

KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

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

Mr. 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
(Alternate to Dr. P.R. Perumalswami)

Mr. P.K. Gopikrishnan
Chief Financial Officer

Mr. 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

Aminjekarai

Chennai - 600 029

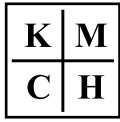
Phone : + 91- 44 - 42962025

Email : sta@gnsaindia.com

BANKERS

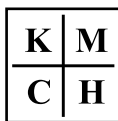
Indian Bank

Indian Overseas Bank



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NOTICE

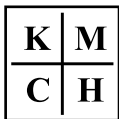
NOTICE is hereby given that the **Twenty Sixth Annual General Meeting of the Members of Kovai Medical Center and Hospital Limited** will be held on **Friday, the 13th July 2012 at 11.00 a.m. at "KMCH Auditorium", KMCH Campus, Avanashi Road, Coimbatore - 641 014** to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr.A.K.Venkatasamy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.A.M.Palanisamy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr.P.R.Perumalswami, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s Haribhakti & Co., Chartered Accountants, Coimbatore, retiring Auditors as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. Proxies in order to be effective should be deposited with the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. Members / proxies should bring the attendance slip duly filled in and signed for attending the meeting.
4. The Register of members and Share Transfer Books of the Company will be closed from July 2, 2012 to July 13, 2012 (both days inclusive) in connection with the 26th Annual General Meeting.
5. The dividend on equity shares as recommended by the Directors, if declared at the Annual General Meeting, will be paid within the statutory period of 30 days to those members whose name appear on the Register of Members of the Company as on 13th July 2012. In respect of shares held in electronic form, dividend will be paid to the beneficial holders as per the beneficiary list provided by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. Pursuant to Section 205-C of the Companies (Amendment) Act 1999, all unclaimed dividends shall be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of transfer to unclaimed dividend account of the Company. Shareholders who have not encashed the dividend warrants are requested to write to the Company for claiming the dividend.



KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

7. Members holding shares in physical form are requested to intimate the change of address if any and their bank account details such as Bank Name, Branch with Address, Account Number for incorporating the same in the dividend warrant and MICR No. details for Electronic Clearing Services (ECS) etc. to the new address of the Registrar and Share Transfer Agent M/s GNSA Infotech Limited, Nelson Chambers, F-Block, 4th Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600 029 quoting their respective Folio No. Members holding shares in Demat form shall intimate the above details to their Depository Participant with whom they have Demat Account. Dividend as declared, shall be remitted through Electronic Clearing Services (ECS) at approved locations, wherever ECS details are available with the Company and in all other cases through warrants payable at par.
8. The Ministry of Corporate Affairs (MCA), New Delhi 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.
9. 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.
10. Shareholders seeking any information with regard to accounts are requested to write to the Company 7 days prior to the meeting so as to enable the management to keep the information ready.

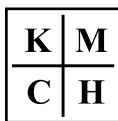
By order of the Board

Coimbatore
May 29, 2012

S.P.CHITTIBABU
COMPANY SECRETARY

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

S. No.	Name	Qualifications	Experience (in Yrs)	Directorship in other Public Limited Companies	Committee Membership in Other Public Limited Companies	No. of Shares
1.	Mr.A.K.Venkatasamy	LEE, DBA	37	Genau Extrusions Limited Biomed Hitech Industries Limited Idhayam Hospitals Erode Limited	—	2500
2.	Mr.A.M.Palanisamy	B.Com., FCA	26	K.P.R. Mill Limited	—	4000
3.	Dr.P.R.Perumalswami	BE, MS, Ph.D	39	—	—	27258



DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Twenty Sixth Annual Report of your company together with Audited Financial Statements for the year ended 31st March 2012.

FINANCIAL RESULTS

(₹ in lacs)

	<u>2011-12</u>	<u>2010-11</u>
Operating Income	22237.24	17472.01
Other Income	156.15	123.29
Total Income	22393.39	17595.30
Total Expenditure	17860.90	13868.42
Operating Profit	4532.49	3726.88
Less: Finance Charges & Depreciation	2908.40	1773.94
Profit Before Tax (PBT)	1624.09	1952.94
Less: Taxation	429.19	743.30
Profit After Tax	1194.90	1209.64

DIVIDEND

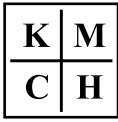
Your Directors are pleased to recommend the payment of dividend for the year ended 31st March 2012 at ₹ 1.25 per share. The proposed dividend absorbs ₹ 136.78 lacs for dividend and ₹ 22.19 lacs for Dividend Tax. As per Indian Income Tax Act, the dividend payable by the Company is Tax free in the hands of shareholders.

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 100 lacs to the general reserve out of the amount available for appropriation and an amount of ₹ 935.93 lacs is proposed to be retained in the surplus in statement of Profit and Loss.

OPERATING RESULTS AND PROFITS

During the year under review the total revenue of the company has increased to ₹ 22393.39 lacs from ₹ 17595.30 lacs in the previous year registering an impressive growth of 27%. The profit after tax stood at ₹ 1194.90 lacs against ₹ 1209.64 lacs in the previous year. The net profit of the company has not increased proportionate to the revenues due to higher finance cost, increased provision for deferred tax liability and depreciation consequent to the major expansion embarked by your Hospital.



CORPORATE SOCIAL RESPONSIBILITIES

In its role as socially responsible corporate citizen, your company reaches out to the needy sections of the society in many ways. We have been continuously organizing various Continuous Medical Education Programmes (CME), medical camps which provides free medical care besides health awareness and education. During the year free consultation camp on endoscopic spine surgery, fertility care, cancer awareness programmes, free camp for diabetes were conducted.

FACILITY UPGRADATION AND EXPANSION

In order to add comfort to patients, significant renovation and upgradation was undertaken during this year. This will not only enhance the patient care but also facilitate achieving more operational efficiencies. Among others we have added 7 new operation theaters, Neonatal ICU, separate Cardio Thoracic Unit, Nuclear Medicine Dept., Medical ICU, Modernisation of Surgical ICU, Day Care centers for cancer and cardiac patients. During the year we have added 210 patient beds, an Isolation Ward, two Pharmacy outlets etc.

The expansion envisaged during the year 2007-08 was entirely completed in this current year except for some minor work. The total project spending was ₹ 269 crores against which we have borrowed a sum of ₹ 214 crores and the balance being from internal accruals.

INFECTION CONTROL AND ENVIRONMENT

Infection control is the discipline concerned with preventing nosocomial or healthcare associated infection in Hospitals. Your Hospital is giving special thrust to infection control and have established an Infection Control Committee to monitor and regulate infection at the Hospital. The improvement exhibited in the infection control indices shows encouraging results. The infection rates are well within the accepted standard level and favourably compares with similar well established hospitals in India.

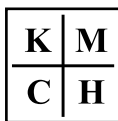
TECHNOLOGY ABSORPTION

Your Hospital continues to believe in investing in cutting edge technology by bringing world class medical equipments and the latest facilities in the medical care.

PET CT : The Siemens Biograph -6, state of the art, whole body PET Scanner with a diagnostic 6 slice CT Scanner enables whole body staging of cancer in a single step. This revolutionary modality images the metabolic status of the cancer cells through a PET and structural changes with a contrast enhanced CT Scan thus making it a one stop imaging platform. Thus the need for multiple regional scans are eliminated, saving patient time and decreasing the time gap from diagnosis to initiation of appropriate treatment. A whole body PET-CT is currently the gold standard for initial staging, post treatment assessment and evaluation of recurrence in cancer.

SPECT : The Symbia T from Siemens, a dual headed variable angle gamma camera with a diagnostic CT enabling the highest image quality and resolution currently available in the world, reducing radiation exposure to the patient and faster scanning time are some of the features of this Gamma camera equipped with cutting edge technology. SPECT-CT of the skeletal system, cardiac perfusion imaging, cancer thyroid evaluation, neuro psychiatric functional and molecular imaging, renal function & GFR assessment etc. are done with high end precision and negligible inter observer variation, thus redefining the standard in functional imaging.

Your hospital has also recently added 3T MRI, PACS, Mammography and other equipments. Your hospital has added new medical facilities amounting to ₹ 3754.84 lacs during the current year under review.



CONSERVATION OF ENERGY

Your company has undertaken various measures in conserving energy and has installed Building Management System (BMS) to continuously monitor and control all Air Humidifying Units (AHUs) and the resultant power consumption.

Your hospital continuously reviews the energy generation and its consumption and ensures periodical maintenance of the plant to conserve energy. We have installed solar power lights and water heaters wherever possible.

LED lights and fixtures are introduced in a phased manner to reduce power consumption. Push type water taps are installed in the hospital premises to reduce water wastage.

Waste water is being recycled by Effluent Treatment Plant (ETP) and is being used wherever possible.

CARE RATING

CARE Rating has confirmed the financial credit rating of 'CARE BBB' (Triple B) for the revised long term facilities and 'CARE A3' (A Three) for short term facilities.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The growth in high income countries is going to be weak. Developing countries will have to search increasingly for growth within the developing world. Under these conditions prospects and growth rates that seems relatively easy to achieve during the first decade of this millennium may become much more difficult to attain in the second.

HEALTH CARE SCENARIO

The health care economy is generally resilient and is not impacted by recessions. Even though the world economy is weak, the health care industry has remained largely insulated.

The Indian healthcare industry is estimated to be valued at ₹ 2.8 trillion in size in Financial Year 2011, growing at a 5 year CAGR of 13.1% p.a. CARE Research estimates healthcare industry has the potential to almost double to ₹ 5.0 trillion over the next five years, implying a growth rate of 12% p.a. This will be mainly driven by rise in per capita spending on health care, change in demographic profile, transition in disease profile, increase in health insurance penetration and fast growing medical tourism market.

OUTLOOK AND FUTURE PROSPECTS

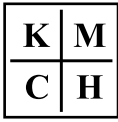
The health care sector in India is poised for rapid growth in the medium term. The Hospital has under gone NABH (National Accreditation Board for Hospitals and Healthcare Providers) accreditation process and is quite confident of getting it.

Our domain expertise coupled with the state of the art equipments and the quality of services have made the Hospital a leader. The demand for treatment from the domestic front is encouraging and continues to be robust. The Hospital is also planning to embark on attracting international patients in a big way.

A combination of demographic and economic factors is going to impact health care industry in India. Increase in population, shift in demographics, rise in disposable income, increase in incidence of lifestyle related diseases, rising literacy are the few drivers that propels the growth of health care industry.

COMPREHENSIVE CANCER CENTER

The Comprehensive Cancer Center was inaugurated by his Excellency Dr.K.Rosaiah, Governor of Tamil Nadu on 07.11.2011. The center is a world class facility with state of the art infrastructure providing the entire range of services including awareness, detection and treatment for different types of cancers. The center has a well knit team across radiation oncology, surgical oncology, medical oncology and nuclear medicine.



