

ANNUAL REPORT 2012 - 2013
KMC SPECIALITY HOSPITALS (INDIA) LIMITED

BANKS

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

AUDITORS

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

REGISTERED & CORPORATE HOSPITAL COMPLEX

6, Royal Road, Cantonment
Trichy - 620 001.

BOARD OF DIRECTORS

Mr R Mohan (Upto 28th May, 2013)	Chairman
Dr S Chandrakumar (From 30th May, 2013)	
(Upto 29th May 2013 - Managing Director & CEO	Chairman Managing Director & CEO
Mr D Selvaraj	Director
Mr A Krishnamoorthy	Director
CA S Chenthilkumar	Director
Mr B Pattabhiraman	Director
Mr S Krishnamurthy	Nominee Director
Dr D Senguttuvan	Director
Dr S Vijayabaskaran	Director
Mr Pradipta K Mohapatra (From 28th May, 2013)	Director
Smt N Jayanthi	Company Secretary & Compliance Officer

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
REGISTERED OFFICE: NO 6 ROYAL ROAD, TRICHY 620 001.
NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirtieth Annual General Meeting of the members of the Company will be held on Saturday, the 20th July, 2013 at 10.30 am at Hotel Sangam, Cantonment, Trichy - 620001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Thirtieth Annual Report of the Directors, the Audited Balance sheet as at 31st March 2013, Profit and Loss Account for the year ended 31st March 2013 and the Auditors' Report thereon.

2. To consider the Directors retiring by rotation.

2a. To appoint a Director in place of Dr S Vijayabaskaran, Director who retires by rotation at this meeting, being eligible and willing offering himself for re-election.

2b. To appoint a Director in place of Mr D Selvaraj, who retires by rotation at this meeting and not opting for re-election.

3. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution

:"RESOLVED THAT subject to the provisions of Section 224, 225 and other applicable provisions, if any, of the Companies Act 1956, M/s BSR and Company, Chartered Accountants, (FRN: 128900W), be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting, in place of the retiring Auditors M/s Patel Mohan Ramesh and Co, to audit the accounts of the Company for the Financial Year 2013-14 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, on recommendation of the Audit Committee of the Directors."

SPECIAL BUSINESS:

4. EXTENSION OF TERM OF OFFICE OF THE MANAGING DIRECTOR AND ELEVATING HIM AS CHAIRMAN & MANAGING DIRECTOR (CMD)

TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS.

"RESOLVED UNANIMOUSLY THAT pursuant to the provisions of Sections 198,269,309,310,311,316 and other applicable provisions, if any, read with Schedule XIII of the Companies Act,1956, including any statutory modification or re-enactment thereof for the time being in force and subject to the approval of the shareholders, the recommendation of the Remuneration Committee be and is hereby accorded to the re-appointment and elevation of Dr S Chandrakumar as the Chairman and Managing Director of the Company from 30th May, 2013 till the Annual General Meeting of the year 2015 with the following same remuneration as fixed in the Annual General Meeting held on 21st September, 2011 -

Basic	Rs 2,00,000 pm
HRA	Rs 20,000 pm
PF	Rs 24,000 pm

Plus

Bonus @ 8.33% of Gross pay. (Basic + HRA)
Gratuity as per the Gratuity Act.

LTA not exceeding 50% of one month basic pay, subject to IT provisions.

Reimbursement of medical insurance premium to self and family, to the extent of Rs 25000 per annum.

Reimbursement of actual expenditure of fuel bills of car utilized for official purposes.

Company's car with driver.

Payment to the bills of mobile phone/s used and internet connections used for official purposes."

"Resolved Further that in the absence or inadequacy of profits in any year, Dr S Chandrakumar is entitled to receive and be paid as minimum remuneration in that year by way of salary, allowances, perquisites and other benefits as stated in the above cited resolution, subject however to the necessary approvals and ceiling specified under Schedule XIII of the Companies Act, 1956."

5. ELEVATION OF DR D SENGUTTUVAN AS EXECUTIVE DIRECTOR OF THE COMPANY AND FIXING HIS REMUNERATION.

TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS.

"RESOLVED UNANIMOUSLY THAT pursuant to the provisions of Sections 198,269,309,310,311, 316 and other applicable provisions, if any, read with Schedule XIII of the Companies Act,1956, including any statutory modification or re-enactment thereof for the time being in force and subject to the approval of the shareholders, the recommendation of the Remuneration Committee be and is hereby accorded to the elevation and appointment of Dr D Senguttuvan, the Non-Executive Director of the Company, as the Executive Director of the Company from 20th July, 2013 till 30th September 2016 with the following remuneration payable with effect from 20th July, 2013 -

Basic	Rs 150000 pm
HRA	Rs 15000 pm
PF	Rs 18000 pm

Plus

Bonus @ 8.33% of Gross pay. (Basic + HRA)

Gratuity as per the Gratuity Act.

LTA not exceeding 50% of one month basic pay, subject to IT provisions.

Reimbursement of medical insurance premium to self and family, to the extent of Rs 25000 per annum.

Payment to the bills of mobile phone/s used and internet connections used for official purposes."

"Resolved Further that in the absence or inadequacy of profits in any year, Dr D Senguttuvan is entitled to receive and be paid as minimum remuneration in that year by way of salary, allowances, perquisites and other benefits as stated in the above cited resolution, subject however to the necessary approvals and ceiling specified under Schedule XIII of the Companies Act, 1956."

In addition he is entitled to Doctor's fees for the services rendered in his professional capacity on actual basis.

6. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION.

"Resolved that Dr S Manivannan, the Joint Managing Director of the Holding Company, in respect of whom the company has received a notice u/s 257 of the Companies Act, 1956 from the Holding Company Sri Kavery Medical Care (Trichy) Ltd, proposing the candidature of the office of the Director, in the vacancy caused by the resignation of Mr D Selvaraj, the Non-Executive director of the Company, be and is hereby appointed as the Non-Executive Director of the Company liable to retire by rotation."

7. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTIONS.

"Resolved that the co-option of Mr Pradipta K Mohapatra into the Board as Additional Director wef 28th May, 2013 be and is hereby approved and taken on record."

"Resolved that Mr Pradipta K Mohapatra, be and is hereby confirmed as the Non-Executive, Independent Director of the Company liable to retire by rotation, with effect from 28th May, 2013."

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 16th July, 2013 to 20th July, 2013. (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.

iv. The members who holds shares in dematerialized form are requested to bring their Client Id and DP ID. Nos for easier identification of attendance at the meeting.

v. Corporate members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.

vi. As a measure of economy, copies of annual reports will not be distributed at the AGM. Members are therefore requested to bring their copies of Annual Report to the meeting.

Registered Office:
No.6 Royal Road,
TRICHY 620 001.
Date: 28, May, 2013

(By Order of the Board)

N Jayanthe
Company Secretary

Annexure to Notice

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

Item 3 - Requiring Special Notice

It is brought to the kind information of the shareholders that the Statutory auditors for the Promoter Holding Company Sri Kavery Medical Care (Trichy) Limited is M/s B S R and Company, Chennai, an Indian associate of one of the Big Four International Audit Firms KPMG.

With a view to ensure uniform accounting and auditing practices for the purpose of consolidation of their accounts and as a guiding and directing factor in these processes, the Promoter Holding Company sent a special notice on 23rd May, 2013 as required u/s 224(2) of the Companies Act, 1956, to appoint M/s B S R and Company, as Statutory Auditors of the Company, a copy of which is annexed herewith. The cited notice has been placed before the Audit Committee and Board meetings held on 28th May, 2013. After due deliberations the Audit Committee and the Board recommended the same to the perusal of the shareholders. Hence the above cited resolution No.3 has been placed before the shareholders.

At this juncture the Management, on behalf of the shareholders wishes to place on record the invaluable professional advises and services rendered by the retiring auditors M/s Patel Mohan Ramesh & Co., during their tenure with us. The Management has informed them that it is taking the privilege of availing their professional services in other requisite areas.

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.

Mr R Mohan, the Chairman Director of the Company has resigned from his directorship and chairmanship from the Board since 28th May, 2013.

The re-appointment of Dr S Chandrakumar as the Managing Director of the Company from 30th May, 2011 to 29th May, 2013 was confirmed in the AGM for the year 2011.

Considering the contributions of Dr S Chandrakumar, the Managing Director of the Company in steering the company to its current phenomenal turnaround, the Board and the Remuneration Committee at their

wisdom, subject to the approval of the shareholders, complying with the provisions of Section 302 of the Companies Act, 1956, recommended elevating him as the Chairman & Managing Director of the Company from 30th May, 2013 to the date of AGM for the year 2015 with the cited remuneration in resolution 4 fixed in the AGM, 2011.

