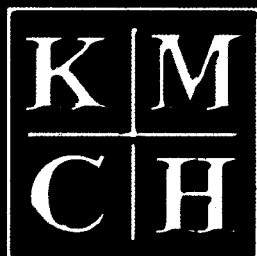


Report  junction.com



Avinashi Road, Coimbatore - 641 014



BOARD OF DIRECTORS

Dr. Nalla G Palaniswami

Chairman cum Managing Director

Dr. Thavamani Devi Palaniswami

Vice Chairman cum Joint Managing Director

Kasi K Goundan

Director

M. Manickam

Director

Dr. K.S.K. Murugaiyan

Director

A.M. Palaniswamy

Director

Dr. P.R. Perumalswami

Director

Dr. K.C. Ramaswami

Director

Dr. M.C. Thirumoorthi

Director

A.K. Venkatasamy

Director

N. Sengottaiyan

Director

(Alternate to Kasi K Goundan)

K.M. Subramaniam

Director

(Alternate to Dr. P.R. Perumalswami)

Dr. A.C. Kulkarni

ICICI Nominee Director

COMPANY SECRETARY

S.P. Chittibabu

FINANCIAL CONTROLLER

S. Thangamani

**REGISTERED OFFICE &
HOSPITAL COMPLEX**

Post Box No. 3209

Avanashi Road

Coimbatore - 641 014

Tel : 91-422-627784-90 Fax : 627782

Email : kmch @ md2.vsnl.net.in

Website : www.coimbatore.com/kmch

SATELLITE CENTERS

1. Bhavani Main Road

Perundurai

2. Ramnagar,

Coimbatore

3. Perundurai Road,

Erode

SOLICITORS & ADVOCATES

Ramani & Shankar

Advocates, Coimbatore.

AUDITORS

S.V. Jayaraman & Co

Chartered Accountants

Chennai - 600 083.

REGISTRARS & SHARE TRANSFER AGENT

GNSA Investors Services Pvt Ltd

17/1, Baliah Avenue, Luz,

Mylapore, Chennai - 600 004.

DEPOSITORY REGISTRAR

Karvy Consultants Ltd.,

33/1, Venkatraman Street, T.Nagar

Chennai - 600017

BANKERS

Canara Bank

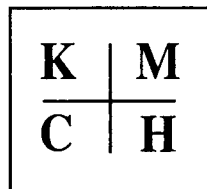
Punjab National Bank

Indian Bank

Indian Overseas Bank

ICICI Bank Ltd

State Bank of India



WORLD CLASS EQUIPMENTS AT KMCH-DIAGNOSTIC CENTER

- ◆ M.R.I. Scan
- ◆ Advanced Cardiac Cath Lab and Peripheral Angiography
- ◆ E.P. Lab
- ◆ Three Dimentional Subsecond Spiral C.T. Scan
- ◆ Mammography
- ◆ B M D - Measurement of total Body Fat and Bone Strength
- ◆ Ultra Sound & Colour Doppler
- ◆ Digital X-Ray and Fluroscopy
- ◆ BIO LAB - All Kinds of Lab Tests.



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KOVAI MEDICAL CENTER AND HOSPITAL LIMITED
NOTICE

Notice is hereby given that the **Sixteenth Annual General Meeting** of the Members of **Kovai Medical Center and Hospital Limited** will be held on **Tuesday, the 29th day of October 2002 at 2.45 P.M.** at **"A.P. Kalyana Mandapam", 738/2 Avanashi Road, Goldwins, Coimbatore-641 014** to transact the following business.

AGENDA
ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date together with the Reports of the Directors and Auditor's thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Kasi K. Goundan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. Manickam, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. K.C. Ramaswami, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. S.V. Jayaraman & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies in order to be effective should be deposited with the Registered office of the Company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company were closed from 16th September 2002 to 28th September 2002 (both days inclusive) in connection with the Annual General meeting of the Company and for the purpose of entitlement of dividend. The dividend, if declared, will be paid to those members whose name appear on the Register of Members of the Company as on 28.9.2002 and the company has already notified the book closure dates.
4. The members are requested to inform any change in their address and quote Folio number in all correspondence to the Company.

**KOVAI MEDICAL CENTER AND HOSPITAL LIMITED**

5. Non-resident Indian shareholders are requested to inform us the following :
- (a) The Change in the residential status on return to India
 - (b) The particulars of NRE Account or other bank account particulars, if not furnished earlier.
6. As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company 7 days prior to the meeting so as to enable the management to keep the information ready.

By order of the Board

Coimbatore
1.10.2002

S.P. CHITTIBABU
Company Secretary




KOVAI MEDICAL CENTER AND HOSPITAL LIMITED
DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Sixteenth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2002.

FINANCIAL PERFORMANCE

PARTICULARS	(Rs. in Thousands)	
	<u>31.3.2002</u>	<u>31.3.2001</u>
Turnover	293486	259740
Profit before interest and depreciation	62604	55345
Interest	13891	13440
Cash Profit	48713	41905
Depreciation and non-cash charges	23077	19583
Profit for the year	25636	21521
Prior period expenses	254	695
Provision for Taxation (MAT)	1967	2430
Provision for Deferred Tax	7992	---
Provision for Proposed Dividend	10942	---
Transferred to General Reserve	8542	---
Profit from the previous year	19596	1200
Balance in Profit & Loss Account	15535	19596

REVIEW OF OPERATIONS

The turnover of the Company during the year is Rs. 293486 thousands as compared to 259740 thousands in the previous year shown an increase of 13%. The net profit before providing tax is Rs.25382 thousands is registering an increase of 22% over the previous year.