OPPORTUNITIES

Medical Tourism

Medical Tourism is a highly growing sector in India and is expected to experience an annual growth rate of 30%. Medical tourism is one of the foremost external drivers that fuel the growth of health care industry. The state of the art medical equipments, reputed health care professionals, quality nursing facilities, best in class treatment, low cost treatment etc. attracts foreign patients to look for treatment in India.

Rising Investments

Strong demand for hospital services in tier 2 and 3 cities is bound to fuel the growth of the health care sector in India. In recent years there have been considerable investments from domestic players, financial investors as well as private equity firms in the corporate health care sector.

Health Insurance

The nature of health problems are changing rapidly and the cost of the treatment is also increasing. The increase in organisation has led to higher incidence of life related diseases. Now more number of people in the urban and semi urban areas are opting for health insurance in view of the rising health care costs. The health insurance is one of the fastest growing segments in our country.

RISKS, CHALLENGES AND THREATS

Talent Pool

The Indian health care sector is one of the latest service providers and employs millions of work force. Shortage of doctors and skilled manpower like nurses, technicians is plaguing the health care industry.

The urban-rural divide, lack of adequate training to the health care workers, inadequate HR policies in the system are the areas which hampers the growth of the health care industry in our country

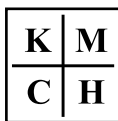
Investments

The health care sector is a capital intensive sector and need significant funding to grow.

Inflation and rising cost

The impact of inflation and the ever increasing operating cost of the health care industry like salaries, administrative cost, fuel cost, increase in interest cost are the various factors which affect the health care delivery in India.

Competition by private sectors and obsolescence of medical equipments due to rapid technological changes are the various challenges faced by the health care industry.



A. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

B. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established an appropriate system of internal control to ensure that there exists a proper control over all the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorized use or disposal.

The Company has put in place adequate internal controls to ensure that assets are safeguarded and protected against loss from unauthorized use of disposition and the transactions are authorized, recorded and reported correctly.

The internal audit department together with an independent firm of Chartered Accountants reviews the effectiveness of the systems and procedures. The internal auditors evaluate the adequacy of the internal control systems by analyzing and testing controls and make their recommendations to the management to improve controls wherever necessary.

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

Relations with the employees remained cordial throughout the year. In order to optimize the contribution of the employees to the Company's business and operations, in-house training is given to the employees to induce contribution for increased productivity. We have also devised development programmes for all levels of employees. As on 31st March 2012 the employee strength of the Company was 1647.

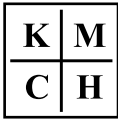
DIRECTORS RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT 1956

In the preparation of Profit and Loss Account for the year ended 31st March 2012 and the Balance Sheet as on that date, all the applicable accounting standards have been followed. Accounting policies, that are reasonable and prudent, have been selected and applied consistently so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the Profit and Loss Account of the Company for the year ended 31st March 2012. The said Profit and Loss Account and Balance Sheet have been prepared on a going concern basis. The Company maintains proper records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company as also for preventing and detecting fraud and other irregularities.

DIRECTORS

Mr. A.K.Venkatasamy, Mr. A.M.Palanisamy and Dr.P.R.Perumalswami retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board places on record the conferment of "**DOCTORATE**" awarded by the Bharathiar University and also another award viz. "**LIFE TIME ACHIEVEMENT AWARD**" conferred by Dr.M.G.R. University, Chennai to our Chairman and Managing Director Dr.Nalla G Palaniswami for his excellent and outstanding performance in the field of medicine.



SUBSIDIARY COMPANY

The entire Share Capital of Idhayam Hospitals Erode Limited was acquired on 23.04.2007 and in view of this Idhayam Hospitals Erode Limited has become wholly owned subsidiary of the Company effective from the above date.

The Ministry of Corporate Affairs, Govt. of India vide its circular 2/2011 dated 8th February 2011 has granted an exemption to the Companies under Section 212(8) of the Companies Act 1956 from attaching accounts along with the report of the Board of Directors as required by Section 212(1) of the Companies Act 1956 of the Subsidiary Companies to the Balance Sheet of the holding Company for the Financial Year ended 31.3.2012. However the Company will provide the annual accounts of its Subsidiary Company and the related detailed information 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, except Sundays and holidays between 2.00 p.m. to 4.00 p.m.

Particulars relating to the Subsidiary Company as per the conditions mentioned in the circular issued by the Ministry of Corporate Affairs are annexed to the accounts of the Company.

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 Company has prepared Consolidated Financial Statements of the Company and its Subsidiary are included in the Annual Report.

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 Report and Accounts are being sent to the members excluding this Statement. Copies of this statement may be obtained by the members 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 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.31 forming part of the accounts.

FIXED DEPOSITS

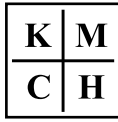
As per Section 58A of the Companies Act 1956, the Company has not accepted any deposits from the public during the year.

AUDITORS

M/s Haribhakti & Co., Chartered Accountants, Coimbatore are the auditors of the company and holds office upto the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

REPORT ON CORPORATE GOVERNANCE

The Company has already complied with the requirement of the corporate governance in terms of the listing agreement with the Stock Exchanges. The detailed report on corporate governance is annexed and forming part of this report. A certificate from the Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges is attached to this report.



HUMAN RESOURCES DEVELOPMENT

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

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

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the company'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.

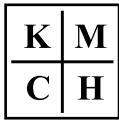
ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued co-operation extended by the Bankers of the company and look forward to their continued support in the future.

For and on behalf of the Board

Coimbatore
May 29, 2012

DR. NALLA G PALANISWAMI
CHAIRMAN AND MANAGING DIRECTOR



REPORT ON CORPORATE GOVERNANCE
(Annexure to the Twenty Sixth Directors' Report 2011-12)

INTRODUCTION

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

1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

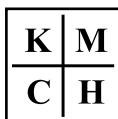
The fundamental objective of Kovai Medical Center and Hospital Limited is enhancement of the long-term shareholder value while at the same time protecting the interests of other stakeholders and adopting a methodology which enhance effectiveness, better utilization of resources, transparent and harmonious relations between various interest groups.

2. BOARD OF DIRECTORS

(a) Composition

The Board of Kovai Medical Center and Hospital Limited is comprised of 12 Directors and 1 Alternate Director of which 2 are Executive. In terms of Clause 49 of the listing agreement 6 Directors are Independent. None of the Directors of the Company is a member in more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement). The Board is primarily responsible for the over all management of Company's business. The composition of Board during the year is as under:

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	4	—
3.	Mr.Kasi K Goundan	Independent & Non-Executive	—	—
4.	Mr.M.Manickam	Independent & Non-Executive	10	—
5.	Dr.K.S.K.Murugaiyan	Non-independent & Non-Executive	—	—
6.	Mr.A.M.Palanisamy	Independent & Non-Executive	1	—
7.	Dr.M.C.Thirumoorthi	Promoter, Non-Executive & Non-independent	2	—
8.	Mr.A.K.Venkatasamy	Independent & Non-Executive	3	—
9.	Dr.Mohan S Gounder	Non-independent & Non-Executive	2	—
10.	Mr.K.Saminathan	Independent & Non-Executive	—	—
11.	Dr.M.A.Muthusethupathi	Independent & Non-Executive	—	—
12.	Mr.K.M.Subramaniam (Alternate Director)	Non-independent & Non-Executive	1	—

**(b) Meetings**

The Board met four times during the year i.e. on May 18, 2011, August 6, 2011, November 11, 2011 and February 10, 2012.

No.	Name of the Directors	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	1	Yes
5.	Dr.K.S.K.Murugaiyan	4	4	Yes
6.	Mr.A.M.Palanisamy	4	4	Yes
7.	Dr.M.C.Thirumoorthi	4	-	No
8.	Mr.A.K.Venkatasamy	4	4	Yes
9.	Dr.Mohan S Gounder	4	1	Yes
10.	Mr.K.Saminathan	4	4	Yes
11.	Dr.M.A.Muthusetupathi	4	2	Yes
12.	Mr.K.M.Subramaniam (Alternate Director)	4	4	No

(c) General Meetings

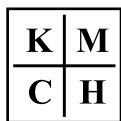
During the period one General Meeting was held as per the details hereunder:

Particulars	25 th AGM 2011
Date of Meeting	23 rd August 2011
No. of Members Attended	347
No. of Proxy Attended	5
Chairman of the Meeting	Dr.Nalla G Palaniswami
Chief Financial Officer	Mr.P.K.Gopikrishnan
Company Secretary	Mr.S.P.Chittibabu

3. BOARD COMMITTEES

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

- Audit Committee
- Remuneration Committee / Compensation Committee
- Shareholders' / Investors' Grievance Cum Share Transfer Committee



(a) AUDIT COMMITTEE

The Board of Directors of the Company have formed a sub-committee of the Board as Audit Committee consisting of four Non-Executive Directors viz. Mr.A.M.Palanisamy, Dr.K.S.K.Murugaiyan, Mr.A.K.Venkatasamy and Mr.K.Saminathan. The constitution of 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.

Name of the Director/Member	Status	No. of Meetings Attended
1. Mr.A.M.Palanisamy (Chartered Accountant)	Chairman	4
2. Dr.K.S.K.Murugaiyan	Member	4
3. Mr.A.K.Venkatasamy	Member	4
4. Mr.K.Saminathan (w.e.f. 10.2.2012)	Member	-

Name of the Invitees

1. Mr.C.S.Sathyannarayanan	Statutory Auditor	4
2. Mr.P.K.Gopikrishnan	Chief Financial Officer	4
3. Mr.S.P.Chittibabu	Company Secretary	4

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

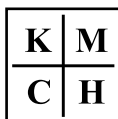
(b) REMUNERATION COMMITTEE / COMPENSATION COMMITTEE

The Board of Directors of the Company have formed a Sub-Committee of the Board known as Remuneration Committee consisting of three Non-Executive Directors viz. Mr.A.M.Palanisamy, Dr.K.S.K.Murugaiyan and Mr.A.K.Venkatasamy. Mr.A.M.Palanisamy, an Independent Director is the Chairman of the Committee. The remuneration for Chairman and Managing Director for the Financial Year ended 31.3.2012 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 31.3.2012 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.

Non-executive Directors were paid Sitting Fees for attending Board Meetings / Committee Meetings. Details of remuneration paid / payable to Chairman and Managing Director and Joint Managing Director for the year ended 31st March 2012 are as follows:



(₹ in lacs)

Name of the Directors	Total Remuneration ₹	Fixed Component ₹	Variable Component ₹
Dr.Nalla G Palaniswami Chairman and Managing Director	55.53	15.90	39.63
Dr.Thavamani Devi Palaniswami Joint Managing Director	53.14	14.56	38.58

(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 effective redressal of shareholders complaints and the reporting of the same to the board periodically.