Hence the cited resolution no.4 has been placed before the shareholders for their approval.

Dr S Chandrakumar is the Managing Director of the Holding Company Sri Kavery Medical Care (Trichy) Ltd from where he draws remuneration as per the provisions of the Companies Act, 1956.

STATEMENT PURSUANT TO SCHEDULE XIII, RELEVANT TO MANAGERIAL REMUNERATION

1.GENERAL INFORMATION

1	Nature of Industry	Health Care
2	Date of Commencement of Commercial Activities	31-12-1982 (As Pvt Ltd Company) 15-07-1988 (As Public Ltd Company)
3	New Company Details	NA
4	Financial performance of the FYs 2010-2011, 2011-2012 and 2012-2013 are given below-	

Particulars	Amount in Lacs		
	2010-11	2011-12	2012-13
Net Annual Sales / Revenue	1331.30	1996.42	2919.15
Net Profit after taxes	(451.54)	80.32	93.57

5	Export Performance	NA
6	Foreign Investments and Collaborations	NA

II. INFORMATION ABOUT THE APPOINTEE

1. Background details -- Dr S Chandrakumar is a leading Anaesthesiologist, with over 20 years of reputed clinical experience and managing multi speciality hospitals and is the founder promoter of the company.

2. Past Remuneration -- As indicated in the Explanatory Statement above.

3. Recognition of Awards.

He was an Executive member of the Health Care Sub Committee in Confederation of Indian Industry Tamil Nadu and selected by the same as one of the 101 best Entrepreneurs in Tamil Nadu for the year 2008 - 2009.

He was the Chairman of CII, Trichy Zone covering 8 Districts in the year 2011-2012.

He is the Convener of CII Health Care Panel - Trichy Zone.

He is the Charter Chairman of Bharatiya Vidya Bhavan, Trichy Kendra which is a part of national movement for cultural renaissance.

4. Job Profile and his suitability

Job profile is as per the provisions of the Companies Act, 1956. He is Promoter / Managing Director of this multi-speciality hospital in Trichy with renowned brand value. In spite of the competitions existing in the industry the noteworthy growth of the hospital in all dimensions erasing out its past negative reputations with its present quality performance, is the indication of his suitability to his designation.

5. Remuneration proposed -- As mentioned in Resolution No 4

6. Comparative Remuneration Profile -- The nature of this industry depends upon the caliber / skills of the individual involved, therefore not-comparable.

7. Pecuniary relationship with the company -- NIL

III. OTHER INFORMATION

1. Reasons for Inadequate Profit -- The endeavors of the administration to erode the legacy deficiencies, by undertaking renovation and revamping of its civil structure and replenishment of medical equipments and increasing bed capacity have resulted into additional cost of operations, financing cost and depreciation, causing a strain on the profitability.

2. Steps taken / proposed for improvement -- Adopting strategies to ensure that quality performance is assured and higher level of revenue is achieved.

3. Expected increase in productivity and profits in measurable value -Expected to be in increasing trend in line with the performance since take over of management in May, 2008.

IV. DISCLOSURES

All the details of the remuneration are included in the special resolution which forms part of the Notice of the AGM sent to all the share holders individually. No stock options have been issued to any of the above cited Director.

Memorandum of Interest

None of the Directors are interested in the above cited resolution except Dr S Chandrakumar whose remuneration, re-appointment and elevation are considered and Dr S Vijayabaskaran who is the brother of Dr S Chandrakumar. This statement may also be considered as an abstract of the notice u/s 302 of the Companies Act, 1956.

Item 5

Dr D Senguttuvan, a renowned pediatrician in Trichy with a rich experience over 2 decades was inducted on the Board of the Company with effect from 27th July 2011 and confirmed by the shareholders in the AGM held on 21.09.2011 as a Non-executive Director. Since his co-option in the Board, his active contributions through his guidance and directions in the administrative and operational activities of the company and the group companies, are noteworthy to be recorded. In the light of the above the Board and the Remuneration Committee at their wisdom recommend elevating and appointing him as the Executive Director of the Company with effect from 20th July, 2013 with the cited remuneration in resolution 5 upto 30th September, 2016 subject to the approval of the shareholders. Hence the cited resolution in item 5 is placed before the shareholders for their consideration.

STATEMENT PURSUANT TO SCHEDULE XIII, RELEVANT TO MANAGERIAL REMUNERATION

1. GENERAL INFORMATION

1	Nature of Industry	Health Care
2	Date of Commencement of Commercial Activities	31-12-1982 (As Pvt Ltd Company) 15-07-1988 (As Public Ltd Company)
3	New Company Details	NA
4	Financial performance of the FYs 2010-2011, 2011-2012 and 2012-2013 are given below-	

Particulars	Amount in Lacs		
	2010-11	2011-12	2012-13
Net Annual Sales / Revenue	1331.30	1996.42	2919.15
Net Profit after taxes	(451.54)	80.32	93.57

5	Export Performance	NA
6	Foreign Investments and Collaborations	NA

II. INFORMATION ABOUT THE APPOINTEE

1. Background details -- Dr D Senguttuvan is a leading Paediatrician, with over 20 years of reputed rich experience.

2. Past Remuneration -- NIL.

3. Recognition of Awards.
Currently he is in the CII Health Care Panel - Trichy Zone.

He was the Secretary of Pediatric Association.

4. Job Profile and his suitability

Job profile is as per the provisions of the Companies Act, 1956. Being a renowned pediatrician with a glorious practice and an able contributor to the administrative activities ensures his suitability for the profile.

5. Remuneration proposed -- As mentioned in Resolution No 5

6. Comparative Remuneration Profile -- The nature of this industry depends upon the caliber / skills of the individual involved, therefore not-comparable.

7. Pecuniary relationship with the company -- NIL

III. OTHER INFORMATION

1. Reasons for Inadequate Profit -- The endeavors of the administration to erode the legacy deficiencies, by undertaking renovation and revamping of its civil structure and replenishment of medical equipments and increasing bed capacity have resulted into additional cost of operations, financing cost and depreciation, causing a strain on the profitability.

2. Steps taken / proposed for improvement - -
Adopting strategies to ensure that quality performance is assured and higher level of revenue is achieved.

3. Expected increase in productivity and profits in measurable value -Expected to be in increasing trend in line with the performance since his inception into the Board.

IV. DISCLOSURES

All the details of the remuneration are included in the special resolution which forms part of the Notice of the AGM sent to all the share holders individually. No stock options have been issued to any of the above cited Director.

Memorandum of Interest

None of the Directors are interested in the above cited resolution except Dr D Senguttuvan whose remuneration and elevation is considered and Mr D Selvaraj who is the brother of Dr D Senguttuvan. This statement may also be considered as an abstract of the notice u/s 302 of the Companies Act, 1956.

Item 6

Dr S Manivannan is the Joint Managing Director and promoter of the Holding Company, Sri Kavery Medical Care (Trichy) Ltd, a multi-speciality hospital and one of its kind in the region. He has been recommended by the Holding Company for the vacancy in the office of the director Mr D Selvaraj who is retiring by rotation and not opting for re-election, by sending a Special Notice under Section 257 of the Companies Act, 1956 on 10th June, 2013 (a copy of which is annexed to this Notice). He has a rich experience of around 2 decades in the administration and operations of the multi-speciality hospitals in Tamil Nadu. It is brought to the kind notice of the shareholders that Dr S Manivannan is the son of Mr D Selvaraj, the retiring Director. As JMD of the Holding Company, his advise and support to the company in the operational areas are exhibited in the note worthy quality enhancement in the services provided. The Board at its wisdom thought it fit to recommend co-opting such an eminent doctor into the Board to avail his able guidance and directions in the operations of the Company. The shareholders may consider and approve.

Hence the above cited resolution in Item 6 was placed before the shareholders for their approval.

None of the Directors are interested in the above cited resolution except Mr D Selvaraj, who is the father of Dr S Manivannan and Dr D Senguttuvan, who is the paternal uncle of Dr S Manivannan.

7. Mr. Pradipta K. Mohapatra is a graduate of Behavioural Coaching Institute, U. K. and is a Fellow of Chartered Management Institute, U. K. He is an Engineer from NIT, Rourkela and studied Management at Jammalal Bajaj and Harvard Business School.

The ambit of his career includes serving in the Boards of renowned companies in India, USA and Asia Pacific, covering variety of sectors like Energy, IT & BPO, Textile, Hotels, Pharma & Bio-Tech, Cables, Retailing etc.

