231,208,854</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Patel Mohan Ramesh & Co.,

Chartered Accountants

N.Ramesh

Partner

M.No:019136

Place : Trichy

Date : 28th May 2012

For and on behalf of the Board of Directors

Dr.S.Chandrakumar

Managing Director

CA.S. Chenthil Kumar

Director

CS.N.Jayanthi

Company Secretary

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office: No. 6, Royal Road, Trichy-620 001
Statement of Profit & Loss for the year ended 31st March, 2012
(All amounts are in Indian Rupees, except share data or as stated)

Particulars	Note No.	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
A CONTINUING OPERATIONS			
1	Revenue from operations (gross)	18(a) 196,951,599	130,459,619
	Less: Excise duty	-	-
	Revenue from operations (net)	196,951,599	130,459,619
2	Other income	18(b) 2,690,374	2,669,989
3	Total revenue (1+2)	199,641,974	133,129,608
4	Expenses		
	(a) Cost of materials consumed	-	-
	(b) Purchases of stock-in-trade	19(a) 28,815,814	21,145,435
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19(b) (860,446)	(770,677)
	(d) Employee benefits expense	20 43,318,564	30,379,153
	(e) Finance costs	21 14,920,136	5,577,204
	(f) Depreciation and amortisation expense	10c 9,695,551	8,538,775
	(g) Other expenses	22 91,293,422	72,214,180
	Total expenses	187,183,041	137,084,069
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)	12,458,933	(3,954,461)
6	Exceptional items	-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)	12,458,933	(3,954,461)
8	Extraordinary items	-	-
9	Profit / (Loss) before tax (7 ± 8)	12,458,933	(3,954,461)
10	Tax expense:		
	(a) Current tax expense for current year	-	-
	(b) (Less): MAT credit (where applicable)	-	-
	(c) Current tax expense relating to prior years	-	-
	(d) Net current tax expense	-	-
	(e) Deferred tax	23(d) 4,426,587	41,199,767
		4,426,587	41,199,767
11	Profit / (Loss) from continuing operations (9 ± 10)	8,032,346	(45,154,228)
B DISCONTINUING OPERATIONS			
12.i	Profit / (Loss) from discontinuing operations (before tax)	-	-
12.ii	Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations	-	-
12.iii	Add / (Less): Tax expense of discontinuing operations	-	-
	(a) on ordinary activities attributable to the discontinuing operations	-	-
	(b) on gain / (loss) on disposal of assets / settlement of liabilities	-	-
13	Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)	-	-
C TOTAL OPERATIONS			
14	Profit / (Loss) for the year (11 ± 13)	8,032,346	(45,154,228)

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Regd Office: No. 6, Royal Road, Trichy-620 001
Statement of Profit & Loss for the year ended 31st March, 2012 (contd.)
(All amounts are in Indian Rupees, except share data or as stated)

Particulars	Note No.	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
15.i Earnings per share (of Re.1 /- each):			
Weighted Average Shares		163,085,000	24,918,151
(a) Basic			
(i) Continuing operations	23(c)	0.05	(1.81)
(ii) Total operations	23(c)	0.05	(1.81)
(b) Diluted			
(i) Continuing operations	23(c)	0.05	(1.81)
(ii) Total operations	23(c)	0.05	(1.81)
15.ii Earnings per share (excluding extraordinary items) (of Re.1 /- each):			
(a) Basic			
(i) Continuing operations	23(c)	0.05	(1.81)
(ii) Total operations	23(c)	0.05	(1.81)
(b) Diluted			
(i) Continuing operations	23(c)	0.05	(1.81)
(ii) Total operations	23(c)	0.05	(1.81)

See accompanying notes forming part of financial statements.

In terms of our report attached.

For Patel Mohan Ramesh & Co.,
Chartered Accountants

N.Ramesh
Partner
M.No:019136

Place : Trichy
Date : 28th May 2012

For and on behalf of the Board of Directors

Dr.S.Chandrakumar	CA.S Chenthil Kumar	CS.N.Jayanthi
Managing Director	Director	Company Secretary

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	12,458,933	(3,954,461)
	<u>12,458,933</u>	<u>(3,954,461)</u>
<i>Adjustments for:</i>		
Depreciation and amortisation	9,695,551	8,538,775
Amortisation of share issue expenses and discount on shares		6,001,600
(Profit) / loss on sale / write off of assets	511,965	15,198
Inrerest Expenses	13,956,074	4,829,655
Interest income	(1,611,163)	(191,173)
Rental income from investment properties	(120,000)	(120,000)
Provision for doubtful trade and other receivables, loans and advances		107,413
Total	<u>22,432,427</u>	<u>19,181,468</u>
Operating profit / (loss) before working capital changes		
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(377,230)	(2,427,488)
Trade receivables	(74,235)	3,980,768
Short-term loans and advances	(92,494)	128,366
Long-term loans and advances	(592,449)	(2,025,483)
Non current Assets	(400,000)	-
Other current assets	(1,403,180)	(1,149,300)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	960,417	2,875,047
Other current liabilities	5,964,985	1,439,297
Other long-term liabilities	-	-
Short-term provisions	1,646,166	1,787,978
Long-term provisions	-	-
Cash generated from operations	<u>5,631,980</u>	<u>4,609,185</u>
Net income tax (paid) / refunds	(1,694,135)	(2,137,728)
Net cash flow from / (used in) operating activities (A)	<u>38,829,205</u>	<u>17,698,464</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(86,232,568)	(63,872,626)
Proceeds from sale of fixed assets	399,301	145,889
Interest received	1,611,163	191,173
Rental income from investment properties	120,000	120,000
Net cash flow from / (used in) investing activities (B)	<u>(84,102,104)</u>	<u>(63,415,564)</u>

