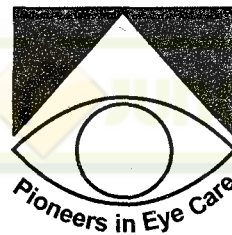


Dr. Agarwal's Eye Hospital Limited

19 (Old No.13), Cathedral Road, Chennai - 600 086



Report  tion.com

**Thirteenth Annual Report
2006 - 2007**

13th Annual Report

Board of Directors

Dr. J. Agarwal,
Chairman cum Wholetime Director
Dr. (Mrs.) T. Agarwal, Managing Director
Ms. Sudha (Wholetime Director)
Dr. Amar Agarwal (Joint Managing Director)
Dr. Athiya Agarwal (Wholetime Director)
Dr. Jasvinder Singh Saroya
Dr. Sasikanth R. R.
Dr. (Ms.) Akhther Begum
Mr. M. R. G. Apparao
Mr. Prabhat Toshniwal
Dr. Adil Agarwal
Dr. Ashvin Agarwal

Auditors

M/s. M. K. Dandekar & Co.
244, Angappa Naicken Street,
Chennai 600 001.

Registered Office

19 (Old No.13), Cathedral Road,
Chennai 600 086.

Bankers

- (1) State Bank of India,
Gopalapuram Branch, Chennai 600 086.
 - (2) State Bank of India,
Industrial Finance Branch,
Chennai 600 002.
- And
- (3) Axis Bank

Share Transfer Agents

Integrated Enterprises India Ltd
2nd Floor, Kences Towers,
No.1, Ramakrishna Street,
North Usman Road,
T.Nagar, Chennai 600 017
Tel : 2814 0801-03

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of the shareholders of the company will be held on 18th September 2007 at 10.30 a.m. at 19 (Old No.13), Cathedral Road, Chennai 600 086 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Director's Report and Audited Profit and Loss Account for the year ended 31st March 2007 and the Balance Sheet as at 31st March 2007 and the Auditor's Report thereon.
2. To declare a dividend.
3. To appoint a director in the place of directors retiring by rotation.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass with or without modification the following resolutions

5. As an Ordinary Resolution:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to borrow money, notwithstanding the fact money to be borrowed, together with monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the aggregate of the monies so borrowed shall not exceed the sum of Rupees 50 crores.

6. As an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 293 (I) (a) and other applicable provisions, if any, of the companies Act, 1956 (hereinafter referred to as the Act) including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time, the consent of the company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as 'the Board'), to mortgage and / or charge, in addition to the mortgages and / or charges created / to be created by the Company, on such terms and conditions and at such time or times and in such form or manner as it may think fit, on all or any of the movable and / or immovable properties of the Company, both present and future and / or the whole or substantially the whole of the company's anyone or more or all of the undertakings, in favour of the Company's Bankers and / or Financial Institutions and / or bodies corporate and / or other lenders, to secure the loans and / or advances and / or cash credit and / or over draft facilities and / or the amount of debentures whatsoever, whether raised and / or to be raised and whether issued and / or to be issued, together with interest thereon, additional interest, compound interest in the event of default, accumulated interest, commitment charges, liquidated damages, premium or redemption, premium on prepayment trustee's remuneration, costs charges, expenses and other monies as may be thought expedient by the Board or any Committee thereof and in such manner as may be agreed to between the concerned

parties, subject, however, that the total amount up to which money may be borrowed shall not exceed, in the aggregate, the total limit approved by the shareholders, from time to time, pursuant to the provisions of Section 293 (I) (d) and other applicable provisions, if any of the Act.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board or any committee thereof, be and is hereby authorised to finalise, settle, delegate and execute such documents, deeds, writings and agreements, as may be required and to do all such acts, deeds, matters and things, it may in its absolute discretion deem necessary, proper, expedient or desirable and to settle any question, difficulty or doubt that may arise in regard to creating the aforesaid mortgages and/ or charges."

7. As a SPECIAL Resolution:

"RESOLVED THAT pursuant to the provisions of section 372A and other applicable provisions, if any, of the companies Act, 1956 (hereinafter referred to as the Act) including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time, the consent of the company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as 'the Board'), to investments in the shares / bonds/ mutual funds / debentures or any other securities as they may in their absolute discretion deem beneficial and in the interest of the company up to the aggregate amount of Rs.10 crores notwithstanding the fact money to be invested, together with monies already invested by the Company may exceed the limit prescribed in section 372A of the Companies Act, 1956."