He has Co-founded Executive & Business Coaching Foundation India Ltd and Chennai Business School Ltd, promoting Executive Coaching as a new profession in India.

Mr. Mohapatra is a doyen of supervising the management of companies by holding first level positions in them. His guidance and advise to the companies are experientially validated besides being supported by his academic accolades.

During his career, he has significant experience in incubation of new businesses as well as nursing sick businesses back to health.

Mr. Mohapatra's work has been documented in several case studies by IMD, Lausanne, INSEAD, Paris and IIM, Ahmedabad.

He is Executive Council Member of the All India Management Association. He was President of Madras Management Association.

He has co-authored 'India's Global Powerhouses', a book published by Harvard Business School Publishing.

Registered Office: (By Order of the Board)
No.6 Royal Road,
TRICHY 620 001. N. Jayanthi
Date: 28th May, 2013 Company Secretary

SPECIAL NOTICE FOR APPOINTMENT OF AUDITORS OTHER THAN THE RETIRING AUDITORS

From
Sri Kavary Medical Care (Trichy) Ltd
Regd Office : No 1, KC Road, Tennur
Trichy - 620 017.

23/05/2013

To
The Board of directors
KMC Speciality Hospitals (India) Ltd
Regd Office : No 6, Royal Road, Cantonment
Trichy - 620 008.

Sub: Notice under section 225(1) of the Companies Act, 1956 for appointment of Auditors M/s BSR & Co, Chartered Accountants, in place of retiring Auditors M/s Patel, Mohan, Ramesh and Co, Chartered Accountants.

Dear Sir/s

We bring to your notice that Sri Kavary Medical Care (Trichy) Ltd , holds 12,23,13,750 Equity Shares of the your company constituting 75 % of the total paid up capital of the company and in reference to the provisions of section 225(1) read with the provisions of section 190 of the Companies Act, 1956, the Company, hereby gives a notice that M/s BSR & Co., Chartered Accountants, Chennai(FRN: 128900W), be appointed in place of M/s Patel, Mohan, Ramesh and Co, Chartered Accountants, the retiring auditors of the company, to audit the accounts of the Company for the Financial Year 2013-14 on such terms and conditions as to remuneration, out of pocket expenses etc., as may be fixed by the Board of Directors of your Company, on recommendation of the Audit Committee of the Directors.

A draft of the resolution for approval at the Annual General Meeting, 2013 is hereby provided. You are requested to please do the needful as per provisions of the Companies Act, 1956.

Thanking you

Yours faithfully
For Sri Kavary Medical Care (Trichy) Ltd

Dr S Manivannan
Joint Managing Director

SPECIAL NOTICE FOR APPOINTMENT OF DIRECTOR OTHER THAN THE RETIRING DIRECTOR

From
Sri Kavery Medical Care (Trichy) Ltd
Regd Office : No 1, KC Road, Tennur
Trichy - 620 017.

10/06/2013

To
The Board of directors
KMC Speciality Hospitals (India) Ltd
Regd Office : No 6, Royal Road, Cantonment
Trichy - 620 008.

Sub: Notice under section 255 & 256 of the Companies Act, 1956 for appointment of Dr S Manivannan, in place of retiring Director Mr D Selvaraj.

Dear Sir/s

We bring to your notice that Sri Kavery Medical Care (Trichy) Ltd , holds 12,23,13,750 Equity Shares of the your company constituting 75 % of the total paid up capital of the company and in reference to the provisions of section 257 read with the provisions of section 190 of the Companies Act, 1956, the Company, hereby gives a notice that Dr S Manivannan, the Joint Managing Director of the Holding Company Sri Kavery Medical Care (Trichy) Ltd, be appointed as the Non-Executive Director in place of the retiring Director Mr D Selvaraj.

A draft of the resolution for approval at the Annual General Meeting, 2013 is hereby provided. You are requested to please do the needful as per provisions of the Companies Act, 1956.

Thanking you
Yours faithfully
For Sri Kavery Medical Care (Trichy) Ltd

Dr S Chandrakumar
Managing Director

The resolutions as provided are included in agenda items 3 and 6 respectively.

DIRECTORS' REPORT

The Board of Directors of your company have pleasure in presenting the Thirtieth Annual Report of the company together with the audited statements of account for the year ended 31st March, 2013.

1. The financial results are as follows:

Particulars	As on 31.03.2013	As on 31.03.2012
Operating Income	2878.70	1969.52
Other Income	40.45	26.90
Total Income	2919.15	1996.42
Financial expenses	213.53	149.20
Depreciation	109.88	96.96
Profit/(Loss) before Tax	136.39	124.59
Provision for Deferred Tax	42.82	44.27
Profit/(Loss) after Tax	93.57	80.32

During the year under review due to increase in Bed strength coupled with improved bed occupancy your company's Operating revenue increased significantly by 47% resulting in a turn around. Your company recorded a Profit Before Tax of Rs. 136.39 lacs as compared to a PBT of Rs. 124.59 lacs in the previous year resulting in the increase of PAT to Rs 93.57 lacs as against the PAT of Rs 80.32 lacs last year.

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

2. Highlights

Advanced Gastroenterology Procedures

Bariatric Surgery for Obesity

Joint Replacement and Arthroscopy Surgical Procedures

Inauguration of Kauvery Academy

Implementation of 5S Technique.

3. Directors

NAME OF THE DIRECTORS	STATUS OF THE DIRECTOR
Mr R Mohan (Upto 28th May, 2013)	Non Executive Chairman
Dr S Chandrakumar (From 30th May, 2013)	Chairman Managing Director & CEO (Earlier Managing Director & CEO)
Mr D Selvaraj	Non Executive Director
Mr A Krishnamoorthy	Non Executive Director
CA S Chenthilkumar	Independent / Non-Executive Director
Mr B Pattabhiraman	Independent / Non-Executive Director
Mr S Krishnamurthy	Nominee Director of the Holding Company's Investors
Dr D Senguttuvan	Non Executive Director
Dr S Vijayabaskaran	Non Executive Director
Mr Pradipta K Mohapatra (From 28th May, 2013)	Independent / Non-Executive Director

The details of re-constitution of the Board are narrated in item 4, 5, 6 & 7 of the agenda in the Notice of AGM, 2013.

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

Inspite 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	2012-2013	2011-2012
a. Export and Foreign Exchanges Earned	NIL	NIL
b. Import of Equipments and Foreign Exchange (EURO) Outflow	16,435	77,742
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 2012-2013, 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, 2013, 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, 2013 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

Upon resignation of Mr R Mohan, the Chairman Director and member of Audit Committee, the Audit Committee was reconstituted with the following members-

CA S Chenthilkumar	Chairman (Non-Executive & Independent)
Mr B Pattabhiraman	Member (Non-Executive & Independent)
Mr D Selvaraj	Member (Non - Executive)

The Audit Committee met 4 times during the year.

8. REMUNERATION COMMITTEE

The Remuneration committee consisted of the following 4 members -

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

The committee did not meet in FY 2012-2013. It met on 28th May, 2013 to consider and recommend item number 4 and 5 of the agenda in the AGM Notice 2013.

9. Deposits

As per Section 58A of the Companies Act, 1956 the company has not accepted any deposit from the public.

10. Personnel

Employer-employee relationship in your company continues to be cordial. Your directors look forward to the same in future. Recruited experienced corporate professionals to head all major corporate functions at a group level.

11. Auditors and their Report

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

A Special Notice has been received from the Holding Company Sri Kavery Medical Care (Trichy) Limited to appoint M/s B S R and Company, their statutory auditors as statutory auditors of our Company. More details are included in the Notice to the shareholders.

The detailed Audit Report for the FY 2012-2013 is annexed with the Financials for the year ended 31st March, 2013.

12. Corporate Governance

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

13. Acknowledgement

Your Directors wish to thank various Government Agencies, State Bank of India, Axis Bank, Indian Overseas Bank, Punjab National Bank and City Union 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 : 28-05-2013 Chairman Managing Director & CEO

Dr S Chandrakumar

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our corporate governance philosophy is built on the sound disciplinary mechanism driven by conscience, openness, transparency, fairness, professionalism and accountability leading to confident long term success. As a measure of going beyond the adherence to regulatory framework, highest priority is accorded in establishing performance oriented systems and system driven performances which are subject to constant review for continuous development. Our company's structure has been made positive and vibrant because of our systems blended with growth, efficiency, governance and ethics.