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	150,540,000
Rights Issue Expenses	-	(6,001,600)
Proceeds of long term Borrowings	56,270,163	30,830,168
Repayment of long-term borrowings	(6,647,631)	(98,700,000)
Proceeds from other short-term borrowings	7,498,681	5,028,993
Interest Paid	(13,956,074)	(4,829,655)
Net cash flow from / (used in) financing activities (C)	<u>43,165,139</u>	<u>76,867,906</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(2,107,761)	31,150,806
Cash and cash equivalents at the beginning of the year	32,041,647	890,841
Cash and cash equivalents at the end of the year	29,933,886	32,041,647
Cash & Cash Equivalent comprises of :		
(a) Cash on hand	820,006	277,171
(b) Cheques, drafts on hand	62,111	299,217
(c) Balances with banks	-	-
(i) In current accounts	24,025,274	1,279,397
(ii) In deposit accounts with original maturity of less than 3 months	5,026,495	30,185,863
Total Cash & Cash Equivalents	<u>29,933,886</u>	<u>32,041,647</u>
Notes:		
(i) The Cash Flow Statement reflects the cash flows pertaining to continuing operations . There are no discontinuing operations.		
(ii) The Cash flow statement has been prepared under the 'Indirect Method' as per Accounting Standard 3 issued by ICAI.		
(iii) Items of cash flow has been regrouped / reclassified and presented in line with the financials prepared according to revised Schedule VI		

In terms of our report attached.

For Patel Mohan Ramesh & Co.,
Chartered Accountants

N.Ramesh
Partner
M.No:019136

Place : Trichy
Date : 28th May 2012

For and on behalf of the Board of Directors

Dr.S.Chandrakumar
Managing Director

CA S Chenthil Kumar
Director

CS.N.Jayanthi
Company Secretary

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes on Corporate Information and Accounting Policies

1 Corporate information

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

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

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.

2.2 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.

2.3 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.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks and interest accrued thereon. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 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".

2.7 Depreciation and amortisation

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	
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%

2.8 Revenue recognition

- i) Income from hospital services is recognized on accrual basis. At the year end wherever services are not billed, the same is estimated and recognized as unbilled income. The hospital collections of the company are net of rebates, concessions etc.
- ii) Pharmacy sales are stated net of returns, discounts and exclusive of sales tax./vat.
- iii) Ambulance income is accounted on the basis of the contract entered between the parties on an accrual basis.

2.9 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.10 Tangible fixed assets

Tangible 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 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.

2.11 Intangible assets

Intangible Assets are stated at cost of acquisition less accumulated amortization. Application Software is amortised over the period of three years i.e. at the rate of 33.33% p.a. on SLM basis on cost.

2.12 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates. In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment. The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

2.13 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value. Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.14 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

2.15 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 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 and offered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The premium /contribution paid to the Life Insurance Corporation of India towards gratuity scheme are charged off to revenue.

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.

2.16 Borrowing costs

Any Interest paid on the amount borrowed for the purpose of capital expenditure are generally charged to revenue, if the relevant capital asset is brought to use within 12 months. Whenever the time taken is more than 12 months such interest attributable to the fixed asset is capitalized and added to the cost of the fixed asset.

2.17 Segment reporting

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.

2.18 Leases

In respect of lease transactions entered in to the Lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

2.19 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; rights issue to existing shareholders; share split; and reverse share split, if any.

2.20 Taxes on income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred income taxes reflect 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.

2.21 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.22 Joint venture operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

2.23 Impairment of assets

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.

2.24 Provisions and contingencies

A provision is recognized when 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.

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note 3 Share capital

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised Equity shares of Re.1 each with voting rights	250,000,000	250,000,000	250,000,000	250,000,000
(b) Issued, Subscribed and fully paid up Equity shares of Re.1 each with voting rights Refer Notes (i) to (iv) below	163,085,000	163,085,000	163,085,000	163,085,000
Total	163,085,000	163,085,000	163,085,000	163,085,000

Notes:

(i)a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance 01st April 2011	Fresh issue	Buy back	Closing Balance 31st March 2012
Equity shares with voting rights				
- Number of shares	163,085,000	-	-	163,085,000
- Amount (Rs.)	163,085,000	-	-	163,085,000

(i)b. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the previous year to the reporting period:

Particulars	Opening Balance 01st April 2011	Fresh issue (Rights Issue)	Buy back	Closing Balance 31st March 2012
Equity shares with voting rights				
- Number of shares	12,545,000	150,540,000	-	163,085,000
- Amount (Rs.)	12,545,000	150,540,000	-	163,085,000

