

BOARD OF DIRECTORS

Dr. Nalla G Palaniswami

Chairman and Managing Director

Dr. Thavamani Devi Palaniswami

Vice Chairman and Joint Managing Director

Mr. Kasi K Goundan

Director

Mr. M. Manickam

Director

Dr. K.S.K. Murugaiyan

Director

CA. A.M. Palanisamy

Director

Dr. P.R. Perumalswami

Director

Dr. M.C. Thirumoorthi

Director

Mr. A.K. Venkatasamy

Director

Dr. Mohan S Gounder

Director

Mr. K. Saminathan

Director

Dr. M.A. Muthusethupathi

Director

Mr. K.M. Subramaniam

Director (Upto 18.12.2012)

(Alternate to Dr. P.R. Perumalswami)

Dr. S. Krishnasamy

Director (From 14.02.2013)

(Alternate to Dr. P.R. Perumalswami)

CA. P.K. Gopikrishnan

Chief Financial Officer

CS. S.P. Chittibabu

Company Secretary

REGISTERED OFFICE & HOSPITAL COMPLEX

Post Box No. 3209, Avanashi Road

Coimbatore - 641 014

Tel : +91 - 422 - 4323800, 3083800

Fax : +91 - 422 - 4270639

E-mail : secretarialdept@kmchhospitals.com

accounts@kmchhospitals.com

Website : www.kmchhospitals.com

AUDITORS

M/s. Haribhakti & Co.,

Chartered Accountants

Coimbatore - 641 012

REGISTRAR & SHARE TRANSFER AGENT

GNSA Infotech Limited

STA Department

Nelson Chambers

F-Block, 4th Floor

No.115 Nelson Manickam Road

Aminjikarai

Chennai - 600 029

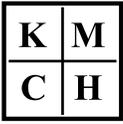
Phone : + 91-44-42962025

Email : sta@gnsaindia.com

BANKERS

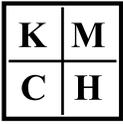
Indian Bank

Indian Overseas Bank



KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

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2 decades of Leadership in Healthcare

Becoming a benchmark in the healthcare industry

Kovai Medical Center and Hospital Limited started with 150 beds in July, 1990. Over the past two decades, the Center under the visionary leadership of Dr. Nalla G Palaniswami has grown into a giant in the healthcare industry in India. This was acknowledged by the center receiving the award for the best hospital in the non-metro category by the ICICI Lombard and CNBC. The hospital has every specialty under one roof and is today capable of performing a full range of complex surgical and interventional procedures with the exception of liver transplant which too will start soon.

The state of the art cancer center has transformed the way cancer is treated in this region and is the first Hospital to introduce rapid arc therapy, stereotactic radiosurgery, respiratory gated radiotherapy and endoluminal brachytherapy in this region. Joining hands with the Chief Minister's Comprehensive Health Scheme, this state of the art cancer care has benefitted both the poor and the rich.

The bone marrow transplant center again has become a role model department in this region by performing several successful transplants for complex clinical conditions which has so far never been performed in this area. The state of the art Nuclear Medicine Department with PET-CT has again changed the perception of cancer care and today, gets patients referred from surrounding districts and states. The ultra- modern biplane interventional laboratory is again a first of it's kind in this region and the department has been continuously introducing procedures for the first time ever in this region.

The addition of the cancer center has truly made the hospital a bench-mark for others to follow with its state of the art theaters and imaging facilities.

Highlights

- Hospital receives the Best Hospital award in the non-metro category by the ICICI Lombard and CNBC
- Receives NABH accreditation for all departments.
- Cancer centre performs the first respiratory gated radiotherapy.
- KMCH hosts the International conference in Interventional Radiology.

Chairman receives award from SIR, USA



Dr. Nalla G Palaniswami receives award from President, SIR

The best ever annual meet of Indian Society of Vascular Interventional Radiology conducted in collaboration with the Society of Interventional Radiology, USA was hosted in KMCH in February 2013. The Chairman of KMCH Dr. Nalla G Palaniswami was honored with a plaque for his outstanding contribution to the development of the field of Interventional Radiology in India.

The Department of Interventional Radiology in KMCH is equipped with the state of the art Biplane flat panel Artis-Zee cathlab and it has achieved many firsts in various interventional procedures in this part of the country including the first fenestrated stent grafting for complex aortic dissection and flow diverter therapy for intracranial aneurysms. The department has a long history of 20 years of service and a very long chain of patient's success stories.

Respiratory insufficiency treated successfully by pacemaker to the phrenic nerve

Diaphragm pacemaker for patients with injured spine

It was impossible for a 65 year old Mr. Nachimuthu to even breathe normally given the severe cervical spine injury that he had incurred damaging the respiratory center in his brainstem. He had to be on ventilator support for three months. A recent novel method of treating such a condition saved him from this agony. For the first time, Doctors at KMCH put a pacemaker that would stimulate the phrenic nerves in the neck cyclically initiating the normal process of breathing at a steady rate. The pacemaker was placed in a pouch created in the chest wall.

Dr. Parthiban and his team were responsible for this achievement and the patient was able to breathe with the pacemaker alone for more than half the time every day. The battery would last for 15 years, said Dr. Parthiban and would then require a minor surgery to replace them.

Stem Cell transplantation for thalassemia

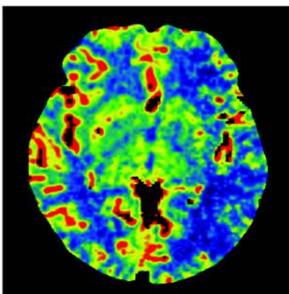


Thalassemia is a disorder causing red blood cell destruction. It has tainted the life of 10 year old Dhanush. To his relief came the option of stem cell transplantation which was performed by a team led by Dr. Rajasekar, Clinical Hematologist and Head of Bone Marrow Transplantation. Marrow stem cells in Dhanush’s brother were brought out into the blood from where they were harvested and infused into the patient.

This complex and expensive procedure could be performed, thanks to team of doctors in KMCH and donors who provided funds for welfare of the patients. KMCH is steadily evolving itself to be a leader in bone marrow transplant and blood cancer treatment in this region.

Clot dissolution in brain for stroke

55 year old Mr. Ponnusamy was lucky that he reached the hospital within one and half hours of sustaining left hand and leg weakness. The cause was a clot in a blood vessel blocking blood supply to a part of his brain on the right side.



Dr. Vijayan, Neurologist could dissolve the blood clot using a medicine injected into the patient’s blood and simultaneously directing ultrasound waves from transcranial Doppler into the region of clot. He emphasized that early intervention is the key for such successful recoveries. A window of six hours is available from the episode of stroke to institution of therapy. Thanks to this treatment, the patient is now able to hold his plate of lunch with his left hand that was rendered immobile by stroke.

People must be educated on picking up initial symptoms including weakness, imbalance, incoherent speech and facial contortion and bring them to the attention of an experienced doctor, to prevent fatal and incapacitating neurological outcomes.

Such treatment has now become very efficacious since the introduction of drug and sound wave combination – a marked improvement from the days when streptokinase and urokinase were the only drugs in option, carrying little success.

KMCH has evolved itself to be a leader in Stroke treatment

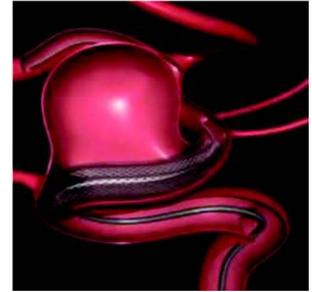
Flow diverters for aneurysms in brain

Aneurysms are balloon like dilatations that can involve any blood vessel in the body. After attaining a critical size, they tend to rupture. When they involve the blood vessels inside the brain, rupture can present varying from a sudden onset severe headache to death. The most important part in treating aneurysms is to prevent rupture.

Conventional method of treatment shifted from surgery to coiling which entails packing the aneurysm with ductile materials preventing blood flow into it and hence rupture. This is done by a route through the blood vessels by interventional radiologists. This is a lot safer compared to the risks that surgery confers to the patient. Some aneurysms not amenable for coiling were a challenge until recent introduction of a novel therapy using precisely constructed stents called Flow Diverters.

For the first time in India, a series of four such complex cases were treated by flow diverters in KMCH, by Dr. Mathew Cherian, Chief of Radiology Services. Flow diverters divert blood flow away from aneurysm into adjacent vessel, hence preserving blood flow through normal vessels and their branches.

Flow diverters give a new lease of life to patients with complex aneurysms in the brain



Tear in aorta closed by minimally invasive procedure

Tear involving the aorta, the main blood vessel supplying blood to the entire body from the heart, is treated by stent grafting which involves placing a covered tube in the aorta through a small incision in the thigh. Such a procedure would not work in case the treatment of the aneurysm or dissection involves covering a major blood vessel supplying blood to the gut or kidneys.

Such a complex dissection involving the origin of gut or renal arteries was treated by making holes in the stent graft and then connecting them to these vessels with smaller grafts. Such precise placement demands detailed study of the CT scan and making various accurate measurements.

The 10 hour life-saving non-surgical repair of the aneurysm was performed by a team of doctors including Chief of Radiology Dr. Mathew Cherian, Vascular Surgeon Dr. Bhuvaneshwaran and Interventional Radiologist Dr. Pankaj Mehta.

The procedure has elevated KMCH to be one among a handful centers in India which has the capability of performing such complex procedures.

Fenestrated grafts are one of the most complex procedures for aortic dissections



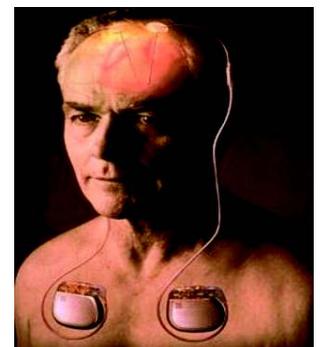
Pacemaker put Parkinson's patient back on his feet

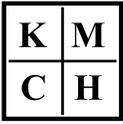


15 years of Parkinson's disease had curtailed most of the movements of 59 year old Mr.M. Sundaram. Neurologist at KMCH led by Dr.V. Arulselvan put a pacemaker in right upper chest connected to specific location in brain to stimulate normal function.

The patient is now able to walk. The patients think it is a scientific miracle. Parkinsonism is an extremely common disease and in extreme cases, patients are completely bed ridden. KMCH is today a leader in treatment of movement disorders and placing pacemaker is one such example where state of the art treatment is provided to people around this region.

The department working closely with neurosurgery and radiology, also has performed state of the art surgery in the cure of epilepsy. The neurosurgical department also performs a variety of surgeries including the ultra-minimally invasive stereotactic surgery and treatment for vascular malformations and aneurysms.





Steroid free transplantation – a revolution

Kidney failure is a dreaded condition, however, Kovai Medical Center and Hospital has been a pioneer in kidney transplantation and over the last few decades has emerged to be a leader in the country and a bench mark that other hospitals around the country are trying to emulate. Dr. Vivek Pathak, Senior Nephrologist at KMCH has pioneered renal transplantation without using steroids. What does it mean to a patient?

The biggest problem in using steroids is that many patients become diabetics. Steroids also make patients put on excess weight and makes the bones weak. Thus using a complex combination of drugs to successfully allow the transplant kidney to survive in the body is a boon to the patient since they will not have any of the side effects that are commonly associated with steroids. KMCH is considered a world leader in complex transplants which not only includes non-steroid treatment, but also involves transplant between a donor and recipient with non-matching blood groups.

The center is recognized for its outstanding renal unit with its state of the art dialysis facility and a very successful cadaver transplant program.

KMCH is a world leader in steroid free renal transplant

ST Elevation Myocardial Infarction (STEMI) pioneered at KMCH

Heart attack or MI continues to be a leading cause of death in India. Dr. Thomas Alexander, Senior Consultant Interventional Cardiologist at KMCH has pioneered a systematic approach which ensures a rapid treatment of this disease. Today STEMI management has gone viral with several hospitals across the nation networked through a series of ambulances that facilitate rapid transport of patients to the right hospitals across India. The program which kicked off at KMCH trains doctors, nurses and paramedical staff to rapidly assess and manage this fatal disease. A few weeks ago, the program was endorsed by the European Society of Cardiology and has recognized it to be an outstanding program in saving lives.



KMCH is proud of its state of the art cardiology department which is able to perform every kind of cardiac intervention with outstanding success rates. The hospital hopes to build a center of excellence and a bench mark through an ambitious cardiac center in the near future.

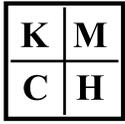
To excel in every sphere of medicine...

What started as a dream a little more than two decades ago today stands tall as a health care provider that is recognized at the national level as a Center of Excellence. The hospital is one of the largest corporate hospitals in India employing more than, 150 doctors, 1000 nurses and 300 para - medical staff with a total staff strength of more than 2000.

The hospital caters to 6 lac patients per annum and has 40 departments functioning under a single roof. Departments like Oncology, Radiology, Interventional Radiology, Nuclear medicine, Cardiology, Neuro sciences, Orthopaedics, Nephrology, receive patients both from India and abroad and are recognized for their outstanding quality of work.

The future is equally bright with plans to introduce liver transplant and a world class cardiac center. We do not rest in the success of our past but use ourselves as the bench mark to excel further.





NOTICE

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting** of the Members of Kovai Medical Center and Hospital Limited will be held on Friday, the 19th July 2013 at 11.00 a.m. at "A.P. Kalyana Mandapam", 738/2 Avanashi Road, Goldwins, Coimbatore - 641 014 to transact the following business.

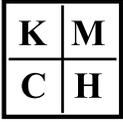
ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Statutory Auditors' thereon.
2. To declare dividend on equity shares for the financial year ended 31st March 2013.
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 Dr. Mohan S Gounder, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr.M. Manickam, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the current year and fix their remuneration, M/s Haribhakti & Co., Chartered Accountants, Coimbatore, retire and are eligible for re-appointment.

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Dr. Mohan S Gounder as Joint Managing Director of the Company for a period of five years with effect from 19.07.2013 on the terms and conditions including remuneration as are set out hereunder with liberty to the Board of Directors (hereinafter referred to as the "Board") to alter and vary the terms and conditions of the said appointment and / or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed between the Board and Dr. Mohan S Gounder.



I. Salary

₹ 6,00,000/- (Rupees six lacs only) per month.
(Subject to the provisions of Income Tax Act, 1961)

[Annual increase in the salary as the Board may decide from time to time, however subject to a ceiling of ₹ 50,000/- (Rupees fifty thousand only) per month. First increase to be effective from 19.07.2014 subject to the confirmation of the Board of Directors based on the recommendation of the remuneration committee of directors].

II. Perquisites

Perquisites as follows will be paid and / or provided in addition to salary. Perquisites shall be valued in terms of actual expenditure incurred by the Company. However in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy the perquisites shall be valued as per Income Tax Rules.

a. Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family as per the rules of the Company.

b. Leave Travel Concession / Allowance

For self and family, once in a year in accordance with the rules of the Company.

c. Club Fees

Fees of Club payable as per the rules of the Company.

d. Car

Use of Company's car with driver for business / official purpose.

e. Telephone

Free Telephone / Communication facilities at residence for business purposes.

f. Any other perquisites as may be allowed by the Board subject to the provisions of the Companies Act, 1956.

