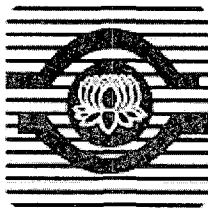

12th Annual Report 2008 - 09

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LOTUS EYE CARE HOSPITAL LIMITED

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

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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
	-	Dr. Yogesh Shah
	-	Sri. R. Subramanian
	-	Dr. Kavetha Sundaramoorthy (Alternate Director Mr. P.K. Venkatachalam)
	-	Ms. Sangeetha Sundaramoorthy

Company Secretary	-	Sri. K. Rangasamy
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Auditors	-	M/s. Vekam and Associates Chartered Accountants Coimbatore-641 012
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Bankers	-	Indian Overseas Bank, Ganapathy Coimbatore HDFC Bank Ltd, Coimbatore ICICI Bank Ltd, Coimbatore Indusind Bank Ltd, Coimbatore
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Registered Office	-	S.F. No. 772/12, Avinashi Road, Civil Aerodrome Post Coimbatore-641 014
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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
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LOTUS EYE CARE HOSPITAL LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the 12th Annual General Meeting of the shareholders of Lotus Eye Care Hospital Limited will be held on Tuesday, 29th day of September, 2009 at 03.30 P.M at Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014 to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. D.R.Karthikeyan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr.Yogesh Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Vekam and Associates, 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 on such remuneration as may be determined by the board of directors of the company.

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. R. Subramanian who was appointed as Additional Director of the Company on 09.01.2009 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 pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act 1956 (including any statutory modifications and re-enactments thereof, for the time being in force) read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the appointment of Ms. Sangeetha Sundaramoorthy as a Whole time Director of the Company for a period of five years with effect from 01.08.2009 on the terms and conditions as to remuneration, allowance, perquisites and other benefits as specified and set out in the annexed explanatory Statement, with authority to the Board to alter or vary the same from time to time with effect from such date or dates as may be decided by it and agreed to by Ms. Sangeetha Sundaramoorthy."

"RESOLVED FURTHER THAT in the absence or inadequacy of the profits in any year, Ms.Sangeetha Sundaramoorthy shall be entitled to receive and be paid as minimum remuneration in that year by way of salary, allowances, perquisites and other benefits as stated in the Explanatory Statement, subject however, to the necessary approvals and ceiling specified under Schedule XIII of the Companies Act 1956."

By order of the Board
For LOTUS EYE CARE HOSPITAL LIMITED

Place : Coimbatore
Date : 31st August 2009

(Sd.) K. Rangasamy
Company Secretary

**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 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 the 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 25th September, 2009 to 29th September, 2009 (both days inclusive).

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

Mr. R. Subramanian was appointed as additional director of the company on 09.01.2009 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. R. Subramanian 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. R. Subramanian is interested or deemed to be interested in the proposed resolution

Item No-6

The Board in its meeting held on 27.07.2009 had resolved to appoint Ms. Sangeetha Sundaramoorthy as a Whole time Director of the company for a period of five years with effect from 01.08.2009. The Remuneration committee in its meeting held on 27.07.2009 had recommended the remuneration of Ms. Sangeetha Sundaramoorthy for a period of five years subject to approval of members in Annual general meeting,

The proposed appointment of Ms. Sangeetha Sundaramoorthy as whole time director and the payment of remuneration are in conformity with Schedule XIII of the companies Act, 1956.

I. Salary

Rs. 30,000/- (Rupees Thirty Thousand Only) per month with Annual increase in the salary as the board may decide from time to time, however subject to a ceiling of Rs. 10000/- (Rupees Ten Thousand only) per month.

II. Perquisites

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

LOTUS EYE CARE HOSPITAL LIMITED

a. Medical Reimbursement:

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

b. Leave travel Concession / Allowance

c. Club fees:

Fees of club subject to a maximum of two clubs excluding admission and Life Membership fees

d. Car:

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

e. Telephone:

Free Telephone / Communication facilities at residence for business purpose.