Excellence in patient care and quality medical services contributed for the improved performance in terms of both turnover and profit. During the year under review your Company acquired most modern and advanced high-end Cathlab and CT scanner as part of its committed philosophy of providing the latest in the medical world to the needy public. In order to keep phase with the latest in the medical world, your Medical Center has conducted various seminars and conferences in different specialities like Cardiology, Neurology, ENT, Pulmonology, Dental, Orthopaedics etc. During the year your Medical Center and Hospital has introduced a novel "KMCH ACCIDENT INSURANCE SCHEME" in association with National Insurance Company Limited which will be beneficial to the shareholders as well as the public.

DIVIDEND

Your Directors are pleased to recommend for your consideration the payment of maiden dividend on equity shares at 10% (Re.1 per equity share). The total amount of dividend outgo will be Rs.10942 thousands. The dividend is subject to deduction of tax at source wherever applicable.



FINANCE

You are aware that the Country is witnessing soft interest rate regime. During the current year, the Company in its efforts to bring down interest costs by retiring high cost debts of Rs.58500 thousands availed from ICICI by financial arrangement with Punjab National Bank. Your Company will continue to bring down these costs further in coming years.

FUTURE PROSPECTS

Your Medical Center has established itself as an international referral center for super specialities like Cardiology, Cardio-thoracic and General Surgery etc.,

In order to serve and meet the growing demand for quality health care services, it has become necessary for your Medical Center to have additional infrastructure in terms of rooms, utilities, facilities and medical equipments.

The Satellite Center at Erode has already started its operation from 21.6.2002 and more such Satellite Centers are on the anvil. Your Medical center proposes to introduce tele-medicine services in the near future by utilizing the technological explosion, our country has achieved in satellite technology in the recent past.

In the backdrop of globalisation your Medical Center has the required expertise in the medical services which it proposes to take it to the third world countries in the area of hospital consultancy services.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

During the last decade, the impact of liberalization and globalization of the Indian economy has been greatly felt in the Indian healthcare services. Healthcare services in India are getting more and more privatised like any other industry. With the rapid technological advancements in the field of medical instrumentation, Information Technology and medical sciences, there has been a radical transformation in the nature and scope of the Medical Institutions in the country. It is heartening to note that the Indian doctors, industrialists and the patients have reacted very positively to this kind of development to the changing scenario. A large number of corporate institutions in the medical care sector have emerged giving rise to a very healthy and competitive environment. We foresee in the near future that competition will bring in the latest technology and high quality services in this industry. It is also interesting to note that like in many industries the health care costs are gradually beginning to drop in the recent times. It is hoped that in a few years from now the customer who is our patient will get the best deal in the process.

A. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Financial performance with respect to operational performance has been dealt with in the Directors Report which should be treated as forming part of this Management Discussion and Analysis Report.


KOVAI MEDICAL CENTER AND HOSPITAL LIMITED
B. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has established an appropriate system of internal control to ensure that there exists a proper control overall the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorised use or disposal. The internal audit conducted at all divisions for all the key areas of business. The internal control system is supplemented by a programme of internal audits to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The internal audit is oriented towards review of controls and operational improvements.

C. MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED :

Relations with the employees remained cordial. In order to optimise the contribution of the employees to the company's business operation, in-house training is given to the employees to induce contribution to productivity increase and development programmes for all levels of employees have been devised . As at 31st March, 2002 the employees strength of the company was 1159.

DIRECTORS RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

In the preparation of Profit and Loss Account for the period ended 31st March, 2002 and the Balance Sheet as on that date, all the applicable accounting standards have been followed. Accounting policies, that are reasonable and prudent, have been selected and applied consistently so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the Profit and Loss Account of the Company for the period ended 31st March, 2002. The said Profit and Loss Account and Balance Sheet have been prepared on a going concern basis. The accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company as also for preventing and detecting fraud, other irregularities have been properly maintained.

DIRECTORS

Mr. Kasi K. Goundan, Mr. M. Manickam and Dr. K.C. Ramaswami are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

Information in accordance with Sub-section 2A of Section 217 of the Companies Act, 1956, read with companies (Particulars of Employees) Amendment Rules, 1994 for the year ended 31st March, 2002. None of the employees were in receipt of remuneration in excess of the limits prescribed in this regard.

**KOVAI MEDICAL CENTER AND HOSPITAL LIMITED****INFORMATION AS PER SECTION 217(1) E OF THE COMPANIES ACT, 1956**

Since the Company is in service industry and does not do any manufacturing activity, the particulars regarding conservation of energy and technology absorption in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. The particulars regarding foreign exchange inflow and outgo appear as item no 16 in Notes on Accounts.

DEPOSITS

The Company has not accepted any deposits from the public during the year.

AUDITORS

The Auditors M/s. S.V. Jayaraman & Co., Chartered Accountants, the retiring Auditors have given the certificate pursuant to Section 224 (1B) of the Companies Act, 1956 and are eligible for re-appointment. The Notes to the Financial Statements referred in the Auditor's Report are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

REPORT OF CORPORATE GOVERNANCE

The Company has already complied with the requirement of the corporate governance in terms of the listing agreements with the stock exchanges. The detailed report on corporate governance is annexed as Annexure - Forming part of this report.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

A Certificate from the Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement with the stock exchanges is attached to this report.

HUMAN RESOURCE DEVELOPMENT

As your Company is in the service industry, human resource play a very crucial role in the operations and as such your Company accords great recognition therefor in its continuous development.

Your Company maintain cordial relations with Doctors and Employees. Your Board places on record its appreciation for the dedicated services of all the Doctors and Employees.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued co-operation extended by the Financial Institutions viz. ICICI, IDBI, IFCI and Bankers viz Canara Bank & Panjab National Bank of the Company and look forward to their continued support in the future.

For and on behalf of the Board

Coimbatore
1.10.2002

DR. NALLA G PALANISWAMI
Chairman Cum Managing Director