8. As a SPECIAL Resolution:

"RESOLVED THAT pursuant to the provisions of section 309, 314 and other applicable provisions, if any, of the companies Act, 1956 (hereinafter referred to as the Act) including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time, the consent of the company be and is hereby accorded to the Board of Directors of the Company, to avail professional surgical services from professionally qualified directors namely Dr. J. Agarwal, Dr. (Mrs.) T. Agarwal, Dr. Amar Agarwal, and Dr. Athiya Agarwal being professionally qualified doctors / surgeons and pay such professionally qualified directors, such professional charges not exceeding Rs.4000/- per surgery performed by such professionally qualified directors for a period, as may be decided by the board"

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board or any committee thereof, be and is hereby authorised to finalise, settle, delegate and execute such documents, deeds, writings and agreements, as may be required and to do all such acts, deeds, matters and things, it may in its absolute discretion deem necessary, proper, expedient or desirable and to settle any question, difficulty or doubt that may arise in this regard"

9. As a SPECIAL Resolution:

"RESOLVED THAT subject to the provisions of Section 198 and 309 and other relevant provisions of the Companies Act and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Dr.T.Agarwal as managing director of the company for a period of three years with effect from 1st October

2007 and She be paid remuneration by way of salary, commission and perquisites in accordance with Part II (B) of Schedule XIII of the Act which shall not exceed Rs.2,50,000/- (Rupees Two Lac and Fifty Thousand) per month.(Including the remuneration to be paid to her in the event of loss of inadequacy of profits in any financial year during the above said period)."

10. As a SPECIAL Resolution:

"RESOLVED THAT subject to the provisions of Section 198 and 309 and other relevant provisions of the Companies Act and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Dr.J.Agarwal as whole time director of the company for a period of three years with effect from 1st October 2007 and he be paid remuneration by way of salary, commission and perquisites in accordance with Part II (B)of Schedule XIII of the Act which shall not exceed Rs.2,50,000/- (Rupees Two Lac and Fifty Thousand) per month.(Including the remuneration to be paid to him in the event of loss of inadequacy of profits in any financial year during the above said period)."

11. As a SPECIAL Resolution:

"RESOLVED THAT subject to the provisions of Section 198 and 309 and other relevant provisions of the Companies Act and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Dr.Amar Agarwal as whole time director of the company for a period of three years with effect from 1st October 2007 and he be paid remuneration by way of salary, commission and perquisites in accordance with Part II (B)of Schedule XIII of the Act which shall not exceed Rs.2,50,000/- (Rupees Two Lac and Fifty Thousand) per month.(Including the remuneration to be paid to him in the event of loss of inadequacy of profits in any financial year during the above said period)."

12. As a SPECIAL Resolution:

"RESOLVED THAT subject to the provisions of Section 198 and 309 and other relevant provisions of the Companies Act and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Dr.Athiya Agarwal as whole time director of the company for a period of three years with effect from 1st October 2007 and She be paid remuneration by way of salary, commission and perquisites in accordance with Part II (B)of Schedule XIII of the Act which shall not exceed Rs.2,50,000/- (Rupees Two Lac and Fifty Thousand) per month.(Including the remuneration to be paid to her in the event of loss of inadequacy of profits in any financial year during the above said period)."

13. As an Ordinary Resolution:

"RESOLVED that Dr. ASHVIN Agarwal be and is hereby appointed as a Director of the company."

14. As a SPECIAL Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1-A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and

Articles of Association of the Company and the regulations/guidelines, prescribed by the Securities and Exchange Board of India including Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, or any other relevant authority, from time to time, subject to such approvals, consents, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee including the Compensation Committee and the Compensation Sub-Committee) be and is hereby authorized on behalf of the Company to grant from time to time options under the Stock Option Scheme viz. Employee Stock Option Plan (ESOP) to apply for Equity Shares and / or warrants with an option for conversion into Equity Shares/Equity linked Securities convertible into Equity Shares of the Company to or for the benefit of such person/persons who are in the permanent employment of the Company and consequently create, issue, offer and allot at any time and from time to time, Equity Shares in terms of such options, the options and the consequential issue, offer and allotment of Shares shall be at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide.

Provided the total number of options to be granted under ESOP shall not initially exceed 2,25,000 Equity Shares of Rs 10/-.

RESOLVED FURTHER THAT all acts and deeds done by the Board till date to further the objective of this resolution be and are hereby ratified and approved.

RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares ESOP shall in all respects rank pari passu inter-se as also with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer or grant of options, issue or allotment of Equity Shares pursuant to the options granted, or securities or instruments representing the same, as described above, under any Employee Stock Option Scheme, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) (including power to amend, vary, or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of Equity Shares pursuant to the options granted), without being required to seek any further consent or approval of the members, in its sole discretion as it may deem fit."