Sustained corporate growth and stake holders value maximization are ensured by our Mission statement formulated by our Board of Directors with an optimum combination of eminent individuals with diversified experience and efficiency aligned to the uncompromising business excellence.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

INDUSTRY STRUCTURE AND DEVELOPMENT

Being one of the largest and fastest growing industries consuming considerable part of the GDP, the health care industry plays an important role in the socio-economic development of India. The health industry in India is instrumental in providing quality and affordable medical facilities to the vast population of India, generates huge employment opportunities for people of all caliber and provides great potential opportunities to domestic as well as foreign investors assuring high returns on the same.

There are different sectors such as the medical services, paramedical services, pharmacy, diagnostics and medical education, within the health industry that promise great business investment opportunities.

OPPORTUNITIES / STRENGTH

- Great potential for medical tourism.
- Encouraging avenues for attracting prospective investments.
- Established and expanding domestic markets.
- Increasing demand for health care services.
- Opportunity for horizontal and vertical growth.
- Huge Employment generation.
- The awareness for focusing on the health conditions
- Undivided commitment to society

THREATS / WEAKNESSES

- Competition.
- Increasing cost / scarcity -- of all kind of resources.
- Constant changes in technology requiring revamping of the existing systems.
- The challenging demands and high value expectations of the people using the services.
- Demanding safety / accountability factors against the risk in the services provided.

The analysis also shows that the 'strengths' and 'opportunities' far outweigh 'weaknesses' and 'threats'. Strengths & opportunities are fundamental and weaknesses & threats are transitory.

3. FINANCIAL AND OPERATIONAL PERFORMANCE

Inspite 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 standard 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 (FY 2012 - 2013)

Name of the Director	Executive / Non-Executive / Independent	No. of meetings attended	Attendance at last AGM held on 27.09.2012	No. of outside Directorship	No. of Chairmanship and Membership in other Committees of the Board	
					Chairman	Member
Mr R Mohan (Upto 28th May, 2013)	Independent Chairman	5	Present	NIL	NIL	NIL
Dr S Chandrakumar (From 28th May, 2013)	Chairman Managing Director (Earlier Managing Director)	5	Present	6	NIL	NIL
Mr D Selvaraj	Non Executive Director	5	Present	2	NIL	3
Mr A Krishnamoorthy	Non Executive Director	4	Present	7	5	1
CA S Chenthilkumar	Independent Director	5	Present	NIL	NIL	NIL
Mr B Pattabhiraman	Independent Director	3	Present	12	NIL	NIL
Mr S Krishnamurthy	Nominee Director	5	Present	4	NIL	5
Dr D Senguttuvan	Non - Executive Director	5	Present	2	NIL	NIL
Dr S Vijayabaskaran	Non - Executive Director	5	Present	NIL	NIL	NIL

The Total strength of the Board as on the date of the Report is 9. The details of re-constitution of the Board are included in the Notice of AGM 2013.

Board Meetings were held during the financial year 2012 - 2013 on the following dates -

Name / Date	28.05.2012	13.08.2012	07.11.2012	22.12.2012	14.02.2013
Mr R Mohan	Present	Present	Present	Present	Present
Dr S Chandrakumar	Present	Present	Present	Present	Present
Mr D Selvaraj	Present	Present	Present	Present	Present
Mr A Krishnamoorthy	Present	Present	Present	LOA	Present
CA S Chenthilkumar	Present	Present	Present	Present	Present
Mr B Pattabhiraman	Present	Present	LOA	Present	LOA
Dr D Senguttuvan	Present	Present	Present	Present	Present
Dr S Vijayabaskaran	Present	Present	Present	Present	Present

ii. AUDIT COMMITTEE

The Audit Committee consisted of the following Directors -

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

Upon resignation of Mr R Mohan, the Audit Committee has been re-constituted since 28th May, 2013 as follows -

CA S Chenthilkumar	Chairman
Mr B Pattabhiraman	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 2012 - 2013 the Audit Committee met as per the details given hereunder -

Name of the Director	Audit Committee Meetings			
	28.05.2012	13.08.2012	07.11.2012	14.02.2013
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

The existing 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 2012 - 2013 are categorized as under -

Nature of Complaints	Number of Complaints	Action Taken
Non-Receipt of Annual Report	—	—
Others	—	—

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

The Share Transfer Committee met thirty one times during the financial year 2012-2013 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 was with the following members -

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

During the year 2012-2013 the committee did not meet. It met on 28th May, 2013 to consider and recommend on the agenda items 4 and 5 included in the Notice of the AGM, 2013.

7. ANNUAL GENERAL MEETINGS

I. Location and time for the last three AGMs

YEAR	DATE	VENUE	TIME
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
2011 - 2012	27.09.2012	Hotel Sangam, Cantonment, Trichy - 620 001	3.30 PM

ii. Special Resolutions passed in the previous AGM (2012)	—
iii. Whether any special resolution passed during 2012-2013 through postal ballot	1
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 were announced on 30th September, 2012.

DISCLOSURES

A. Necessary disclosures on Substantial Acquisition of Shares and Takeovers 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, 2013.

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 dematerialized 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.kmcspcialityhospital.in

K. The Distribution pattern of the shareholdings as on 31.03.2013 is as follows -

Pattern of Holding -No. of Shares	No. of Share holders	No. of Shares	% of Holding to Total No. of Shares
1 - 1000	49418	6559729	4.02
1001 - 5000	951	1917215	1.18
5001 - 10000	114	807872	0.5
10001 - 20000	63	882934	0.54
20001 - 30000	25	613536	0.38
30001 - 40000	6	215239	0.13
40001 - 50000	5	239228	0.15
50001 - 100000	18	1216311	0.75
Above 100000	49	150632936	92.36
TOTAL	50649	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. Approximately 85% of the total number of shares are in dematerialized form. The Equity shares of the Company are presently listed in The Bombay Stock Exchange Limited. 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 Thirtieth Annual General Meeting is scheduled to be held on Saturday, the 20th July 2013 at 10.30 am at Hotel Sangam, Cantonment, Trichy - 620 001 as per the notice enclosed. The shares of the company are listed with Bombay Stock Exchange Limited and the listing fees is being 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 2012-2013 was 1.27 % 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)

Our Hospital is committed to maintaining the highest standards of corporate social responsibility in all the business activities. To meet this commitment we respect the rule of law and other relevant policies, adopt appropriate best practice standards, implement management systems and strive to:

- Deliver patient centered care to the highest standards in comfortable surroundings.
- Respect personal independence, patient's rights to make personal choices, decisions, and their right to privacy and to enjoy life in comfort and with dignity.
- Develop our workforce by appropriate recruitment and training.
- Respect the rights and dignity of every employee and treat them fairly and without discrimination.
- Encourage team building and the sharing of knowledge throughout the organization.

- Recognize employees individual and team contributions and reward them appropriately.
- Respect the rights of people in all communities in which we operate.
- Behave with honesty and integrity in all our dealings and relationship with others.
- Maintain internal controls and management systems adequate to ensure standards are met.
- Seek to be honest and fair in our relationship with suppliers and contractors.
- Encourage suppliers and contractors to abide by our standards.
- Reduce energy, waste, water and paper consumptions where possible.
- Use recycled products or products with a high recycled or reconditioned content where appropriate.
- Respecting the environmental sustainability by keeping up the pollution control protocols.
- Consciously undertaking programmes and activities towards public good and societal benefits.

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	6, Royal Road, Cantonment, Trichy - 620001 Ph: 0431 4077777 Fax:0431 2415402
Website address	www.kmcspecialityhospital.in
	e-mail: info@kmcspecialityhospital.in

Place: Trichy

Date : 28th May, 2013

For and on behalf of the Board

(Dr S Chandrakumar)
CHAIRMAN 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 Speciality Hospitals (India) Ltd., for the year ended 31st March 2013, 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 not 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
FRN: 002597S

S Mohan
Partner
Membership No. 019695

Place: Trichy
Date: May 28, 2013



Patel Mohan Ramesh & Co.,
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To
The Members,
KMC Speciality Hospital India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of KMC Speciality Hospital India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

First Floor, A.R.K. Colony, New No. 35 (Old No. 4) Eldams Road, Alwarpet Road, Chennai - 600 018
Telefax : 2433 0525, 2436 2331 E-mail : pmrandco@gmail.com



Patel Mohan Ramesh & Co., Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that.

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. 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

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Patel Mohan Ramesh & Co.,
Chartered Accountants
FRN 002597S

S. Mohan
Partner
M.No:019695
Trichy, 28th May 2013



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 its holding company and the same has been repaid fully before the year end.
- 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 interests 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, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.



Patel Mohan Ramesh & Co., Chartered Accountants

v) 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. In our opinion the scope of the internal audit is commensurate with the size and nature of the business of the company.