(ii) Par Value Per Share

Par value of Shares : Issued Subscribed and fully Paid up	2011-12	2010-11
163085000 shares	Re. 1	Re. 1

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note 3 Share capital (contd)

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights (Nos)
Sri Kavery Medical Care (Trichy) Ltd, the holding company (as at 31st March 2012)	12,23,13,750
Sri Kavery Medical Care (Trichy) Ltd, the holding company (as at 31st March 2011)	12,23,13,750

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Sri Kavery Medical Care (Trichy) Ltd	122,313,750	75%	122,313,750	75%
Total	122,313,750	75%	122,313,750	75%

Note 4 Reserves and surplus

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
(a) Capital reserve		
Opening balance	30,182,334	30,182,334
Add: Additions during the year (give details)	-	-
Less: Utilised / transferred during the year (give details)	-	-
Closing balance	30,182,334	30,182,334
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(76,830,704)	(31,676,476)
Add: Profit / (Loss) for the year	8,032,346	(45,154,228)
Closing balance	(68,798,358)	(76,830,704)
Total	(38,616,024)	(46,648,370)

Note 5 Long-term borrowings

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
(a) Term loans		
From banks		
Secured	80,534,756	30,830,168
Unsecured	-	-
(b) Loans and advances from related parties		
Secured	-	-
Unsecured	56,618,917	56,700,969
Total	137,153,673	87,531,137

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note (i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of repayment and Security*	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
		Rs.	Rs.	Rs.	Rs.
Term loans from banks:					
TL-1	Refer Note (ii) & (iii) below	50,562,892		30,830,168	
TL-2	Refer Note (ii) & (iii) below	34,138,534		-	
Total - Term loans		84,701,426		30,830,168	
Less: Current maturities of long-term debt shown under "Other Current Liabilities"		4,166,670		-	
TOTAL		80,534,756		30,830,168	
Loans and advances from related parties Sri Kavery Medical Care (Trichy) Limited	Repayable after 12 months	56,618,917		56,700,969	

Note(ii) : Repayment Terms:

Term Loan I

59 Equal monthly installments of Rs.833334/- each and 1 final installment of Rs. 833294/- besides interest.

Moratorium period of 24 months till 31.10.2012 is allowed and repayment starts from 30.11.2012

Term Loan II

59 Equal monthly installments of Rs.833334/- each and 1 final installment of Rs. 833294/- besides interest.

Moratorium period of 24 months till 31.03.2014 is allowed and repayment starts from 30.04.2014

Note (iii) : Security Details for both Term Loan I & II

Primary : Hypothecation of entire fixed assets created from and out of Term Loans.

Secondary:

Extension of Equitable Mortgage charge over the commercial land to the extent of 3016 Sq.ft comprised at old ward No: 1, New Ward No: K, Old Block No: 25, New Block No: 17, Old TS No: 132, New TS No: 2 Part, K. Abishekapuram Village, Cantonment, Trichy – 620001 standing in the name of KMC Speciality Hospitals (India) Ltd.

Extension of Equitable Mortgage charge over the commercial land to the extent of 11,484 Sq. Ft comprised at old Ward no : 1, New ward No: K, Old block No: 25, New Block No: 17, Old TS No: 132, New TS No: 3/2 Part, K. Abhishekapuram Village, Cantonment, Trichy - 620001 standing in the name of KMC Speciality Hospitals (India) Ltd.

Extension of Equitable Mortgage charge over Multi storied commercial super structure situated in the lease hold land admeasuring 24864 sft in the name of Sri Kavery Medical Care (Trichy) Ltd.

Guarantees:

All the above loans are guaranteed personally by Managing Director, Joint Managing Director of the holding company and by the holding company.

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note 6 Short-term borrowings

Particulars	As at 31 March, 2012 Rs	As at 31 March, 2011 Rs
(a) Loans repayable on demand From banks (Refer Notes below)	12,527,676 -	5,028,993 -
Total	12,527,676	5,028,993

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Security Details	As at 31 March, 2012		As at 31 March, 2011	
		Secured Rs.	Unsecured Rs.	Secured Rs.	Unsecured Rs.
Cash Credit	Refer Note (ii) below	12,527,676		5,028,993	
Total - Loan outstanding		12,527,676		5,028,993	

Note (ii) Security Details

Primary Security:

Hypothecation of entire current assets of the company (both present and future).

Entire fixed Assets of the company except Land and Building (WDV is at Rs. 1247.88 Lakhs based on ABS 2010-2011

Secondary:

Extension of Equitable Mortgage charge over the commercial land to the extent of 3016 Sq.ft comprised at old ward No: 1, New Ward No: K, Old Block No: 25, New Block No: 17, Old TS No: 132, New TS No: 2 Part, K. Abishekapuram Village, Cantonment, Trichy – 620001 standing in the name of KMC Speciality Hospitals (India) Ltd.

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Extension of Equitable Mortgage charge over Multi storied commercial super structure situated in the lease hold land admeasuring 24864 sft in the name of Sri Kavery Medical Care (Trichy) Ltd.