III. Other benefits

A. Contribution to provident fund to the extent not taxable under the Income Tax Act.

B. Gratuity at the rate of half month salary for each completed year of service.

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

D. The above benefits under (A) to (C) shall not be included in the computation of remuneration or perquisites.

IV. Overall remuneration

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

V. Minimum Remuneration

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

Pursuant to section 302 of the Companies Act, 1956, this may be treated as an abstract of the terms and conditions of the contract and memorandum of interest concerning the appointment and remuneration of Ms. Sangeetha Sundaramoorthy as whole time director.

None of the directors except Ms. Sangeetha Sundaramoorthy, Dr. S.K. Sundaramoorthy and Dr. Kavetha Sundaramoorthy are interested or concerned in the proposed resolution.

The board recommends this resolution set out in item no.6 for the approval of the members.

Place : Coimbatore

Date : 31st August 2009

By order of the Board
For LOTUS EYE CARE HOSPITAL LIMITED

(Sd.) K. Rangasamy
Company Secretary



Directors' Report & Management Discussion and Analysis:

Yours Directors have pleasure in presenting the 12th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	31.03.2009 (Current Year)	31.03.2008 (Previous Year)
Income from operations and other Income	1291.52	1144.16
Profit before Depreciation and Tax	305.88	340.17
Less: Depreciation	166.49	100.58
Profit before Tax	139.40	239.59
Less: Provision for Taxes	23.16	109.82
Profit after tax transferred to Reserves & Surplus	116.24	129.77

Review of Operations and Performance:

During the financial year ending March 2009, there has been a marginal increase of income from operations. However, the net profit issued is Rs. 116.24 lacs as against Rs. 129.77 Lacs during the previous year. The reason for decrease in the profitability due to the overall operating cost and higher amount of depreciation to be absorbed.

Outlook for the current year:

The Company has shifted the R.S.Puram unit from rented building to their own building in April 2009. We have opened two new operation theatres at R.S.Puram unit in May 2009.

Besides, the other units situated at Peelamedu, Salem and Tirupur are also expected to register higher turnover. However, the increasing overheads and other establishments cost at different locations will have the impact on maintaining the profitability.

Corporate Social Responsibilities:

In its role as a socially responsible corporate citizen, your Company reaches out to the needy sections of the society in many ways. In line with this policy, your Company has been continuously organizing many free eye camps along with trust to provide free eye treatment to peoples below the poverty line.

Opportunities and Threats:

Though there is a stiff competition in eye care, our company is reasonably doing well. It is because of the established name for quality eye care and increase the demand for eye care in the public.

Share Capital

The Initial Public Issue (IPO) of 1, 00, 00,000 equity shares of Rs.10 each at premium of Rs.28/- per share was completed successfully and the shares were listed for trading both at the Bombay Stock Exchange and the National Stock Exchange on 11th July 2008. Through the issue process, the Share Capital of the company has increased by Rs. 2079.63 lacs and Share premium has increased by Rs. 3205.52 lacs.

Utilization of IPO Proceeds

Your Company has mentioned the offer document, the projected total capital outlay of Rs. 5500 Lacs, a part of which was to be financed out of issue of shares to the Public. Since issue expenses were more than anticipated and a company had to acquire / tie-up lands at different locations, there has been increase in the overall cost in certain areas.

LOTUS EYE CARE HOSPITAL LIMITED

Your Directors having considered the current trends and to overall cost envisages, have taken requisite steps to rationalize further commitments and accordingly are taking effective steps to tie-up additional sources of funds required.

Your Directors have a thought, prudent to acquire additional land adjacent to the existing infrastructure facilities as a part of long term strategy, though the said investment was not originally envisaged at the time of public issue.

Directors:

The Board of Directors appointed at their meeting held on 09.01.2009, the independent director Mr. R.Subramanian as additional director of the Company. Necessary notice has been received for his candidature for the appointment as regular director of the company in the ensuing Annual General Meeting.

Mr. G.R.Sundaravadivel, Independent director of the company has resigned from the board on 09.01.2009 on his own accord. The directors would like to place on record their appreciation for the services rendered by Mr. G.R.Sundaravadivel as independent director of the company.