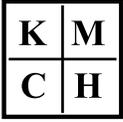
III. Other benefits

a. Contribution to Provident Fund to the extent not taxable under the Income Tax Act.

b. Gratuity at the rate of half month's salary for each completed year of service.

c. Encashment of leave at the end of the tenure as per the rules of the Company.

d. The above benefits under (a) to (c) shall not be included in the computation of ceiling on remuneration or perquisites.



IV. Overall Remuneration

That the total remuneration (i.e. salary, perquisites and other allowances) in any one financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being, be in force and any amendments thereto. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendation of Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Dr. Mohan S Gounder and accepted by the Remuneration Committee.

V. Minimum Remuneration

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, perquisites and other allowances shall be governed under section II of Part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof, as may, for the time being be in force".

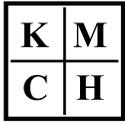
By order of the Board
For Kovai Medical Center and Hospital Limited

Coimbatore
18.05.2013

CS.S.P. CHITTIBABU
COMPANY SECRETARY

NOTES

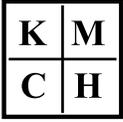
- 1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the company.** The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited at the Registered Office of the company at Post Box No.3209, Avanashi Road, Coimbatore - 641 014 not less than 48 hours before the commencement of the meeting.
2. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
3. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting.
4. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.7 of the special business is annexed hereto.
5. The Register of members and Share Transfer Books of the Company will remain closed from **Saturday, 13th July 2013 to Friday, 19th July 2013 (both days inclusive)** in connection with the 27th Annual General Meeting.
6. Dividend upon its declaration at the meeting will be paid within the statutory period of 30 days to those members whose names appear :
 - a. As members on the Register of Members of the company as on 19th July 2013 after giving effect to all valid share transfers in physical form which would be received by the company upto the closing hours of business on 12th July 2013.
 - b. As beneficial owners as per the list to be furnished by NSDL/CDSL as at the closing hours of business on 12th July 2013.



7. Electronic Clearing Service (ECS) Facility

Shareholders holding shares in physical form who now wish to avail ECS facility, are requested to forward their ECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, M/s. GNSA Infotech Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115, Nelson Manickam Road, Aminjikarai, Chennai - 600 029.

8. The company transferred all unclaimed dividend declared up to the financial year ended 31st March 2005 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend up to the aforesaid financial year may claim their dividend from the Registrar of Companies, Tamil Nadu, Coimbatore Stock Exchange Building, Second Floor, 683, Trichy Road, Singanallur, Coimbatore - 641 005.
9. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended, the company has transferred all unclaimed dividend for the financial years ended 31.03.2002, 31.03.2004 and 31.03.2005 to the Investor Education and Protection Fund (IEP Fund) established by the Central Government pursuant to Section 205 C of the Companies (Amendment) Act, 1999. It may also be noted that once the unclaimed dividend is transferred to the IEP Fund, no claim shall lie in respect thereof.
10. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March 2006 and thereafter, which remains unclaimed for a period of 7 years from the date of transfer of the same to the unclaimed dividend account as referred to in sub-section (1) of section 205A of the Act, will be transferred to the Investor Education and Protection Fund (IEP Fund) of the Central Government. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2006 or subsequent financial years are requested to make their claim to the Secretarial Department, KMCH Limited, Post Box No.3209, Avanashi Road, Coimbatore - 641 014. It may also be noted that once the unclaimed dividend is transferred to the IEP Fund as above, no claim shall lie in respect thereof.
11. Members holding shares in physical form are requested to intimate the following directly to the company's Registrar and Share Transfer Agent, M/s GNSA Infotech Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600 029.
 - a. Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
 - b. Changes, if any, in their address at an early date.
 - c. Application for consolidation of folios, if shareholdings are under multiple folios.
 - d. Despatch of share certificates for consolidation.
 - e. Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.



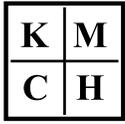
Notice of Annual General Meeting

12. Members holding shares in dematerialised form (electronic form) are requested to intimate any change in their address, bank mandate etc. directly to their respective Depository Participants.
13. Members are requested to quote ledger folio / client ID numbers in all their correspondences.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent M/s. GNSA Infotech Limited, Chennai.
15. The Ministry of Corporate Affairs, New Delhi (MCA) has taken a 'Green initiative' in the corporate governance by permitting paperless compliances by companies vide its Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 which validates the sending of documents through electronic mode and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s). The members are requested to support this 'Green initiative' by registering / updating their e-mail address with the company or Share Transfer Agent M/s. GNSA Infotech Limited, Chennai.
16. 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.
17. Members seeking any information as regards the accounts are requested to write to the Company atleast seven days prior to the meeting so as to enable the management to keep the information available.

By order of the Board
For Kovai Medical Center and Hospital Limited

Coimbatore
18.05.2013

CS.S.P. CHITTIBABU
COMPANY SECRETARY



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED HERETO AND FORMS PART OF THE NOTICE DATED 18.05.2013

Item No:7

Dr. Mohan S Gounder has 15 years of experience of management, operations, consulting and teaching experience with a variety of healthcare organisations, consulting organisations and university settings. He earned both his Bachelor of Science and Medical Degree at the University of Michigan in Ann Arbor, Michigan before completing his training in Internal Medicine at Emory University in Atlanta, GA.

He is Board Certified in Internal Medicine and continues to practice medicine and work as a healthcare administrator as a Medical Director with Team Health, one of the largest publicly traded healthcare practices in the United States. Shortly after completing residency, Dr. Mohan S Gounder co-founded and served as Director of Business Development of Ingenious Med in Atlanta, GA. The company focuses on enterprise revenue cycle management in the healthcare setting and now manages over 25,000 clients in more than 900 Healthcare Facilities in the U.S.

With this extensive insight into the operations of hundreds of healthcare facilities across the United States, Dr. Mohan S Gounder has used the expertise he has gained to provide strategic guidance to Kovai Medical Center in his capacity as a Director with KMCH. He has also volunteered his time and experience gained with multiple US Healthcare Management Systems over the years to develop and implement the Backbone Healthcare Information System project at Kovai Medical Center Hospital which has helped KMCH to obtain the "e-India Hospital" award of the year in 2010.

Considering his rich experience and contribution to the growth of the Company, the Board at its meeting held on 18.05.2013 has resolved to appoint the Director Dr. Mohan S Gounder as Joint Managing Director of the Company for a period of 5 years with effect from 19.07.2013 subject to the approval of the members at the ensuing Annual General Meeting under section 269 read with schedule XIII to the Companies Act, 1956.

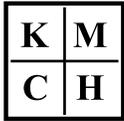
The proposed appointment of Dr. Mohan S Gounder as Joint Managing Director and payment of remuneration are in conformity with Schedule XIII to the Companies Act, 1956.

The terms and conditions of his appointment and payment of remuneration are subject to the approval of the members at the ensuing Annual General Meeting under Section 269 read with Part III of Schedule XIII to the Companies Act, 1956.

The Remuneration Committee in its meeting held on 07.05.2013 had also recommended the remuneration of Dr. Mohan S Gounder for a period of five years subject to the approval of the members in the Annual General Meeting.

In the event of inadequacy or absence of net profits during any financial year, the remuneration payable shall be maximum permissible under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Pursuant to Section 302 of the Companies Act, 1956, this may be treated as an abstract of the terms and conditions of the contract and Memorandum of interest concerning the appointment and remuneration of Dr. Mohan S Gounder as Joint Managing Director.



Notice of Annual General Meeting

In terms of Article 103(b) of the Articles of Association of the Company, Dr. Mohan S Gounder is not liable to retire by rotation.

The proposed AGREEMENT to be entered into by the Company with the Appointee (Dr. Mohan S Gounder) as Joint Managing Director will be available for inspection at the Registered Office of the Company with the Company Secretary between 11.00 a.m. and 1.00 p.m. from 15th July 2013 to 18th July 2013.

None of the Directors except Dr. Mohan S Gounder, Dr. Nalla G Palaniswami and Dr. Thavamani Devi Palaniswami are interested in the proposed resolution.

The Board recommends the resolution set out in Item No.7 for the approval of the members.

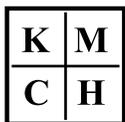
By order of the Board
For Kovai Medical Center and Hospital Limited

Coimbatore
18.05.2013

CS.S.P. CHITTIBABU
COMPANY SECRETARY

The details of Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement) are as follows:

S. No.	Name	Qualification	Experience (in Yrs)	Directorship in other Public Limited Companies	Committee Membership In other Public Ltd. Companies	No. of Shares
Re-appointment						
1.	Mr. Kasi K Goundan	B.E.(Mech)	44	---	---	---
2.	Dr. Mohan S Gounder	MD AB (USA)	15	Purani Hospital Supplies Limited Aosta Software Technologies (I) Ltd.	---	849769
3.	Mr.M. Manickam	MBA (USA)	28	Sakthi Sugars Limited Sakthi Finance Limited Sakthi Auto Component Limited Sri Chamundeswari Sugars Limited ABT Limited ABT Industries Limited Sakthi Properties (Coimbatore) Ltd. The Gounder and Company Auto Ltd. ABT Foods Retailing (India) Limited ABT Foods Limited Sakthi Bethel Automotive Safety Systems Corporation Limited Bethel Sakthi Automotive Safety Systems Corporation Limited	---	---
Appointment (Joint Managing Director)						
1.	Dr. Mohan S Gounder	MD AB (USA)	15	Purani Hospital Supplies Limited Aosta Software Technologies (I) Ltd.	---	849769

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the **Twenty Seventh Annual Report** of your company together with Audited Financial Statements for the year ended 31st March 2013.

FINANCIAL RESULTS (STANDALONE)

(₹ in lacs)

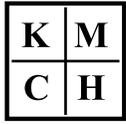
	2012-13	2011-12
Operating Income	29713.38	22237.24
Other Income	305.51	156.15
Total Income	30018.89	22393.39
Earnings Before Interest, Tax & Depreciation (EBITDA)	7330.24	4494.51
Profit Before Taxation (PBT)	3133.27	1624.09
Provision for Taxation	1008.50	429.19
Profit After Taxation (PAT)	2124.77	1194.90
Balance of Profit brought forward	1572.32	636.39
Profit available for appropriations	3697.09	1831.29
Appropriations:		
Dividend (inclusive of dividend tax)	192.02	158.97
Transfer to General Reserve	150.00	100.00
Balance carried forward to Balance Sheet	3355.07	1572.32

REVIEW OF OPERATIONS

With the sound performance in all its activities, your Company could cross a mile stone of achieving more than ₹ 300 crores revenue during the Financial Year under review, at a growth of 34% over the previous year revenue of ₹ 223.93 crores registering an enhanced profitability with EBITDA for the current year at ₹ 73.30 crores from ₹ 44.95 crores in the previous year, an increase of 63%. Profit after tax increased to ₹ 21.25 crores in the current year from ₹ 11.95 crores of the previous the year.

The finance cost has increased to ₹ 27.46 crores during 2013 compared to ₹ 16.57 crores during 2012. The increase was largely due to higher interest charge arising out of commissioning of new projects at Main Center at Coimbatore and also due to the general increase in interest rates during this year.

Erode Center and Erode Speciality Center also contributed to the growth of your company. During the year under review, Erode Center posted a revenue of ₹ 12.74 crores against ₹ 10.79 crores in the previous year. The operating profit for the current year is ₹ 2.93 crores against previous year figure of ₹ 2.22 crores showing a growth of 32%.



Erode Speciality Center revenue grew by 32% to ₹ 17.49 crores compared to ₹ 13.20 crores in the previous year. Similarly the operating profit for the current year is ₹ 1.99 crores against previous year figure of ₹ 1.04 crores registering a growth of 92%.

DIVIDEND

In view of the improved performance, the Board of Directors at their meeting held on 18.05.2013 recommended a dividend of 15% (₹ 1.50 per share) for the Financial Year ended 31.03.2013 absorbing a sum of ₹ 1.92 crores including tax payable by the company.

TRANSFER TO RESERVES

The company proposes to transfer ₹ 1.50 crores to the general reserve out of the amount available for appropriation and an amount of ₹ 17.83 crores is proposed to be retained in the Statement of Profit and Loss.

CORPORATE SOCIAL RESPONSIBILITIES

The company always places greater importance to manage its affairs with highest levels of transparency, accountability and integrity and is committed to achieve and maintain the high standards of corporate governance on sustained basis.

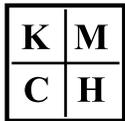
Your Hospital is committed to the welfare of not only poor patients but also to the society at large. The Hospital has been regularly organizing various continuous medical education programmes, medical camps which provides, not only free medical care, but also promote health awareness and education to general public. During the year, free consultation camps were conducted for various medical specialities, like Cardiac Screening, Blood Screening, General Medicine, Occupational Therapy, Spine, Head & Neck, Gynaecology etc.

INFECTION CONTROL AND ENVIRONMENT

Your Hospital continues to lay greater emphasis on hospital infection control practices. We have established an Infection Control Committee for updating the implemented policies and procedures, which are actively monitored by the Infection Control Team to control the hospital acquired infections. Moreover, all the Hospital staff are being vaccinated for various communicable diseases. These measures have yielded results and are reflected in the reduction of healthcare associated infections.

TECHNOLOGY ABSORPTION

In its continuous endeavour to serve the patients in the best way possible, your Hospital continues to invest in the latest and the best that the world has to offer in terms of technology and sophistication. During the year, your Hospital added a Colour Doppler Ultrasound Scanner system Model VIVID S5, E9 and Voluson S6, a High Definition Laparoscopy System, a High Speed Neuro Drill System and other equipments to the tune of ₹ 2.90 crores.



CONSERVATION OF ENERGY

Considering the current energy scenario in India, especially in Tamil Nadu, your Hospital gives greater importance to conserve energy and has initiated the following measures.

Building Management System (BMS) has been installed for airconditioning and higher energy consumption equipment areas.

By using different capacity chillers for peak and non-peak hours, the hospital is able to save the cost of 1000 units of power per day (approx. ₹ 10,000/-).

Old Air Handling Units were replaced by new energy efficient plug fan type Air Handling Units.

Hot water supply for patient rooms are provided with solar power.

Wherever possible we have installed solar power lights and water heaters.

Energy generation and its consumption are continuously monitored and periodical maintenance of the plants helps us to conserve energy.

CREDIT RATING

CARE has rated company's debt instruments as 'CARE BBB' for long term facilities of safety and upgraded short term facilities to 'CARE A3 +' from 'CARE A3'. Both this grades indicates instruments with moderate degree of safety.

