

ANNUAL REPORT 2013 - 2014

KMC SPECIALITY HOSPITALS (INDIA) LIMITED

BANKS

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

AUDITORS

M/s B S R & Co. LLP
10, Mahatma Gandhi Road
Chennai - 600034

REGISTERED & CORPORATE HOSPITAL COMPLEX

6, Royal Road, Cantonment
Trichy - 620 001.

CIN : L85110TN1982PLC009781

E-mail : cs.kmcshil@kauveryhospital.com

BOARD OF DIRECTORS

Dr S Chandrakumar	Chairman Managing Director & CEO
Dr D Senguttuvan	Executive Director
Dr S Manivannan	Director
Mr A Krishnamoorthy	Director
CA S Chenthilkumar	Director
Mr B Pattabhiraman	Director
Mr S Krishnamurthy	Nominee Director
Dr S Vijayabaskaran	Director
Mr Pradipta K Mohapatra	Director
Mr N Balabaskar	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 Thirty First Annual General Meeting of the members of the Company will be held on Saturday, the 27th September, 2014 at 3 pm at Hotel Royal Southern-SRM, Kajamalai, Trichy to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Thirty First Annual Report of the Directors, the Audited Balance Sheet as at 31st March 2014, the Statement of Profit and Loss for the year ended 31st March 2014 and the Auditors' Report thereon.

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

"Resolved Unanimously that Dr S Vijayabaskaran, the retiring Director of the Company, be and is hereby re-appointed as the Director of the Company."

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

"RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration No. – 101248W/W-100022), No 10 Mahatma Gandhi Road, Nungambakkam, Chennai 600 034, be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting ("AGM") for five years till the conclusion of the thirty sixth AGM of the Company ("Subject to ratification of their appointment at every AGM"), at remuneration and reimbursement of out of pocket expenses to be decided by the Board of Directors."

Special Business

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

4a. "Resolved Unanimously That Mr A Krishnamoorthy, be and is hereby appointed as Independent Director of the Company for a term upto 31.03.2019."

4b. "Resolved Unanimously That C A S Chentilkumar, be and is hereby appointed as Independent Director of the Company for a term upto 31.03.2019."

4c. "Resolved Unanimously That Mr B Pattabhiraman, be and is hereby appointed as Independent Director of the Company for a term upto 31.03.2019."

4d. "Resolved Unanimously That Mr Pradipta K Mohapatra, be and is hereby appointed as Independent Director of the Company for a term upto 31.03.2019."

4e. "Resolved Unanimously That Mr N Balabaskar, be and is hereby appointed as Independent Director of the Company for a term upto 31.03.2019."

NOTES

i. The members are hereby informed that the pursuant to the provisions of the Companies Act, 2013, company has availed e-voting facilities from CDSL. The procedure to exercise the e-voting is annexed herewith the Notice.

ii. **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.**

iii. The Register of members of the Company will be closed from 16th September, 2014 to 27th September, 2014. (both days inclusive).

iv. 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.

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

vi. 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.

vii. 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: (By Order of the Board)
No.6 Royal Road, **N Jayanth**
TRICHY - 620 001. Company Secretary
Date: 14, August, 2014

Annexure to Notice

Explanatory Statement annexed to the Notice convening the Thirty First Annual General Meeting of the Company as required under Section 173 (2) of the Companies Act, 1956 and Section 102 of the Companies Act, 2013 in respect of the Special Business.

ITEM 4

Pursuant to Section 149 of the Companies Act, 2013, Mr A Krishnamoorthy, CA S Chenthilkumar, Mr B Pattabhiraman, Mr Pradipta K Mohabatra and Mr N Balabaskar, the Independent Directors of the Company are to be appointed as Independent Directors of the Company for a term not exceeding five years. Hence the above cited resolutions from 4a to 4e are placed before the shareholders for their consideration and approval.

In the opinion of the Board the cited Directors are fulfilling the conditions specified in the Companies Act, 2013 for such an appointment.

PROFILE OF THE DIRECTORS

1. Mr A Krishnamoorthy - MAMBA CAIIB - Director

He is Ex-Chairman and CEO of Lakshmi Vilas Bank. He is with 40 years of experience in Banking Industries rising to the position of General Manager in the banks where he was associated. He was the concurrent Chairman for the BSRB of Andhra Pradesh. He holds the membership of the Boards of many companies.