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 maintained by 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 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, 2013 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 (Appeals)

* 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 banks. 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) Based on the records verified by us, we observe that 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) During the year, 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 has not raised any money by way of public issue during the year

xxi) During the course of our examination of the books and records of the Company, 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 by us.

For Patel, Mohan, Ramesh & Co

Chartered Accountants
(FRN: 002597S)

S.MOHAN

Partner
(Membership No.019695)
Place: Trichy
Date:28th May 2013

KMC Speciality Hospitals (India) Limited

No: 6, Royal Road, Cantonment, Trichy - 620 001.

Balance Sheet as at 31 March, 2013

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

	Particulars	No.	As at 31 March, 2013	As at 31 March, 2012
A	EQUITY AND LIABILITIES		Rs.	Rs.
1	Shareholders' funds			
	(a) Share capital	3	163,085,000	163,085,000
	(b) Reserves and surplus	4	(29,259,388)	(38,616,024)
	(c) Money received against share warrants			-
			<u>133,825,612</u>	<u>124,468,976</u>
2	Share application money pending allotment			-
3	Non-current liabilities			
	(a) Long-term borrowings	5	133,433,325	137,153,673
	(b) Deferred tax liabilities (net)	23(d)	12,520,606	8,665,705
	(c) Other long-term liabilities			-
	(d) Long-term provisions			-
			<u>145,953,931</u>	<u>145,819,378</u>
4	Current liabilities			
	(a) Short-term borrowings	6	9,935,973	12,527,676
	(b) Trade payables	7	14,684,818	8,090,788
	(c) Other current liabilities	8	26,686,783	8,602,216
	(d) Short-term provisions	9	13,376,689	9,851,540
			<u>64,684,263</u>	<u>39,072,220</u>
	TOTAL		<u>344,463,806</u>	<u>309,360,574</u>
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	10(a)	287,979,623	225,715,393
	(ii) Intangible assets	10(b)	1	1
	(iii) Capital work-in-progress		<u>13,938,490</u>	<u>16,961,995</u>
			301,918,114	242,677,389
	(b) Non-current investments			
	(c) Deferred tax assets (net)	23(d)	-	-
	(d) Long-term loans and advances	11	6,130,006	13,026,422
	(e) Other non-current assets	12	1,400,000	400,000
			<u>309,448,120</u>	<u>256,103,811</u>
2	Current assets			
	(a) Current investments			
	(b) Inventories	13	7,313,403	5,795,392
	(c) Trade receivables	14	13,727,690	10,062,679
	(d) Cash and cash equivalents	15	1,217,270	29,907,391
	(e) Short-term loans and advances	16	9,885,767	4,912,326
	(f) Other current assets	17	2,871,556	2,578,975
			<u>35,015,686</u>	<u>53,256,763</u>
	TOTAL		<u>344,463,806</u>	<u>309,360,574</u>

See accompanying notes forming part of the Financial statements
In terms of our report attached.
For Patel Mohan Ramesh & Co.,
Chartered Accountants

For and on behalf of the Board of Directors

Mr. S. Mohan
Partner
M.No:019695

Dr.S.Chandrakumar
Managing Director

CA S Chentil Kumar
Director

CS. N. Jayanthi
Company secretary

Place : Trichy
Date : 28th May 2013

KMC Speciality Hospitals (India) Limited

No: 6, Royal Road, Cantonment, Trichy - 620 001.

Statement of Profit and Loss for the year ended 31 March, 2013

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

Particulars	No.	For the year ended	For the year ended
		31 March, 2013	31 March, 2012
		Rs.	Rs.
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	18(a)	287,870,024	196,951,599
Revenue from operations (net)		287,870,024	196,951,599
2 Other income	18(b)	4,044,890	2,690,375
3 Total revenue (1+2)		291,914,914	199,641,974
4 Expenses			
(a) Cost of materials consumed	19(a)	8,457,565	8,976,516
(b) Purchases of stock-in-trade	19(b)	38,428,993	28,815,814
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19(c)	511,026	(860,446)
(d) Employee benefits expense	20	65,969,299	43,318,564
(e) Finance costs	21	21,353,349	14,920,136
(f) Depreciation and amortisation expense	10c	10,988,252	9,695,551
(g) Other expenses	22	113,232,945	81,804,941
Total expenses		258,941,429	186,671,076
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		32,973,485	12,970,898
6 Exceptional items	24(e)	(3,334,449)	(511,965)
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		29,639,036	12,458,933
8 Extraordinary items	24(e)	(16,000,000)	-
9 Profit / (Loss) before tax (7 - 8)		13,639,036	12,458,933
10 Tax expense:			
(a) Tax expense relating to prior years		427,499	-
(b) Deferred tax	23(d)	3,854,901	4,426,587
		4,282,400	4,426,587
11 Profit / (Loss) from continuing operations (9 + 10)		9,356,636	8,032,346
B DISCONTINUING OPERATIONS		-	-
13 Profit / (Loss) from discontinuing operations		-	-
C TOTAL OPERATIONS			
14 Profit / (Loss) for the year (11 + 13)		9,356,636	8,032,346

KMC Speciality Hospitals (India) Limited

No: 6, Royal Road, Cantonment, Trichy - 620 001.

Statement of Profit and Loss for the year ended 31 March, 2013 (contd.)

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

Particulars	No.	For the year ended	For the year ended
		31 March, 2013	31 March, 2012
		Rs.	Rs.
15.ii Earnings per share (of Re.1 /- each):			
Weighted Average Shares		163,085,000	163,085,000
(a) Basic			
(i) Continuing operations	23(c)	0.06	0.05
(ii) Total operations	23(c)	0.06	0.05
(b) Diluted			
(i) Continuing operations	23(c)	0.06	0.05
(ii) Total operations	23(c)	0.06	0.05
15.ii Earnings per share (excluding extraordinary items) (of Re.1 /- each):			
(a) Basic			
(i) Continuing operations	23(c)	0.16	0.05
(ii) Total operations	23(c)	0.16	0.05
(b) Diluted			
(i) Continuing operations	23(c)	0.16	0.05
(ii) Total operations	23(c)	0.16	0.05

See accompanying notes forming part of financial statements

In terms of our report attached.

For Patel Mohan Ramesh & Co.,

Chartered Accountants

For and on behalf of the Board of Directors

Mr. S. Mohan

Partner

M.No:019695

Dr. S Chandrakumar

Managing Director

CA S Chenthil Kumar

Director

CS. N. Jayanthi

Company secretary

Place : Trichy

Date : 28th May 2013

KMC Speciality Hospitals (India) Limited
No: 6, Royal Road, Cantonment, Trichy - 620 001.
Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	13,639,036	12,458,933
	13,639,036	12,458,933
<i>Adjustments for:</i>		
Depreciation and amortisation	10,988,252	9,695,551
(Profit) / loss on sale / write off of assets	3,334,449	511,965
Inrerest Expenses	21,353,349	13,956,074
Interest income	(1,614,095)	(1,611,163)
Rental income from investment properties	(120,000)	(120,000)
Provision for doubtful trade and other receivables, loans and advances		
Total	33,941,955	22,432,427
Operating profit / (loss) before working capital changes		
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(1,518,011)	(377,230)
Trade receivables	(3,665,011)	(74,235)
Short-term loans and advances	(787,089)	(92,494)
Other current assets	338,861	(2,022,124)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	6,594,030	960,417
Other current liabilities	18,084,567	5,964,985
Short-term provisions	3,525,149	1,646,166
Cash generated from operations	22,572,496	6,005,485
Net income tax (paid) / refunds	(4,613,856)	(1,694,135)
Net cash flow from / (used in) operating activities (A)	65,539,631	39,202,709
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(70,997,008)	(86,232,568)
Proceeds from sale of fixed assets	3,698,561	399,301
Deposits under lien against Guarantees	(1,000,000)	(400,000)
Interest received	1,614,095	1,611,163
Rental income from investment properties	120,000	120,000
Net cash flow from / (used in) investing activities (B)	(66,564,352)	(84,502,104)
C. Cash flow from financing activities		
Proceeds of long term Borrowings	67,274,339	56,270,163
Repayment of long-term borrowings	(70,994,687)	(6,647,631)
Repayment of Short-Term borrowings	(2,591,703)	7,498,681
Interest Paid	(21,353,349)	(13,956,074)
Net cash flow from / (used in) financing activities (C)	(27,665,400)	43,165,139

Particulars	For the year ended	For the year ended
	31 March, 2013	31 March, 2012
	Rs.	Rs.
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(28,690,121)	(2,134,256)
Cash and cash equivalents at the beginning of the year	<u>29,907,391</u>	<u>32,041,647</u>
Cash and cash equivalents at the end of the year	<u>1,217,270</u>	<u>29,907,391</u>
Cash & Cash Equivalent comprises of :		
(a) Cash on hand	974,584	820,006
(b) Cheques, drafts on hand	66,914	62,111
(c) Balances with banks		-
(i) In current accounts	175,772	24,025,274
(ii) In deposit accounts with original maturity of less than 3 months	-	5,000,000
Total Cash & Cash Equivalents as per Cash Flow Statement	<u>1,217,270</u>	<u>29,907,391</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

For and on behalf of the Board of Directors

Mr. S. Mohan
Partner
M.No:019695

Dr.S.Chandrakumar
Managing Director

CA S Chenthil Kumar
Director

CS. N. Jayanthi
Company secretary

Place : Trichy

Date : 28th May 2013

KMC Speciality Hospitals (India) Limited

No: 6, Royal Road, Cantonment, Trichy - 620 001.