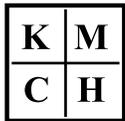
AWARDS

Your Hospital has been conferred the Best Multispeciality Hospital Award in the Non Metro South India category at the recent India Healthcare Awards at Delhi by ICICI Lombard Health Insurance & CNBC TV 18

Your Hospital has been awarded Management System Certificate by DET NORSKE VERITAS, United Kingdom. This confirms that the Hospital Information Security Management Systems follows standard ISO/IEC 27001:2005.

HOSPITAL ACCREDITATION

Your Hospital has been certified by National Accreditation Board for Hospitals and Healthcare Providers (NABH) for the delivery of high standards of patient safety and quality of care to the patients.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Indian healthcare industry is rapidly growing and is being fueled by large investments from existing corporate hospital chains as well as new entrants backed by private equity investors. This is a clear indication that health care is going to be a major sector that stimulates the economic growth. The healthcare industry forms the backbone of any nation's well being and can be broadly divided into five segments namely hospitals, pharmaceuticals, diagnostics, medical equipment & supplies and medical insurance.

This sector is expected to grow at 24.1% per annum and is targeted to reach US \$ 280 billion by 2020 with spending on health estimated to grow by 14% annually according to a report by Federation of Indian Chambers of Commerce and Industry (FICCI).

India spends only 4.2% of GDP on health care sector compared to a global average of 8.3%, which is lower than other emerging countries like Brazil 8.4% and China 4.3%. As such India's current health care infrastructure would not be adequate to meet the exponential demand expectations.

Public health care sector is underfunded and has inadequate infrastructure. A chronic shortage of health care infrastructure exists especially in rural areas and tier II and III cities with potential requirement of 1.7 million new beds by the end of 2025. The private sector is likely to contribute 80 to 85% of the total health care investment requirement of US \$ 86 billion till 2025.

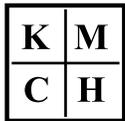
FUTURE OUTLOOK AND TRENDS

The health care ecosystem is at an inflection point. While the outlook for the health care industry is optimistic, there is a need to move towards an integrated health care delivery system. The health care industry should be patient centric by leveraging technology and the cost of treatments. Demand for health care services is poised to grow exponentially owing to a growing old age population, rising incidence of life style diseases, increased income and affordability, cheaper treatment cost, thrust on medical tourism, focus on Public Private Models (PPM), increasing consumer awareness, conducive demographics and increased penetration of health insurance.

However the lull in the economy, slow industrial growth and the prevailing inflationary trend may put pressure on the growth of health care sector during 2013-14.

OPPORTUNITIES AND THREATS

As mentioned earlier there is significant gap between demand and supply of quality health care in India. As per the Planning Commission's High Level Expert Group (HLEG), health care industry in India is affected by lack of bed capacity which is presently 9 beds per 10,000 persons and is much lower than the global standard of 29 beds per 10,000 persons. This provides significant opportunity for private health service providers to fill the gap.



Competition

The significant growth opportunities in the health care industry are attracting more and more new entrants and the Hospital has to keep investing sizeable amount in attracting the best talents, invest in the latest world class equipments and technologies.

High Capital Cost

The establishment of Hospital requires high capital infusion towards land and equipments and generally has high gestation period. Further continuous investment is required to modernize and upgrade medical equipments.

Inflation and Escalation in Costs

The inflation and the escalation in costs significantly increase the operating cost of the Hospital's business. The day-to-day running cost is also on the increase and these costs put pressure on the margins.

Human Resources

The fast-expanding domestic health care industry is the third largest employer, but is severely short of manpower.

Shortage of talent pool like doctors, nurses, para-medical persons and high level attrition of key professionals are the real challenges for the hospital sector.

Obsolescence of Medical Equipments

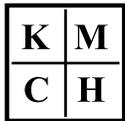
Frequent product innovation and the rapid technological changes in the health care industry result in faster obsolescence of the existing equipments and technology. The Hospital has to plan for such high cost investments keeping in mind the need for providing high quality treatments.

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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has established internal control systems to ensure optimum use in protecting its resources and ensuring adherence to its policies, procedures and statutes.



There is proper and adequate system of internal control for the company and its subsidiary. The company has also employed an independent firm of Chartered Accountants to review the adequacy of internal control system, procedures and policies. The internal auditors evaluate the adequacy of the internal control systems by testing the control mechanism and give their recommendations to the management.

HUMAN RESOURCES DEVELOPMENT

We, at KMCH value the contribution made by its employees for its success and growth. The employees are our assets and they are the key drivers for our sustained growth and achievements. Your Hospital spends good amount of its time, resources, energy and money to provide regular learning and development of its employees through various continuous medical education programmes. Best employee / Honesty awards are being given every year to recognise and motivate employees. The total number of employees of the company as on 31st March 2013 was 2236. Relationship with the Doctors and employees remained cordial throughout the year. Your Board places on record its appreciation for their dedicated services.

INDUSTRIAL RELATIONS

The industrial relations scenario continued to be cordial during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors of the Company hereby state and confirm that:

In the preparation of the annual accounts for the year, the applicable accounting standards had been followed along with proper explanations and there were no material departures;

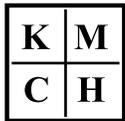
The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

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;

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

DIRECTORS

As per the Companies Act, 1956, atleast 2/3 of the board should consists of retiring Directors. Of these, atleast 1/3 are required to retire every year by rotation. Except Chairman and Vice Chairman, all other Directors are liable to retire by rotation.



Mr. Kasi K Goundan, Dr. Mohan S Gounder and Mr.M. Manickam retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors deeply regret the sad demise of Mr.K.M. Subramaniam, Alternate Director. The Board places on record the invaluable contribution made by Mr.K.M. Subramaniam towards the progress of the Company during his tenure.

APPOINTMENT OF JOINT MANAGING DIRECTOR

The Board of Directors at their meeting held on 18.05.2013 has appointed Dr. Mohan S Gounder as Joint Managing Director of the Company for a period of five years with effect from 19.07.2013. The terms and conditions of the appointment and payment of remuneration are subject to the approval of the members of the Company at the ensuing Annual General Meeting. Necessary resolution is placed before the members for their approval.

SUBSIDIARY COMPANY

Idhayam Hospitals Erode Limited had become wholly owned subsidiary of KMCH with effect from 23.04.2007. The Ministry of Corporate Affairs (MCA) vide its circular No.5/12/2007-CL-III dated 8th February 2011 had granted general exemption under Section 212(8) of the Companies Act, 1956 to companies from attaching the accounts of their subsidiaries in their annual reports subject to fulfillment of certain conditions prescribed.

The Board of Directors of the Company at its meeting held on May 18, 2013 noted the provisions of the circular of the MCA and passed necessary resolution granting the requisite approvals for not attaching the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Report of the Auditor of Idhayam Hospitals Erode Limited to the accounts of the company. A statement of summarized financials of Idhayam Hospitals Erode Limited pursuant to Section 212(8) of the Companies Act 1956 forms part of this report.

However the Company will provide the annual report and the financial statements of its Subsidiary Company on the specific request made by any investor and the said accounts are open for inspection at the registered office of the Company during office hours on all working days between 2.00 p.m. to 4.00 p.m. (except Sundays and holidays).

CONSOLIDATED FINANCIAL STATEMENTS

As required under Clause 32 of the listing agreement with the Stock Exchanges and in accordance with the requirements of Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements presented by your company includes the financial information of its subsidiary also.

PARTICULARS OF EMPLOYEES

The statement containing particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the annual report excluding the aforesaid information is being sent to all the members. Such particulars may be obtained by any member, by writing to the Company Secretary at the Registered Office of the Company.



ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption has been dealt in our Directors' Report. The particulars regarding foreign exchange inflow and outgo appear as note no.32 forming part of the accounts.

FIXED DEPOSITS

As per Section 58A of the Companies Act, 1956, the Company has not accepted any deposits from the public during the year.

AUDITORS

The Auditors M/s Haribhakti & Co., Chartered Accountants, Coimbatore retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement a report on corporate governance is given in the section titled Report on Corporate Governance forming part of this Annual Report.

A certificate from the Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges is attached to this report.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the health care sector's objectives, projections, estimates and expectations may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

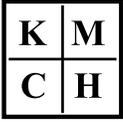
ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued support to the company extended by bankers, Govt. authorities, customers, vendors, investors, members, consultants and employees.

For and on behalf of the Board

Coimbatore
18.05.2013

DR. NALLA G PALANISWAMI
CHAIRMAN AND MANAGING DIRECTOR



REPORT ON CORPORATE GOVERNANCE
(Annexure to the Twenty Seventh Directors' Report 2012-13)

INTRODUCTION

The Securities and Exchange Board of India has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreements with the Stock Exchanges. The Company has complied with the mandatory requirements of the Code.

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

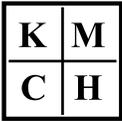
The fundamental object of corporate governance policies is based on the highest levels of transparency, accountability and integrity in terms of responsibility towards shareholders, creditors, employees and society at large. Your company has committed to ensure high standards of corporate governance on a sustained basis.

2. BOARD OF DIRECTORS

(a) Composition

As on 31st March 2013, the strength of the Board is twelve Directors of which two are Executive Directors and an Alternate Director. As per Clause 49 of the listing agreement, if the Chairman is an Executive Chairman, atleast half of the Board should comprise of independent directors. There are six independent Directors in our Board.

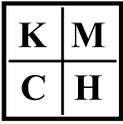
None of the Directors on the Board hold office of Director in more than fifteen companies or membership of the committees of the Board in more than ten committees and Chairmanship of more than five committees, across all companies.



No.	Name of the Director	Category of Directors	Directorship in other Public Ltd. Companies	Membership and/or Chairperson of Committees in other Public Ltd. Companies
1.	Dr. Nalla G Palaniswami	Promoter & Executive	2	---
2.	Dr. Thavamani Devi Palaniswami	Promoter & Executive	3	---
3.	Mr.Kasi K Goundan	Independent & Non-Executive	---	---
4.	Mr.M. Manickam	Independent & Non-Executive	12	---
5.	Dr.K.S.K. Murugaiyan	Non-independent & Non-Executive	---	---
6.	CA.A.M. Palanisamy	Independent & Non-Executive	1	---
7.	Dr.P.R. Perumalswami	Non-independent & Non-Executive	---	---
8.	Dr.M.C. Thirumoorthi	Promoter, Non-Executive & Non-independent	2	---
9.	Mr.A.K. Venkatasamy	Independent & Non-Executive	3	---
10.	Dr.Mohan S Gounder	Non-independent & Non-Executive	2	---
11.	Mr.K. Saminathan	Independent & Non-Executive	---	---
12.	Dr.M.A. Muthusethupathi	Independent & Non-Executive	---	---
13.	Mr.K.M. Subramaniam (Alternate upto 18.12.2012 to Dr.P.R. Perumalswami)	Non-independent & Non-Executive	---	---
14.	Dr.S. Krishnasamy (Alternate from 14.02.2013 to Dr.P.R. Perumalswami)	Independent & Non-Executive	1	---

(b) Meetings

The Board met four times during the year i.e. on May 29, 2012, July 28, 2012, November 10, 2012 and February 14, 2013.



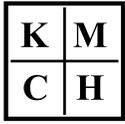
Attendance details of each director at the Board Meetings and at the last AGM are set out below:

No.	Name of the Director	No. of Meetings held during the tenure	No. of Meetings attended during the tenure	Attendance at the last AGM
1.	Dr. Nalla G Palaniswami	4	4	Yes
2.	Dr. Thavamani Devi Palaniswami	4	4	Yes
3.	Mr. Kasi K Goundan	4	1	No
4.	Mr.M. Manickam	4	3	Yes
5.	Dr.K.S.K. Murugaiyan	4	4	Yes
6.	CA.A.M. Palanisamy	4	4	Yes
7.	Dr.P.R. Perumalswami	4	---	No
8.	Dr.M.C. Thirumoorthi	4	---	No
9.	Mr.A.K. Venkatasamy	4	3	No
10.	Dr. Mohan S Gounder	4	1	Yes
11.	Mr.K. Saminathan	4	4	Yes
12.	Dr.M.A. Muthusethupathi	4	2	Yes
13.	Mr.K.M. Subramaniam (Alternate upto 18.12.2012 to Dr.P.R. Perumalswami)	3	2	No
14.	Dr.S. Krishnasamy (Alternate from 14.02.2013 to Dr.P.R. Perumalswami)	1	---	---

(c) General Meetings

During the period, one General Meeting was held as per the details hereunder:

Particulars	26 th AGM 2012
Date of Meeting	13 th July 2012
No. of Members Attended	348
No. of Proxies Attended	9
Chairman of the Meeting	Dr. Nalla G Palaniswami
Chief Financial Officer	CA.P.K. Gopikrishnan
Company Secretary	CS.S.P. Chittibabu

**3. COMPOSITION OF BOARD COMMITTEES**

For effective and efficient functioning of the Company, the Board has formed the following Committees:

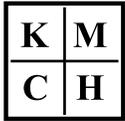
- a. Audit Committee
- b. Remuneration Committee / Compensation Committee
- c. Shareholders' / Investors' Grievance Cum Share Transfer Committee

(a) AUDIT COMMITTEE

The Board of Directors of the Company has formed a sub-committee of the Board as Audit Committee consisting of four Non-Executive Directors viz. CA.A.M. Palanisamy, Dr. K.S.K. Murugaiyan, Mr. A.K. Venkatasamy and Mr. K. Saminathan. The constitution of the Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956 and Clause 49 II of the Listing. Agreement with the Stock Exchanges.

S.No.	Name of the Members	Status	No. of Meetings Attended
1.	CA.A.M. Palanisamy	Chairman	4
2.	Dr.K.S.K. Murugaiyan	Member	4
3.	Mr.A.K. Venkatasamy	Member	4
4.	Mr.K. Saminathan	Member	4
Name of the Invitees			
1.	C.S. Sathyanarayanan	Statutory Auditor	4
2.	CA.P.K. Gopikrishnan	Chief Financial Officer	4
3.	CS.S.P. Chittibabu	Company Secretary	4

Any two members, present shall constitute the quorum. Four meetings were held during the year.

**(b) REMUNERATION COMMITTEE / COMPENSATION COMMITTEE**

The Board of Directors of the Company has formed a Sub-Committee of the Board known as Remuneration Committee consisting of three Non-Executive Directors viz. CA.A.M. Palanisamy, Dr.K.S.K. Murugaiyan and Mr.A.K. Venkatasamy. CA.A.M. Palanisamy, an Independent Director is the Chairman of the Committee.

The remuneration for Chairman and Managing Director for the Financial Year ended 31.03.2013 is paid on the basis of the approval accorded by the shareholders in the 23rd Annual General Meeting held on July 31, 2009 and in accordance with and subject to the limits laid down in Schedule XIII to the Companies Act, 1956.

The remuneration for Joint Managing Director for the Financial Year ended 31.03.2013 is paid on the basis of the approval accorded by the Shareholders in the 24th Annual General Meeting held on August 12, 2010 and in accordance with and subject to the limits laid down in Schedule XIII to the Companies Act, 1956.