Guarantees:

All the above loans are guaranteed personally by Managing Director ,Joint Managing Director of the holding company and by the holding company.

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statement

Note 7 Trade payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs.	Rs.
Trade payables: (refer Note 24 (b))		
Acceptances	-	-
Other than Acceptances	8,090,788	7,130,371
Total	8,090,788	7,130,371

Note 8 Other current liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs	Rs
(a) Current maturities of long-term debt (Refer Note below)	4,166,670	-
(b) Other payables		
(i) Statutory remittances	1,975,949	1,444,937
(ii) Payables on Purchase of fixed assets	120,232	61,160
(iii) Contractually reimbursable expenses	18,898	5,733
(iv) Trade / security deposits received	600,954	452,199
(v) Advances from Patients	1,719,513	673,202
Total	8,602,216	2,637,231

Note : Current maturities of long-term debt represents Term Loan repayments/ installments under the debt which fall due for payment within 12 months from the reporting date(Refer Note 5(i) to Long-term borrowings for details of repayment ,security and guarantees):

Note 9 Short-term provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for Salaries	625,507	1,007,468
(ii) Provision for Bonus & Ex-gratia	2,250,000	1,336,088
	2,875,507	2,343,556
(b) Provision - Others:		
(i) Taxation - MAT Payable	746,986	-
(ii) Property Tax	5,000,000	5,000,000
(iii) Other Miscellaneous Provisions	1,229,047	861,818
	6,976,033	5,861,818
Total	9,851,540	8,205,374

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

Notes forming part of the financial statements

Note 10 Fixed Assets

Amount in Rs.

10(a) Tangible assets	Gross Block				Accumulated Depreciation and impairment				Net Block	
	Balance as at 1 April, 2011	Addition	Disposal	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
Land	4,043,397	-	-	4,043,397	-	-	-	-	4,043,397	4,043,397
Buildings	97,347,105	63,257,030	-	160,604,135	24,127,073	2,148,419	-	26,275,492	134,328,643	73,220,032
Medical & Surgical Equipments	119,071,044	21,923,616	17,623,189	123,371,471	80,472,292	4,679,587	17,059,877	68,092,002	55,279,469	38,598,752
Electrical Installation & Generators	25,890,870	2,173,308	1,293,627	26,770,551	24,070,776	242,853	1,234,854	23,078,775	3,691,776	1,820,094
Air Conditioners	10,611,145	136,900	203,194	10,544,851	569,549	496,114	203,190	862,473	9,682,378	10,041,596
Office Equipments	2,097,480	97,378	19,463	2,175,395	1,216,920	78,144	6,226	1,288,838	886,557	880,560
Furniture & Fixtures	5,560,702	2,628,649	432,686	7,756,665	1,791,441	452,038	370,923	1,872,555	5,884,110	3,769,261
Refrigerators	257,967	-	7,400	250,567	228,593	3,534	7,400	224,727	25,840	29,374
Lab Equipments	3,913,326	-	124,134	3,789,192	3,217,811	137,057	124,132	3,230,736	558,456	695,515
Vehicles	1,411,083	-	-	1,411,083	821,908	134,053	-	955,961	455,122	589,175
Books	484,133	26,800	-	510,933	428,662	21,249	-	449,911	61,022	55,471
Other Equipments	5,073,704	533,463	-	5,607,167	4,184,968	238,984	-	4,423,952	1,183,215	888,736
Lift	5,036,802	2,548,040	2,633,802	4,951,040	2,552,474	214,521	2,419,634	347,361	4,603,679	2,484,328
Computers	7,005,866	1,388,750	-	8,394,616	4,601,541	660,905	-	5,262,446	3,132,170	2,404,325
Dental Equipments	2,542,157	26,400	-	2,568,557	489,223	179,776	-	668,999	1,899,559	2,052,935
Total	290,346,781	94,740,333	22,337,495	362,749,619	148,773,231	9,687,232	21,426,237	137,034,227	225,715,393	141,573,549
10.(b) Intangible Assets										
Computer software	100,000	-	-	100,000	91,680	8,319	-	99,999	1	8,320
Total	100,000	-	-	100,000	91,680	8,319	-	99,999	1	8,320

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

Notes forming part of the financial statements

Note 10 Fixed Assets

Previous year figures

Amount in Rs.

