

KMC Speciality Hospitals (India) Limited

Bankers

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

Auditors

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

REGISTERED OFFICE & CORPORATE HOSPITAL COMPLEX

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

BOARD OF DIRECTORS

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

Smt N Jayanthi	Company Secretary & Compliance Officer
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KMC SPECIALITY HOSPITALS (INDIA) LIMITED

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

NOTICE TO THE SHAREHOLDERS

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

ORDINARY BUSINESS:

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

2. To consider the Directors retiring by rotation.

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

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

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

3. To appoint Auditors

“RESOLVED THAT the retiring auditors of the Company, M/s Patel, Mohan Ramesh & Co., Chartered Accountants, (FRN : 002597S) Chennai being eligible for reappointment, be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such terms and conditions as to remuneration, out of pocket expenses etc., as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

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

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

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

NOTES

- i. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his / her behalf. A proxy need not be the member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited with the Company in its Registered Office at least 48 hours before the meeting.
- ii. The Register of members of the Company will be closed from Tuesday, 18th September, 2012 to Sunday, 30th September, 2012 (both days inclusive).
- iii. Members desiring any information as regards the agenda items are requested to write to the Company at least seven days before the meeting so as to enable the management to keep the information ready.

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

(By Order of the Board)

Dr S Chandrakumar
Managing Director & CEO

Annexure to Notice

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

Item 4

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

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

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

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

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

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

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

(By Order of the Board)

Dr S Chandrakumar
Managing Director & CEO

DIRECTORS' REPORT

The Board of Directors of your company have pleasure in presenting the Twenty Ninth Annual Report of the company together with the audited statements of account for the year ended 31st March, 2012.

1. The financial results are as follows:

Amount in lacs of Rupees

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

During the year under review due to increase in Bed strength coupled with improved bed occupancy your company's Operating revenue increased significantly by 51% resulting in a turn around. Your company recorded a Profit Before Tax of Rs. 124. 59 lacs as compared to loss of Rs. 39.54 lacs in the previous year. Consequently the deficit in the Profit & Loss account of Rs. 768.31 lacs as on 1st April 2011 has been reduced to Rs. 687.98 lacs increasing the Shareholders' funds from Rs. 1164.37 lacs to Rs. 1244.69 lacs.

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

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

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

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

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

2. HIGHLIGHTS DURING THE YEAR

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

3. Directors

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

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

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

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

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

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

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

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

i. Conservation of Energy

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

ii. Technology Absorption

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

iii. Foreign Exchange Earning and Outgo

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

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

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

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

Your Directors report as follows –

i. that in the preparation of the annual accounts relating to the financial year ending on 31st March, 2012, the applicable Accounting Standards had been

followed and proper explanatory statements had been added relating to material departures, wherever necessary.

ii. that the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2012 and Profit of the company for the financial year ending on that date.

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

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

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

7. Audit Committee

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

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

The Audit Committee met 4 times during the year.

8. Deposits

The company has not accepted any deposit from the public.

9. Personnel

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

10. Auditors and their Report

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

They are willing and eligible for re-appointment. More details are included in the Notice to the shareholders. The detailed Audit Report for the FY 2011-2012 is annexed with the Financials for the year ended 31st March, 2012.

11. Corporate Governance

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

12. Acknowledgement

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

For and on behalf of the Board

Place: Trichy
Date : 13.08.2012

Dr S Chandrakumar
Managing Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

MANAGEMENT ANALYSIS REPORT

Industry Structure and development:

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

Opportunities and threats:

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

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

3. FINANCIAL AND OPERATIONAL PERFORMANCE

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

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

5. DEVELOPMENTS IN HUMAN RESOURCES

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

6. OUT LOOK

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

i. Board of Directors

Name of the Director	Executive/ Non Exec. Independent	No of Meetings Attended	Attendance at last AGM held on 2010	No of outside Director-ship	No of Chairmanship/ Membership in other Committees of the Board	Chairman Member
Mr R Mohan	Independent	4	Present	NIL	NIL	NIL
Dr S Chandrakumar	Managing Director	4	Present	6	NIL	NIL
Mr D Selvaraj	Non Executive Director	4	Present	3	NIL	1
Mr A Krishnamoorthy	Non Executive Director	4	Present	7	8	1
CA S Chenthilkumar	Independent	4	Present	NIL	NIL	NIL
Mr B Pattabhiraman	Independent	2	Present	7	NIL	NIL
Mr S Krishnamurthy	Nominee Director	4	Present	4	NIL	5
Dr D Senguttuvan (From 27 th July, 2011)	Non – Executive Director	3	Present	2	NIL	NIL
Dr S Vijayabaskaran (From 10 th November, 2011)	Non – Executive Director	2	NA	NIL	NIL	NIL
Dr S Manivannan (upto 27 th July, 2011)	Non Executive Director	2	Present	4	NIL	NIL
Dr T Senthilkumar (Upto 10 th November, 2011)	Non Executive Director	3	Present	1	NIL	NIL

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

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

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

ii. AUDIT COMMITTEE

The Audit Committee consists of the following independent Directors :

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

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

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

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

iii. SHARE TRANSFER COMMITTEE / SHAREHOLDERS GRIEVANCE COMMITTEE

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

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

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

Company Secretary is the compliance officer of the Company.

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

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

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

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

iv. REMUNERATION COMMITTEE

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

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

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

7. ANNUAL GENERAL MEETINGS

i. Location and time for the last three AGMs

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

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

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

iv. Person who conducted the postal ballot exercise

CS R Deenadayalu

Practising Company Secretary

C/o Cameo Corporate Services Limited

1, Subramanian Building, Club House Road

Chennai – 600 002.

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

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

DISCLOSURES

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

B. Related-Party Transactions

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

C. Details of Non-Compliance

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