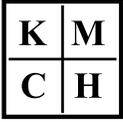
The Committee also recommends the remuneration and changes therein of Managing Director and Joint Managing Director within the limits approved by the Shareholders.

Details of remuneration paid / payable to Chairman and Managing Director and Joint Managing Director for the year ended 31st March 2013 are as follows:

(₹ in lacs)

Name of the Directors	Total Remuneration	Fixed Component	Variable Component
Dr. Nalla G Palaniswami Chairman and Managing Director	89.06	17.70	71.36
Dr. Thavamani Devi Palaniswami Vice Chairman and Joint Managing Director	86.58	16.21	70.37

Non-executive Directors were paid Sitting Fees for attending Board Meetings.



(c) SHAREHOLDERS' / INVESTORS' GRIEVANCE CUM SHARE TRANSFER COMMITTEE

● **Terms of Reference**

The Board of Kovai Medical Center and Hospital Limited constituted a Shareholders' Investors' Grievance cum Share Transfer Committee to facilitate prompt and effective redressal of shareholders' complaints and reporting of the same to the Board periodically.

● **Composition**

This Committee meets approximately every fortnight to consider the request for transfer of shares and investors' grievance received on regular basis.

S.No.	Name of the Members	Status
1.	Dr. Nalla G Palaniswami	Member
2.	CA.A.M. Palanisamy	Chairman
3.	Dr.K.S.K. Murugaiyan	Member
Name of the Invitee		
1.	CS.S.P. Chittibabu	Company Secretary

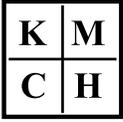
Investor grievances are usually attended within 15 days from the date of lodgement with the company except in cases that were constrained by disputes and legal issues. The members may write for their queries to the Secretarial Department of the Company.

During the year ended 31.03.2013 twelve meetings of Shareholders' / Investors' Grievance Cum Share Transfer Committee were held.

To monitor and redress shareholders' and investors' complaints on a continuous basis, the committee, has directed the Company Secretary to submit a status report.

During the financial year 2012-13, the company has received fifteen complaints (upto March 2013) from the shareholders. All the complaints were redressed to the satisfaction of the shareholders.

CS.S.P. Chittibabu, Company Secretary of the Company, is appointed as Compliance Officer.



4. SUBSIDIARY

As per Clause 49 of the Stock Exchanges Listing Agreement, your Company does not have any Material non-listed Subsidiary Company, whose turnover or net worth exceeded, 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries, in the immediately preceding accounting year.

5. DISCLOSURES

(a) Related Party Transactions

Details of related party transactions are disclosed in Note No.35 forming part of the Accounts, as required under Accounting Standard 18 of The Institute of Chartered Accountants of India and all related party transactions are negotiated, on an arm's length basis.

There were no materially significant related party transactions with directors, promoters, management, relatives or related Companies etc. which had potential conflict, with the interests of the Company at large.

Transactions, in which directors may have substantial interest, are submitted to the Board and the interested directors, neither participate in the discussion, nor do they vote in such matters. Details of related party transactions are reviewed by the Audit Committee periodically.

(b) Compliance by the Company

The Company has fairly complied with the requirements of the Stock Exchanges and SEBI. During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matter. The Board reviews periodically the compliance report of all laws applicable to the Company.

(c) Accounting Treatment

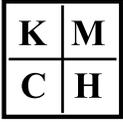
The Accounting Standards issued by The Institute of Chartered Accountants of India is followed by the Company and the Company has not adopted a treatment different from that prescribed by any Accounting Standard in the preparation of financial statements.

(d) Risk Management

The management continuously evaluates business risk and review the probable risks, that may have an adverse impact on the operations and profitability of the Company and gives suitable solutions to mitigate such risks.

(e) Insider Trading Policy

The code of conduct for prevention of Insider Trading, as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992 has been introduced with effect from 25.11.2002. The Company Secretary has been designated as the Compliance Officer for this purpose. The Board monitors the adherence to the various requirements as set out in the code. No violation of the code has taken place during the year.



(f) CEO / CFO Certification

Pursuant to the provisions of Sub Clause V of the revised Clause 49 of the Listing Agreement with the Stock Exchanges, the Chairman and Managing Director (CEO) and Chief Financial Officer (CFO) have issued a Certificate to the Board as required for the Financial Year ended 31st March 2013.

(g) Code of Conduct

The Company's Board has laid down code of conduct for the employees at all level including Senior Management and Directors of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the code of conduct.

A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of the Report.

(h) Compliance with Corporate Governance Norms

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges.

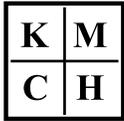
(i) Management

The Management Discussion and Analysis form a part of the Directors' Report.

(j) Unpaid / Unclaimed Dividend

In view of the amendment to Section 205A(5) of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, any money transferred to unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, will be transferred to Investor Education and Protection Fund set up by the Govt. of India. No claim shall lie in respect thereof.

During the year, the company has transferred a sum of ₹ 3.04 lacs pertaining to the year 2004 - 05 as unclaimed dividend to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956.



S.No.	Financial Year	Date of Declaration of Dividend	Due date for transfer to Investor Education and Protection Fund of Govt. of India
1.	2005-06	September 29, 2006	October 27, 2013
2.	2006-07	September 28, 2007	October 26, 2014
3.	2007-08	August 29, 2008	September 27, 2015
4.	2008-09	July 31, 2009	August 29, 2016
5.	2009-10	August 12, 2010	September 10, 2017
6.	2010-11	August 23, 2011	September 21, 2018
7.	2011-12	July 13, 2012	August 11, 2019

(k) Equity Shares in Suspense Account

In compliance with Clause 5A (I) of the Listing Agreement with Stock Exchanges, the Company reports the following details of shares lying in Unclaimed Suspense Account .

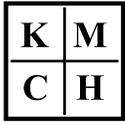
- Aggregate Number of Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year : 46 shareholders and 6,400 shares
- Number of shareholders who approached issuer for transfer of shares from suspense account during the year : Nil
- Number of shareholders to whom shares were transferred from suspense account during the year : Nil
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March 2013 : 46 shareholders and 6,400 shares
- The voting rights on the shares outstanding in the suspense account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

6. MEANS OF COMMUNICATION

Quarterly Results: The quarterly financial results are generally published within forty five days from the end of each quarter.

Audited Results: The audited results are announced within sixty days from the end of the last quarter as stipulated in the listing agreement with the Stock Exchanges. The audited annual financial results form a part of the Annual Report and the same is being sent to the shareholders prior to the Annual General Meeting.

Website: The quarterly, half yearly and annual financial statements are posted on the Company's website viz: www.kmchhospitals.com.



7. SHAREHOLDERS' MEETING

- The date, venue and time of the Annual General Meetings held during the preceding three years are given below:

Year	Date	Venue	Time
2011-12	13.07.2012	KMCH Auditorium KMCH Campus, Avanashi Road Coimbatore	11.00 a.m.
2010-11	23.08.2011	A.P. Kalyana Mandapam, Goldwins Coimbatore	11.00 a.m.
2009-10	12.08.2010	A.P. Kalyana Mandapam, Goldwins Coimbatore	11.00 a.m.

Postal Ballot

During the year no ordinary or special resolutions were passed by the members through postal ballot.

8. GENERAL SHAREHOLDERS' INFORMATION

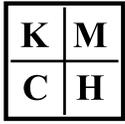
- a. AGM Date, Time and Venue 19th July 2013 at 11.00 a.m.
A.P. Kalyana Mandapam, 738/2 Avanashi Road
Goldwins, Coimbatore - 641 014

b. Financial Calender

- | | |
|--------------------------------|--|
| 1 st Quarter | 1 st April to 30 th June |
| 2 nd Quarter | 1 st July to 30 th September |
| 3 rd Quarter | 1 st October to 31 st December |
| 4 th & last Quarter | 1 st January to 31 st March |

- c. Date of Book closure 13th July 2013 to 19th July 2013
(both days inclusive)

- d. Dividend Payment date On or before 18th August 2013



- e. Listing of
- i. Equity Shares
 - Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400 001
 - Madras Stock Exchange Limited (MSE)
Exchange Building, Post Box No.183
11 Second Line Beach, Chennai - 600 001
 - ii. Listing Fees
 - Paid for all the above Stock Exchanges for
2012-13 and 2013-14
-
- f. Custodial Fees
 - Paid the fees to NSDL and CDSL for 2012-13
& 2013-14

g. Address of the Registered Office
 - Post Box No.3209, Avanashi Road
Coimbatore - 641 014

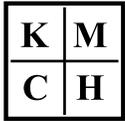
h. Stock Exchange Security Code for
Equity Shares

 - Bombay Stock Exchange Limited
 - Scrip Code : 523323, Scrip Name : KOVAIMD
 - Madras Stock Exchange Limited
 - KOVAI

i. Demat ISIN Numbers in NSDL &
CDSL for Equity Shares
 - INE 177F01017

j. Hospital Branches

 - 1. KMCH City Center
18 Vivekananda Road, Ram Nagar
Coimbatore - 641 009
 - 2. KMCH Erode Center
68 Perundurai Road
Erode - 638 011
 - 3. KMCH Speciality Hospital
15 Palaniappa Street
Erode - 638 009



9. SECRETARIAL AUDIT

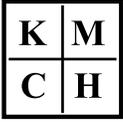
For each of the quarter in the Financial Year 2012-2013, a qualified Practising Company Secretary, carried out Secretarial Audits as stipulated by the Securities and Exchange Board of India to reconcile the total admitted capital, with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital.

The Audit Reports confirm that the total issued/paid-up capital is in agreement with total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and in respect of the above, quarterly Secretarial Audit Report was filed with the Stock Exchanges.

10. STOCK MARKET DATA

Monthly high and low quotations of shares traded on Bombay and Madras Stock Exchanges for the period April 2012 to March 2013 is given below. As per the arrangement of Madras Stock Exchange with National Stock Exchange as approved by SEBI, the securities are allowed to be traded at NSE platform.

Month	BSE		MSE	
	High ₹	Low ₹	High ₹	Low ₹
April 2012	112.40	104.15	111.50	102.80
May 2012	105.25	95.20	109.00	95.00
June 2012	100.95	89.50	103.90	91.00
July 2012	108.00	92.65	108.00	91.00
August 2012	111.60	97.00	112.90	98.30
September 2012	108.00	98.60	106.90	98.25
October 2012	114.00	101.00	112.40	102.00
November 2012	169.00	107.00	170.60	108.00
December 2012	187.45	160.00	186.80	156.95
January 2013	194.85	155.30	195.00	157.00
February 2013	180.00	143.05	178.90	143.00
March 2013	173.35	155.00	174.95	152.00



11. REGISTRAR & SHARE TRANSFER AGENT AND DEPOSITORY REGISTRAR

GNSA Infotech Limited
STA Department
Nelson Chambers, F-Block
4th Floor, No.115 Nelson Manickam Road
Aminjikarai, Chennai - 600 029

Tel. No.: 044 - 42962025
Fax No.: 044 - 42962025
E-mail : sta@gnsaindia.com

12. a. SHARE TRANSFER SYSTEM

Request for transfer of shares held in physical forms, received by the company are processed and generally, the share certificates are despatched within the stipulated time under the Companies Act, 1956 and the listing agreement with the Stock Exchanges provided, these documents are clear and complete in all aspects except, in cases where there are disputes over title of shares.

Certificate of compliance for share transfer formalities as required under Clause 47(c) of the listing agreement with the Stock Exchanges was obtained from a Company Secretary in Practice and filed with the Stock Exchanges.

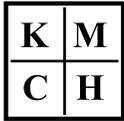
b. DEMATERIALISATION OF SHARES

The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the Company to select the Depository of their choice for holding and dealing in shares in electronic form.

The shareholders are requested to make use of such facility for maximizing their convenience in dealing with Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 177F01017.

As on 31.3.2013, 21% of the Company's paid-up equity capital was held in dematerialized form.

The Company has not issued any ADRs/GDRs/Warrants or any Convertible Instruments during the year.



13. DISTRIBUTION OF SHAREHOLDERS

(a) Distribution of shareholding as at 31st March 2013.

No. of Equity Shares (Slab)		No. of Shareholders	Percentage of Shareholders	Nos.	Percentage of Shareholding
1	500	5618	85.65	777011	7.10
501	1000	485	7.40	449169	4.10
1001	2000	139	2.12	231479	2.12
2001	3000	80	1.22	209809	1.92
3001	4000	27	0.41	98874	0.90
4001	5000	23	0.35	109481	1.00
5001	10000	63	0.96	557108	5.09
Above 10000		124	1.89	8509331	77.77
Total		6559	100.00	10942262	100.00

(b) Categories of shareholders as on 31st March 2013

S.No.	Category of Shareholders	Total number of Shares	Percentage (%)
1.	Promoters	5424440	49.58
2.	Bodies Corporate	1000701	9.14
3.	General Public	2903791	26.54
4.	Non-Resident Indians	1613330	14.74
Total		10942262	100.00

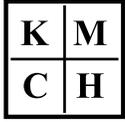
14. DECLARATION BY THE CHAIRMAN AND MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Sub-Clause I (D)(ii) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with their respective code of conduct, as applicable to them, for the Financial Year ended 31st March 2013.

For Kovai Medical Center and Hospital Limited

Coimbatore
18.05.2013

DR. NALLA G PALANISWAMI
CHAIRMAN AND MANAGING DIRECTOR



COMPLIANCE CERTIFICATE FROM AUDITORS OF THE COMPANY
(Under clause 49 of the Listing Agreement)

To

The members of KOVAI MEDICAL CENTER AND HOSPITAL LIMITED, Coimbatore.

We have examined the compliance of conditions of Corporate Governance by **KOVAI MEDICAL CENTER AND HOSPITAL LIMITED**, for the year ended on 31.03.2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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 Haribhakti & Co.,
Chartered Accountants
Firm Reg. No: 103523 W

Coimbatore
18.05.2013

C.S. Sathyanarayanan
Partner
Membership No.028328



INDEPENDENT AUDITORS' REPORT

To

The Members of Kovai Medical Center and Hospital Limited, Coimbatore

Report on the Financial Statements

We have audited the accompanying financial statements of Kovai Medical Center and Hospital 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 sub-section (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.

Auditors' Responsibility

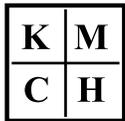
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform 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 auditors' judgement, 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 Statement of Profit and Loss, 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.

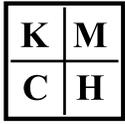
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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 (and proper returns adequate for the purposes of our audit have been received from branches not visited by us);
 - 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 subsection (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 Haribhakti & Co.,
Chartered Accountants
Firm Reg. No.103523W

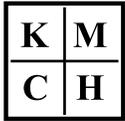
Coimbatore
18.05.2013.

C.S. Sathyanarayanan
Partner
Membership No.028328

**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Kovai Medical Center and Hospital Limited, Coimbatore on the financial statements for the year ended March 31, 2013]

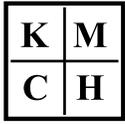
- (i) (a) The Company is in the process of updating its records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been physically verified by the management in accordance with phased programme of verification. As informed, no material discrepancies were noticed on such verification when compared to the available records. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.



- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth-tax, Service tax, Sales-tax, Customs duty, Excise duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of Income-tax, Sales-tax, Wealth- tax, Service tax, Customs duty, Excise duty and Cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Customs Act	Customs Duty	189.46 Lacs	1999 - 2000 & 2000 - 2001	High Court, Chennai.

- (x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

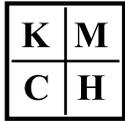


- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) The Company has not raised 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, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.,
Chartered Accountants
Firm Reg. No.103523W

Coimbatore
18.05.2013

C.S. Sathyanarayanan
Partner
Membership No.028328



Balance Sheet

BALANCE SHEET AS AT 31st MARCH 2013

(₹ in lacs)

Particulars	Note	As at 31 st March 2013		As at 31 st March 2012	
EQUITY AND LIABILITIES					
1. Shareholder's Funds					
(a) Share Capital	2	1,094.23		1,094.23	
(b) Reserves & Surplus	3	6,950.02		5,017.27	
			8,044.25		6,111.50
2. Non-Current Liabilities					
(a) Long - Term Borrowings	4	17,943.39		20,345.37	
(b) Deferred Tax Liabilities (Net)	5	2,116.09		1,619.90	
(c) Other Long Term Liabilities	6	153.52		247.11	
(d) Long - Term Provisions	7	325.61		248.62	
			20,538.61		22,461.00
3. Current Liabilities					
(a) Short - Term Borrowings	8	453.64		497.36	
(b) Trade Payables	9	739.50		644.77	
(c) Other Current Liabilities	10	4,357.27		3,875.53	
(d) Short - Term Provisions	11	335.48		274.61	
			5,885.89		5,292.27
TOTAL			34,468.75		33,864.77
ASSETS					
1. Non- Current Assets					
(a) Fixed Assets:	12				
(i) Tangible Assets			27,908.76		28,785.34
(ii) Intangible Assets			37.06		54.34
(iii) Capital Work-in-Progress			471.73		15.22
(b) Non-Current Investment	13		360.27		360.27
(c) Long-Term Loans and Advances	14		1,174.49		1,043.67
2. Current Assets					
(a) Inventories	15	891.95		725.88	
(b) Trade Receivables	16	414.98		320.14	
(c) Cash and Cash Equivalents	17	3,142.94		2,476.36	
(d) Short -Term Loans and Advances	18	59.79		77.12	
(e) Other Current Assets	19	6.78		6.43	
			4,516.44		3,605.93
TOTAL			34,468.75		33,864.77

Significant Accounting Policies & Notes on Financial Statements

1 to 39

Vide our report of even date attached

For Haribhakti & Co.,

Chartered Accountants

Firm Reg.No. 103523 W

C.S. SATHYANARAYANAN

Partner

Membership No. 028328

Coimbatore

18.05.2013

Dr. NALLA G PALANISWAMI

Chairman and Managing Director

CA.A.M. PALANISAMY

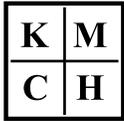
Director

CA.P.K. GOPIKRISHNAN

Chief Financial Officer

CS.S.P. CHITTIBABU

Company Secretary



Statement of Profit and Loss

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

(₹ in lacs)

Particulars	Note	For the year ended 31 st March 2013	For the year ended 31 st March 2012
INCOME			
Revenue from Operations	20	29,713.38	22,237.24
Other Income	21	305.51	156.15
Total Income		30,018.89	22,393.39
EXPENSES			
Hospital Consumables	22	4,719.06	3,829.96
Purchase of Medicines (Pharmacy)	23	4,728.61	3,603.89
Changes in Inventories (Pharmacy)	24	(110.57)	(74.77)
Employee Benefits Expense	25	4,266.08	3,249.98
Finance Costs	26	2,746.29	1,657.90
Depreciation & Amortization Expenses	12	1,450.68	1,212.52
Other Expenses	27	9,085.47	7,289.82
Total Expenses		26,885.62	20,769.30
Profit Before Tax		3,133.27	1,624.09
Tax Expenses			
Current Tax (Net)	28	503.60	3.42
Prior Year Tax		8.72	(0.30)
Deferred Tax		496.18	426.07
Profit for the Year		2,124.77	1,194.90
Earnings Per Equity Share (in ₹)			
Basic (Face Value of ₹ 10 each)	29	19.42	10.92
Diluted (Face Value of ₹ 10 each)		19.42	10.92

Significant Accounting Policies & Notes on Financial Statements

1 to 39

Vide our report of even date attached

For Haribhakti & Co.,
Chartered Accountants
Firm Reg.No. 103523 W

C.S. SATHYANARAYANAN
Partner
Membership No. 028328

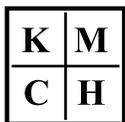
Coimbatore
18.05.2013

Dr. NALLA G PALANISWAMI
Chairman and Managing Director

CA.A.M. PALANISAMY
Director

CA.P.K. GOPIKRISHNAN
Chief Financial Officer

CS.S.P. CHITTIBABU
Company Secretary



Cash Flow Statement

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in lacs)

Particulars	31 st March 2013		31 st March 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before taxation and exceptional items		3,133.27		1,624.09
Adjustment for :				
Depreciation	1,450.68		1,212.52	
Interest Expenses	2,746.29		1,657.90	
Interest Income	(202.77)		(75.26)	
Loss on sale of Assets	2.20		-	
Dividend Income	(0.77)	3,995.63	(0.79)	2,794.37
Operating profit before working capital changes		7,128.90		4,418.46
Change in Working Capital				
Inventories	(166.07)		(150.37)	
Trade & Other Payables	(13.58)		939.51	
Trade & Other Receivables	(46.01)	(225.66)	720.72	1,509.86
Cash generated from operations		6,903.24		5,928.32
Income Tax/Wealth Tax Paid		(674.99)		(371.34)
Net cash from operating activities (A)		6,228.25		5,556.98
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(1,023.88)		(7,731.24)	
Sale of Fixed Assets	8.35		-	
Interest Received	202.77		75.26	
Dividend Received	0.77		0.79	
Net cash from investing activities (B)		(811.99)		(7,655.19)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Long term Borrowings (Net of repayment)	(1,802.97)		3,564.44	
Working Capital Borrowings	(43.72)		(8.43)	
Dividend & Tax on Dividend Paid	(156.70)		(155.63)	
Interest Paid	(2,746.29)		(1,657.90)	
Net cash used in financing activities (C)		(4,749.68)		1,742.48
Net increase in cash and cash equivalents (A+B+C)		666.58		(355.73)
Cash and Cash equivalent at beginning of Period		2,476.36		2,832.09
Cash and Cash equivalent at end of Period		3,142.94		2,476.36

Vide our report of even date attached

For Haribhakti & Co.,

Chartered Accountants
Firm Reg.No. 103523 W

C.S. SATHYANARAYANAN

Partner
Membership No. 028328

Coimbatore
18.05.2013

Dr. NALLA G PALANISWAMI

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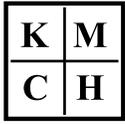
Director

CA.P.K. GOPIKRISHNAN

Chief Financial Officer

CS.S.P. CHITTIBABU

Company Secretary



1. SIGNIFICANT ACCOUNTING POLICIES:

(i) ACCOUNTING CONVENTION

The Financial statements have been prepared under the Historical Cost Convention, under accrual method of accounting and as a going concern, in accordance with the Generally Accepted Accounting Principles (GAAP) prevalent in India and the Mandatory Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 and according to the provisions of the Companies Act, 1956.

(ii) FIXED ASSETS

Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, amortization and impairment. Cost includes preoperative expenses and all expenses related to acquisition and installation of the concerned assets.

(iii) BORROWING COSTS

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All the other borrowing costs are charged to revenue. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

(iv) IMPAIRMENT OF ASSETS

As at each Balance Sheet date, the carrying amount of fixed assets is tested for impairment so as to determine.

- a) the provision for impairment loss, if any, required or
- b) the renewal, if any, required of impairment loss recognized in previous periods.
Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

(v) INVESTMENTS

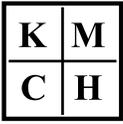
Current Investments are carried at lower of cost and market value. Long Term Investments are stated at cost. Provisions for diminution in value of long-term investments are made, if the diminution is other than temporary.

(vi) DEPRECIATION AND AMORTIZATION

Depreciation is provided on Straight Line Method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the company for its use.

(vii) INVENTORIES

- a) Inventories are valued at lower of cost and estimated net realizable value.
- b) Cost is arrived at on First-in-First Out (FIFO) basis.



(viii) FOREIGN CURRENCY TRANSACTIONS

- a) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Foreign Currency monetary assets and liabilities at the year end are realigned to the exchange rate prevailing at the year end and the difference on realignment is adjusted in the cost of the respective assets.
- c) Non-monetary foreign currency items are carried at cost.

(ix) REVENUE RECOGNITION

- a) Income and Expenditure are generally accounted on accrual basis except those with significant uncertainties.
- b) The income by way of Doctors' Consultancy Fees is considered as accrued as and when the amounts are finalized and certainty of recovery from Patients is ascertained. The liability towards Consultant Charges is considered as accrued as and when the claim is accepted and the liability is crystalised.
- c) The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.
- d) Interest income is recognised on an accrual basis taking into account the principal amount outstanding and the rate applicable.
- e) Dividend income is recognised as and when the owners' right to receive payment is established.

(x) TAXES ON INCOME

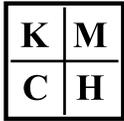
Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(xi) RETIREMENT BENEFITS

- a) Payments to defined contribution schemes are charged as expense as and when incurred.
- b) Post employment and other long term benefits which are defined benefit plans are recognized based on the present value of the obligation determined in accordance with Accounting Standard (AS) - 15 on "Employee Benefits".



**EQUITY AND LIABILITIES
SHAREHOLDERS FUNDS**

2. SHARE CAPITAL

(₹ in lacs)

Particulars	31 st March 2013		31 st March 2012	
	Number	₹	Number	₹
Authorised				
15000000 Equity Shares of ₹ 10/- each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Issued, Subscribed & Paid-up				
10942262 Equity Shares of ₹ 10/- each	1,09,42,262	1,094.23	1,09,42,262	1,094.23

a. Details of Shareholders holding more than 5% shares in the company :

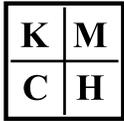
Name of the Shareholder	31 st March 2013		31 st March 2012	
	Equity Shares		Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Dr. Thavamani Devi Palaniswami	20,39,817	18.64	19,47,523	17.80
2. Dr. Mohan S Palaniswami	8,49,769	7.76	8,49,769	7.76
3. Dr. Arun N Palaniswami	7,79,948	7.12	7,79,948	7.12
4. Kovai Purani Finance Private Limited	7,23,999	6.62	7,23,999	6.62
5. Dr. Purani P Palaniswami	6,67,491	6.10	6,67,491	6.10

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.

3. RESERVES & SURPLUS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
a. General Reserve		
Opening Balance	3,444.95	3,344.95
Add:- Profit transferred from statement of profit and loss	150.00	100.00
A	3,594.95	3,444.95
b. Surplus in statement of profit and loss		
- Opening Balance	1,572.32	636.39
Add :- Profit transferred from statement of profit and loss	2,124.77	1,194.90
Less:-		
- Proposed Dividend	164.13	136.78
- Tax on Dividend	27.89	22.19
- Transfer to General Reserve	150.00	100.00
- Surplus in statement of Profit & Loss	3,355.07	1,572.32
Total (A+B)	6,950.02	5,017.27



NON - CURRENT LIABILITIES

4. LONG - TERM BORROWINGS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012	31 st March 2013	31 st March 2012
	Non-Current Portion	Non-Current Portion	Current Maturities	Current Maturities
Secured				
(a) Term loans from Banks	17,668.41	20,105.74	2,437.33	1,884.14
(b) From Others	274.98	239.63	99.92	54.10
	17,943.39	20,345.37	2,537.25	1,938.24
Amount disclosed under the head Other Current Liabilities - Current maturities of Long - Term Debt" (Note no. 10)	-	-	(2,537.25)	(1,938.24)
Net Amount	17,943.39	20,345.37	-	-

Security Particulars of Secured Loans

- i. The term loans availed from Indian Bank and Indian Overseas Bank are primarily Secured by:
 - a) Pari passu first charges on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
 - b) Pari passu charge on the entire Fixed Assets (Present & Future) of the Company.
 - c) Charge on the leasehold rights of the building at Erode in the name of M/s. Idhayam Hospitals Erode Limited, Erode.
 - d) Charge on the leasehold rights of the medical equipments in the name of M/s. Idhayam Hospitals Erode Limited, Erode.

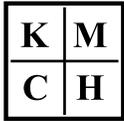
The above facilities are also collaterally secured by a pari passu second charge on the entire current assets of the Company.
- ii. In addition to the above, the subsidiary Company has given corporate guarantee to the limits availed by the Company.
- iii. The term loans and working capital facilities are further guaranteed by the personal guarantees of the Chairman and Managing Director and Vice Chairman and Joint Managing Director of the Company.

The term loans carries interest rates varying from 12% to 13% per annum.
- iv. Secured Loans from others represent Hire Purchase loans from BMW India Financial Services Private Ltd & SREI Equipments Finance Pvt Ltd secured by hypothecation of assets purchased and it carries interest rates varying from 6.5% to 9.75%.

5. DEFERRED TAX LIABILITIES (Net)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Deferred Tax Liability on account of Accumulated Depreciation	2,306.20	1,769.14
Deferred Tax Asset on account of Provision for Bonus, Gratuity and Long Term Compensated absence	(190.11)	(149.24)
Total	2,116.09	1,619.90



6. OTHER LONG - TERM LIABILITIES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(i) Rental Deposits	4.90	2.54
(ii) Others	148.62	244.57
Total	153.52	247.11

7. LONG - TERM PROVISIONS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Provision for Gratuity	261.39	202.74
Provision for Long Term Compensated Absence	64.22	45.88
Total	325.61	248.62

CURRENT LIABILITIES

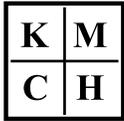
8. SHORT - TERM BORROWINGS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Secured		
Cash Credit Loan from banks - Indian Bank	453.64	497.36
Total	453.64	497.36

The Company has availed working capital facility from Indian Bank which is primarily secured by :

- a. First Charge on current assets by way of hypothecation of present & future current assets including book debts & receivables.
- b. The above working capital facility is collaterally secured by all fixed assets mentioned in Item No.1 i(a) to (d) in note no.4 long term borrowings.
- c. The working capital facility carries interest rates varying from 12% to 13% per annum.



9. TRADE PAYABLES

(₹ in lacs)

Particulars	31 st March 2013		31 st March 2012	
Creditors				
i. Micro, Small and Medium Enterprises	109.11		87.10	
ii. Others	630.39		557.67	
		739.50		644.77
Total		739.50		644.77

The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Act, 2006". Based on the evidence and declarations obtained, there are no dues warranting interest payment under the "Micro, Small and Medium Enterprises Act, 2006".

10. OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	31 st March 2013		31 st March 2012	
(a) Current Maturities of Long-Term Debt (refer note no.4 "Long Term borrowings")	2,537.25		1,938.24	
(b) Accrued Salaries and Benefits	457.78		178.44	
(c) Amount payable to Related parties (Companies)	150.51		146.90	
(d) Advance received from Customers	49.04		44.08	
(e) Statutory dues	136.07		117.38	
(f) Unpaid Dividend account	36.95		34.68	
(g) Creditors for capital goods	258.85		877.78	
(h) Other Liabilities	730.82		538.03	
Total		4,357.27		3,875.53

11. SHORT - TERM PROVISIONS

(₹ in lacs)

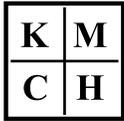
Particulars	31 st March 2013		31 st March 2012	
(a) Provision for Gratuity	104.73		88.27	
(b) Provision for Compensated Absence	38.73		27.37	
(c) Provision for Dividend	164.13		136.78	
(d) Provision for Dividend Tax	27.89		22.19	
Total		335.48		274.61

Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK		
	Cost as at 01.04.12	Additions during the year	Deletion	Cost as at 31.03.13	Upto 31.03.12	For the period	With Drawn	Upto 31.03.13	As at 31.03.13	As at 31.03.12
Tangible Asset :										
Land	628.87	-	-	628.87	-	-	-	-	628.87	628.87
Buildings	13,883.54	90.56	1.84	13,972.26	583.58	226.73	0.59	809.72	13,162.53	13,299.96
Furniture & Fixtures	1,080.96	53.99	15.64	1,119.31	424.95	65.67	13.32	477.30	642.01	656.01
Office Equipments	117.77	4.11	0.24	121.64	39.07	7.04	0.17	45.94	75.70	78.70
Plant & Machinery	18,114.65	370.13	144.02	18,340.76	4,391.58	1,046.69	141.51	5,296.76	13,044.00	13,723.09
Computer Installations	641.94	47.00	247.33	441.61	390.00	63.99	246.94	207.05	234.56	251.94
Vehicles	254.05	-	12.64	241.41	107.28	21.70	8.66	120.32	121.09	146.77
Total (A)	34,721.78	565.79	421.71	34,865.86	5,936.46	1,431.82	411.19	6,957.09	27,908.76	28,785.34
Intangible Asset :										
Licence software	55.89	1.58	-	57.47	1.55	18.86	-	20.41	37.06	54.34
Total (B)	55.89	1.58	-	57.47	1.55	18.86	-	20.41	37.06	54.34
Capital Work-in-Progress (C)	15.22	545.72	89.21	471.73	-	-	-	-	471.73	15.22
Total for the Year (A+B+C)	34,792.89	1,113.09	510.92	35,395.06	5,938.01	1,450.68	411.19	6,977.50	28,417.55	28,854.90
Previous Year	27,061.65	17,177.46	9,446.22	34,792.89	4,725.49	1,212.52	-	5,938.01	28,854.90	22,336.16

* Includes Asset costing less than ₹ 5,000/- each aggregating to ₹ 17.19 Lacs

* The title of a piece of land belonging to the company measuring 5000 Sq. ft is challenged legally by a third party which the Company is defending.

* Borrowing cost capitalized during the year - Nil



NON CURRENT ASSETS

13. NON - CURRENT INVESTMENT

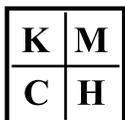
(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Long - Term Investments at Cost		
(a) Long Term - Non Trade, (Quoted)		
6100 Equity Shares of ₹ 10/- each fully paid in Canara Bank	2.14	2.14
2300 Equity Shares of ₹ 10/- each fully Paid in Indian Overseas Bank	0.55	0.55
(b) Others - Trade, (UnQuoted)		
372440 Equity Shares of ₹ 100/- each fully Paid in Idhayam Hospitals Erode Limited	357.58	357.58
Total	360.27	360.27

14. LONG - TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Unsecured, Considered good		
(a) Capital Advance	123.39	43.75
(b) Security Deposits		
Electricity & Other Deposits	84.33	67.27
(c) Other loans & advances		
(i) Rent and Lease Deposits	399.54	525.74
(ii) Loan and Advance to Employees	0.53	2.75
(iii) Advance Income Taxes (Net of Provisions)	38.32	14.55
(iv) MAT Credit Entitlement	525.38	386.48
(v) Other Advances	3.00	3.13
Total	1,174.49	1,043.67



CURRENT ASSETS

15. INVENTORIES (Valued at lower of cost and net realisable)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Pharmacy	480.04	369.48
(b) Hospital Consumables	339.60	265.08
(c) Stores & Spares	34.07	56.15
(d) Others - (Power & Fuel, Canteen and Stationery)	38.24	35.17
Total	891.95	725.88

16. TRADE RECEIVABLES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Debts outstanding for a period exceeding six months Unsecured, considered good	7.69	31.66
(b) Other Debts Unsecured, considered good	407.29	288.48
Total	414.98	320.14

17. CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Cash and Cheques on hand	92.31	110.34
(b) Balance with banks In current and Deposit accounts	3,050.63	2,366.02
Total	3,142.94	2476.36
Current and Deposit Accounts includes -		
(i) LC Margin Deposits	-	2.21
(ii) Bank Guarantee Margin Deposits	3.33	3.33
(iii) Unpaid Dividend	36.95	34.68

18. SHORT - TERM LOANS AND ADVANCES

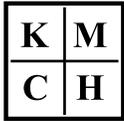
(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Unsecured, considered good		
(a) Advance for Purchase	0.18	2.21
(b) Advance for Expenses	11.73	6.82
(c) Prepaid Expenses	47.88	68.09
Total	59.79	77.12

19. OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Rent Receivable	4.41	3.36
Other Charges Recoverable	2.37	3.07
Total	6.78	6.43



20. REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
I. Revenue from Operations		
(a) Inpatients Revenue	17,080.17	12,646.91
(b) Outpatients Revenue	5,781.80	4,369.12
(c) Pharmacy Sales	5,886.94	4,537.91
(d) Dietary Sales	951.84	664.67
II. Other Operating Income		
Scrap Sales	12.63	18.63
Total	29,713.38	22,237.24

21. OTHER INCOME

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Interest Income	202.77	75.26
(b) Dividend income	0.77	0.79
(c) Rent Received	56.06	33.90
(d) Parking Charges	19.95	17.12
(e) Miscellaneous Income	25.96	29.08
Total	305.51	156.15

22. HOSPITAL CONSUMABLES

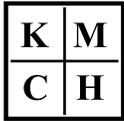
(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Inventory at the beginning of the year	265.08	240.41
Add : Purchases of Hospital Consumables	4,630.82	3,732.41
	4,895.90	3,972.82
Less: Inventory at the end of the year	339.60	265.08
	4,556.30	3,707.74
Add : Lab Test Charges	162.76	122.22
Total	4,719.06	3,829.96

23. PURCHASE OF MEDICINES (Pharmacy)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Purchases of Medicines	4,728.61	3,603.89
Total	4,728.61	3,603.89



24. CHANGES IN INVENTORIES (Pharmacy)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Opening Stock of Medicines	369.47	294.71
Less: Closing Stock of Medicines	480.04	369.48
(Increase) / Decrease in Inventories	(110.57)	(74.77)

25. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Salaries, Allowances & Bonus	3,751.18	2,900.91
(b) Contribution to Provident and Other Funds	221.60	118.54
(c) Staff Welfare Expenses	140.36	115.29
(d) Long Term Compensated Absence	65.51	53.87
(e) Gratuity	87.43	61.37
Total	4,266.08	3,249.98

26. FINANCE COSTS

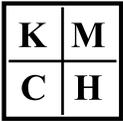
(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Interest Expenses	2,738.97	1,654.45
(b) Other Borrowing Cost: Loan Processing Charges	7.32	3.45
Total	2,746.29	1,657.90

27. OTHER EXPENSES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Power & Fuel Consumed	913.58	721.77
(b) Dietary Consumptions	808.13	614.07
(c) Consultant Charges	4,648.97	3,604.00
(d) Hospital Up Keep Expenses	878.67	632.38
(e) Stores & Spares Consumed	97.69	39.78
(f) Water Charges	112.73	114.51
(g) Travelling & Conveyance	63.90	56.57
(h) Rent	112.54	103.53
(i) Advertisement	207.56	201.13
(j) Auditor Remuneration	13.75	12.75
(k) Professional Charges	40.83	46.17
(l) Directors Sitting Fee	0.65	0.63
(m) Repair & Maintenance - Building	120.20	149.60
(n) Repair & Maintenance - Machinery	295.16	294.81
(o) Repair & Maintenance - Others	206.87	195.88
(p) Administration & Other Expenses	564.24	502.24
Total	9,085.47	7,289.82



Auditor Remuneration

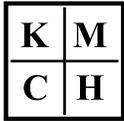
(₹ in lacs)

Particulars	31st March 2013	31st March 2012
Payments to the auditor		
(a) For Statutory Audit	9.00	8.00
(b) For Taxation Matters	2.09	1.50
(c) For Other Services	1.10	1.96
(d) For Service Tax	1.56	1.29
Total	13.75	12.75

28. CURRENT TAX (NET)

(₹ in lacs)

Particulars	31st March 2013	31st March 2012
(a) Provision for Income Tax	626.90	324.94
(b) MAT Credit	(123.60)	(321.82)
(c) Wealth Tax	0.30	0.30
Total	503.60	3.42



GENERAL NOTES

29. Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS)-20.

Particulars	31.03.2013	31.03.2012
Profit After Tax (₹ in lacs)	2,124.77	1,194.90
Number of Shares issued (in lacs)	109.42	109.42
The Nominal Value per equity Share (in ₹)	10.00	10.00
Basic/Diluted EPS (in ₹)	19.42	10.92

30. Operating Lease

The Company has entered into operating lease, having a lease period ranging from 1-5 years, with an option to renew the lease.

The future minimum lease payments are as follows

(₹ in lacs)

Particulars	31.03.2013	31.03.2012
not later than one year	126.94	135.27
later than one year and not later than five years	274.98	55.92
later than five years	Nil	Nil

31. The Company has provided for employee benefits as per Accounting Standard (AS) - 15 in respect of defined benefit plan (Gratuity and Long Term compensated absence).

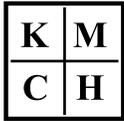
a) Description of the company's defined benefit plan :

The Company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity and Long Term compensated absence. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the Payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

b) Reconciliation in respect of the changes in the Present value of the obligation :

(₹ in lacs)

Particulars	Gratuity			Long Term Compensated Absence		
	2013	2012	2011	2013	2012	2011
Present Value of the Obligation (Opening)	291.00	259.38	195.82	73.25	38.58	26.64
Current service cost	35.95	29.66	32.92	17.26	10.55	3.44
Interest Cost	24.21	18.09	13.12	4.71	2.14	1.56
Benefits paid	(12.31)	(29.74)	(5.75)	(35.81)	(19.19)	(7.43)
Actuarial gains and losses	27.27	13.61	23.27	43.54	41.17	14.37
Present Value of the Obligation (Closing)	366.12	291.00	259.38	102.95	73.25	38.58



c) Reconciliation in respect of the changes in the fair value of Plan assets :

(₹ in lacs)

Particulars	Gratuity			Long Term Compensated Absence		
	2013	2012	2011	2013	2012	2011
Present Value of the Obligation (Opening)	-	-	-	-	-	-
Add:						
Expected rate of return	-	-	-	-	-	-
Contribution by Employer	12.31	29.74	5.75	35.81	19.19	7.43
Benefits paid	(12.31)	(29.74)	(5.75)	(35.81)	(19.19)	(7.43)
Actuarial gains and losses	-	-	-	-	-	-
Fair Value of the Assets (Closing)	-	-	-	-	-	-

d) The total expenses recognized in the statement of profit and loss is as follows :

(₹ in lacs)

Particulars	Gratuity			Long Term Compensated Absence		
	2013	2012	2011	2013	2012	2011
Current Service cost	35.95	29.66	22.69	17.26	10.56	3.44
Interest Cost	24.21	18.09	13.12	4.71	2.14	1.56
Expected return on plan assets	-	-	-	-	-	-
Net Actuarial (Gain) / Loss recognized in the year	27.27	13.62	23.27	43.54	41.17	14.37
Transitional Liability recognized in the year	-	-	-	-	-	-
Past service cost Non vested benefits	-	-	-	-	-	-
Past service cost Vested benefits	-	-	10.23	-	-	-
Amount Recognized in the Statement of Profit and Loss	87.43	61.37	69.31	65.51	53.87	19.37

e) The major category of plan assets as percentage of total plan assets are as follows :

Particulars	Gratuity (%)			Long Term Compensated Absence (%)		
	2013	2012	2011	2013	2012	2011
Investments made	-	-	-	-	-	-
Amounts held in Current account with bank	-	-	-	-	-	-
Investment in Company's own financial instruments	-	-	-	-	-	-
Investment in Property or other assets used by the Company	-	-	-	-	-	-

f) Principal actuarial assumptions used as at the balance sheet date :

Particulars	Gratuity (%)			Long Term Compensated Absence (%)		
	2013	2012	2011	2013	2012	2011
Discount rate	7.70	8.50	7.40	7.70	8.50	7.40
Salary Escalation rate	15.00	15.00	15.00	15.00	15.00	15.00
Attrition rate	35.00	35.00	35.00	35.00	35.00	35.00
Expected return on plan assets	-	-	-	-	-	-

The estimates of future salary increases considered in actuarial valuation takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

g) Particulars for the current annual period ending 31.03.13 :

(₹ in lacs)

Particulars	Gratuity 2012-13	Gratuity 2011-12	Gratuity 2010-11	Gratuity 2009-10	Gratuity 2008-09
Present value of obligation	366.12	291.00	259.38	195.81	149.52
Plan assets	-	-	-	-	-
Surplus/(Deficit) in Plan assets	(366.12)	(291.00)	(259.38)	(195.81)	(149.52)
The experience adjustments arising on the plan liabilities - (loss)/Gain	(19.79)	(21.94)	(3.01)	(23.63)	(14.91)
The experience adjustments arising on the plan assets - (loss)/Gain	-	-	-	-	-

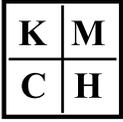
(₹ in lacs)

Particulars	Long Term Compensated Absence 2012-13	Long Term Compensated Absence 2011-12	Long Term Compensated Absence 2010-11	Long Term Compensated Absence 2009-10	Long Term Compensated Absence 2008-09
Present value of obligation	102.95	73.25	38.58	26.63	17.43
Plan assets	-	-	-	-	-
Surplus/(Deficit) in Plan assets	(102.95)	(73.25)	(38.58)	(26.63)	(17.43)
The experience adjustments arising on the plan liabilities (loss)/Gain	(41.19)	(43.54)	(11.01)	(7.14)	2.04
The experience adjustments arising on the plan assets (Loss)/Gain).	-	-	-	-	-

(₹ in lacs)

32. Particulars	2012-2013	2011-2012
(i) CIF value of imports		
a. Capital goods	29.35	784.32
b. Spares	3.01	-
(ii) Earnings in Foreign Currency	-	-
(iii) Expenditure in Foreign Currency (Travelling Expenses)	12.04	25.08
(iv) Dividend paid in Foreign Currency		
a. Dividend	21.38	23.39
b. No. of Non Resident Shareholders (in Nos.)	86	90
c. No. of Shares of ₹ 10 each held by them	1710512	1870892

33. In-patients and out patients revenue is net of discount/free/concessional treatment/claims.



34. Contingent Liabilities

(₹ in lacs)

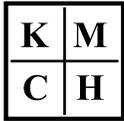
Particulars	31.03.2013	31.03.2012
a. Estimated amount of contracts remaining to be executed on capital account	270.05	141.43
b. Letters of Credit for capital equipments	Nil	67.14
c. Demand of Customs Duty raised by the authorities disputed and not acknowledged as due	189.46	189.46
d. Claims of various nature made against the Company not acknowledged as debt	117.58	87.86

35. Related parties' disclosure under Accounting Standard (AS) - 18.

The list of related parties as identified by the management are as under

(i) Names of related parties and description of relationship :

- | | | |
|--|---|---|
| a. Key Management Personnel
- Promoters | : | Dr. Nalla G Palaniswami
Dr. Thavamani Devi Palaniswami |
| b. Subsidiary Company | : | Idhayam Hospitals Erode Ltd |
| c. Other Related Parties/
Entities in which the
Directors are interested | : | Purani Hospital Supplies Limited
Aosta Software Technologies India Ltd
ABT Industries Limited
Sakthi Sugars Limited
K Pharmacy
NGP Estate Motors Agencies
Dr. K.S.K. Murugaiyan
Mrs.P. Vikashini |



(ii) Related Party Transactions :

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed. Following transactions were carried out with the related parties.