Chennai
Date : 28-07-2007

By Order of the Board
Sd/-
Dr. Mrs. T. Agarwal
Managing Director

NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND THE PROXY NEED NOT BE A MEMBER.
2. The Register of members and the share transfer books of the company will remain closed from 15th September 2007 to 18th September 2007. (both days inclusive)

3. Dividends will be paid to those shareholders whose names appear on the company's Register of Members on 18th September 2007.
4. Members are requested to notify immediately changes in their respective addresses, if any, quoting their folio number so that the dividend warrants are correctly despatched.
5. In case the members desire that the dividend be credited to their bank account through Electronic Clearing Service (ECS). Kindly send the ECS mandate from duly completed in all respects immediately. This has already been sent to all the shareholders.
6. Shareholders / proxy holders are requested to bring their copy of the annual report with them at meeting and to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.
7. Members desirous of getting any information about the accounts and operation of the company are requested to address their query to the company at the registered office of the company well in advance so that the same may reach at least seven days before the date of meeting to enable the management to keep the required information readily available at the meeting.
8. **Details of Directors seeking appointment and re-appointment at the forthcoming Annual general meeting of the company. Also refer to the explanatory statement to the notice for other appointees details.**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange.

Name of Director	Expertise in Specific Functional Areas	Qualifications	Director-Ship in Other Public Companies	Chairman/ Member of Committee
Dr.Sasikanth	Ophthalmology	M.D.	Dr. Agarwal's Pharma Ltd.	Chairman -- Remuneration Committee, MEMBER - Investor and Audit Committee
Dr.Akhter Begum	Home Science	M sc., PhD	Nil	Chairman -- Investor Committee; MEMBER - Remuneration and Audit Committee
Dr.ASHVIN Agarwal	Ophth.	M.B.B.S.	Nil	Nil
Dr. Jasvinder Singh Saroya	Ophth.	MBBS, D.O, DNB (Ophth)	Nil	Nil

Chennai
Date : 28-07-2007

By Order of the Board
Sd/-
Dr. Mrs. T. Agarwal
Managing Director

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956 :

Item No.5

During the year the company had opened branches and expanded its operations. The company is having major expansion plans for the year, which may warrant substantial borrowing. Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of the Company in general meeting, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for specific purpose.

In order to provide for additional funds needed due to increase in working capital and other requirements for expansion programme it is proposed to increase the limit from Rs. 25 Crores to Rs. 50 Crores. Accordingly, the sanction of the shareholders, under Section 293(1) (d) of the Act is being requested to enable the Directors to borrow moneys to the extent of Rs.50 Crores.

None of the directors is interested or concerned in the said resolution.

Item No.6

In the course of business, the company acquires movable and immovable properties i.e., plants, machineries, equipments and vehicles etc., through borrowings from banks and financial institutions. Resultantly, more or less all the plants, machineries, equipments and vehicles etc., so acquired by the company from the borrowings of the company from the banks and financial institutions are mortgaged and / or hypothecated to the banks and / or financial institutions as and by way of security.

Since Section 293 (1) (a) provided that a company cannot except with the approval of the company in a general meeting mortgage of whole or substantially the whole of the undertaking(s) of the Company, as and by way of abundant caution and for the continued growth in business of the company, it has been advised to obtain an enabling resolution under this item.

NONE OF THE DIRECTORS IS IN ANY WAY CONCERNED OR INTERESTED IN THIS RESOLUTION

ITEM 7 :

As the company is planning for a major expansion plans and is going to raise funds for its projects. There are chances that the company may have surplus funds raised for such expansion which for time being may not be deployable immediately. To cash on those opportunities, to get better returns on those available funds the board may think to invest in securities or mutual funds or otherwise. Under Section 372A of the Companies Act, 1956, the Board of Directors cannot except with the consent of the Company in general meeting, invest moneys, in excess of the 60 % of its aggregate of the paid-up capital and free reserves of the Company or 100 % of its free reserves which ever is more. Accordingly, the sanction of the

shareholders, under Section 372A of the Act is being requested to enable the Directors to invest moneys to the extent of Rs. 10 Crores.

None of the directors is interested or concerned in the said resolution.

