



LOTUS EYE CARE HOSPITAL LIMITED

Report  Junction.com

11th Annual Report 2007 - 08

S.F. No. 770/12, Civil Aerodrome Post, Avinashi Road, Coimbatore-641 014



LOTUS EYE CARE HOSPITAL LIMITED

BOARD OF DIRECTORS:

Chairman and Managing Director	-	Dr. S.K. Sundaramoorthy
Directors	-	Sri. D. R. Kaarthikeyan
	-	Dr. S.S. Badrinath
	-	Sri. G.R. Sundaravadivel
	-	Dr. Yogesh Shah
	-	Dr. Kavetha Sundaramoorthy (Alternate Director K. Venkatachalam)
	-	Ms. Sangeetha Sundaramoorthy
Company Secretary	-	Sri. S. Raveendar
Auditors	-	M/s. Vekam and Associates Chartered Accountants Coimbatore-641 012
Registered Office	-	S.F. No. 770/12, Civil Aerodrome Post Avinashi Road Coimbatore-641 014
Registrar and Share Transfer Agents	-	S.K.D.C. Consultants Limited No. 11, Seth Narayanadas Layout Street No.1, West Power House Road Coimbatore-641 012

LOTUS EYE CARE HOSPITAL LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the 11th Annual General Meeting of the shareholders of Lotus Eye Care Hospital Limited will be held on **Friday, 26th September, 2008 at 03.30 P.M at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore – 641 018** to transact the following business:

As Ordinary Business:

1. To consider and adopt the following:
 - The Audited Profit and Loss Account for the year ended 31st March, 2008.
 - The Audited Balance Sheet as at 31st March, 2008.
 - The report of the Directors and the Auditors
2. To appoint a Director in place of Ms. Sangeetha Sundaramoorthy who retires by rotation and being eligible, seeks re-appointment.
3. To appoint a Director in place of Dr. Kavetha Sundaramoorthy who retires by rotation and being eligible, seeks re-appointment.
4. To appoint Auditors and fix their remuneration.

As Special Business:

5. To consider and if thought fit to pass with or without modification the following resolution as Ordinary resolution:

“RESOLVED that Mr. D. R. Kaarthikeyan who was appointed as additional director of the Company on 16.10.2007 and who ceases to hold office, as such in terms of Section 260 of the Companies Act,1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of directorship is received, be and is hereby appointed as Director of the Company, liable to be retire by rotation”
6. To consider and if thought fit to pass with or without modification the following resolution as Ordinary resolution:

“RESOLVED that Dr. S. S. Badrinath who was appointed as additional director of the Company on 16.10.2007 and who ceases to hold office, as such in terms of Section 260 of the Companies Act,1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of directorship is received, be and is hereby appointed as Director of the Company, liable to be retire by rotation”
7. To consider and if thought fit to pass with or without modification the following resolution as Ordinary resolution:

“RESOLVED that Mr. G. R. Sundaravadivel who was appointed as additional director of the Company on 16.10.2007 and who ceases to hold office, as such in terms of Section 260 of the Companies Act,1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of directorship is received, be and is hereby appointed as Director of the Company, liable to be retire by rotation”
8. To consider and if thought fit to pass with or without modification the following resolution as Ordinary resolution:

“RESOLVED that Dr. Yogesh Shah who was appointed as additional director of the Company on 16.10.2007 and who ceases to hold office, as such in terms of Section 260 of the Companies Act,1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of directorship is received, be and is hereby appointed as Director of the Company, liable to be retire by rotation”

By order of the Board

Coimbatore
31st July 2008

(Sd.) **Dr. S.K. Sundaramoorthy**
Chairman and Managing Director

**Notes:**

- 1) A Member entitled to vote and attend the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not to be a member of the Company. The instrument appointing proxy should however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of meeting.
- 2) An Explanatory statement pursuant to Sec. 173 (2) of The Companies Act, 1956 relating to Special Business is annexed hereto.
- 3) Shareholders are requested to bring their copy of the Annual Report.
- 4) Members/Proxies should fill the attendance slip for attending the meeting.
- 5) Corporate Members are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
- 6) The Register of Members and Share Transfer Books will remain closed from 23rd September, 2008 to 26th September, 2008 (both days inclusive)

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 :**Item No-5**

Mr. D. R. Kaarthikeyan was appointed as additional director of the Company on 16.10.2007 and pursuant to provision of Section 260 of The Companies Act, 1956 his appointment as director ceases at the ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Mr. D. R. Kaarthikeyan for the directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

None of the director of the Company except Mr. D. R. Kaarthikeyan is interested or deemed to be interested in the proposed resolution.