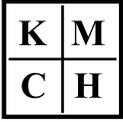
(₹ in lacs)

Nature of Business	Subsidiary Company	Key Management Personnel	Other Related Parties	Total as on 31.03.13	Total as on 31.03.12
Lease Rent paid	92.68	9.60	9.14	111.42	97.19
Interest on Lease Advance Received	29.58	-	-	29.58	30.00
Purchases	-	-	4,802.25	4,802.25	3,636.16
Rent Receipts	-	-	2.45	2.45	2.45
IT Software & Hardware Maintenance Charges	-	-	14.01	14.01	13.24
Consultant Charges	-	-	15.75	15.75	12.74
Directors Remuneration, Commission & Perquisites	-	175.64	-	175.64	108.67
Directors Sitting Fees	-	0.66	-	0.66	0.62
Salary	-	-	0.80	0.80	2.40
Amount Payable	-	132.48	154.83	287.31	217.34
Lease Advance	350.00	24.00	-	374.00	500.00

(iii) Sundry Creditors includes the following amount due as on the closing date:

(₹ in lacs)

Particulars	31.03.13	31.03.12
1) Due to directors	132.48	70.44
2) Payable to Related Parties	150.51	146.90



36. Segment Reporting

Running of Hospitals is the only operating segment for the company. The entire financials and profit given are related only to this segment.

- 37. Provision for taxation includes provision for Wealth Tax. Income tax assessments have been provisionally completed upto the assessment year 2011-12.
- 38. Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.
- 39. Figures have been rounded off to the nearest thousands.

Signatures to notes 1 to 39

Vide our report of even date attached

For Haribhakti & Co.,
Chartered Accountants
Firm Reg. No. 103523W

C.S. SATHYANARAYANAN
Partner
Membership No. 028328

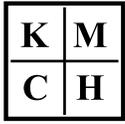
Coimbatore
18.05.2013

Dr. NALLA G PALANISWAMI
Chairman and Managing Director

CA.A.M. PALANISAMY
Director

CA.P.K. GOPIKRISHNAN
Chief Financial Officer

CS.S.P. CHITTIBABU
Company Secretary



STATEMENT IN PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary : Idhayam Hospitals Erode Limited
2. Financial Year ending : 31.03.2013
3. No. of shares (fully paid up) held by the Company on the above dates : 372440 Shares of ₹ 100 each
4. Extent of holding Company's interest : 100%
5. Net Aggregate amount of Subsidiary's Profit/ (Loss) (₹ in lacs)
 - a) Not dealt within the accounts of the Company
 - (i) For the Current Financial year ended 31st March 2013 : (81.78)
 - (ii) For the Previous Financial years : (0.78)
 - b) Dealt within the accounts of the Company
 - (i) For the Current Financial year ended 31st March 2013 : Nil
 - (ii) For the Previous Financial years : Nil

- Notes :
- a) There has been no change in the Holding Company's interest in the Subsidiary between the end of the financial year of the subsidiary and the end of the financial year of the Holding Company.
 - b) No material changes have occurred between the end of the financial year of the Subsidiary and the Holding Company's financial year in respect of the Subsidiary's (i) Fixed Assets (ii) Investments (iii) Money lent and (iv) Moneys borrowed for any purpose other than that of meeting Current Liabilities.

Dr. NALLA G PALANISWAMI
Chairman and Managing Director

CA.P.K. GOPIKRISHNAN
Chief Financial Officer

Coimbatore
18.05.2013

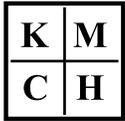
CA.A.M. PALANISAMY
Director

CS.S.P. CHITTIBABU
Company Secretary





CONSOLIDATED FINANCIAL STATEMENTS



**INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
KOVAI MEDICAL CENTER AND HOSPITAL LIMITED**

To the Board of Directors of Kovai Medical Center and Hospital Limited

We have audited the accompanying consolidated financial statements of Kovai Medical Center and Hospital Limited ("the Company") and its subsidiary (the Company, its subsidiary constitute "the Group") which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

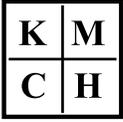
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Kovai Medical Center and Hospital Limited and its subsidiary.



Consolidated Auditors' Report

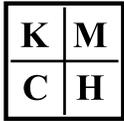
In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

For Haribhakti & Co.,
Chartered Accountants
Firm Reg. No.103523W

Coimbatore
18.05.2013.

C.S. Sathyanarayanan
Partner
Membership No.028328



Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2013

(₹ in lacs)

Particulars	Note	As at 31 st March 2013		As at 31 st March 2012	
EQUITY AND LIABILITIES					
1. Shareholder's Funds					
(a) Share Capital	2	1,094.23		1,094.23	
(b) Reserves & Surplus	3	6,839.95		4,988.98	
			7,934.18		6,083.21
2. Non-Current Liabilities					
(a) Long - Term Borrowings	4	17,943.39		20,345.37	
(b) Deferred Tax Liabilities (Net)	5	2,116.09		1,619.90	
(c) Other Long - Term Liabilities	6	153.52		247.11	
(d) Long - Term Provisions	7	325.61		248.62	
			20,538.61		22,461.00
3. Current Liabilities					
(a) Short - Term Borrowings	8	453.64		497.36	
(b) Trade Payables	9	739.50		644.77	
(c) Other Current Liabilities	10	4,361.41		3,878.31	
(d) Short - Term Provisions	11	335.48		274.61	
			5,890.03		5,295.05
TOTAL			34,362.82		33,839.26
ASSETS					
1. Non - Current Assets					
(a) Fixed Assets:					
(i) Tangible Assets	12		28,320.29		29,337.24
(ii) Intangible Assets			161.52		178.80
(iii) Capital Work-in-Progress			471.73		15.22
(b) Non-Current Investment	13		2.69		2.69
(c) Long-Term Loans and Advances	14		870.97		589.48
2. Current Assets					
(a) Inventories	15	891.94		725.88	
(b) Trade Receivables	16	414.98		320.14	
(c) Cash and Cash Equivalents	17	3,162.13		2,586.26	
(d) Short -Term Loans and Advances	18	59.79		77.12	
(e) Other Current Assets	19	6.78		6.43	
			4,535.62		3,715.83
TOTAL			34,362.82		33,839.26

Significant Accounting Policies & Notes on Financial Statements 1 to 34

Vide our report of even date attached

For Haribhakti & Co.,

Chartered Accountants
Firm Reg.No. 103523 W

C.S. SATHYANARAYANAN

Partner
Membership No. 028328

Coimbatore
18.05.2013

Dr. NALLA G PALANISWAMI

Chairman and Managing Director

CA.A.M. PALANISAMY

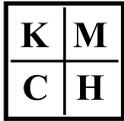
Director

CA.P.K. GOPIKRISHNAN

Chief Financial Officer

CS.S.P. CHITTIBABU

Company Secretary



Consolidated Statement of Profit and Loss

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

(₹ in lacs)

Particulars	Note	For the year ended 31 st March 2013	For the year ended 31 st March 2012
INCOME			
Revenue from Operations	20	29,713.38	22,237.24
Other Income	21	284.27	126.15
Total Income		29,997.65	22,363.39
EXPENSES			
Hospital Consumables	22	4,719.06	3,829.96
Purchase of Medicines (Pharmacy)	23	4,728.61	3,603.89
Changes in Inventories (Pharmacy)	24	(110.57)	(74.77)
Employee Benefits Expense	25	4,266.32	3,251.26
Finance Costs	26	2,746.29	1,657.90
Depreciation, Impairment and Amortization Expenses	12	1,582.92	1,261.31
Other Expenses	27	9,013.53	7,209.47
Total Expenses		26,946.16	20,739.02
Profit Before Tax		3,051.49	1,624.37
Tax Expenses			
Current Tax (Net)	28	503.60	3.47
Prior Year Tax		8.72	0.71
Deferred Tax		496.18	426.07
Profit for the Year		2,042.99	1,194.12
Earnings Per Equity Share (in ₹)			
Basic (Face Value of ₹ 10 each)	29	18.67	10.91
Diluted (Face Value of ₹ 10 each)		18.67	10.91

Significant Accounting Policies & Notes on Financial Statements

1 to 34

Vide our report of even date attached

For Haribhakti & Co.,
Chartered Accountants
Firm Reg.No. 103523 W

C.S. SATHYANARAYANAN
Partner
Membership No. 028328

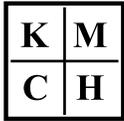
Coimbatore
18.05.2013

Dr. NALLA G PALANISWAMI
Chairman and Managing Director

CA.A.M. PALANISAMY
Director

CA.P.K. GOPIKRISHNAN
Chief Financial Officer

CS.S.P. CHITTIBABU
Company Secretary



Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in lacs)

Particulars	31 st March 2013		31 st March 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before taxation and exceptional items		3,051.49		1,624.37
Adjustment for:				
Depreciation	1,582.92		1,261.31	
Interest Expenses	2,746.29		1,657.90	
Interest Income	(181.32)		(45.26)	
Loss on sale of Assets	10.33		-	
Dividend Income	(0.77)	4,157.45	(0.79)	2,873.16
Operating profit before working capital changes		7,208.94		4,497.53
Change in Working Capital				
Inventories	(166.06)		(150.37)	
Trade & Other Payables	(12.22)		939.67	
Trade & Other Receivables	(195.92)	(374.20)	720.72	1,510.02
Cash generated from operations		6,834.74		6,007.55
Income Tax/Wealth Tax Paid		(675.76)		(375.24)
Net cash from operating activities (A)		6,158.98		5,632.31
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(1,023.87)		(7,731.24)	
Sale of Fixed Assets	8.35		-	
Interest Received	181.32		45.26	
Dividend Received	0.77		0.79	
Net cash from investing activities (B)		(833.43)		(7,685.19)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Long term Borrowings (Net of repayment)	(1,802.97)		3,564.44	
Working Capital Borrowings	(43.72)		(8.43)	
Dividend & Tax on Dividend Paid	(156.70)		(155.63)	
Interest Paid	(2,746.29)		(1,657.90)	
Net cash used in financing activities (C)		(4,749.68)		1,742.48
Net increase in cash and cash equivalents (A+B+C)		575.87		(310.40)
Cash and Cash equivalent at beginning of Period		2,586.26		2,896.66
Cash and Cash equivalent at end of Period		3,162.13		2,586.26

Vide our report of even date attached
For Haribhakti & Co.,
 Chartered Accountants
 Firm Reg.No. 103523 W

C.S. SATHYANARAYANAN

Partner
 Membership No. 028328

Coimbatore
 18.05.2013

Dr. NALLA G PALANISWAMI

Chairman and Managing Director

CA.A.M. PALANISAMY

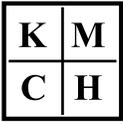
Director

CA.P.K. GOPIKRISHNAN

Chief Financial Officer

CS.S.P. CHITTIBABU

Company Secretary



1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

(i) Principles of consolidation

The consolidated financial statements related to Kovai Medical Center Hospital Limited ("the Company") and Idhayam Hospitals Erode Limited. The Consolidated financial statements have been prepared on the following basis.

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

(ii) Accounting of Investments :

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments".

(iii) Other Significant Accounting Policies :

These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Kovai Medical Center and Hospital Limited.

**EQUITY AND LIABILITIES
SHAREHOLDERS FUNDS**
2. SHARE CAPITAL

(₹ in lacs)

Particulars	31 st March 2013		31 st March 2012	
	Number	₹	Number	₹
Authorised				
15000000 Equity Shares of ₹ 10/- each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Issued, Subscribed & Paid-up				
10942262 Equity Shares of ₹ 10/- each	1,09,42,262	1,094.23	1,09,42,262	1,094.23

a. Details of Shareholders holding more than 5% shares in the company :

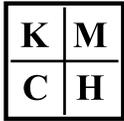
Name of the Shareholder	31 st March 2013		31 st March 2012	
	Equity Shares		Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1. Dr.Thavamani Devi Palaniswami	20,39,817	18.64	19,47,523	17.80
2. Dr.Mohan S Palaniswami	8,49,769	7.76	8,49,769	7.76
3. Dr.Arun N Palaniswami	7,79,948	7.12	7,79,948	7.12
4. Kovai Purani Finance Private Limited	7,23,999	6.62	7,23,999	6.62
5. Dr.Purani P Palaniswami	6,67,491	6.10	6,67,491	6.10

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.