ITEM 8 :

Dr. J. Agarwal, Dr. (Mrs.) T. Agarwal, Dr. Amar Agarwal, and Dr. Athiya Agarwal directors of the company who are otherwise professionally qualified doctors / surgeons of our company are being invited by other hospitals to provide their professional services as surgeons and they are being offered professional charges for the same. The remuneration committee has approved the payment of charges to such professionally qualified directors for providing the professional services. Also the turnover of the company has improved and the number of surgeries to be performed are going to increase manifolds which in the opinion of the directors and remuneration committee justifies the payment of professional charges for the surgeries performed by these professionally qualified directors in their capacity as surgeons. As per the articles of association of the company, the Board of Directors cannot except with the consent of the Company in general meeting pay any kind of remuneration in any form to the directors. Hence it is being requested to enable the Directors to pay such remuneration as proposed in the said item no. 8.

All the directors except Ms. Sudha, Dr. Jasvinder Singh Saroya, Dr. (Ms.) Akhther Begum, Mr. M. R. G. Apparao and Mr. Prabhat Toshniwal may be deemed to be interested or concerned to the extent of remuneration may be paid to them as proposed in the said resolution.

ITEM: 9, 10, 11 and 12

Padma Bhushan Dr. J. Agarwal, Chairman cum Wholetime Director, Dr. (Mrs.) T. Agarwal, Managing Director, Dr. Amar Agarwal (Joint Managing Director) and Dr. Athiya Agarwal (Wholetime Director) are the founders of DR.AGARWAL'S EYE HOSPITAL LTD and has been the mentor of hospital since its incorporation.

During their tenure, the Company has grown rapidly. Being associated with the Company right from its inception, all of them have hands-on experience of Company operations and is fully seized of the problems and challenges in store.

The resolution at Item No.9, 10,11 and 12, of the notice seeks approval of the members in respect of the re-appointment and payment of remuneration to these directors as the Managing Director / whole time director/s of the company. The Board of Directors of the company at its Meeting held on 28/07/2007 has subject to the approval of the Members of the company in General Meeting and by other approval as may be necessary, appointed these directors for a period of three years with effect from 01.10.2007 on the remuneration as approved and recommended by the Compensation Committee.

Statement pursuant to sub-clause (iv) of Clause (1B) of Section II of Part II of Schedule XIII of the Companies Act, 1956

I. GENERAL INFORMATION														
1.	Nature of Industry	EYE HOSPITAL												
2.	Date of Commencement of Business	12 th July, 1994												
3.	In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in prospectus	Not Applicable												
4.	Financial Performance	<p>Sales Rs. 220.92 Lakhs Profit after Tax Rs.123.24 lakhs (Rs. In lakhs)</p> <table border="1"> <tr> <td>Paid-up Share Capital</td> <td>450.00</td> </tr> <tr> <td>Reserves & Surplus</td> <td>581.78</td> </tr> <tr> <td>Total</td> <td>1031.78</td> </tr> <tr> <td>Less: Investments</td> <td>330.00</td> </tr> <tr> <td>Preliminary Expenses (To The extent not written off)</td> <td>17.31</td> </tr> <tr> <td>Effective Capital as on 31-03-07</td> <td>684.47</td> </tr> </table>	Paid-up Share Capital	450.00	Reserves & Surplus	581.78	Total	1031.78	Less: Investments	330.00	Preliminary Expenses (To The extent not written off)	17.31	Effective Capital as on 31-03-07	684.47
Paid-up Share Capital	450.00													
Reserves & Surplus	581.78													
Total	1031.78													
Less: Investments	330.00													
Preliminary Expenses (To The extent not written off)	17.31													
Effective Capital as on 31-03-07	684.47													
5.	Export performance and net Foreign Exchange Collaborations, if any	NIL												
6.	Foreign investments or Collaborations, if any	NIL												
II. INFORMATION ABOUT APPOINTEE:														
Dr. J. Agarwal														
1.	Background details	Padmabhushan Dr. J. Agarwal 77 years, has been the Director of the company since its inception. He is FICS, DOMS, F.O.R.C.E. He has over 50 years experience in Eye Care Industry.												
2.	Past Remuneration	Rs.150000/- per month (cost to the Company).												
3.	Recognition or awards	Padma Bhushan Awardee.												
4.	Job Profile and his suitability	Dr.J.Agarwal is entrusted with substantial powers of management and is responsible for the general conduct and management of the business and affairs of the Company subject to the superintendence, control and supervision of the Board of Directors of the Company.												
5.	Remuneration proposed	Rs.2,50,000/- per month												
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration, is the minimum as compared with that one paid by other companies in the same line of business and of similar size. for a professional of his stature and experience.												
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial person, if any	He is related to Dr. (Mrs.) T. Agarwal, Managing Director, Dr. Amar Agarwal (Joint Managing Director) and Dr. Athiya Agarwal (Wholetime Director) and Dr. Adil Agarwal (Whole Time Director)												