2. CAS Chenthilkumar – Director

Is a Fellow Member of the Institute of Chartered Accountants of India and is a renowned practitioner in Trichy. He is also qualified in Information Systems Audit. (ISA). He is also a Honorary Fellow Member of the Institute of Financial Accountants UK. He was invited as an international guest by the French Accounting Institute in 2007. He was the member of the International Affairs Committee of the ICAI(2003). He was invited by the US Government for the International Visitor Leadership Program. He is the National Vice-President Jesuit Alumni Association of India(JAAI).

3. Mr B Pattabhiraman – Director

Is the Managing Director of M/s G B Engineering Enterprises Private Limited an ISO 9001 and ASME Code authorized company. He is the past chairman of Confederation of Indian Industry. National President of Indian Welding Society. President of Thuvakudi Industrial Estate Manufacturers' Association. President of Tamilnadu Boilers and Components Manufacturers' and Users' Association. He holds Chairmanship and Directorship in various companies.

4. Mr Pradipta K Mohapatra – Director

Mr Pradipta K Mohapatra is a graduate of Behavioral 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 Jamnalal Bajaj and Harvard Business School. He has been in the Board of companies across various sectors like IT&BPO, textiles, Hotels, Pharma and Bio-tech, cables, energy, retailing etc.

He has co-founded Executive and Business Coaching Foundation India Ltd and Chennai Business School Ltd promoting Executive Coaching as a new profession in India. He is the Executive Council Member of the All India Management Association and was the President of Madras Management Association.

Mr Mohapatra is a doyen of supervising the management of companies by holding first level positions in them. His guidance and advice to the companies are experimentally validated besides being supported by his academic accolades. During his career he has significant experience incubation of new businesses as well as nursing sick businesses back to health.

5. Mr N Balabaskar- Director

Mr N Balabaskar has more than three decades of rich experience in Public Finance, Planning and Financial Management, Project Management and Programme Implementation.

He is a retired IAS officer from the Government of India and superannuated from the post of Principal Adviser (Finance), Ministry of External Affairs, Government of India. Held positions at levels of Principal Secretary, Joint Secretary and General Manager in various Government Departments of India and Government Departments of Haryana.

Participated in many training programmes in the areas of organizational structures and organizational behavior conducted by the Indian Institutes of Management at Ahmedabad, Bangalore, Calcutta and Lucknow; Administrative Staff College of India, Hyderabad; LBS National Academy of Administration, Mussoorie; and the Tata Management Training Centre, Pune. Has undergone a course in Macroeconomic Management at International Monetary Fund – ITP Centre;

Underwent a training in National Security Issues in the Joint Civil and Defence Services Programme organized by the National Security Council and the Lal Bahadur Shastri National Academy of Administration.

None of the Directors are interested in any of the above cited resolutions except the Directors whose appointment / re-appointment are considered, are interested in the respective resolutions.

Registered Office:
No.6 Royal Road,
TRICHY - 620 001.
Date: 14, August, 2014

(By Order of the Board)
N Jayanth
Company Secretary

E-VOTING PROCEDURE

SHAREHOLDERS INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 21st September 2014 at 10.00 a.m. and ends on 23rd September 2014 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. (Sequence number has been provided as Serial Number (SL NO.) in the Address Label)● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>

SHAREHOLDERS INSTRUCTIONS FOR E-VOTING

Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).
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- (VIII) After entering these details appropriately, click on “SUBMIT” tab.
- (IX) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (X) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (XI) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (XII) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (XIII) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (XIV) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (XV) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (XVI) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (XVII) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.

SHAREHOLDERS INSTRUCTIONS FOR E-VOTING

(XVIII) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(XIX) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

EVSN 140826072

DIRECTORS' REPORT

The Board of Directors of your company have pleasure in presenting the Thirty First Annual Report of the company together with the audited statements of accounts for the year ended 31st March, 2014.

The financial results are as follows:

Particulars	As on 31.03.2014	As on 31.03.2013
Operating Income	3190.92	2884.77
Other Income	318.46	41.26
Total Income	3509.38	2926.03
Financial Expenses	215.85	369.78
Depreciation	421.93	109.88
Profit/(Loss) before Tax	(154.80)	136.39
Current Tax	4.27
Provision for Deferred Tax	(125.21)	38.55
Profit/(Loss) after Tax	(29.59)	93.57

During the year under review your company's Operating revenue increased by 11%.