10(a) Tangible Assets	Gross Block			Accumulated Depreciation and impairment					Net Block	
	Balance as at 1 April, 2010	Additions	Disposals	Balance as at 31 March, 2011	Balance as at 1 April, 2010	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2011	Balance as at 31 March, 2011	Balance as at 31 March, 2010
Land	4,043,397	-	-	4,043,397	-	-	-	-	4,043,397	4,043,397
Buildings	82,277,005	15,070,100	-	97,347,105	22,683,663	1,443,410	-	24,127,073	73,220,032	59,593,342
Medical & Surgical Equipments	101,150,138	18,097,769	176,863	119,071,044	75,595,864	5,021,958	145,530	80,472,292	38,598,752	25,554,274
Electrical Inst.& Generators	25,417,015	473,855	-	25,890,870	23,894,575	176,201	-	24,070,776	1,820,094	1,522,440
Air Conditioners	1,659,278	8,951,867	-	10,611,145	498,373	71,176	-	569,549	10,041,596	1,160,905
Office Equipments	1,984,535	147,445	34,500	2,097,480	1,159,523	78,639	21,242	1,216,920	880,560	825,012
Furniture & Fixtures	3,364,582	2,196,120	-	5,560,702	1,512,001	279,440	-	1,791,441	3,769,261	1,852,581
Refrigerators	257,967	-	-	257,967	225,135	3,458	-	228,593	29,374	32,832
Lab Equipments	4,113,406	-	200,080	3,913,326	3,131,124	170,270	83,583	3,217,811	695,515	982,282
Vehicles	1,411,083	-	-	1,411,083	687,855	134,053	-	821,908	589,175	723,228
Books	484,133	-	-	484,133	407,976	20,686	-	428,662	55,471	76,157
Other Equipments	4,867,694	206,010	-	5,073,704	3,952,937	232,031	-	4,184,968	888,736	914,757
Lift	5,036,802	-	-	5,036,802	2,313,226	239,248	-	2,552,474	2,484,328	2,723,576
Computers	6,131,544	874,322	-	7,005,866	4,146,390	455,151	-	4,601,541	2,404,325	1,985,154
Dental Equipments	2,537,759	4,398	-	2,542,157	309,498	179,725	-	489,223	2,052,935	2,228,261
Total	244,736,338	46,021,886	411,443	290,346,781	140,518,140	8,505,446	250,355	148,773,231	141,573,549	104,218,198
10(b) Intangible assets										
(a) Computer software	100,000	-	-	100,000	58,350	33,330	-	91,680	8,320	41,650
Total	100,000	-	-	100,000	58,350	33,330	-	91,680	8,320	41,650

10© Depreciation and amortisation relating to continuing operations:

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Depreciation and amortisation for the year on tangible assets as per Note 10a	9,687,232	8,505,445
Depreciation and amortisation for the year on intangible assets as per Note 10b	8,319	33,330
Less: Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to discontinuing operations	-	-
Depreciation and amortisation relating to continuing operations	9,695,551	8,538,775

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note 11 Long-term loans and advances

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
(a) Capital advances *		
Secured, considered good	-	-
Unsecured, considered good	9,039,496	2,848,634
(b) Security deposits		
Secured, considered good	-	-
Unsecured, considered good#	3,986,926	3,394,477
Total	13,026,422	6,243,111

* Capital advances are classified as non-current since the Company would not expect these to be realised in cash but would be converted / settled through fixed assets, which are non-current in nature.

Security Deposits represents deposits with Government Departments and other organisations as a security for performance of our obligations.

Note 12 Other Non-current Assets

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
Balances held as margin money or security against borrowings, guarantees and other commitments		
Fixed Deposit with Punjab National Bank (maturity more than 12 months)	400,000	-
Total	400,000	-

Note 13 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
(a) Medicines - Stock-in-trade (acquired for trading)	3,062,901	2,202,455
(b) Medical - Consumables & Stores (Refer Notes below)	2,732,491	3,215,706
Total	5,795,392	5,418,161

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.

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note 14 Trade receivables

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Secured, considered good	-	
Unsecured, considered good	1,369,566	3,011,060
Less: Allowances for doubtful trade receivables	(49,002)	(107,413)
	1,320,564	2,903,647
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	8,742,115	7,084,797
	8,742,115	7,084,797
Total	10,062,679	9,988,444

Normal credit period of 30 days allowed by the Company, is taken into consideration for computing the due date and classification.

Note 15 Cash and cash equivalents

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
(a) Cash on hand	820,006	277,171
(b) Cheques, drafts on hand*	62,111	299,217
(c) Balances with banks		
(i) In current accounts	24,025,274	1,279,397
(iii) In deposit accounts#	5,026,495	30,185,863
Total	29,933,886	32,041,647
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	29,933,886	32,041,647

Notes:

*Represents Cheques on hand and Debit/ Credit card receipts on 31st March 2012.

Represents Balances Deposit accounts with interest accrued thereon as on 31st March 2012.

Note 16 Short-term loans and advances

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
(a) Prepaid expenses	383,012	195,102
(b) Balances with government authorities		
(i) Service Tax credit receivable	93,193	188,609
(ii) MAT (Asset) & Tax Deducted at Source	4,436,121	2,741,986
Total	4,912,326	3,125,697

Note 17 Other current assets

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
Unbilled revenue	2,552,480	1,149,300
Total	2,552,480	1,149,300

Note 18(a) Revenue from operations

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
(a) Operating Income (Refer Note (i) below)	196,021,214	129,628,148
(b) Other operating revenues (Refer Note (ii) below)	930,385	831,471
Total	196,951,599	130,459,619

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
(i) Operating Income comprises:		
Hospital Revenues	144,563,125	90,303,560
Pharmacy Revenues	45,934,261	34,131,410
Health Club Receipts	5,523,828	5,193,178
Total - Operating Income	196,021,214	129,628,148
(ii) Other operating revenues comprises:		
Ambulance Income	571,770	576,786
Others Operating Income	358,615	254,685
Total - Other Operating revenues	930,385	831,471