3. RESERVES & SURPLUS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
a . General Reserve		
Opening Balance	3,444.95	3,344.95
Add:- Profit transferred from statement of profit and loss	150.00	100.00
	3,594.95	3,444.95
b. Surplus in statement of profit and loss		
- Opening Balance	1,544.03	608.88
Add :- Profit transferred from statement of profit and loss	2,042.99	1,194.12
Less :-		
- Proposed Dividend	164.13	136.78
- Tax on Dividend	27.89	22.19
- Transfer to General Reserve	150.00	100.00
- Surplus in statement of Profit & Loss	3,245.00	1,544.03
Total (A+B)	6,839.95	4,988.98



NON - CURRENT LIABILITIES

4. LONG - TERM BORROWINGS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012	31 st March 2013	31 st March 2012
	Non-Current Portion	Non-Current Portion	Current Maturities	Current Maturities
Secured				
(a) Term loans from Banks	17,668.41	20,105.74	2,437.33	1,884.14
(b) From Others	274.98	239.63	99.92	54.10
	17,943.39	20,345.37	2,537.25	1,938.24
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long - Term Debt" (Note no. 10)	-	-	(2,537.25)	(1,938.24)
Net Amount	17,943.39	20,345.37	-	-

Security Particulars of Secured Loans

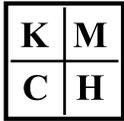
- i. The term loans availed from Indian Bank and Indian Overseas Bank are primarily Secured by:
 - a) Pari passu first charges on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
 - b) Pari passu charge on the entire Fixed Assets (Present & Future) of the Company.
 - c) Charge on the leasehold rights of the building at Erode in the name of M/s. Idhayam Hospitals Erode Limited, Erode.
 - d) Charge on the leasehold rights of the medical equipments in the name of M/s. Idhayam Hospitals Erode Limited, Erode.

The above facilities are also collaterally secured by a pari passu second charge on the entire current assets of the Company.
- ii. In addition to the above, the subsidiary Company has given corporate guarantee to the limits availed by the Company.
- iii. The term loans and working capital facilities are further guaranteed by the personal guarantees of the Chairman and Managing Director and Vice Chairman and Joint Managing Director of the Company. The term loans carries interest rates varying from 12% to 13% per annum.
- iv. Secured Loans from others represent Hire Purchase loans from BMW India Financial Services Private Ltd & SREI Equipments Finance Pvt Ltd secured by hypothecation of assets purchased and it carries interest rates varying from 6.5% to 9.75%.

5. DEFERRED TAX LIABILITIES (Net)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Deferred Tax Liability on account of Accumulated Depreciation	2,306.20	1,769.14
Deferred Tax Asset on account of Provision for Bonus, Gratuity and Long Term Compensated absence	190.11	149.24
Total	2,116.09	1,619.90



6. OTHER LONG - TERM LIABILITIES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(i) Rental Deposits	4.90	2.54
(ii) Others	148.62	244.57
Total	153.52	247.11

7. LONG - TERM PROVISIONS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Provision for Gratuity	261.39	202.74
Provision for Long Term Compensated Absence	64.22	45.88
Total	325.61	248.62

CURRENT LIABILITIES

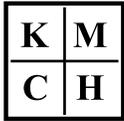
8. SHORT - TERM BORROWINGS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Secured		
(a) Cash Credit Loan from banks - Indian Bank	453.64	497.36
Total	453.64	497.36

The Company has availed working capital facility from Indian Bank which is primarily secured by:

- First Charge on current assets by way of hypothecation of present & future current assets including book debts & receivables.
- The above working capital facility is collaterally secured by all fixed assets mentioned in Item No. 1 i(a) to (d) in note no.4 Long - Term Borrowings.
- The working capital facility carries interest rates varying from 12% to 13% per annum.



Notes on Consolidated Accounts

9. TRADE PAYABLES

(₹ in lacs)

Particulars	31 st March 2013		31 st March 2012	
Creditors				
i. Micro, Small and Medium Enterprises	109.11		87.10	
ii. Others	630.39		557.67	
		739.50		644.77
Total		739.50		644.77

The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Act, 2006". Based on the evidence and declarations obtained, there are no dues warranting interest payment under the "Micro, Small and Medium Enterprises Act, 2006".

10. OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Current Maturities of Long - Term Debt (refer note no.4 "Long - Term Borrowings")	2,537.25	1,938.24
(b) Accrued Salaries and Benefits	457.78	178.44
(c) Amount payable to Related parties (Companies)	150.51	146.90
(d) Advance received from Customers	49.04	44.08
(e) Statutory dues	138.18	118.14
(f) Unpaid Dividend Account	36.95	34.68
(g) Creditors for Capital goods	258.85	877.78
(h) Other Liabilities	732.85	540.05
Total	4,361.41	3,878.31

11. SHORT - TERM PROVISIONS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Provision for Gratuity	104.73	88.27
(b) Provision for Compensated Absence	38.73	27.37
(c) Provision for Dividend	164.13	136.78
(d) Provision for Dividend Tax	27.89	22.19
Total	335.48	274.61

12. FIXED ASSETS (CONSOLIDATED)

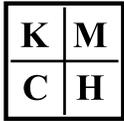
(₹ in lacs)

Description of Assets	GROSS BLOCK		Cost as at 31.03.13	DEPRECIATION BLOCK				NET BLOCK		
	Cost as at 01.04.12	Additions during the Year		Deletion	Upto 31.03.12	For the period	Provision for Impairment	With Drawn	Upto 31.03.13	As at 31.03.13
Tangible Asset :										
Land	628.87	-	-	-	-	-	-	-	-	628.87
Buildings	14,221.11	90.56	1.84	635.17	232.23	-	0.59	866.81	13,443.01	13,585.94
Furniture & Fixtures	1,124.37	53.99	15.64	450.19	68.42	-	13.32	505.29	657.43	674.18
Office Equipments	170.22	4.11	0.24	62.18	9.53	-	0.17	71.54	102.55	108.04
Plant & Machinery	18,671.29	370.13	193.20	4,729.82	1,066.76	101.43	182.56	5,715.45	13,132.77	13,941.49
Computer Installations	654.67	47.00	247.33	402.72	63.99	-	246.94	219.77	234.57	251.95
Vehicles	254.05	-	12.64	107.28	21.70	-	8.66	120.32	121.09	146.77
Total (A)	35,724.58	565.79	470.89	6,387.36	1,462.63	101.43	452.24	7,499.18	28,320.29	29,337.24
Intangible Asset :										
Licence software	55.89	1.58	-	1.55	18.86	-	-	20.41	37.06	54.34
Goodwill	124.46	-	-	-	-	-	-	-	124.46	124.46
Total (B)	180.35	1.58	-	1.55	18.86	-	-	20.41	161.52	178.80
Capital Work-in-Progress (C)	15.22	545.72	89.21	-	-	-	-	-	471.73	15.22
Total for the Year (A+B+C)	35,920.15	1,113.09	560.10	6,388.91	1,481.49	101.43	452.24	7,519.59	28,953.53	29,531.26
Previous Year	28,188.91	17,177.46	9,446.22	5,127.61	1,261.31	-	-	6,388.92	29,531.26	23,061.30

* Includes Asset costing less than ₹ 5,000/- each aggregating to ₹ 17.19 Lacs

* The title of a piece of land belonging to the company measuring 5000 Sq. ft is challenged legally by a third party which the Company is defending.

* Borrowing cost capitalized during the year - Nil



NON CURRENT ASSETS

13. NON - CURRENT INVESTMENT

(₹ in lacs)

Particulars	31st March 2013	31st March 2012
Long - Term Investments at Cost		
Long Term - Non Trade, (Quoted)		
(i) 6100 Equity Shares of ₹ 10/- each fully paid in Canara Bank	2.14	2.14
(ii) 2300 Equity Shares of ₹ 10/- each fully Paid in Indian Overseas Bank	0.55	0.55
Total	2.69	2.69

14. LONG - TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	31st March 2013	31st March 2012
Unsecured, Considered good		
(a) Capital Advance	123.39	43.75
(b) Security Deposits		
Electricity & Other Deposits	88.27	71.31
(c) Other loans & advances		
(i) Rent and Lease Deposits	49.54	25.74
(ii) Loan and Advance to Employees	0.53	2.75
(iii) Advance Income Taxes (Net of Provisions)	80.86	56.32
(iv) MAT Credit Entitlement	525.38	386.48
(v) Other Advances	3.00	3.13
Total	870.97	589.48

CURRENT ASSETS
15. INVENTORIES (Valued at lower of cost and net realisable value)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Pharmacy	480.04	369.48
(b) Hospital Consumables	339.60	265.08
(c) Stores & Spares	34.06	56.15
(d) Others - (Power & Fuel, Canteen and Stationery)	38.24	35.17
Total	891.94	725.88

16. TRADE RECEIVABLES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Debts outstanding for a period exceeding six months Unsecured, considered good	7.69	31.66
(b) Other Debts Unsecured, considered good	407.29	288.48
Total	414.98	320.14

17. CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Cash and Cheques on hand	92.31	110.34
(b) Balance with banks In current and Deposit accounts	3,069.82	2,475.92
Total	3,162.13	2,586.26
Current and Deposit Accounts includes -		
(i) LC Margin Deposits	-	2.59
(ii) Bank Guarantee Margin Deposits	3.33	3.46
(iii) Unpaid Dividend	36.95	34.68

18. SHORT - TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Unsecured, considered good		
(a) Advance for Purchase	0.18	2.21
(b) Advance for Expenses	11.73	6.82
(c) Prepaid Expenses	47.88	68.09
Total	59.79	77.12

19. OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Rent Receivable	4.41	3.36
Other Charges Recoverable	2.37	3.07
Total	6.78	6.43

20. REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
I. Revenue from Operations		
(a) Inpatients Revenue	17,080.17	12,646.91
(b) Outpatients Revenue	5,781.80	4,369.12
(c) Pharmacy Sales	5,886.94	4,537.91
(d) Dietary Sales	951.84	664.67
II. Other Operating Income		
Scrap Sales	12.63	18.63
Total	29,713.38	22,237.24

21. OTHER INCOME

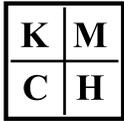
(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Interest Income	181.32	45.26
(b) Dividend income	0.77	0.79
(c) Rent Received	56.06	33.90
(d) Parking Charges	19.95	17.12
(e) Miscellaneous Income	26.17	29.08
Total	284.27	126.15

22. HOSPITAL CONSUMABLES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Inventory at the beginning of the year	265.08	240.41
Add : Purchases of Hospital Consumables	4,630.82	3,732.41
	4,895.90	3,972.82
Less: Inventory at the end of the year	339.60	265.08
	4,556.30	3,707.74
Add : Lab Test Charges	162.76	122.22
Total	4,719.06	3,829.96



23. PURCHASE OF MEDICINES (Pharmacy)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Purchases of Medicines	4,728.61	3,603.89
Total	4,728.61	3,603.89

24. CHANGES IN INVENTORIES (Pharmacy)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Opening Stock of Medicines	369.47	294.71
Less: Closing Stock of Medicines	480.04	369.48
(Increase) / Decrease in Inventories	(110.57)	(74.77)

25. EMPLOYEE BENEFITS EXPENSE

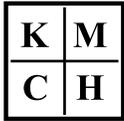
(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Salaries, Allowances & Bonus	3,751.42	2,902.19
(b) Contribution to Provident and Other Funds	221.60	118.54
(c) Staff Welfare Expenses	140.36	115.29
(d) Long Term Compensated Absence	65.51	53.87
(e) Gratuity	87.43	61.37
Total	4,266.32	3,251.26

26. FINANCE COSTS

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Interest Expenses	2,738.97	1,654.45
(b) Other Borrowing Cost : - Loan Processing Charges	7.32	3.45
Total	2,746.29	1,657.90



27. OTHER EXPENSES

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Power & Fuel Consumed	913.58	721.77
(b) Dietary Consumptions	808.13	614.07
(c) Consultant Charges	4,648.97	3,604.00
(d) Hospital Up Keep Expenses	878.67	632.38
(e) Stores & Spares Consumed	97.69	39.78
(f) Water Charges	112.73	114.51
(g) Travelling & Conveyance	63.90	56.57
(h) Rent	112.54	103.53
(i) Advertisement	207.56	201.13
(j) Auditor's Remuneration	16.64	15.84
(k) Professional Charges	41.31	46.50
(l) Directors Sitting Fee	0.66	0.63
(m) Repair & Maintenance - Building	120.20	149.60
(n) Repair & Maintenance - Machinery	295.16	294.81
(o) Repair & Maintenance - Others	206.87	195.88
(p) Administration & Other Expenses	488.92	418.47
Total	9,013.53	7,209.47

Auditor Remuneration

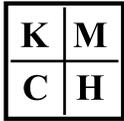
(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
Payments to the auditor		
(a) For Statutory Audit	11.00	10.00
(b) For Taxation Matters	2.60	2.02
(c) For Other Services	1.16	2.21
(d) For Service Tax	1.88	1.61
Total	16.64	15.84

28. CURRENT TAX (NET)

(₹ in lacs)

Particulars	31 st March 2013	31 st March 2012
(a) Provision for Income Tax	626.90	324.99
(b) MAT Credit	(123.60)	(321.82)
(c) Wealth Tax	0.30	0.30
Total	503.60	3.47

**GENERAL NOTES****29. Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS) - 20.**

Particulars	31.03.2013	31.03.2012
Profit After Tax (₹ in lacs)	2,042.99	1,194.12
Number of Shares issued (in lacs)	109.42	109.42
The Nominal Value per Equity Share (in ₹)	10.00	10.00
Basic/Diluted EPS (in ₹)	18.67	10.91

30. The Subsidiary company considered in the Consolidated Financial Statements is

S.No	Name of the Subsidiary	% of Holdings
1	Idhayam Hospitals Erode Limited	100%

31. The value of Investments made in the wholly owned subsidiary company – Idhayam Hospitals Erode Limited has been accounted in compliance with Accounting standard (AS – 21).
32. Figures have been rounded off to nearest thousands.
33. Other Notes Forming part of Accounts :
These are set out in and under "Notes forming part of accounts for the year ended 31st March 2013" as given in the Unconsolidated Financial Statements of Kovai Medical Center and Hospital Limited.
34. Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.

Signatures to notes 1 to 34

Vide our report of even date attached

For Haribhakti & Co.,
Chartered Accountants
Firm Reg. No. 103523W

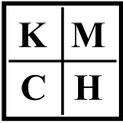
C.S. SATHYANARAYANAN
Partner
Membership No. 028328
Coimbatore
18.05.2013

Dr. NALLA G PALANISWAMI
Chairman and Managing Director

CA.A.M. PALANISAMY
Director

CA.P.K. GOPIKRISHNAN
Chief Financial Officer

CS.S.P. CHITTIBABU
Company Secretary



Information about Subsidiary Company

Disclosure of information relating to the subsidiary companies as required by the ministry of corporate Affairs, Government of India vide their General Circular No. 2 / 2011 dated 08.02.2011.

(₹ in lacs)

Particulars	Idhayam Hospitals Erode Limited
(a) Share Capital	372.44
(b) Reserves & Surplus	(249.38)
(c) Total Assets	477.19
(d) Total Liabilities	477.19
(e) Details of Investment	Nil
(f) Operating Income on Lease basis	86.40
(g) Profit / (Loss) Before Tax	(81.78)
(h) Provision for Taxation	Nil
(i) Profit / (Loss) After Tax	(81.78)
(j) Proposed Dividend	Nil
(k) Reporting Currency	Indian Rupee (₹)