Item No-6

Dr. S. S. Badrinath was appointed as additional director of the Company on 16.10.2007 and pursuant to provision of Section 260 of The Companies Act, 1956 his appointment as director ceases at the ensuing Annual General Meeting. The Company has received notice from a members specifying the candidature of Dr. S. S. Badrinath for the directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

None of the director of the Company except Dr. S. S. Badrinath is interested or deemed to be interested in the proposed resolution.

Item No-7

Mr. G. R. Sundaravadivel was appointed as additional director of the Company on 16.10.2007 and pursuant to provision of Section 260 of The Companies Act, 1956 his appointment as director ceases at the ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Mr. G. R. Sundaravadivel for the directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

None of the director of the Company except Mr. G. R. Sundaravadivel is interested or deemed to be interested in the proposed resolution.

Item No-8

Dr. Yogesh Shah was appointed as additional director of the Company on 16.10.2007 and pursuant to provision of Section 260 of The Companies Act, 1956 his appointment as director ceases at the ensuing Annual General Meeting. The Company has received notice from a member specifying the candidature of Dr. Yogesh Shah for the directorship of the Company under Section 257 of the Companies Act, 1956. The Board proposes his appointment for your approval.

None of the director of the Company except Dr. Yogesh Shah is interested or deemed to be interested in the proposed resolution.

By order of the Board

Coimbatore
31st July 2008

(Sd.) Dr. S.K. Sundaramoorthy
Chairman and Managing Director

LOTUS EYE CARE HOSPITAL LIMITED

Directors' Report And Management Analysis:

Yours Directors have pleasure in presenting the 11th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	31.03.2008 (Current Year)	31.03.2007 (Previous Year)
Income from operations and Other Income	1144.16	729.99
Profit before Depreciation & Tax	340.17	288.20
Less: Depreciation	100.58	97.96
Profit before Tax	239.59	190.24
Less: Provision for Taxes	109.82	61.57
Profit after tax transferred to Reserves & Surplus	129.77	128.67

Review of Operations and Performance:

In the financial year 2007-08, the income from operations and other income amount to Rs.1144.16 lacs showing 56.74% increase over the previous financial year 2006-07. The net profit after tax for 2007-08 was Rs. 129.77 lacs compared to the previous year's profit of Rs. 128.67 lacs after providing for higher taxes of Rs.48.25 lacs. The four units of the Company situated at Peelamedu (tertiary) and R. S. Puram in Coimbatore, Salem and Tirupur received more patients which resulted more revenue. The eye camps were conducted in rural areas and the rural people acquired more awareness about the eye care. The results are encouraging due to the awareness among the people about the health care.

The Company has opened Tirupur unit in June, 2007 and the revenue level is satisfactory. We have opened new departments in Peelamedu, Coimbatore viz., Pediatric Ophthalmology, Corneal transplant, Diabetic ophthalmology.

There has been substantial increase in administrative and service expenses on account of recruiting new consultants and staff for the new unit in Tirupur.

The performance of our Company during the previous financial year was exceedingly well despite competition from other eye care Hospitals in this region.

Outlook for the current year:

Healthcare sector continue to grow at rapid pace with enlarged spending power of the people in India. The GDP growth rate is projected at 8.5% and the awareness about health hazards and preventive measures is high. Our company, being listed corporate entity, will be the potential player in eye care sector and have positive outlook for the present and ensuing years.

Our Company will shift the unit at R. S. Puram, Coimbatore to the newly constructed building at the same area with 12,000 square feet by November this year. Another 13,000 square feet building in Peelamedu, Coimbatore is also likely to be completed during this year. New Departments in Ophthalmology are to be introduced immediately in Peelamedu, Coimbatore. Additional land is being purchased in Peelamedu, Coimbatore for future expansion. We look forward immediate three fold improvement in income contribution level from RS Puram, Coimbatore.