Note 18(b) Other income

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
(a) Interest income on Bank Deposits	1,611,163	191,173
(b) Other non-operating income:		
(i) Rental income from investment properties	120,000	120,000
(ii) Liabilities / provisions no longer required written back	72,872	1,494,687
(iii) Prior period items (net) (Refer Note (iii) below)		
(iv) Miscellaneous income	886,339	864,129
Total	2,690,374	2,669,989

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note 19(a) Purchase of traded goods

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Medicine Purchases - Pharmacy	28,815,814	21,145,435
Total Purchase of Traded Goods	28,815,814	21,145,435

Note 19(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
<u>Inventories at the end of the year:</u>		
Finished goods	-	-
Work-in-progress	-	-
Stock-in-trade	3,062,901	2,202,455
	3,062,901	2,202,455
<u>Inventories at the beginning of the year:</u>		
Finished goods	-	-
Work-in-progress	-	-
Stock-in-trade	2,202,455	1,431,778
	2,202,455	1,431,778
Net (increase) / decrease in Inventories	(860,446)	(770,677)

Note 20 Employee Benefits Expenses

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Salaries and wages #	39,400,320	28,027,171
Contributions to Employee Benefit funds (Refer Note 23(b)) @	1,278,722	605,101
Staff welfare expenses	2,639,522	1,746,881
Total	43,318,564	30,379,153

Salaries and wages represents Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service / employment and includes Managerial Remuneration

@ Contribution to Employee Benefit funds include contributions to Provident Fund ,Pension Fund and Gratuity fund.

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Notes forming part of the financial statements

Note 21 Finance costs

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
(a) Interest expense on: - Borrowings	13,956,074	4,829,655
(b) Other borrowing costs @	964,062	747,549
Total	14,920,136	5,577,204

@ Other borrowing represents commitment charges, loan processing charges.

Note 22 Other expenses

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Consumption of stores and spare parts	8,976,516	5,679,943
Doctors Fees	44,248,009	30,941,223
Health Club Payments	2,779,657	2,248,187
Laboratory Expenses	5,769,780	3,885,808
IP/OP services received	509,436	2,237,737
Other Operating Expenses	1,183,430	1,006,568
Power and fuel	9,277,063	5,735,607
Rent including lease rentals	1,110,000	983,333
Repairs and maintenance - Buildings	210,556	89,302
Repairs and maintenance - Machinery	1,319,916	677,158
Repairs and maintenance - Others	4,332,410	3,417,423
Insurance	265,687	145,325
Rates and taxes	665,522	1,134,994
Communication	1,033,151	903,470
Travelling and conveyance	816,220	515,569
Printing and stationery	1,158,237	1,179,751
Business promotion & Publicity	3,362,631	1,937,048
Legal and professional	444,820	292,435
Payments to auditors (Refer Note 24(c))	407,007	285,450
Bad Trade receivables written off	1,221,669	1,115,717
Amortisation of share issue expenses and discount on shares	-	6,001,600
Loss on fixed assets sold / scrapped / written off	511,965	15,198
Allowance for doubtful trade receivables.	(58,411)	126,824
Prior Period items (net)	51,450	79,632
Miscellaneous expenses	1,696,703	1,578,879
Total Other Expenses	91,293,422	72,214,180

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Disclosures as per the accounting standard

Note 23(a) - Related party transactions - Disclosure as per to AS 18

Details of related parties:

Description of relationship

Name of the Related Party

Holding Company

Sri Kavery Medical Care (Trichy) Ltd.

Key Management Personnel (KMP)

Dr.S. Chandrakumar
Mr. D. Selvaraj
Dr.S. Manivannan (till 27.07.2011)
Dr. T.Senthilkumar (till 10.11.2011)
Dr D.Senguttuvan (from 27.07.2011)
Dr S Vijayabaskaran (from 10.11.2011)

Company in which KMP / Relatives of KMP
can exercise significant influence

Sri Kavery Medical Care (Trichy) Ltd.
Kaveri Medi CT Scan (Thuraiyur) Private Limited
Kavery Hospital (Hosur) Limited

**Details of related party transactions during the year ended 31 March, 2012 (31st March 2011) and
balances outstanding as at 31 March, 2012 (31st March 2011)**

Transaction	Holding Company	KMP	Total
Purchase of goods	40,280 (Nil)	-	40,280 (Nil)
Sale of goods	Nil (Nil)	-	Nil (Nil)
Purchase of fixed assets	279,298 (87,606)	-	279,298 (87,606)
Sale of fixed assets	56,342 (1,197)	-	56,342 (1,197)
Rendering of services	595,394 (Nil)	-	595,394 (Nil)
Receiving of services	551,144 (2,709,627)	-	551,144 (2,709,627)
Rent Received	120,000 (120,000)	-	120,000 (120,000)
Rent paid	210,000 (210,000)	-	210,000 (210,000)
Interest paid	7,380,624 (3,843,001)	-	7,380,624 (3,843,001)
Guarantees and collaterals (given)	380,000,000 (60,000,000)	-	380,000,000 (60,000,000)
Management contracts including for deputation of employees	1,038,726 (600,137)	2,575,000 (3,000,000)	3,613,726 (3,600,137)
Loan Repaid	82,052 (117,500,000)	-	82,052 (117,500,000)
Loan Received	Nil (18,800,000)	-	Nil (18,800,000)
Other services received	1,034,941 (Nil)	-	1,034,941 (Nil)
Interest free security deposit	520,000 (Nil)	-	520,000 (Nil)

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.