*** Composition of Attendance**

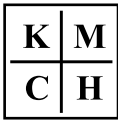
The Committee meets approximately every fortnight to consider the request for Transfer of shares and investors grievance received on regular basis.

Name of the Director/Member	Status
1. Dr.Nalla G Palaniswami	Member
2. Mr.A.M.Palanisamy	Chairman
3. Dr.K.S.K.Murugaiyan	Member
Name of the Invitee	
1. Mr.S.P.Chittibabu	Company Secretary

During the year ended 31.03.2012 twelve Meeting of Shareholders' / Investors' Grievance Cum Share Transfer Committee were held. All the Committee Members attended the Meetings.

To monitor investor servicing on a continuous basis the Committee has directed the Company Secretary to forward to the Committee Members a Report on investor servicing on a periodical basis. During the year 11 complaints were received from shareholders which have been redressed within the stipulated time limit.

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



4. DISCLOSURES

(a) Related Party Transactions

Related party transactions during the year have been disclosed in Note No.34 forming part of the Accounts as required under Accounting Standard 18 issued by the Chartered Accountants of India and as specified under Clause 49 of the Listing Agreement with the Stock Exchanges. 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.

(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.

(c) 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.

(d) 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 2012.

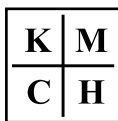
(e) Code of Conduct

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.

(f) 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, the dividend remaining unpaid or unclaimed for a period of seven years and 30 days from the date of declaration of dividend will be transferred to Investor Education and Protection Fund set up by the Govt. of India and no payments shall be made in respect of any such claims.



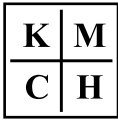
S.No.	Financial year	Date of Declaration of Dividend	Due date for transfer to Investor Education and Protection Fund of Govt. of India
1.	2004-05	November 11, 2005	December 9, 2012
2.	2005-06	September 29, 2006	October 27, 2013
3.	2006-07	September 28, 2007	October 26, 2014
4.	2007-08	August 29, 2008	September 27, 2015
5.	2008-09	July 31, 2009	August 29, 2016
6.	2009-10	August 12, 2010	September 10, 2017
7.	2010-11	August 23, 2011	September 21, 2018

(g) EQUITY SHARES IN SUSPENSE ACCOUNT

As per Clause 5A(1) of the listing agreement with the Stock Exchanges, the Company reports the following details in respect of Equity Shares lying in Suspense Account.

	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the Suspense Account lying as on March 31, 2012	46	6400

The voting rights on the shares outstanding in the Suspense Account as on March 31, 2012 shall remain frozen till the rightful owner of such shares claims the shares. These shares will be transferred into one folio in the name of "Unclaimed Suspense Account" in due course.



5. MEANS OF COMMUNICATION

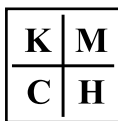
- * Full Annual Report is sent to each shareholder every year at their registered address regularly.
- * Kovai Medical Center and Hospital Limited has been regularly sending quarterly/half yearly/annual financial results to stock exchanges. These results are also sent to those shareholders who request for the same.
- * The quarterly results are published regularly in one Tamil and one English Newspaper having circulation in the region where the Registered Office of the Company is situated.
- * The quarterly financial results and Annual Report are also sent to Financial Institutions / Banks / analysts/institutional investors on demand. The Management Discussion & Analysis Report forms part of the Directors' Report.

6. SHAREHOLDERS MEETING

Details of last three AGMs held:

Year	Date	Venue	Time
2010-2011	23.08.2011	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 A.M.
2009-2010	12.08.2010	A.P.Kalyana Mandapam, Goldwins, Coimbatore	11.00 A.M.
2008-2009	31.07.2009	A.P.Kalyana Mandapam, Goldwins, Coimbatore	3.30 P.M.

- Whether any special resolution were put through postal ballot last year - No.
- Any voting proposal to be considered through postal ballot this year - No.



7. GENERAL SHAREHOLDERS INFORMATION

- a. Annual General Meeting for the year 2012

Date and time : July 13, 2012 at 11.00 a.m.

Place : "KMCHAuditorium", KMCH Campus,
Avanashi Road, Coimbatore - 641 014

- b. Financial Calender

Financial reporting for	Date of Reporting
Quarter ended June 30, 2012 (Unaudited)	On or before August 14, 2012
Quarter ended September 2012 (Unaudited)	On or before November 14, 2012
Quarter ended December 2012 (Unaudited)	On or before February 14, 2013
Quarter ended March 2013 (Audited)	On or before May 30, 2013

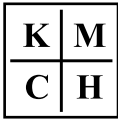
- c. Date of Book closure : July 2, 2012 to July 13, 2012 (Both days inclusive)

- d. Dividend Payment date : Credit/Despatch between July 14, 2012 to August 12, 2012

- e. 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
---------------------------------------------------------------------------------	---------------------------------------------------------------	------------------------------------------------------------------------

Hospital Address : Post Box No.3209
Avanashi Road
Coimbatore - 641 014



- f. The shares of the Company are listed and traded on the Stock Exchange at Bombay and Madras.

Bombay Stock Exchange Limited
(Scrip Code: 523323 Scrip Name: KOVAIMD)

Madras Stock Exchange Limited
(MSE - KOVAI)

Demat ISIN Number : NSDL INE 177F01017

: CDSL INE 177F01017

- g. Listing Fee to the Stock Exchanges

The Annual Listing Fee for the year 2012-13 has been paid to Bombay and Madras Stock Exchanges respectively.

- h. Custodial Fees to Depositories

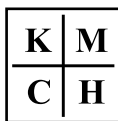
Pursuant to Securities and Exchange Board of India, Circular No.MRD/POP/SE/DEP/CIR-2005 the Issuer companies are required to pay custodial fees to the depositories with effect from April 1, 2005. Accordingly the company has paid custodial fees for the year 2012-13 to NSDL and CDSL on the basis of number of beneficial accounts maintained by them as on March 31, 2012.

8. COMPULSORY DEMATERIALIZED TRADING

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 the dealing of Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 177F01017. As on 31.3.2012, 33.50% 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.

9. SECRETARIAL AUDIT

For each of the quarter in the Financial Year 2011-2012, a qualified practicing company secretary carried out Secretarial Audits 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 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.

**10. STOCK MARKET DATA**

Monthly high and low quotations of shares traded on Bombay and Madras Stock Exchanges for the period April 2011 to March 2012 are 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 2011	127.15	118.60	129.85	115.55
May 2011	137.65	119.00	136.45	122.05
June 2011	133.80	123.50	132.80	124.00
July 2011	140.00	125.00	141.00	124.25
August 2011	129.15	112.00	135.85	115.00
September 2011	132.35	113.00	126.00	111.00
October 2011	123.90	110.05	120.75	110.05
November 2011	122.75	111.05	124.90	108.00
December 2011	122.75	105.50	120.00	102.30
January 2012	120.25	101.70	117.50	101.25
February 2012	116.00	99.00	115.00	97.00
March 2012	108.70	98.00	111.00	98.80

11. REGISTRAR & TRANSFER AGENT AND DEPOSITORY REGISTRAR

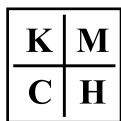
For shares held in physical mode as well as demat segments were handled by M/s GNSA Infotech Limited, Nelson Chambers, F - Block, 4th Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600 029, Phone: (044) 42962025, Fax: (044) 42962025, E-mail: sta@gnsaindia.com

12. SHARE TRANSFER SYSTEM

- * A shareholder's request is normally attended and reply is sent within 15 days time and the certificates after transfer of shares are returned within one month period except in the cases that are constrained for technical reasons.
- * Shares are being transferred and demat option letter in their respect are despatched within 15 days from the date of receipt, so long as the documents have been clear in all respects.

13. INVESTOR RELATIONS

All complaints received from the shareholders have been cleared within the financial year. The complaints are generally replied to within 10 days from their lodgements with the company. The investors/members may write for their queries to the secretarial department of the company.



14. DISTRIBUTION OF SHAREHOLDERS

(a) Distribution of shareholding as at 31st March 2012

Slab of Shareholdings (No. of shares)	No. of Shareholders	% of Shareholders	No. of Equity Shares	% of Shareholding
1 - 500	5751	85.71	813147	7.43
501 - 1000	503	7.50	468342	4.28
1001 - 2000	146	2.17	243798	2.23
2001 - 3000	73	1.09	187110	1.71
3001 - 4000	30	0.45	110788	1.01
4001 - 5000	17	0.25	82896	0.76
5001 - 10000	63	0.94	554796	5.07
Above - 10000	127	1.89	8481385	77.51
Total	6710	100.00	10942262	100.00

(b) According to categories of shareholders as on 31st March 2012

S.No	Categories	No. of shares	%
1.	Promoters	5332146	48.73
2.	Bodies Corporate	1018293	9.31
3.	General Public	2926061	26.74
4.	Non-Resident Indians	1665762	15.22
	Total	10942262	100.00

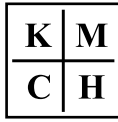
15. DECLARATION BY THE CHAIRMAN AND MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

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 2012.

For Kovai Medical Center and Hospital Limited

Coimbatore
May 29, 2012

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 31.3.2012, 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.

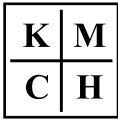
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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:103523W

Coimbatore
May 29, 2012

C.S.SATHYANARAYANAN
Partner
Membership No:028328



Haribhakti & Co.,
Chartered Accountants

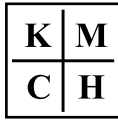
Shree Shanmugapriya,
IInd Floor, 454 Ponnaiyan Street,
Crosscut Road, Coimbatore - 641012.

Auditors' Report

To

The Members of KOVAI MEDICAL CENTER AND HOSPITAL LIMITED, Coimbatore

1. We have audited the attached Balance Sheet of **KOVAI MEDICAL CENTER AND HOSPITAL LIMITED, Coimbatore** as at 31st March 2012, the Statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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);
 - iii. 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;
 - iv. In our opinion, the balance sheet, Statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

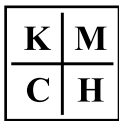


- v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2012;
- (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 cash flow statement, of the cash flows for the year ended on that date.

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

C.S.SATHYANARAYANAN
Partner
Membership No.028328

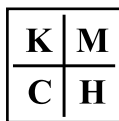
Coimbatore
May 29, 2012



ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kovai Medical Center and Hospital Limited, Coimbatore on the financial statements for the year ended 31st March 2012]

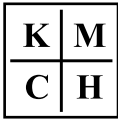
- (i) (a) The Company is in the process of updating its records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such 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 dues 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 4 (xiii) 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 4 (xiv) 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.