Note Particulars

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 KMC 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 Realizable 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 amounts 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 a) 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 amortization

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	9.05%
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 inclusive of sales tax/vat.

iii) Ambulance income is accounted on the basis of the contract entered between the parties on an accrual basis.

iv) Health Club Premium

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 outstanding advances paid to acquire fixed assets and amount expended on development/ acquisition of fixed assets that are not yet ready for their intended use as on the balance sheet date.

2.11 Intangible assets

Intangible Assets are stated at cost of acquisition less accumulated amortization. Application Software is amortized 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 in 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 reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

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

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.

Note 3 : Share capital

Particulars	As at 31 March 2013		As at 31 March 2012	
	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 s (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

(i) 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 2012	Fresh issue	Buy back	Closing Balance 31st March 2013
Equity shares with voting rights - Number of shares - Amount (Rs.)	163,085,000 163,085,000	- -	- -	163,085,000 163,085,000

(ii) Par Value Per Share

Par value of Shares : Issued Subscribed and fully Paid up
163085000 shares

2012-13	2011-12
Re. 1	Re. 1

(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 2013)	12,23,13,750
Sri Kavery Medical Care (Trichy) Ltd. The holding company (as at 31st March 2012)	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 31st March 2013		As at 31st March 2012	
	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%

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

Note 4 : Reserves and surplus

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
(a) Capital reserve		
Opening balance	30,182,334	30,182,334
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	30,182,334	30,182,334
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(68,798,358)	(76,830,704)
Add: Profit / (Loss) for the year	9,356,636	8,032,346
Closing balance	(59,441,722)	(68,798,358)
Total	(29,259,388)	(38,616,024)

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

Note 5 : Long-term borrowings

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
(a) Term loans		
From banks		
Secured	133,433,325	80,534,756
Unsecured		
(b) Loans and advances from related parties		
Secured		-
Unsecured		56,618,917
Total	133,433,325	137,153,673

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, 2013		As at 31 March, 2012	
		Secured	Unsecured	Secured	Unsecured
		Rs.	Rs.	Rs.	Rs.
Term loans from banks:					
Term Loan 1	Refer Note (ii) & (iii) below	46,354,695		50,562,892	
Term Loan 2	Refer Note (ii) & (iii) below	50,562,672		34,138,534	
Term Loan 3	Refer Note (ii) & (iv) below	50,574,437		-	
Total - Term loans		147,491,804		84,701,426	
Other Loans		270,016		-	
Total Loans		147,761,820		84,701,426	
Less: Current maturities of long-term debt shown under "Other Current Liabilities"		14,328,495		4,166,670	
TOTAL		133,433,325		80,534,756	-
Loans and advances from related parties:					
Sri Kaveri Medical Care (Trichy) Limited			-	-	56,618,917
Total - Loans and advances from related parties		133,433,325	-	80,534,756	56,618,917

Note(ii) : Repayment Terms:

Term Loan 1

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 to start from 30.11.2012

Term Loan 2

59 Equal monthly installments of rs.833334/- each and 1 final installment of Rs. 833294/- besides interest. Moratorium period of 24 months till 28.02.2014 is allowed and repayment to start from 31.03.2014

Term Loan 3

84 Equal monthly installments of rs.923245/- each including interest
Moratorium period of 6 months till 30.06.2013 is allowed and repayment to start from 02.07.2013

Other Loan

36 Equal monthly installments of Rs.10,462/- each including interest.
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. Abishekapuram 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.

Note (iv):

Paripasu basis on the above securities given along with Axis Bank

Guarantees:

All the above loans are guaranteed personally by Managing Director and other Director of the company and also by the holding company

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

Note 6 : Short-term borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs	Rs
(a) Loans repayable on demand From banks (Refer Notes below)	9,935,973 -	12,527,676 -
Total	9,935,973	12,527,676

Notes:

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

Particulars	Security Details	As at 31 March, 2013	
		Secured	Unsecured
		Rs.	Rs.
Cash Credit	Refer Note (ii) below	9,935,973	
Total - Loan outstanding		9,935,973	

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.

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. Abishekapuram 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 and other Director of the company and also by the holding company.

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Note 7 : Trade payables

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
Trade payables: (refer 24 (b))		
Acceptances	-	-
Other than Acceptances	14,684,818	8,090,788
Total	14,684,818	8,090,788

Note 8 : Other current liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs	Rs
(a) Current maturities of long-term debt (Refer below)	14,328,495	4,166,670
(b) Other payables		
(i) Statutory remittances	4,004,001	1,975,949
(ii) Payables on Purchase of fixed assets	4,920,375	120,232
(iii) Contractually reimbursable expenses	-	18,898
(iv) Trade / security deposits received	1,178,931	600,954
(v) Advances from Patients	2,254,981	1,719,513
Total	26,686,783	8,602,216

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, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for Salaries	973,483	625,507
(ii) Provision for Bonus & Ex-gratia	2,129,136	2,250,000
(iii) Provision for Gratuity	1,369,287	-
	4,471,906	2,875,507
(b) Provision - Others:		
(i) Taxation - MAT Payable	2,627,539	746,986
(ii) Property Tax	5,000,000	5,000,000
(iii) Other Miscellaneous Provisions	1,277,244	1,229,047
	8,904,783	6,976,033
Total	13,376,689	9,851,540

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Notes forming part of the financial statements
Note 10 Fixed Assets

10(a) Tangible assets	Gross block				Accumulated depreciation and impairment				Net Block	
	Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
	Land	4,043,397	-	-	4,043,397	-	-	-	-	4,043,397
Buildings	160,604,135	51,888,664	-	212,492,799	26,275,492	2,768,007	-	29,043,499	183,449,300	134,328,643
Medical & Surgical Equipments	123,371,468	6,768,395	23,996,880	106,142,983	68,092,002	5,049,901	20,035,455	53,106,448	53,036,535	55,279,053
Electrical Inst & Generators	26,770,537	4,406,811	2,378,265	28,799,083	23,078,775	296,545	1,734,856	21,640,464	7,158,619	3,691,774
Air Conditioners	10,544,851	6,463,922	468,534	16,540,239	862,473	565,332	281,889	1,145,916	15,394,323	9,682,382
Office Equipments	2,175,394	139,388	1,580,442	734,340	1,288,838	61,006	1,257,723	92,121	642,219	886,560
Furniture & Fixtures	7,756,684	5,120,164	1,962,693	10,914,155	1,872,555	610,094	1,255,506	1,227,143	9,687,012	5,884,244
Refrigerators	250,567	-	250,567	-	224,727	4,531	229,258	-0	0	25,839
Lab Equipments	3,789,192	-	3,264,265	524,927	3,230,736	96,338	2,964,143	362,931	161,996	558,459
Vehicles	1,411,083	436,198	792,519	1,054,762	955,961	113,864	792,518	277,307	777,455	455,122
Books	510,932	-	460,219	50,713	449,911	13,836	444,763	18,984	31,729	61,023
Other Equipments	5,607,167	2,830,948	5,208,669	3,229,446	4,423,952	174,243	4,398,521	199,674	3,029,772	1,183,220
Lift	4,951,040	-	-	4,951,040	347,351	235,175	-	582,536	4,368,504	4,603,950
Computers	8,394,616	2,191,591	4,081,282	6,504,925	5,262,446	815,339	4,016,701	2,061,084	4,443,841	3,132,169
Dental Equipments	2,568,557	39,404	-	2,607,961	668,999	184,042	-	853,041	1,754,920	1,899,558
Total	362,749,619	80,285,487	44,444,335	398,590,771	137,034,228	10,988,252	37,411,333	110,611,147	287,979,623	225,715,393
10(b) Intangible assets										
Computer software	100,000	-	-	100,000	99,999	-	-	99,999	1	1
Total	100,000	-	-	100,000	99,999	-	-	99,999	1	1