Disclosures as per the accounting standard

Balances outstanding at the end of the year

Transaction	Holding Company	KMP	Total
Trade receivables	96,520 (Nil)	- -	96,520 (Nil)
Loans and advances	520,000 (Nil)	- -	520,000 (Nil)
Trade payables	824,533 (28,202)	- -	824,533 (28,202)
Borrowings	56,618,917 (56,700,969)	- -	56,618,917 (56,700,969)

Note: Figures in bracket represents previous years'

The total amount of Rs. 9,72,29,102(Rs.3,58,59,161) borrowed by the company are guaranteed personally by Managing Director and Joint Managing Director of holding company and by the holding company.

Note 23(b) - Employee benefit plans - Disclosure as per AS 15

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Components of employer expense		
Current service cost	53,620	44,529
Interest cost	16,307	11,244
Expected return on plan assets	(25,924)	(18,492)
Actuarial losses/(gains)	163,106	26,267
Total expense recognised in the Statement of Profit and Loss	207,109	63,548
Actual contribution and benefit payments for year		
Actual benefit payments	-	(18,750)
Actual contributions	313,388	78,321
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	436,774	203,841
Fair value of plan assets	615,165	275,853
Funded status [Surplus / (Deficit)]	178,391	72,012
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(178,391)	(72,012)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	203,841	140,551
Current service cost	53,520	44,529
Interest cost	16,307	11,244
Plan amendments	-	-
Actuarial (gains) / losses	163,106	26,267
Benefits paid	-	(18,750)
Present value of DBO at the end of the year	436,774	203,841

Change in fair value of assets during the year		
Plan assets at beginning of the year	275,853	197,790
Expected return on plan assets	25,924	18,492
Actual company contributions	313,388	78,321
Benefits paid	-	(18,750)
Plan assets at the end of the year	615,165	275,853
Actual return on plan assets		
Actuarial assumptions		
Discount rate	8%	8%
Salary escalation	5%	5%
Mortality tables	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal Rate (depending on age)	1-3%	1-3%
Method used for Present value of plan liability	Projected Unit Credit Method	Projected Unit Credit Method

Estimate of amount of contribution in the immediate next year

Note 23 (c) - Earnings per share - Disclosure as per to AS 20

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Basic & Diluted		
Continuing operations (Total Operations)		
Net profit / (loss) for the year from continuing operations	8,032,346	(45,154,228)
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	8,032,346	(45,154,228)
Weighted average number of equity shares	163,085,000	24,918,151
Par value per share	1.00	1.00
Earnings per share from continuing operations - Basic	0.05	(1.81)
Basic & Diluted (excluding extraordinary items)		
Continuing operations (Total Operations)		
Net profit / (loss) for the year from continuing operations (Add) / Less: Extraordinary items (net of tax) relating to continuing operations	8,032,346	(45,154,228)
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	8,032,346	(45,154,228)
Weighted average number of equity shares	163,085,000	24,918,151
Par value per share	1.00	1.00
Earnings per share from continuing operations, excluding extraordinary items - Basic	0.05	(1.81)

Note 23(d) Deferred tax (liability) / asset - Disclosure as per AS 22

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Opening Deffered Tax Liability/(Asset)	4,239,118	(36,960,649)
Liability on Difference of Depreciation during current year	3,125,395	997,947
Asset on Other Disallowances	(158,197)	(417,547)
Asset on Depreciation Loss of Current year	-	(1,763,139)
Reversal of Deferred Tax Asset on unabsorbed depreciation	-	42,382,506
Business Profit/(Loss) of Current Year	882,611	-
Prior Year Adjustments	576,778	-
Closing deferred tax liability / (asset)	8,665,705	4,239,118

The company recognises deferred tax on timing differences arising in an accounting period and reversing in subsequent accounting periods. Also, Deferred Tax in 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.