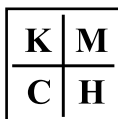
KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

- (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
May 29, 2012

C.S.SATHYANARAYANAN
Partner
Membership No.028328



BALANCE SHEET AS AT 31ST MARCH 2012

	Note	31 st March 2012 (₹ in lacs)	31 st March 2011 (₹ in lacs)
EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a). Share Capital	2	1094.23	1094.23
(b). Reserves & Surplus	3	<u>5017.27</u>	<u>3981.34</u>
		6111.50	5075.57
2. Non-Current Liabilities			
(a) Long - Term Borrowings	4	20345.37	17488.38
(b) Deferred Tax Liabilities (Net)	5	1619.90	1193.83
(c) Other Long Term Liabilities	6	247.11	173.20
(d) Long - Term Provisions	7	<u>248.62</u>	<u>201.25</u>
		22461.00	19056.66
3. Current Liabilities			
(a) Short - Term Borrowings	8	497.36	505.79
(b) Trade Payables	9	644.77	390.10
(c) Other Current Liabilities	10	4206.79	3049.69
(d) Short - Term Provisions	11	<u>274.61</u>	<u>287.51</u>
		<u>5623.53</u>	<u>4233.09</u>
TOTAL		<u>34196.03</u>	<u>28365.32</u>
ASSETS			
1. Non- Current Assets			
(a). Fixed Assets	12		
(i) Tangible Assets		28785.34	18526.04
(ii) Intangible Assets		54.34	-
(iii) Capital work in progress		15.22	3810.12
(b) Non-Current Investment	13	360.27	360.27
(c) Long-Term Loans and Advances	14	<u>1043.67</u>	<u>1556.51</u>
		30258.84	24252.94
2. Current Assets			
(a) Inventories	15	725.88	575.51
(b) Trade Receivables	16	651.40	662.52
(c) Cash and Cash Equivalents	17	2476.36	2832.09
(d) Short -Term Loans and Advances	18	77.12	39.98
(e) Other Current Assets	19	<u>6.43</u>	<u>2.28</u>
		<u>3937.19</u>	<u>4112.38</u>
TOTAL		<u>34196.03</u>	<u>28365.32</u>

Significant Accounting Policies & Notes on Financial Statements

1 to 38

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

C.S.SATHYANARAYANAN
Partner
Membership No.028328

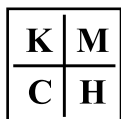
Dr. NALLA G PALANISWAMI
Chairman and Managing Director

P.K.GOPIKRISHNAN
Chief Financial Officer

Coimbatore
May 29, 2012

A.M.PALANISAMY
Director

S.P.CHITTIBABU
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

	Note	31 st March 2012 (₹ in lacs)	31 st March 2011 (₹ in lacs)
INCOME			
Revenue from Operations	20	22237.24	17472.01
Other Income	21	156.15	123.29
Total Income		22393.39	17595.30
EXPENSES			
Hospital Consumables	22	3829.96	3107.70
Purchase of Medicines (Pharmacy)	23	3603.89	2747.05
Changes in Inventories (Pharmacy)	24	(74.77)	(96.43)
Employee Benefits Expense	25	3249.98	2271.83
Finance Costs	26	1695.88	1111.24
Depreciation and amortization expenses	12	1212.52	662.70
Other Expenses	27	7251.84	5838.27
Total Expenses		20769.30	15642.36
Profit Before Tax		1624.09	1952.94
Tax Expenses			
Current Tax (Net)	28	3.12	335.34
Deferred Tax		426.07	407.96
Profit for the year		1194.90	1209.64
Earnings per Equity Share			
Basic	29	10.92	11.05
Diluted		10.92	11.05
Significant Accounting Policies & Notes on Financial Statements	1 to 38		

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

C.S.SATHYANARAYANAN
Partner
Membership No.028328

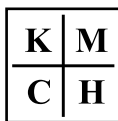
Dr. NALLA G PALANISWAMI
Chairman and Managing Director

P.K.GOPIKRISHNAN
Chief Financial Officer

Coimbatore
May 29, 2012

A.M.PALANISAMY
Director

S.P.CHITTIBABU
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

(₹ in lacs)

	31 st March 2012	31 st March 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	1624.09	1952.94
Adjustment for :		
Depreciation	1212.52	662.70
Interest Expenses	1695.88	1111.24
Interest Income	(75.26)	(37.96)
Profit on Sale of Assets	-	(5.05)
Excess Provisions Written Off	-	(6.71)
Dividend Income	(0.79)	(0.69)
	<u>2832.35</u>	<u>1723.53</u>
Operating profit before working capital changes	4456.44	3676.47
Inventories	(150.37)	(75.14)
Trade & Other Payables	841.19	685.77
Trade & Other Receivables	819.04	179.36
	<u>1509.86</u>	<u>789.99</u>
Cash generated from operations	5966.30	4466.46
Income Tax/Wealth Tax Paid	<u>(371.34)</u>	<u>(342.57)</u>
Net cash from operating activities: - A	<u>5594.96</u>	<u>4123.89</u>
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(7731.24)	(9760.32)
Profit on Sale of Assets	-	5.05
Interest received	75.26	37.96
Dividend received	0.79	0.69
	<u>(7655.19)</u>	<u>(9716.62)</u>
Net cash from investing activities - B	<u>(7655.19)</u>	<u>(9716.62)</u>
C CASH FLOW FROM FINANCING ACTIVITIES:		
Long term Borrowings (Net of repayment)	3564.44	8065.95
Working Capital borrowings	(8.43)	341.15
Dividend & Tax on Dividend Paid	(155.63)	(154.13)
Interest Paid	(1695.88)	(1111.24)
	<u>1704.50</u>	<u>7141.73</u>
Net cash used in financing activities - C	<u>1704.50</u>	<u>7141.73</u>
Net increase in cash and cash equivalents (A+B+C)	<u>(355.73)</u>	<u>1549.00</u>
Cash and Cash equivalent at beginning of Period	<u>2832.09</u>	<u>1283.09</u>
Cash and Cash equivalent at end of Period	<u>2476.36</u>	<u>2832.09</u>

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

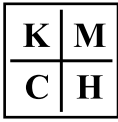
C.S.SATHYANARAYANAN
Partner
Membership No. 028328
Coimbatore
May 29,2012

Dr. NALLA G PALANISWAMI
Chairman & Managing Director

A.M.PALANISAMY
Director

P.K. GOPIKRISHNAN
Chief Financial Officer

S.P.CHITTIBABU
Company Secretary



NOTE NO: 1

1. SIGNIFICANT ACCOUNTING POLICIES :

(i) ACCOUNTING CONVENTION

The Financial statements have been prepared under the Historical Cost Convention on the basis of a going concern and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, wherever applicable

(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 of loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

(v) INVESTMENTS

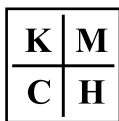
Current Investments are carried at lower of cost and market value. Long Term Investments are stated at cost. Provisions for diminution in value of long-term investments are made, if the diminution is other than temporary.

(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 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 crystallised.
- (c) The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.

(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.

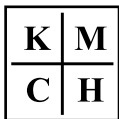
Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(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 15 on Employee Benefits

(xii) ACCOUNTING STANDARDS

Accounting Standards prescribed by the Department of Corporate Affairs (Formerly Known as Department of Company Affairs) and referred to in Companies Act, 1956 have been followed wherever applicable



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

EQUITY AND LIABILITIES

SHAREHOLDERS FUNDS

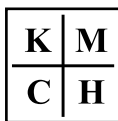
NOTE NO.2 SHARE CAPITAL

Share Capital	As at 31 st March 2012		As at 31 st March 2011	
	in Numbers	(₹ in lacs)	in Numbers	(₹ in lacs)
Authorised				
15000000 Equity Shares of ₹ 10/- each	15,000,000	1500.00	15,000,000	1500.00
Issued, Subscribed & Paid-up				
10942262 Equity Shares of ₹ 10/- each	10,942,262	1094.23	10,942,262	1094.23

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

Name of the Shareholder	Equity Shares			
	As at 31 st March 2012		As at 31 st March 2011	
	No. of Shares held	% of holding	No. of Shares held	% of holding
1. Dr.Thavamani Devi Palaniswami	1,947,523	17.80	1,727,923	15.79
2. Dr.Mohan S Palaniswami	849,769	7.76	849,769	7.76
3. Dr.Arun N Palaniswami	779,948	7.12	779,948	7.12
4. Kovai Purani Finance Limited	723,999	6.62	709,923	6.49
5. Dr.Purani P Palaniswami	667,491	6.10	667,491	6.10

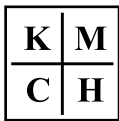
The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.


NOTE NO.3 RESERVES & SURPLUS

Reserves & Surplus	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)
a .General Reserve		
Opening Balance	3344.95	2344.95
Add:- Profit transferred from Statement of Profit and Loss	100.00	1000.00
A	3444.95	3344.95
b. Surplus in Statement of Profit and Loss		
-Opening Balance	636.39	585.72
Add:- Profit transferred from Statement of Profit and Loss	1194.90	1209.64
Less:-		
- Proposed Dividend	136.78	136.78
- Tax on Dividend	22.19	22.19
- Transfer to General Reserve	100.00	1000.00
- Surplus in statement of Profit & Loss	1572.32	636.39
B		
Total Reserves and Surplus	(A+B)	
	5017.27	3981.34

NON-CURRENT LIABILITIES
NOTE NO.4 LONG TERM BORROWINGS

Long Term Borrowings	Non-Current Portion		Current Maturities	
	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)
<u>Secured</u>				
(a) Term Loans from Banks	20105.74	17189.83	1884.14	1221.93
(b) From Others	239.63	298.55	54.10	8.86
	20345.37	17488.38	1938.24	1230.79
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long term liabilities" (Note no 10)	-	-	(1938.24)	(1230.79)
Net Amount	20345.37	17488.38	-	-



1. Security Particulars of Secured Loans

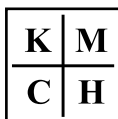
- i. The term loans availed from Indian Bank and Indian Overseas Bank are primarily secured by:
- (a) Paripasu Charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
 - (b) Paripasu Charge on the entire fixed assets (Present & Future) of the 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 stock and book debts 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.
- iv. Secured loans from others represents Hire Purchase loans from BMW India Financial Services Private Ltd & SREI Equipments Finance Pvt Ltd secured by hypothecation of assets purchased.

NOTE NO.5 DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities (Net)	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)
Deferred Tax Liability on account of Accumulated Depreciation	1769.14	1241.46
Deferred Tax Asset on account of Provision for Bonus, Gratuity and Long Term Compensated Absence	149.24	47.63
Total	1619.90	1193.83

NOTE NO.6 OTHER - LONG TERM LIABILITIES

Other Long Term Liabilities	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)
(i) Rental Deposits	2.54	2.54
(ii) Others	244.57	170.66
Total	247.11	173.20


NOTE NO.7 LONG-TERM PROVISIONS

Long - Term Provisions	31st March 2012 (₹ in lacs)	31st March 2011 (₹ in lacs)
Provision for Gratuity	202.74	177.60
Provision for Long Term Compensated Absence	45.88	23.65
Total	248.62	201.25

CURRENT LIABILITIES
NOTE NO.8 SHORT TERM BORROWINGS

Short Term Borrowings	31st March 2012 (₹ in lacs)	31st March 2011 (₹ in lacs)
Secured		
(a) Cash Credit Loan from banks -		
Indian Bank	497.36	505.79
Total	497.36	505.79

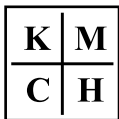
The Company has availed working capital facility from Indian Bank which is primarily secured by:

- a. Paripasu second 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

NOTE NO.9 TRADE PAYABLES

Trade Payables	As at 31st March 2012		As at 31st March 2011	
	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)
Creditors				
i. Small and Medium Enterprises	87.10		168.34	
ii. Others	557.67		221.76	
		644.77		390.10
Total		644.77		390.10

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".