The construction of new buildings at Salem and Karur (proposed) will commence after the purchase of land. A study on the expansion of our company's operations in Bangalore and Chennai will be completed in due course. The possibility for opening new centres in potential areas are being explored.



Opportunities and Threats:

India being a vast country with large population with potential eye related problems offer good scope for super speciality hospitals. With average income level increasing, there is growing demand for quality eye care in India and Lotus can be one of the major contributors. We are getting invitations from other states for opening eye care centers and such requests are under our active consideration.

Our company is based at South India and faces competition from other hospitals in the home town. We have started to introduce new departments in Ophthalmology and additional facilities for patients in Coimbatore. Upgradation of existing centres at Salem, R. S. Puram, Coimbatore and opening new centers at Karur, Bangalore and Chennai likely to improve the income level manifold. Professionals of various disciplines are being employed for better results.

Capital Investment:

The total capital investment during the year was Rs. 346.64 Lacs which was related to the construction of new buildings at Peelamedu and R. S. Puram and the purchase of medical equipments. These capital expenditure were made from the internal generations and as well as the equipment loans availed from the Banks.

Initial Public Issue (IPO):

In terms of the prospectus dated 27th June, 2008, our company raised Rs. 38 crores by issue of 1,00,00,000 equity shares of Rs. 10 each at premium of Rs. 28 per share to finance the part of expansion project. The issue was fully subscribed and the shares were listed for trading both Bombay Stock Exchange (designated stock exchange) and National Stock Exchange on 11th July, 2008, after the completion of the listing formalities.

Directors:

The Board of Directors appointed at their meeting held on 16th October, 2007, the independent directors, Mr. D. R. Kaarthikeyan, Dr. S. S. Badrinath, Mr. G. R. Sundaravadiel and Dr. Yogesh Shah as additional directors of the Company. The notices have been received for their candidature for the appointment as regular directors of the Company in the ensuing Annual General Meeting.

After resigning as regular director, Mr. P.K. Venkatchalam has been appointed as alternate director to Dr. Kavetha Sundaramoorthy who is pursuing higher studies in abroad. The directors would like to place their appreciation on records for the services rendered by Mr. P.K. Venkatachalam as regular director of the Company.

Dr. Kavetha Sundaramoorthy and Ms. Sangeetha Sundaramoorthy are due to retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Fixed Deposits:

The Company has not accepted any fixed deposits.

Auditors:

M/s. Vekam and Associates, Chartered Accountants, the retiring auditors have given their certificate pursuant to Section 224 (1-B) of the Companies Act, 1956 and are eligible for reappointment.

LOTUS EYE CARE HOSPITAL LIMITED

Directors' Responsibility Statement:

In compliance of Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm that:

- All applicable Accounting Standards have been followed in the preparation of annual accounts and that there is no material departure:
- Such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on going concern basis.

Information pursuant to Section 217 of the Companies Act, 1956:

In terms of sub-section (2A) of Section 217 of the Companies Act, 1956, the Company has no employees drawing salary exceeding Rs. 24 lakhs per annum or Rs. 2.00 lakhs per month during the year under review.

Energy consumption particulars as required by Rule of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure attached.

Acknowledgment:

Your directors thank the shareholders, customers, suppliers and Bankers for their continued support during the year. Your directors also place on record their appreciation of the contributions made by the employees at all level towards the growth of the Company.

ANNEXURE

FORM -A

Statement appended to the Director's Report pursuant to Rule 2(A) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2008

Conservation of Energy	31.03.2008	31.03.2007
Power and Fuel Consumption:		
Electricity from EB		
Units in Lacs	2.30	2.25
Amount Rs. in Lacs	13.32	13.43
Cost per Unit	5.79	5.97
Own Generation through:		
Diesel Generator:		
Unit per litre of Diesel	3.50	3.70
Units in Lacs	0.44	0.23
Amount Rs. in Lacs	4.21	2.14
Cost per unit in Rs.	9.57	9.30

**B) Technology absorption, adaptation and innovation & Research and Development:**

For improving efficiency and the quality of customer care, new technologies are absorbed. There is no separate expenditure incurred for Research and Development.