Note 24 Additional information to the financial statements

Note	Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
24(a)	Contingent liabilities and commitments (to the extent not provided for)		
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt (give details)		
	Gratuity claim from Mrs. Gandhi former Employee of KMC Speciality Hospitals(India) Limited (formerly Sea Horse Hospitals Limited)	13,35,000	4,35,000
	(b) Guarantees:		
	Guarantee given banks favouring holding company Sri Kavery Medical Care (Trichy) Limited. The company has exceeded the limits specified u/s 372A of Companies Act 1956, however for Rs.38 Crores the company has obtained Share holders approval through Postal Ballot and for Rs.18.5 Crores the company will be obtaining the approval within the specified period.	565,000,000	380,000,000
	(c) Other money for which the Company is contingently liable (give details)		
	1.The company has received a show cause notice from The Department of Customs for the medical equipment imported during the year 1989-1993	8,524,905	85,24,905

Note	Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
	2. The company has received a show cause notice from Municipal Corporation of Trichy for the arrears of rent on poramboke land. Of the said amount, an amount of Rs. 3,79,000 has been provided in the books.	9,17,260	9,17,260
	3. The company has received a demand notice from Trichy Corporation for arrears of Property Tax for the period 2005-2010. The company in reply has filed an appeal with the district Munsif Court in the year 2003. A provision of Rs. 50,00,000 has been made based on the Managements estimate likely settlement of the above dues	1,08,31,767	1,08,31,767
(ii)	Capital Commitments as on Balance Sheet Date		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Tangible assets	6,02,42,000	3,739,553
	(b) Other commitments	-	-

24(b) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	703,909	Not compiled
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

24(c) Payments to the auditors comprises (Inclusive of Service Tax)

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
As auditors - statutory audit	165,450	137,875
For taxation matters	82,725	27,575
For company law matters	-	-
For management services	-	-
Prior Period - Other Matters- Limited Review	-	-
Total Payment to Statutory Auditors	248,175	165,450
Payment to Internal Auditors	158,832	120,000
Total	407,007	285,450

24 (d) Value of imports calculated on CIF basis

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Capital goods	7,082,564	3,031,026

24 (e) Utilisation of Rights Issue Proceeds:

Particulars	For the year ended 31 March, 2012 Rs.	For the year ended 31 March, 2011 Rs.
Balance Funds (Opening)	27038400*	-
Sources:		
Proceedings from Rights Issue	-	150,540,000
Application:		
Repayment of Loans	-	-117500000
Rights Issue Expenses	-	-6001600
Renovation and Civil construction works	27038400*	-
Balance Funds (Closing)	-	27038400*

*Closing funds as on 31st March 2011 deposited in FD Account with Scheduled Bank

24(f) Sundry Debtors ,Creditors & Loans & Advances

Sundry Debtors , Creditors , Loans & Advances are subject to confirmation. The auditors have relied on the balance as per books of accounts maintained in the absense of confirmation from the debtors/ creditors.

24(g) Previous Years figures have been regrouped/ rescheduled/ reclassified wherever necessary according to the revised schedule VI compliance.

For Patel Mohan Ramesh & Co.,
Chartered Accountants

N.Ramesh
Partner
M.No: 019136

Place : Trichy
Date : 28th May 2012

Dr.S.Chandrakumar
Managing Director

For and on behalf of the Board of Directors

CA S Chenthil Kumar
Director

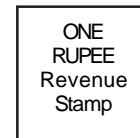
CS N.Jayanthi
Company Secretary

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 Nineth Annual General Meeting of the Company
to be held on Thursday, 27th day of September 2012 at 3.30 pm at Hotel Sangam, Cantonment, Trichy
620 001 and at any adjournment thereof.



Signature

Signed this _____ day of _____ 2012

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 Nineth Annual General Meeting of the
Company at Hotel Sangam, Cantonment, Trichy – 620 001 at 03.30 pm on Thursday the 27th
September 2012.

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.

From :

Date

To:

M/s. Cameo Corporate Services Limited
Unit : KMC Speciality Hospitals India Ltd
'Subramanian Building ' , No.1 Club House Road
Chennai – 600002

Dear Sir (s),

Ref: PAYMENT OF DIVIDEND THROUGH NATIONAL ELECTRONIC CLEARING SERVICES (NECS)

Name of First Holder (In Block Letter)				
Folio no				
No of shares				
Bank A/c Type [Please tick (✓)]				
Core Banking Account Number				
Name of the Bank				
Branch Name				
IFSC Code *				
Full Address of the Bank	Savings A/c		Savings A/c	Cash Credit A/c
9– Digit Code number of the Bank & Branch appearing on the MICR cheque issued by the Bank (Please attach Photocopy of a cheque or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code.				
Email id				
Phone no.				
PAN				
Latest Address for Communication				

I agree to avail of the Electronic Clearing Service, as and when implemented by KMC Speciality Hospitals (India) Ltd for payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold KMC Speciality Hospitals India Ltd/ Registrar responsible .

(Signature of the First / Sole shareholder)

ACCEPTANCE FOR SENDING COMMUNICATION IN ELECTRONIC MODE

From :

Date

To:

M/s. Cameo Corporate Services Limited
Unit : KMC Speciality Hospitals India Ltd
'Subramanian Building ' , No.1 Club House Road
Chennai – 600002

Dear Sir (s),

Ref: COMMUNICATIONS IN ELECTRONIC FORM

Name of First Holder (In Block Letter)	
Folio no	
No of shares	
Email id	
Phone no.	
PAN	
Latest Address for Communication	

I agree / do not agree, to receive the Annual Report and other communications from KMC Speciality Hospitals (India) Limited in my above cited e-mail id.

I hereby declare that the particulars given above are correct and complete.

(Signature of the First / Sole shareholder)