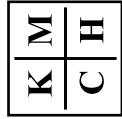


NOTE NO.10 OTHER CURRENT LIABILITIES

Other Current Liabilities	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
(a) Current Maturities of Long-Term Debt (Refer note no.4 "Long Term Borrowings")	1938.24	1230.79
(b) Accrued Salaries and Benefits	178.44	109.27
(c) Amount Payable to Related Parties (Companies)	146.90	82.35
(d) Advance Received from Customers	375.34	429.58
(e) Statutory Dues	117.38	108.08
(f) Unpaid Dividend Account	34.68	31.34
(g) Creditors for Capital Goods	877.78	758.84
(h) Other Liabilities	538.03	299.44
Total	4206.79	3049.69

NOTE NO.11 SHORT TERM PROVISIONS

Short Term Provisions	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
(a) Provision for Gratuity	88.27	81.78
(b) Provision for Long Term Compensated Absence	27.37	14.93
(c) Provision for Dividend	136.78	136.78
(d) Provision for Dividend Tax	22.19	22.19
(e) Provision for Tax (Net of Advance Tax)	-	31.83
Total	274.61	287.51



KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

ASSETS

NOTE NO: 12 FIXED ASSETS

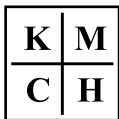
(₹ in lacs)

Description of Assets	GROSS BLOCK		DEPRECIATION BLOCK		NET BLOCK			
	Cost as at 01.04.11	Additions During the year	Up to 31.03.11	For the Period	With drawn	Up to 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Asset :								
Land	628.87	-	-	-	-	-	628.87	628.87
Buildings	7595.14	6288.40	443.89	139.69	-	583.58	13299.96	7151.25
Furniture & Fixtures	761.23	319.73	369.87	55.08	-	424.95	656.01	391.35
Office Equipments	71.61	46.16	34.58	4.49	-	39.07	78.70	37.04
Plant & Machinery	13413.88	4700.77	3460.22	931.36	-	4391.58	13723.09	9953.66
Computer Installations	526.75	115.19	325.57	64.43	-	390.00	251.94	201.18
Vehicle	254.05	-	91.36	15.92	-	107.28	146.77	162.69
Total (A)	23251.53	11470.25	4725.49	1210.97	-	5936.46	28785.34	18526.04
Intangible Asset :								
Microsoft Licences	-	55.89	-	1.55	-	1.55	54.34	-
Total (B)	-	55.89	-	1.55	-	1.55	54.34	-
Capital Work-in-Progress (C)	3810.12	5651.32	9446.22	15.22	-	-	15.22	3810.12
Total for the Year (A+B+C)	27061.65	17177.46	4725.49	1212.52	-	5938.01	28854.90	22336.16
Previous year	17263.43	18459.48	4100.69	662.70	37.90	4725.49	22336.16	14067.44

* Includes Asset costing less than ₹ 5000/- each aggregating to ₹ 26.84 lacs

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

* Borrowing cost capitalized during the year - ₹876.90 lacs



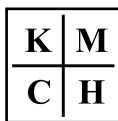
NON CURRENT ASSETS

NOTE NO.13 NON -CURRENT INVESTMENT

Non -Current Investment	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
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

NOTE NO.14 LONG TERM LOANS AND ADVANCES

Long Term Loans and Advances	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
Unsecured, Considered Good		
(a) Capital Advance	43.75	904.70
(b) Security Deposits Electricity & Other Deposits	67.27	50.28
(c) Other loans & advances		
(i) Rent & Lease Deposits	525.74	529.99
(ii) Loans and Advances to Employees	2.75	3.18
(iii) Advance Income Taxes (Net of Provisions)	14.55	-
(iv) MAT Credit Entitlement	386.48	64.66
(v) Other Advances	3.13	3.70
	932.65	601.53
Total	1043.67	1556.51



CURRENT ASSETS

NOTE NO.15 INVENTORIES (Valued at Lower of Cost and Net Realisable Value)

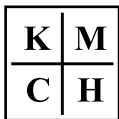
Inventories	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
(a) Pharmacy	369.48	294.71
(b) Hospital Consumables	265.08	240.41
(c) Stores & Spares	56.15	18.62
(d) Others - (Power & Fuel, Canteen and Stationery)	35.17	21.77
Total	725.88	575.51

NOTE NO.16 TRADE RECEIVABLES

Trade Receivables	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
(a) Debts outstanding for a period exceeding six months Unsecured, considered good	31.66	12.11
(b) Other Debts Unsecured, considered good	619.74	650.41
Total	651.40	662.52

NOTE NO.17 CASH AND CASH EQUIVALENTS

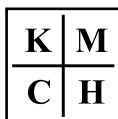
Cash and Cash Equivalents	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
(a) Cash and Cheques on hand	110.34	69.26
(b) Balance with banks In current and Deposit accounts	2366.02	2762.83
Total	2476.36	2832.09
Current and Deposit Accounts includes		
(i) LC Margin Deposits	2.21	2.21
(ii) Bank Guarantee Margin Deposits	3.33	-
(iii) Unpaid Dividend	34.68	31.34

**NOTE NO.18 SHORT-TERM LOANS AND ADVANCES**

Short-Term Loans and Advances	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
Unsecured, considered good		
(a) Advance for Purchase	2.21	3.91
(b) Advance for Expenses	6.82	7.91
(c) Prepaid Expenses	68.09	28.16
Total	77.12	39.98

NOTE NO.19 OTHER CURRENT ASSETS

Other Current Assets	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
Rent Receivable	3.36	1.26
Other Charges Recoverable	3.07	1.02
Total	6.43	2.28


NOTE NO.20 REVENUE FROM OPERATIONS

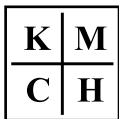
Revenue from Operations	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
I.Revenue from Operations.		
(a) Inpatients Revenue	12646.91	10234.84
(b) Outpatients Revenue	4369.12	3301.02
(c) Pharmacy Sales	4537.91	3405.13
(d) Dietary Sales	664.67	522.77
II.Other Operating Income		
Scrap Sales	18.63	8.25
Revenue from operations (Net)	22237.24	17472.01

NOTE NO.21 OTHER INCOME

Other Income	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Interest Income	75.26	37.96
(b) Dividend Income	0.79	0.69
(c) Profit on Sale of Assets	-	5.05
(d) Rent Received	33.90	32.42
(e) Parking Charges	17.12	12.61
(f) Provision for Bad & Doubtful debts no longer required	-	6.71
(g) Miscellaneous Income	29.08	27.85
Total	156.15	123.29

NOTE NO. 22 HOSPITAL CONSUMABLES

Hospital Consumables	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
Inventory at the beginning of the year	240.41	269.56
Add : Purchases of Hospital Consumables	3732.41	2979.45
	3972.82	3249.01
Less: Inventory at the end of the year	265.08	240.41
	3707.74	3008.60
Add : Lab Test Charges	122.22	99.10
Cost of Material Consumed	3829.96	3107.70



NOTE NO.23 PURCHASE OF MEDICINES (Pharmacy)

Purchase of Medicines (Pharmacy)	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
Purchases of Medicines	3603.89	2747.05
Total	3603.89	2747.05

NOTE NO.24 CHANGES IN INVENTORIES (Pharmacy)

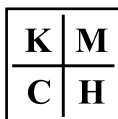
Changes in Inventories	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
Opening Stock of Medicines	294.71	198.28
Less: Closing Stock of Medicines	369.48	294.71
(Increase)/decrease in Inventories	(74.77)	(96.43)

NOTE NO.25 EMPLOYEE BENEFITS EXPENSE

Employee Benefits Expense	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Salaries, Allowances & Bonus	2900.91	2002.88
(b) Contribution to Provident and Other Funds	118.54	72.98
(c) Staff Welfare Expenses	115.29	107.29
(d) Long Term Compensated Absence	53.87	19.37
(e) Gratuity	61.37	69.31
Total	3249.98	2271.83

NOTE NO.26 FINANCE COSTS

Finance Costs	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Interest Expenses	1692.43	1105.24
(b) Other Borrowing Cost: Loan Processing Charges	3.45	6.00
Total	1695.88	1111.24


NOTE NO.27 OTHER EXPENSES

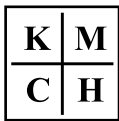
Other Expenses	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Power & Fuel Consumed	721.77	537.27
(b) Dietary Consumptions	614.07	477.36
(c) Consultant Charges	3604.00	2960.09
(d) Hospital Upkeep Expenses	632.38	451.12
(e) Stores & Spares Consumed	39.78	52.99
(f) Water Charges	114.51	138.39
(g) Travelling & Conveyance	56.57	46.82
(h) Rent	103.53	89.69
(i) Advertisement	201.13	102.45
(j) Auditor Remuneration	12.75	8.38
(k) Professional Charges	46.17	24.60
(l) Directors Sitting Fee	0.63	0.58
(m) Repairs & Maintenance - Building	149.60	162.53
(n) Repairs & Maintenance - Machinery	294.81	268.91
(o) Repairs & Maintenance - Others	195.88	144.01
(p) Administration & Other Expenses	464.26	373.08
Total	7251.84	5838.27

Auditor Remuneration

Payments to the Auditor as	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) For Statutory Audit	8.99	7.17
(b) For Taxation Matters	1.65	-
(c) For Other Services	2.11	1.21
Total	12.75	8.38

NOTE NO.28 TAX EXPENSES

Tax Expenses	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Provision for Income Tax	324.94	400.00
Less: MAT Credit	321.82	64.66
Total	3.12	335.34



GENERAL NOTES:

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

	31.03.2012	31.03.2011
Profit after tax (₹ in lacs)	1194.90	1209.64
Number of Shares issued (in lacs)	109.42	109.42
The nominal Value per equity Share (₹)	10.00	10.00
Basic/Diluted EPS (₹)	10.92	11.05

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

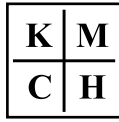
(a) Description of the company's defined benefit plan:

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		
	2012	2011	2010	2012	2011	2010
Present Value of the obligation as on 01.04.11	259.38	195.82	149.52	38.58	26.64	17.43
Current service cost	29.66	32.92	20.53	10.56	3.44	2.69
Interest Cost	18.09	13.12	9.93	2.14	1.56	1.17
Benefits paid	(29.74)	(5.75)	(2.56)	(19.19)	(7.43)	-
Actuarial gains and losses	13.62	23.27	18.40	41.17	14.37	5.35
Present value of the Obligation as on 31.03.12	291.00	259.38	195.82	73.25	38.58	26.64


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

(₹ in lacs)

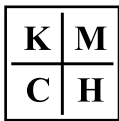
Particulars	Gratuity			Long Term Compensated Absence		
	2012	2011	2010	2012	2011	2010
Present Value of the Plan asset as on 01.04.11	-	-	-	-	-	-
Add:						
Expected rate of return	-	-	-	-	-	-
Contribution by Employer	29.74	5.75	2.56	19.19	7.43	-
Benefits paid	(29.74)	(5.75)	(2.56)	(19.19)	(7.43)	-
Actuarial gains and losses	-	-	-	-	-	-
Fair value of the Asset as on 31.03.12	-	-	-	-	-	-

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

(₹ in lacs)

Particulars	Gratuity			Long Term Compensated Absence		
	2012	2011	2010	2012	2011	2010
Current Service cost	29.66	22.69	20.53	10.56	3.44	2.68
Interest Cost	18.09	13.12	9.93	2.14	1.56	1.17
Expected return on plan assets	-	-	-	-	-	-
Net Actuarial (Gain)/Loss recognized in the year	13.62	23.27	18.40	41.17	14.37	5.35
Transitional Liability recognized in the year	-	-	-	-	-	-
Past service cost Non vested benefits	-	-	-	-	-	-
Past service cost Vested benefits	-	10.23	-	-	-	-
Amount recognized in the profit and loss account	61.37	69.31	48.86	53.87	19.37	9.20

The expenses has been included under the head "Provision for gratuity" and under "Personnel cost" in the statement profit and loss.



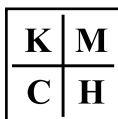
(e) The major category of plan assets as percentage of total plan assets are as follows:

Particulars	Gratuity (%)			Long Term Compensated (%) Absence		
	2012	2011	2010	2012	2011	2010
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		
	2012	2011	2010	2012	2011	2010
Discount rate	8.50	7.40	6.80	8.50	7.40	6.80
Salary Escalation rate	15.00	15.00	10.00	15.00	15.00	10.00
Attrition rate	35.00	35.00	30.00	35.00	35.00	30.00
Expected return on plan assets	-	-	-	-	-	-

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

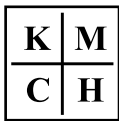

(g) Particulars for the current annual period ending 31.03.12

(₹ in lacs)

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

(₹ in lacs)

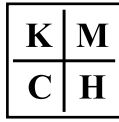
Particulars	Long Term Compensated Absence 2011-12	Long Term Compensated Absence 2010-11	Long Term Compensated Absence 2009-10
Present value of obligation	73.25	38.58	26.63
Plan assets	-	-	-
Surplus/(Deficit) in Plan assets	(73.25)	(38.58)	(26.63)
The experience adjustments arising on the plan liabilities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



		(₹ in lacs)	
31.		<u>2011-2012</u>	<u>2010-2011</u>
	(i) CIF value of imports		
	(a) Capital goods	784.32	1922.86
	(b) Spares	-	10.37
	(ii) Earnings in Foreign Currency	-	-
	(iii) Expenditure in Foreign Currency (Travel and Medical Journals)	25.08	7.28
	(iv) Dividend paid in Foreign Currency		
	(a) Dividend (in Lacs)	23.39	23.39
	(b) No of Non Resident Share Holders (in Nos.)	90	90
	(c) No of Shares of ₹ 10 each held by them	1870892	1870892

32. In-patients and out patients revenue is net of discount/free/concessional Treatment/claims.

33. Contingent Liabilities:		(₹ in lacs)	
		<u>As at</u> <u>31.3.2012</u>	<u>As at</u> <u>31.3.2011</u>
	(a) Estimated amount of contracts remaining to be executed on capital account	141.43	772.12
	(b) Letters of Credit for capital equipment's	67.14	163.88
	(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	87.86	93.71



34. 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

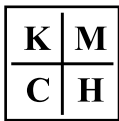
- (a) Key Management Personnel : Dr.Nalla G Palaniswami
 -Promoters Dr.Thavamani Devi Palaniswami
- (b) Subsidiary Company : Idhayam Hospitals Erode Ltd
- (c) Other Related Parties : Purani Hospital Supplies Limited.
 Entities in which the : Aosta Software Technologies India Limited.
 Directors are interested : ABT Industries Limited.
 : Sakthi Sugars Limited.
 : K Pharmacy
 : NGP Estate Motors Agencies
 : Dr.Murugaiyan K.S.K.
 : Miss.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 Mgmt Personnel	Other Related Parties	Total As on 31.03.12	As on 31.03.11
Lease Advance	500.00	-	-	500.00	500.00
Lease Rent paid	91.97	-	5.22	97.19	103.94
Interest on Lease Advance Received	30.00	-	-	30.00	30.00
Purchases	-	-	3636.16	3636.16	2662.96
Rent Receipts	-	-	2.45	2.45	2.45
IT Software & Hardware Maintenance Charges	-	-	13.24	13.24	14.66
Consultant Charges	-	-	12.74	12.74	10.69
Directors Remuneration, Commission & Perquisites	-	108.67	-	108.67	109.81
Directors Sitting Fees	-	0.62	-	0.62	0.58
Salary	-	-	2.40	2.40	1.76
Amount Payable	-	70.44	146.90	217.24	159.03



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

(₹ In lacs)

		As on 31.03.12	As on 31.03.11
(1) Due to directors	-	70.44	76.68
(2) Payable to Related Parties	-	146.90	82.35
(3) Receivable from Related parties	-	Nil	Nil

35. 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.

36. Provision for taxation includes provision for Wealth Tax. Income tax assessments have been provisionally completed upto the assessment year 2010-11.

37. Previous As notified by ministry of corporate affairs, revised schedule VI under the companies act, 1956 is applicable to the financial statement for the financial year commencing on or after 1st April 2011. Accordingly, the financial statement for the year ended 31st March 2012 is prepared in accordance with the revised schedule VI. The amount and disclosures included in the financial statement of the previous year have been reclassified to conform to the requirement of revised schedule VI.

38. Figures have been rounded off to the nearest thousands.

SIGNATURES TO NOTES 1 TO 38

Vide our report of even date attached

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

C.S.SATHYANARAYANAN
Partner
Membership No.028328

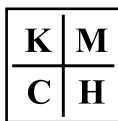
Dr. NALLA G PALANISWAMI
Chairman and Managing Director

P.K.GOPIKRISHNAN
Chief Financial officer

Coimbatore
May 29, 2012

A.M.PALANISAMY
Director

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	: 31.03.2012
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/(Losses) (₹ in Lacs)	
a) Not dealt within the accounts of the Company	
i) For the Current Financial year ended 31st March, 2012	: (0.78)
ii) For the Previous Financial years	: 0.40
b) Dealt within the accounts of the Company	
i) For the Current Financial year ended 31st March, 2012	: 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) Moneys lent and (iv) Moneys borrowed for any purpose other than that of meeting Current liabilities.

Dr. NALLA G PALANISWAMI
Chairman & Managing Director

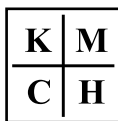
P.K. GOPIKRISHNAN
Chief Financial Officer

Coimbatore
May 29, 2012

A.M.PALANISAMY
Director

S.P.CHITTIBABU
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS



Auditors' Report on Consolidated Financial Statements

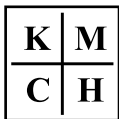
To
The Board of Directors of Kovai Medical Center and Hospital Limited

1. We have audited the attached Consolidated Balance Sheet of Kovai Medical Center and Hospital Limited (“the Company”) and its Subsidiary (collectively referred to as “the group”) as at 31st March, 2012 and also the consolidated statement of Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the financial statements of Idhayam Hospitals Erode Limited, a subsidiary, whose financial statements for the year ended 31 March 2012 reflect total assets of ₹ 707.61 Lacs and total revenue of ₹ 86.40 Lacs.
4. 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.
5. Based on our audit on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 31st March 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement , of the cash flows of the Group for the year ended on that date.

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

Coimbatore
May 29, 2012

C.S.SATHYANARAYANAN
Partner
Membership No.028328


KOVAI MEDICAL CENTER AND HOSPITAL LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2012

	Note	31 st March 2012 (₹ in lacs)	31 st March 2011 (₹ in lacs)
EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a). Share Capital	2	1094.23	1094.23
(b). Reserves & Surplus	3	<u>4988.98</u>	<u>3953.83</u>
		6083.21	5048.06
2. Non-Current Liabilities			
(a) Long - Term Borrowings	4	20345.37	17488.38
(b) Deferred Tax Liabilities (Net)	5	1619.90	1193.83
(c) Other Long Term Liabilities	6	247.11	173.20
(d) Long - Term Provisions	7	<u>248.62</u>	<u>201.25</u>
		22461.00	19056.66
3. Current Liabilities			
(a) Short - Term Borrowings	8	497.36	505.79
(b) Trade Payables	9	647.55	392.72
(c) Other Current Liabilities	10	4206.79	3049.69
(d) Short - Term Provisions	11	<u>274.61</u>	<u>287.51</u>
		5626.31	4235.71
		<u>34170.52</u>	<u>28340.43</u>
TOTAL			
ASSETS			
1. Non- Current Assets			
(a) Fixed Assets:	12		
(i) Tangible Assets		29337.24	19126.72
(ii) Intangible Assets		178.80	124.46
(iii) Capital work in progress		15.22	3810.12
(b) Non-Current Investment	13	2.69	2.69
(c) Long-Term Loans and Advances	14	<u>589.48</u>	<u>1099.49</u>
		30123.43	24163.48
2. Current Assets			
(a) Inventories	15	725.88	575.51
(b) Trade Receivables	16	651.40	662.52
(c) Cash and Cash Equivalents	17	2586.26	2896.66
(d) Short -Term Loans and Advances	18	77.12	39.98
(e) Other Current Assets	19	<u>6.43</u>	<u>2.28</u>
		4047.09	4176.95
		<u>34170.52</u>	<u>28340.43</u>
TOTAL			
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