In view of the losses no amounts could be transferred to reserves and dividend could not be declared.

2. Highlights

During the year under review :

Advanced Gastroenterology Procedures,

Bariatric Surgery for Obesity and Joint Replacement and Arthroscopy Surgical Procedures which were launched in the previous year performed satisfactorily.

Departments launched during the year:

Inauguration of 24 hours treatment of Hand injury and micro surgery unit and

Inauguration of Geriatrics Department

3. DIRECTORS

NAME OF THE DIRECTORS	STATUS OF THE DIRECTOR
Dr S Chandrakumar (From 30th May, 2013)	Chairman Managing Director & CEO (Earlier Managing Director & CEO)
Dr D Senguttuvan (From 20th July, 2013)	Executive Director (Earlier Non Executive Director)
Dr S Manivannan	Non Executive Director
Mr A Krishnamoorthy	Independent Director
CA S Chenthilkumar	Independent Director
Mr B Pattabhiraman	Independent Director
Mr S Krishnamurthy	Nominee Director of the Holding Company's Investors
Dr S Vijayabaskaran	Non Executive Director
Mr Pardipta K Mohapatra (From 28th May, 2013)	Independent Director
Mr N Balabaskar (From 14th August, 2013)	Independent Director
Mr R Mohan (Upto 28th May, 2013)	Non Executive Independent Chairman
Mr D Selvaraj (Upto 20th July, 2013)	Non Executive Director

The details of re-constitution of the Board are narrated in the Notice of AGM, 2014.

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	2013-14	2012-13
a. Export and Foreign Exchanges Earned	NIL	NIL
b. Import of Equipments and Foreign Exchange (EURO) Outflow	NIL	16435
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 2013-2014, 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 the Companies Act, 1956 and the Companies Act, 2013.

Your Directors report as follows -

i. that in the preparation of the annual accounts relating to the financial year ending on 31st March, 2014, 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, 2014 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) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

vii. 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.

Upon resignation of Mr R Mohan and Mr D Selvaraj, the Audit Committee has been re-constituted as follows –

7. Audit Committee

CA S Chenthilkumar	Chairman
Mr A Krishnamoorthy	Member
Mr B Pattabhiraman	Member
Dr S Manivannan	Member

The Audit Committee met 4 times during the year.

8. Nomination and Remuneration Committee

The Remuneration committee consisted of the following members –

Mr A Krishnamoorthy
CA S Chenthilkumar
Mr N Balabaskar

The Remuneration Committee with the then Members Mr A Krishnamoorthy, Mr R Mohan, Mr D Selvaraj and CA S Chenthilkumar, met on 28th May, 2013 to consider and recommend the extension of term of office of Dr S Chandrakumar from 30th May, 2013 to the date of AGM of 2015 and elevate him from Managing Director to Chairman Managing Director which items were suitably included in the Notice of the AGM, 2013.

Pursuant to the provisions of Section 178 (1) of the Companies Act, 2013, on 6th June, 2014 the above cited Remuneration Committee was re-named as Nomination and Remuneration Committee with the same constitution.

9. Stake Holders Grievance Committee

Pursuant to the provisions of the Companies Act, 2013 the Stake Holders Grievance Committee was constituted with the following members –

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

The Committee oversees the compliance of share transfer requirements and redressal of shareholders grievances, if any.

10. Deposits

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

11. 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 is adopted.

12. Auditors and their Report

M/s B S R & Co. LLP, Chartered Accountants (FRN 101248W), Chennai, retire as Auditors of the company at the ensuing Annual General Meeting and are eligible for re-appointment. The company has received a letter from them stating that their re-appointment, if made, would be in conformity with the prescribed limits under Section 141 of the Companies Act, 2013.

The detailed Audit Report for the FY 2013-2014 is annexed with the Financials for the year ended 31st March, 2014.

13. Corporate Governance

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

14. Vigil Mechanism / Whistle Blower Policy

Your Company has adopted a Vigil Mechanism / Whistle Blower Policy as per Section 177(9) of the Companies Act, 2013 and 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.

15. 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 : 14th August, 2014

Dr S Chandrakumar

Chairman Managing Director & CEO