C) Foreign Exchange Earnings and Outgo:

Foreign Exchange earnings	-	Nil
Foreign Exchange outgo	-	Rs.18,35,310/-

REPORT ON CORPORATE GOVERNANCE:

In accordance with the Clause 49 of the listing agreement of stock exchanges, the Company had followed the best practices on corporate governance. Timely flow of information to all stakeholders of the company, compliance with all applicable rules and regulations and fair and equal treatment of all the stakeholders of the company including employees, creditors and customers and investors.

Board of Directors:

Composition of Directors and their attendance:

Name of the Director	Category	No. of Directorships in other companies	No. of committee in all companies	
			Member	Chairman
Dr. S.K. Sundaramoorthy (Chairman and Managing Director)	Executive Promotor	NIL	1	-
P.K. Venkatachalam (Alternate Director)	Promotor	NIL	-	-
Dr. Kavetha Sundaramoorthy	Non-Executive Promotor	NIL	-	-
Ms. Sangeetha Sundaramoorthy	Non-Executive Promotor	NIL	2	-
Mr. Kaarthikeyan	Non-Executive Independent	7	2	1
Dr. S.S. Badrinath	Non-Executive Independent	NIL	-	-
Mr. G.R. Sundaravadivel	Non-Executive Independent	3	-	2
Dr. Yogesh Shah	Non-Executive Independent	NIL	1	-

1. Mr. D. R. Kaarthikeyan, Dr. S. S. Badrinath, Mr. G.R. Sundaravadivel and Dr. Yogesh Shah were inducted as additional directors with effect from 16th October, 2007.
2. Mr. P.K. Venkatachalam resigned from the Board and reappointed as Alternate Director for Dr. Kavetha Sundaramoorthy with effect from 16th October, 2007.

Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements with the Stock Exchanges.

The terms of reference of this Committee as required by SEBI – under Clause 49 of the Listing Agreement. Besides having access to all the required information from with the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the statutory auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the statutory auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the statutory auditors.

The majority of the members of the Audit Committee are independent and have knowledge of finance, accounts and industry.

LOTUS EYE CARE HOSPITAL LIMITED

The Audit Committee was formed on 16th October, 2007, with the following directors as members of the Committee.

Name	Category
Mr. G. R. Sundaravadivel, Chairman	Non Executive – Independent
Mr. D. R. Kaarthikeyan	Non Executive – Independent
Ms. Sangeetha Sundaramoorthy	Non Executive – Non Independent

The meetings of the Audit Committee will be held in the financial year 2008-09 regularly for execution of its role including the review of audited/unaudited quarterly financial results as required by the terms of the Listing Agreement of the Stock Exchanges.

Remuneration Committee:

The Committee would basically look into and determine company's policy on remuneration packages to the Executive Directors. The Committee was formed on 16th October, 2007, with the following directors as members of the Committee.

Name	Category
Mr. D. R. Kaarthikeyan, Chairman	Non Executive – Independent
Dr. Yogesh Shah	Non Executive – Independent
Ms. Sangeetha Sundaramoorthy	Non Executive – Non Independent

Share Transfer and Investor Grievance Committee:

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate certificates, review of dematerialized shares, redressing of investors complaints and non-receipt of shares, non-receipt of dividend warrants and other matters relating to shares.

The Composition of the Shareholders/Investors Grievance Committee:

Name	Category
Mr. G. R. Sundaravadivel, Chairman	Non Executive – Independent
Mr. D. R. Kaarthikeyan	Non Executive – Independent
Dr. S.K. Sundaramoorthy	Director – Non Independent

Compliance Officer's Address:

Raveendar. S, Company Secretary & Compliance Officer

Registered Office:

S.F. No:770/12, Civil Aerodrome Post, Avinashi Road, Coimbatore – 641 014 E-mail: eyecare@lotuseye.org

Management Analysis Report:

This Report forms part of this Annual Report

Annual General Body Meetings:

Details of Meetings	Date of Meeting	Venue	Special Resolutions
2005, 8 th AGM	30.09.05	Registered Office	Nil
2006, 9 th AGM	30.09.06	Registered Office	Nil
2007, 10 th AGM	29.09.07	Registered Office	Nil