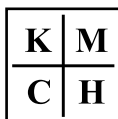
Coimbatore
May 29,2012

Dr. NALLA G PALANISWAMI
Chairman & Managing Director

A.M.PALANISAMY
Director

P.K. GOPIKRISHNAN
Chief Financial Officer

S.P.CHITTIBABU
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2012**

	Note	31 st March 2012 (₹ in lacs)	31 st March 2011 (₹ in lacs)
INCOME			
Revenue from Operations	20	22237.24	17472.01
Other Income	21	126.15	93.29
Total Income		<u>22363.39</u>	<u>17565.30</u>
EXPENSES			
Hospital Consumables	22	3829.96	3107.70
Purchase of Medicines (Pharmacy)	23	3603.89	2747.05
Changes in Inventories (Pharmacy)	24	(74.77)	(96.43)
Employee Benefits Expense	25	3251.26	2271.83
Finance Costs	26	1696.01	1111.29
Depreciation and Amortization Expenses	12	1261.31	711.49
Other Expenses	27	7171.36	5758.94
Total Expenses		<u>20739.02</u>	<u>15611.87</u>
Profit Before Tax		<u>1624.37</u>	<u>1953.43</u>
Tax Expenses			
Current Tax (Net)	28	4.18	335.43
Deferred Tax		426.07	407.96
Profit for the year		<u>1194.12</u>	<u>1210.04</u>
Earnings per Equity Share:			
Basic	29	10.91	11.06
Diluted		10.91	11.06
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

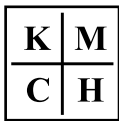
Dr. NALLA G PALANISWAMI
Chairman & Managing Director

P.K. GOPIKRISHNAN
Chief Financial Officer

Coimbatore
May 29, 2012

A.M.PALANISAMY
Director

S.P.CHITTIBABU
Company Secretary



Consolidated Cash Flow Statement For the year ended 31st March 2012

(₹ in Lacs)

	31 st March 2012	31 st March 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	1624.37	1953.43
Adjustment for :		
Depreciation	1261.31	711.49
Interest Expenses	1696.01	1111.29
Interest Income	(75.26)	(7.96)
Profit on Sale of Assets	-	(5.05)
Excess Provisions Written Off	-	(6.71)
Dividend Income	(0.79)	(0.69)
	<u>2881.27</u>	<u>1802.37</u>
Operating profit before working capital changes	4505.64	3755.80
Inventories	(150.37)	(75.14)
Trade & Other Payables	841.35	685.42
Trade & Other Receivables	819.04	175.33
	<u>1510.02</u>	<u>785.61</u>
Cash generated from operations	6015.66	4541.41
Income Tax/Wealth Tax Paid	(375.24)	(342.57)
Net cash from operating activities: - A	<u>5640.42</u>	<u>4198.84</u>
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(7731.24)	(9760.32)
Profit on Sale of Assets	-	5.05
Interest Received	75.26	7.96
Dividend Received	0.79	0.69
	<u>(7655.19)</u>	<u>(9746.62)</u>
Net cash from investing activities - B	<u>(7655.19)</u>	<u>(9746.62)</u>
C CASH FLOW FROM FINANCING ACTIVITIES:		
Long term Borrowings (Net of repayment)	3564.44	8065.95
Working Capital Borrowings	(8.43)	341.15
Dividend & Tax on Dividend Paid	(155.63)	(154.13)
Interest Paid	(1696.01)	(1111.29)
	<u>1704.37</u>	<u>7141.68</u>
Net cash used in financing activities - C	<u>1704.37</u>	<u>7141.68</u>
Net increase in cash and cash equivalents (A+B+C)	(310.40)	1593.90
Cash and Cash equivalent at beginning of Period	2896.66	1302.76
Cash and Cash equivalent at end of Period	<u>2586.26</u>	<u>2896.66</u>

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

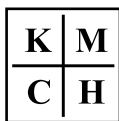
C.S.SATHYANARAYANAN
Partner
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May 29, 2012

Dr. NALLA G PALANISWAMI
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Director

P.K. GOPIKRISHNAN
Chief Financial Officer

S.P.CHITTIBABU
Company Secretary



NOTE NO:1

SIGNIFICANT ACCOUNTING POLICIES ON THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

1. 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.

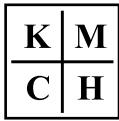
- i. The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses in accordance with Accounting Standard (AS) 21 “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- ii. 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.
- iii. 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.

2. Accounting of Investments :

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments.

3. 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.



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2012**

EQUITY AND LIABILITIES

SHAREHOLDERS FUNDS:

NOTE NO.2 SHARE CAPITAL

Share Capital	As at 31 st March 2012		As at 31 st March 2011	
	in Numbers	(₹ in lacs)	in Numbers	(₹ in lacs)
Authorised				
15000000 Equity Shares of ₹ 10/- each	15,000,000	1500.00	15,000,000	1500.00
Issued, Subscribed & Paid-up				
10942262 Equity Shares of ₹ 10/- each	10,942,262	1094.23	10,942,262	1094.23

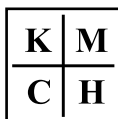
Details of Shareholders holding more than 5% shares in the company :

Name of the Shareholder	Equity Shares			
	As at 31 st March 2012		As at 31 st March 2011	
	No.of Shares held	% of holding	No.of Shares held	% of holding
1. Dr.Thavamani Devi Palaniswami	1,947,523	17.80	1,727,923	15.79
2. Dr.Mohan S Palaniswami	849,769	7.76	849,769	7.76
3. Dr.Arun N Palaniswami	779,948	7.12	779,948	7.12
4. Kovai Purani Finance Limited	723,999	6.62	709,923	6.49
5. Dr.Purani P Palaniswami	667,491	6.10	667,491	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 shares is entitled to one vote per shares.

NOTE NO.3 RESERVES & SURPLUS

Reserves & Surplus	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)
(a) General Reserve		
Opening Balance	3344.95	2344.95
Add:- Profit transferred from Statement of Profit and Loss	100.00	1000.00
	A	3344.95
(b) Surplus in Statement of Profit and Loss		
-Opening Balance	608.88	557.81
Add:- Profit transferred from Statement of Profit and Loss	1194.12	1210.04
Less:-		
- Proposed Dividend	136.78	136.78
- Tax on Dividend	22.19	22.19
- Transfer to General Reserve	100.00	1000.00
- Surplus in Statement of Profit & Loss	B	608.88
Total Reserves and Surplus	(A+B)	3953.83


NON - CURRENT LIABILITIES:
NOTE NO.4 LONG TERM BORROWINGS

Long Term Borrowings	Non-Current Portion		Current Maturities	
	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)
Secured				
(a) Term Loans from Banks	20105.74	17189.83	1884.14	1221.93
(b) From Others	239.63	298.55	54.10	8.86
	20345.37	17488.38	1938.24	1230.79
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long term liabilities" (Note No 10)	-	-	(1938.24)	(1230.79)
Net Amount	20345.37	17488.38	-	-

i. The term loans availed from Indian Bank and Indian Overseas Bank are primarily secured by:

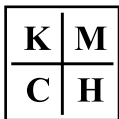
- Paripasu Charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode.
- Paripasu Charge on the entire fixed assets (Present & Future) of the company.
- Charge on the leasehold rights of the building at Erode in the name of M/s Idhayam Hospitals Erode Limited, Erode.
- 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 stock and book debts of the Company.

- In addition to the above, the subsidiary company has given corporate guarantee to the limits availed by the company.
- 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.
- Secured loans from others represents Hire Purchase loans from BMW India Financial Services Private Ltd & SREI Equipments Finance Pvt Ltd secured by hypothecation of assets purchased.

NOTE NO.5. DEFERRED TAX LIABILITIES (Net)

Deferred Tax Liabilities (Net)	As at 31 st March 2012 (₹ in lacs)	As at 31 st March 2011 (₹ in lacs)
Deferred Tax Liability on Account of Accumulated Depreciation	1769.14	1241.46
Deferred Tax Asset on Account of Provision for Bonus, Gratuity and Long Term Compensated Absence	149.24	47.63
Total	1619.90	1193.83



NOTE NO.6 OTHER -LONG TERM LIABILITIES

Other Long term Liabilities	31st As at March 2012 (₹ in lacs)	31st As at March 2011 (₹ in lacs)
(i) Rental Deposits	2.54	2.54
(ii) Others	244.57	170.66
Total	247.11	173.20

NOTE NO.7 LONG-TERM PROVISIONS

Long - Term Provisions	31st As at March 2012 (₹ in lacs)	31st As at March 2011 (₹ in lacs)
Provision for Gratuity	202.74	177.60
Provision for Long Term Compensated Absence	45.88	23.65
Total	248.62	201.25

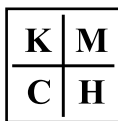
CURRENT LIABILITIES

NOTE NO.8 SHORT TERM BORROWINGS

Short Term Borrowings	31st As at March 2012 (₹ in lacs)	31st As at March 2011 (₹ in lacs)
<u>Secured</u>		
(a) Cash Credit Loan from Banks - Indian Bank	497.36	505.79
Total	497.36	505.79

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

- (a) Paripasu second 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.


NOTE NO.9 TRADE PAYABLES

Trade Payables	As at 31 st March 2012		As at 31 st March 2011	
	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)
Creditors				
i. Small and Medium Enterprises	87.10		168.34	
ii. Others	560.45		224.38	
		647.55		392.72
Total		647.55		392.72

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”.

NOTE NO.10 OTHER CURRENT LIABILITIES

Other Current Liabilities	31 st As at March 2012 (₹ in lacs)	31 st As at March 2011 (₹ in lacs)
(a) Current maturities of Long-Term Debts (refer note no.4 “Long Term Borrowings”)	1938.24	1230.79
(b) Accrued Salaries and Benefits	178.44	109.27
(c) Amount payable to Related Parties (Companies)	146.90	82.35
(d) Advance Received from Customers	375.34	429.58
(e) Statutory Dues	117.38	108.08
(f) Unpaid Dividend Account	34.68	31.34
(g) Creditors for Capital Goods	877.78	758.84
(h) Other Liabilities	538.03	299.44
Total	4206.79	3049.69

NOTE NO.11 SHORT TERM PROVISIONS

Short Term Provisions	31 st As at March 2012 (₹ in lacs)	31 st As at March 2011 (₹ in lacs)
(a) Provision for Gratuity	88.27	81.78
(b) Provision for Long Term Compensated Absence	27.37	14.93
(c) Provision for Dividend	136.78	136.78
(d) Provision for Dividend Tax	22.19	22.19
(e) Provision for Tax (Net of Advance Tax)	-	31.83
Total	274.61	287.51

ASSETS
NOTE No. 12 FIXED ASSETS (CONSOLIDATED)

KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

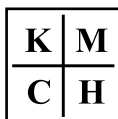
(₹ in lacs)