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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, 2011	Additions	Disposals	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, 2011
Land	4,043,397	-	-	4,043,397	-	2,148,419	-	4,043,397	4,043,397
Buildings	97,347,105	63,257,030	-	160,604,135	24,127,073	4,679,587	-	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	55,279,469	38,598,752
Electrical Inst. & Generators	25,890,870	2,173,308	1,293,627	26,770,551	24,070,776	242,853	1,234,854	3,691,776	1,820,094
Air Conditioners	10,611,145	136,900	203,194	10,544,851	569,549	496,114	203,190	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	886,557	880,560
Furniture & Fixtures	5,560,702	2,628,649	432,686	7,756,665	1,791,441	452,038	370,923	5,884,110	3,769,261
Refrigerators	257,967	-	7,400	250,567	228,593	3,534	7,400	224,727	29,374
Lab Equipments	3,913,326	-	124,134	3,789,192	3,217,811	137,057	124,132	3,230,736	695,515
Vehicles	1,411,083	-	-	1,411,083	821,908	134,053	-	955,961	589,175
Books	484,133	26,800	-	510,933	428,662	21,249	-	449,911	55,471
Other Equipments	5,073,704	533,463	-	5,607,167	4,184,968	238,984	-	4,423,952	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	2,484,328
Computers	7,005,866	1,388,750	-	8,394,616	4,601,541	660,905	-	5,262,446	2,404,325
Dental Equipments	2,542,157	26,400	-	2,568,557	489,223	179,776	-	668,999	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	141,573,549
10(b) Intangible assets									
Computer software	100,000	-	-	100,000	91,680	8,319	-	99,999	8,320
Total	100,000	-	-	100,000	91,680	8,319	-	99,999	8,320

10 (c)	Depreciation and amortisation relating to continuing operations: Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
	Depreciation and amortisation for the year on tangible assets as per 10a Depreciation and amortisation for the year on intangible assets as per 10b Less: Utilised from revaluation reserve Depreciation and amortisation relating to discontinuing operations Depreciation and amortisation relating to continuing operations	10,988,252 - - - 10,988,252	9,687,232 8,319 - - 9,695,551

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Note 11 : Long-term loans and advances

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
(a) Capital advances *		
Secured, considered good		-
Unsecured, considered good	2,774,522	9,039,496
(b) Security deposits		
Secured, considered good		-
Unsecured, considered good#	3,355,484	3,986,926
Total	6,130,006	13,026,422

* 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 obligations.

Note 12 : Other Non-current Assets

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
Balances held as margin money or security against borrowings, guarantees and other commitments		
Fixed Deposit (maturity more than 12 months)	1,400,000	400,000
Total	1,400,000	400,000

Note 13 : Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
(a) Medicines - Stock-in-trade (acquired for trading)	2,551,875	3,062,901
(b) Medical - Consumables & Stores	4,761,528	2,732,491
Total	7,313,403	5,795,392

i) The inventories of all medicines, Medicare items traded and dealt with by the company are valued lower 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.

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Note 14 : Trade receivables

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Secured, considered good	-	-
Unsecured, considered good	3,345,900	1,369,566
Less: Allowances for doubtful trade receivables	-50,996	(49,002)
	3,294,904	1,320,564
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	10,432,786	8,742,115
	10,432,786	8,742,115
Total	13,727,690	10,062,679

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, 2013 Rs.	As at 31 March, 2012 Rs.
(a) Cash on hand	974,584	820,006
(b) Cheques, drafts on hand*	66,914	62,111
(c) Balances with banks		
(i) In current accounts	175,772	24,025,274
(ii) In deposit accounts	-	5,000,000
Total	1,217,270	29,907,391
Of the above, the balances that meet the definition of Cash & Cash equivalents as per AS 3 Cash Flow Statements.	1,217,270	29,907,391

Notes :

* Represents Cheques on hand and Debit / Credit card receipts on 31st March 2013.

KMC Speciality Hospitals (India) Limited

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Note 16 : Short-term loans and advances

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
(a) Prepaid expenses	613,999	383,012
(b) Balances with government authorities		
(i) Service Tax credit receivable	93,193	93,193
(ii) MAT (Asset) & Tax Deducted at Source	9,049,977	4,436,121
(C) Advances recoverable in cash or in kind or for value to be received	128,598	-
Total	9,885,767	4,912,326

Note 17 : Other current assets

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
Unbilled revenue	2,762,269	2,552,480
Interest accrued on Fixed Deposit	109,287	26,495
Total	2,871,556	2,578,975

KMC Speciality Hospitals (India) Limited

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Note 18(a) : Revenue from operations

	Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
(a)	Operating Income (Refer Note (i) below)	286,741,267	196,021,214
(b)	Other operating revenues (Refer Note (ii) below)	1,128,757	930,385
	Total	287,870,024	196,951,599

	Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
(i)	Operating Income comprises:		
	Hospital Revenues	217,177,576	144,563,125
	Pharmacy Revenues	66,298,416	45,934,261
	Health Club Receipts	3,265,275	5,523,828
	Total - Operating Income	286,741,267	196,021,214
(ii)	Other operating revenues comprises:		
	Ambulance Income	590,668	571,770
	Others Operating Income	538,089	358,615
	Total - Other Operating revenues	1,128,757	930,385

Note 18(b) : Other income

	Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
(a)	Interest income on Bank Deposits	1,614,095	1,611,163
(b)	Other non-operating income:		
	(i) Rental income from investment properties	120,000	120,000
	(ii) Liabilities / provisions no longer required written back	1,332,685	72,872
	(iii) Miscellaneous income	978,110	886,340
	Total	4,044,890	2,690,375

KMC Speciality Hospitals (India) Limited

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Note 19 (a) : Cost of Materials consumed

Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
Consumption of stores and spare parts	8,457,565	8,976,516
Total Cost of Materials consumed	8,457,565	8,976,516

Note 19 (b) : Purchase of traded goods

Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
Medicine purchase	38,428,993	28,815,814
Total Purchase of Traded Goods	38,428,993	28,815,814

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

Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
<u>Inventories at the end of the year:</u>		
Stock-in-trade	2,551,875	3,062,901
	2,551,875	3,062,901
<u>Inventories at the beginning of the year:</u>		
Stock-in-trade	3,062,901	2,202,455
	3,062,901	2,202,455
Net (increase) / decrease in Inventories	511,026	(860,446)

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Note 20 : Employee Benefits Expenses

Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
Salaries and wages*	58,380,637	39,400,320
Contributions to Employee Benefit funds (Refer Note 23 (b))**	4,231,152	1,278,722
Staff welfare expenses	3,357,510	2,639,522
Total	65,969,299	43,318,564

* 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.

Note 21 : Finance costs

Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
(a) Interest expense on:		
- Borrowings	20,717,099	13,956,074
(b) Other borrowing costs*	636,250	964,062
Total	21,353,349	14,920,136

* Other borrowing represents commitment charges, loan processing charges.

KMC Speciality Hospitals (India) Limited

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Note 22 : Other expenses

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
Doctors Fees	59,154,690	44,248,009
Health Club Payments	2,296,715	2,779,657
Laboratory Expenses	10,602,638	5,769,780
IP/OP services received	76,400	509,436
Blood and Medical record scan charges	2,204,140	1,183,430
Power and fuel	14,302,941	9,277,063
Rent including lease rentals	1,538,323	1,110,000
Repairs and maintenance - Buildings	273,871	210,556
Repairs and maintenance - Machinery	1,865,447	1,319,916
Repairs and maintenance - Others	5,583,824	4,332,410
Insurance	250,244	265,687
Rates and taxes	705,564	665,522
Communication	1,444,562	1,033,151
Travelling and conveyance	1,162,320	816,220
Printing and stationery	2,016,896	1,158,237
Business promotion & Publicity	5,202,426	3,362,631
Legal and professional	678,584	444,820
Payments to auditors (Refer Note 24 (c))	539,328	407,007
Bad Trade receivables written off	815,931	1,221,669
Allowance for doubtful trade receivables.	1,994	(58,411)
Miscellaneous expenses	2,516,107	1,748,151
Total Other Expenses	113,232,945	81,804,941

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

Details of related parties:

Details of related parties:	Name of the Related Parties
Holding Company	Sri Kavery Medical Care (Trichy) Ltd.
Key Management Personnel (KMP)	Dr. Chandrakumar Dr D.Senguttuvan Dr S Vijayabaskaran Mr. D. Selvaraj
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, 2013 (31st March 2012) and balances outstanding as at 31 March, 2013 (31st March 2012).