Description of Assets	GROSS BLOCK		DEPRECIATION BLOCK			NET BLOCK				
	Cost as at 01.04.11	Additions During the year	Sale/ Adjustment	Cost as at 31.03.12	Up to 31.03.11	For the Period	With drawn	Up to 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Asset :										
Land	628.87	-	-	628.87	-	-	-	-	628.87	628.87
Buildings	7932.71	6288.40	-	14221.11	489.98	145.19	-	635.17	13585.94	7442.73
Furniture & Fixtures	804.64	319.73	-	1124.37	392.36	57.83	-	450.19	674.18	412.27
Office Equipments	124.06	46.16	-	170.22	55.20	6.98	-	62.18	108.04	68.87
Plant & Machinery	13970.52	4700.77	-	18671.29	3760.42	969.41	-	4729.83	13941.49	10210.10
Computer Installations	539.48	115.19	-	654.67	338.29	64.43	-	402.72	251.95	201.19
Vehicle	254.05	-	-	254.05	91.36	15.92	-	107.28	146.77	162.69
Total (A)	24254.33	11470.25	-	35724.58	5127.61	1259.76	-	6387.37	29337.24	19126.72
Intangible Asset :										
Microsoft Licences	-	55.89	-	55.89	-	1.55	-	1.55	54.34	-
Goodwill	124.46	-	-	124.46	-	-	-	-	124.46	124.46
Total (B)	124.46	55.89	-	180.35	-	1.55	-	1.55	178.80	124.46
Capital Work-in-Progress (C):-	3810.12	5651.32	9446.22	15.22	-	-	-	-	15.22	3810.12
Total for the Year (A+B+C)	28188.91	17177.46	9446.22	35920.15	5127.61	1261.31	-	6388.92	29531.26	23061.30
Previous year	18390.69	18459.48	8661.26	28188.91	4454.02	711.49	37.90	5127.61	23061.30	14841.37

* Includes Asset costing less than ₹5000/- each aggregating to ₹ 26.84 lacs

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

* Borrowing cost capitalized during the year - ₹876.90 lacs


NON CURRENT ASSETS
NOTE NO.13 NON -CURRENT INVESTMENT

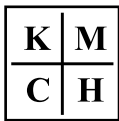
Non -Current Investment	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
Long Term Investments at Cost Long Term - Non-Trade(Quoted)		
(i) 6100 Equity Shares of ₹10/- each Fully paid in Canara Bank	2.14	2.14
(ii)2300 Equity Shares of ₹10/- each Fully Paid in Indian Overseas Bank	0.55	0.55
Total	2.69	2.69

NOTE NO.14 LONG TERM LOANS AND ADVANCES

Long Term Loans and Advances	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
Unsecured, Considered Good		
(a) Capital Advance	43.75	904.70
(b) Security Deposits Electricity & Other Deposits	71.31	54.32
(c) Other loans & advances		
(i) Rent and Lease Deposits	25.74	29.99
(ii) Loans and advances to employee	2.75	3.18
(iii) Advance Income Taxes (Net of Provisions)	56.32	38.94
(iv) MAT Credit Entitlement	386.48	64.66
(v) Other Advances	3.13	3.70
	474.42	140.47
Total	589.48	1099.49

CURRENT ASSETS
NOTE NO.15 INVENTORIES (Valued at Lower of Cost and Net Realisable Value)

Inventories	As at 31st March 2012 (₹ in lacs)	As at 31st March 2011 (₹ in lacs)
(a) Pharmacy	369.48	294.71
(b) Hospital Consumables	265.08	240.41
(c) Stores & Spares	56.15	18.62
(d) Others - (Power & Fuel, Canteen and Stationery)	35.17	21.77
Total	725.88	575.51



NOTE NO.16 TRADE RECEIVABLES

Trade Receivables	31st As at March 2012 (₹ in lacs)	31st As at March 2011 (₹ in lacs)
(a) Debts outstanding for a period exceeding six months Unsecured, considered good	31.66	12.11
(b) Other Debts Unsecured, considered good	619.74	650.41
Total	651.40	662.52

NOTE NO.17 CASH AND CASH EQUIVALENTS

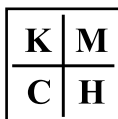
Cash and Cash Equivalents	31st As at March 2012 (₹ in lacs)	31st As at March 2011 (₹ in lacs)
(a) Cash and Cheques on hand	220.24	133.83
(b) Balance with Banks In current and Deposit accounts	2366.02	2762.83
Total	2586.26	2896.66
Current and Deposit Accounts includes		
(i) LC Margin Deposits	2.21	2.21
(ii) Bank Gurantee Margin Deposits	3.33	-
(iii) Unpaid Dividend	34.68	31.34

NOTE NO.18 SHORT-TERM LOANS AND ADVANCES

Short-Term Loans and Advances	31st As at March 2012 (₹ in lacs)	31st As at March 2011 (₹ in lacs)
Unsecured, considered good		
(a) Advance for Purchase	2.21	3.91
(b) Advance for Expenses	6.82	7.91
(c) Prepaid Expenses	68.09	28.16
Total	77.12	39.98

NOTE NO.19 OTHER CURRENT ASSETS

Other Current Assets	31st As at March 2012 (₹ in lacs)	31st As at March 2011 (₹ in lacs)
Rent Receivable	3.36	1.26
Other Charges Recoverable	3.07	1.02
Total	6.43	2.28



NOTE NO.20 REVENUE FROM OPERATIONS

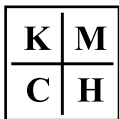
Revenue from operations	For the year ended 31 st March 2012 (₹ in lacs)	For the year ended 31 st March 2011 (₹ in lacs)
I.Revenue from operations		
(a) Inpatients Revenue	12646.91	10234.84
(b) Outpatients Revenue	4369.12	3301.02
(c) Pharmacy Sales	4537.91	3405.13
(d) Dietary Sales	664.67	522.77
II.Other Operating Income		
Scrap Sales	18.63	8.25
Revenue from operations (Net)	22237.24	17472.01

NOTE NO.21 OTHER INCOME

Other Income	For the year ended 31 st March 2012 (₹ in lacs)	For the year ended 31 st March 2011 (₹ in lacs)
(a) Interest Income	45.26	7.96
(b) Dividend Income	0.79	0.69
(c) Profit on Sale of Assets	-	5.05
(d) Rent Received	33.90	32.42
(e) Parking Charges	17.12	12.61
(f) Provision for Bad & Doubtful Debts no Longer required	-	6.71
(g) Miscellaneous Income	29.08	27.85
Total	126.15	93.29

NOTE NO.22 HOSPITAL CONSUMABLES

Hospital Consumable	For the year ended 31 st March 2012 (₹ in lacs)	For the year ended 31 st March 2011 (₹ in lacs)
Inventory at the beginning of the year	240.41	269.56
Add : Purchases of Hospital Consumables	3732.41	2979.45
	3972.82	3249.01
Less: Inventory at the end of the year	265.08	240.41
	3707.74	3008.60
Add : Lab Test Charges	122.22	99.10
Cost of Material Consumed	3829.96	3107.70



NOTE NO.23 PURCHASE OF MEDICINES (Pharmacy)

Purchase of Medicines (Pharmacy)	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
Purchases of Medicines	3603.89	2747.05
Total	3603.89	2747.05

NOTE NO.24 CHANGES IN INVENTORIES (Pharmacy)

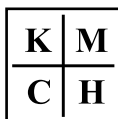
Changes in Inventories	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
Opening Stock of Medicines	294.71	198.28
Less: Closing Stock of Medicines	369.48	294.71
(Increase)/decrease in Inventories	(74.77)	(96.43)

NOTE NO. 25 EMPLOYEE BENEFITS EXPENSE

Employee Benefits Expense	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Salaries, Allowances & Bonus	2902.19	2002.88
(b) Contribution to Provident and Other Funds	118.54	72.98
(c) Staff Welfare Expenses	115.29	107.29
(d) Long Term Compensated Absence	53.87	19.37
(e) Gratuity	61.37	69.31
Total	3251.26	2271.83

NOTE NO.26 FINANCE COSTS

Finance Costs	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Interest Expenses	1692.56	1105.29
(b) Other Borrowing Cost: - Loan Processing Charges	3.45	6.00
Total	1696.01	1111.29


NOTE NO.27 OTHER EXPENSES

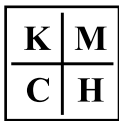
Other Expenses	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Power & Fuel Consumed	721.77	537.27
(b) Dietary Consumptions	614.07	477.36
(c) Consultant Charges	3604.00	2960.09
(d) Hospital Upkeep Expenses	632.38	451.12
(e) Stores & Spares Consumed	39.78	52.99
(f) Water Charges	114.51	138.39
(g) Travelling & Conveyance	56.57	46.82
(h) Rent	103.53	89.69
(i) Advertisement	201.13	102.45
(j) Auditor Remuneration	15.84	10.10
(k) Professional Charges	46.50	24.78
(l) Directors Sitting Fee	0.63	0.58
(m) Repairs & Maintenance - Building	149.60	162.53
(n) Repairs & Maintenance -Machinery	294.81	268.91
(o) Repairs & Maintenance - Others	195.88	144.01
(p) Administration & Other Expenses	380.36	291.85
Total	7171.36	5758.94

Auditor Remuneration

Payments to the Auditor as	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) For Statutory Audit	11.24	8.82
(b) For Taxation Matters	2.22	-
(c) For Other Services	2.38	1.28
Total	15.84	10.10

NOTE NO.28 CURRENT TAX

Current Tax	For the year ended 31st March 2012 (₹ in lacs)	For the year ended 31st March 2011 (₹ in lacs)
(a) Provision for Tax Less: MAT Credit	326.00 321.82	400.09 64.66
Total	4.18	335.43



GENERAL NOTES

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

	31.03.2012	31.03.2011
Profit after tax (₹in lacs)	1194.12	1210.04
Number of Shares issued (in lacs)	109.42	109.42
The nominal Value per equity Share (₹)	10.00	10.00
Basic/Diluted EPS (₹)	10.91	11.06

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 23).

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, 2012” as given in the Unconsolidated Financial Statements of Kovai Medical Center and Hospital Limited.

34. Previous as notified by ministry of corporate affairs, revised schedule VI under the companies act, 1956 is applicable to the financial statement for the financial year commencing on or after 1st April 2011. Accordingly, the financial statement for the year ended 31st March 2012 is prepared in accordance with the revised schedule VI. The amount and disclosures included in the financial statement of the previous year have been reclassified to conform to the requirement of revised schedule VI.

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

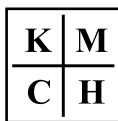
Dr. NALLA G PALANISWAMI
Chairman & Managing Director

P.K. GOPIKRISHNAN
Chief Financial Officer

Coimbatore
May 29, 2012

A.M.PALANISAMY
Director

S.P.CHITTIBABU
Company Secretary



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.

Particulars	Idhayam Hospitals Erode Limited (₹ in lacs)
a) Share Capital	372.44
b) Reserves & surplus	(167.61)
c) Total Assets	707.61
d) Total liabilities	707.61
e) Details of investment	0.00
f) Operating income on lease basis	86.40
g) profit/(loss) Before tax	0.28
h) Provision for taxation	1.06
i) Profit/(loss) After tax	(0.78)
j) Proposed Dividend	0.00
k) Reporting Currency	Indian Rupee(₹)