Transaction	Holding Company	KMP	Total
Purchase of goods	-	-	-
	(40,280)	-	(40,280)
Sale of goods	55,000	-	55,000
	-	-	-
Purchase of fixed assets	1,109,596	-	1,109,596
	(279,298)	-	(279,298)
Sale of fixed assets	3,040,874	-	3,040,874
	(56,342)	-	(56,342)
Rendering of services	864,312	-	864,312
	(595,394)	-	(595,394)
Receiving of services	590,703	-	590,703
	(551,144)	-	(551,144)
Rent Received	120,000	-	120,000
	(120,000)	-	(120,000)
Rent paid	210,000	-	210,000
	(210,000)	-	(210,000)
Interest paid	21,831,431	-	21,831,431
	(7,380,624)	-	(7,380,624)
Guarantees and collaterals	615,000,000	-	615,000,000
	(565,000,000)	-	(565,000,000)
Management contracts including for deputation of employees	1,138,562	-	1,138,562
	(1,038,726)	-	(1,038,726)
Managerial Remuneration	-	2,946,250	2,946,250
	-	(2,575,000)	(2,575,000)
Loan Repaid	56,618,917	-	56,618,917
	(82,052)	-	(82,052)
Loan Received	-	-	-
	-	-	-
Other services received	3,697,809	-	3,697,809
	(1,034,941)	-	(1,034,941)
Other services rendered	742,197	-	742,197
	-	-	-
Interest free security deposit	-	-	-
	(520,000)	-	(520,000)

Balances outstanding at the end of the year

Trade receivables	4,610	-	4,610
	(96,520)	-	(96,520)
Loans and advances	520,000	-	520,000
	(520,000)	-	(520,000)
Trade payables	2,987,328	-	2,987,328
	(824,533)	-	(824,533)
Borrowings	-	-	-
	(56,618,917)	-	(56,618,917)

Note: Figures in bracket relates to the previous year

The total amount of Rs. 15,74,27,777 (Rs.9,72,29,102) 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	Year ended 31 March, 2013	Year ended 31 March, 2012
	Gratuity	Gratuity
Components of employer expense		
Current service cost	737,403	53,620
Interest cost	44,780	16,307
Expected return on plan assets	(55,412)	(25,924)
Actuarial losses/(gains)	842,516	163,106
Total expense recognised in the Statement of Profit and Loss	1,569,287	207,109
Actual contribution and benefit payments for year		
Actual benefit payments	-	-
Actual contributions	190,180	313,388
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	2,184,444	436,774
Fair value of plan assets	860,757	615,165
Funded status [Surplus / (Deficit)]	(1,323,687)	178,391
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(1,323,687)	(178,391)
	Gratuity	Gratuity
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	559,745	203,841
Current service cost	737,403	53,520
Interest cost	44,780	16,307
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	842,516	163,106
Past service cost	-	-
Benefits paid	-	-
Present value of DBO at the end of the year	2,184,444	436,774
Change in fair value of assets during the year		
Plan assets at beginning of the year	615,165	275,853
Acquisition adjustment	-	-
Expected return on plan assets	55,412	25,924
Actual company contributions	190,180	313,388
Actuarial gain / (loss)	-	-
Benefits paid	-	-

Plan assets at the end of the year	860,757	615,165
Actual return on plan assets		
Actuarial assumptions		
Discount rate		
Salary escalation	8%	8%
Mortality tables	7%	5%
Withdrawal Rate (depending on age)	IALM (2006-2008) ultimate table of Mortality Rates as approved by IRDA	LIC (1994-96) Ultimate
Method used for Present value of plan liability	3%	1-3%
	Projected Unit Credit Method	Projected Unit Credit Method

Estimate of amount of contribution in the immediate next year

Note 23 (c) - Earnings per share

Particulars	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
Basic & Diluted		
Continuing operations (Total Operations)		
Net profit / (loss) for the year from continuing operations	9,356,636	8,032,346
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	9,356,636	8,032,346
Weighted average number of equity shares	163,085,000	163,085,000
Par value per share	1	1
Earnings per share from continuing operations – Basic	0.06	0.05
Basic & Diluted (excluding extraordinary items)		
Continuing operations (Total Operations)		
Net profit / (loss) for the year from continuing operations	25,356,636	8,032,346
(Add) / Less: Extraordinary items (net of tax) relating to continuing operations	-	-
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	25,356,636	8,032,346
Weighted average number of equity shares	163,085,000	163,085,000
Par value per share	1	1
Earnings per share from continuing operations, excluding extraordinary items Basic	0.16	0.05

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

Particulars	As at 31 March, 2013 Rs.	As at 31 March, 2012 Rs.
Opening Deferred Tax Liability/(Asset)	8,665,705	4,239,118
Liability on Difference of Depreciation during current year	4,772,324	3,125,395
Asset on Other Disallowances	(1,030,345)	(158,197)
Asset on Depreciation Tax Asset on unabsorbed depreciation	(435,863)	-
Business Profit/(Loss) of Current Year	-	882,611
Prior Year Adjustments	548,785	576,778
Closing deferred tax liability / (Asset)	12,520,606	8,665,705

The Company has recognised 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, 2013 Rs.	As at 31 March, 2012 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	13,35,000
	(b) Guarantees:		
	Guarantee given to banks favouring holding company Sri Kavery Medical Care(Trichy) Ltd. The company has obtained the share holders approval through postal ballot.	61,50,00,000	56,50,00,000
	(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. The matter in challenged in the Madras High court and the case is pending	85,24,905	85,24,905
	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 2005-2013. 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	1,26,87,113	1,08,31,767
(ii)	Capital Commitments as on Balance Sheet Date		
	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Tangible assets	5,67,00,000	6,02,42,000

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

Particulars	As at 31 March, 2013 Rs	As at 31 March, 2012 Rs.
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year (no interest due)	12,75,233	7,03,909

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.

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

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
As auditors towards Statutory audit (Including Service Tax)	280,900	165,450
For taxation matters (Including Service Tax)	56,180	82,725
Prior Period - Other Matters- Limited Review		
Total Payment to Statutory Auditors	337,080	248,175
Payment to Internal Auditors	202,248	158,832
Total	539,328	407,007

24(d) Value of imports calculated on CIF basis

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
Medical Equipments Imported (Capital Goods)	1,116,341	70,82,564

24 (e) Extra-ordinary & Exceptional Items

In response to the demand made by the Holding company Sri Kavery Medical Care (Trichy) Limited of the interest waived earlier and in accordance with the approval of the Board of Directors of the company Rs.160.00 lakhs was paid during the current financial year as Interest towards loan taken from the Holding company and the same is treated as an Extraordinary item during the financial year.

During the year the WDV of old assets acquired from erstwhile Seahorse Hospitals amounting to Rs 33.34 lakhs was written off during the year, the same is treated as an Exceptional item

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

Sundry Debtors , Creditors , Loans & Advances are subject to confirmation. The auditor 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

For and on behalf of the Board of Directors

S.Mohan
Partner
M.No: 019695

Dr.S.Chandrakumar
Managing Director

CA S Chenthil Kumar
Director

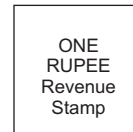
CS N.Jayanthi
Company Secretary

Place : Trichy
Date : 28th May 2013

KMC SPECIALITY HOSPITALS (INDIA) LIMITED
Registered Office: No.6, Royal Road, Cantonment, 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.....or failing
him/her.....of..... as my/our proxy to
vote for me/ us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on 20th July,
2013 at 10.30 am at Hotel Sangam, Cantonment, Trichy - 620 001 and at any adjournment thereof.



Signature

Signed this..... Day of2013

Address.....

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

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

Admission Slip

I/We hereby record my/our presence at the Thirtieth Annual General Meeting of the Company at Sangam Hotel, Cantonment, Trichy - 620 001 at 10.30 am on Saturday the 20th July, 2013.

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 (?)]	Savings A/c		Current A/c		Cash Credit A/c
Core Banking Account Number					
Name of the Bank					
Branch Name					
IFSC Code *					
Full Address of the Bank					
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)

Form - A

* Name of the Company : KMC Speciality Hospital India Limited
Registered Office : No: 6 Royal Road, Cantonment, Trichy - 620 001.

Annual Financial Statements

for the year ended : 31st March 2013

Type of Audit Observation : Unqualified

Frequency of Observation : Not Applicable

For Patel Mohan Ramesh & Co.,

Chartered Accountants



S. Mohan

Partner

(M.No: 019695)



Dr.S .Chandrakumar


Managing Director

For & On behalf of Board of Directors



CA K. Radhakrishnan

GM - Finance



CA.S. Chenthil Kumar

Chairman, Audit Committee

Trichy, 28th May 2013