Mr. D.R.Kaarthikeyan and Dr.Yogesh shah are due to retire at the ensuing annual General Meeting and being eligible, offer themselves for reappointment.

Directors' Responsibility Statement:

The Directors confirm that

- I. In the preparation of annual accounts the applicable accounting standards have been followed.
- II. Appropriate accounting policies have been selected and applied consistently, and judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the company at the end of the financial year and of the company for that period.
- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for the preventing and detecting fraud and other irregularities.
- IV. Annual accounts have been prepared on going concern basis.

Particulars of Employees:

As on 31st March 2009, none of the employees were in receipt of remuneration in excess of the limits prescribed in sub-section 2A of section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Amendment Rules 1994

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956:

Since the Company is in service industry and does not do any manufacturing activity, the particulars regarding conservation of energy and absorption in the (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are not applicable. The particulars regarding foreign exchange inflow and outflow appear as item no. 9 in Notes on Accounts.

Fixed Deposits:

Your company has not accepted any fixed deposits from the public.

Report of Corporate Governance:

The Company has complied with the requirement of the corporate governance in terms of the listing agreements with the Stock Exchanges. The detailed report on corporate governance is annexed and forming part of this report.

Compliance certificate on corporate governance:

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

**Auditors:**

M/s. Vekam and Associates, Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting have confirmed their eligibility and willingness to accept the office of the Statutory Auditors, if re-appointed.

Acknowledgement:

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

Report on Corporate Governance:

Lotus Eye Care Hospital Limited is committed to sound practice of corporate functioning and maximizes customer satisfaction by offering the quality service at the right time and reasonable rate with the right service and comply with all regulations as applicable from time to time. At Lotus Eye Care Hospital the pursuit of perfection is an on-going process enabling it to look back with immense satisfaction on its past achievements and look forward with confidence to a promising challenging future. The strategy is always to maintain the position of leadership through a systematic initiative in the treatment development giving the customers a quality service and to ensure high ethical standard in all its business activities.

Board of Directors:

In order to enable the Board to discharge its responsibilities effectively all statutory, significant and material information are placed before the Board on a quarterly basis.

Composition:

The Board is headed by Chairman and Managing Director and supported by five Non Executive Directors

Name of the Director	Category as per Listing Agreement	Directorships other	Membership in Board Committees	
			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	Executive - Promotor	NIL	2	-
Mr. D.R. Kaarthikeyan	Non-Executive Independent	7	2	1
Dr. S.S. Badrinath	Non-Executive Independent	NIL	-	-
Mr. R. Subramanian	Non-Executive Independent	2	2	2
Dr. Yogesh Shah	Non-Executive Independent	NIL	1	-
Mr. G.R. Sundaravadivel*	Non-Executive Independent	3	-	2

*ceased to be director w.e.f.07.01.2009

1. Mr. R.Subramanian was inducted as Additional director with effect from 09th January, 2009 instead of Mr. G.R.Sundaravadivel who has resigned from the board with effect from 07.01.2009.
2. The Directorship held Directors as mentioned above do not include Directorship of Foreign Companies, Section 25 Companies and Private Limited Companies.
3. Number of Chairmanships / Memberships in Committees of the Directors are within the limits specified in clause 49 (I) (c) (ii) of the Listing Agreement.

LOTUS EYE CARE HOSPITAL LIMITED

Board Meeting and Attendance

Five Board Meetings were held on 25.05.2008, 27.06.2008, 31.07.2008, 29.10.2008 and 28.01.2009 during the period 1st April 2008 to 31st March 2009.

Details of attendance of each director at the meetings of the Board and various committees of the Board during the financial year ended 31st March, 2009.

Name of the Directors	Board Meeting (5)	Audit Committee (3)	Remuneration Committee	Share Transfer and Investor Grievance Committee	Annual General Meeting
Dr. S.K.Sundaramoorthy	5	-	-	-	Yes
Mr. P.K.Venkatachalam	4	-	-	-	Yes
Dr. S.S.Badrinath	1	-	-	-	No
Mr. D.R.Kaarthikeyan	2	1	-	-	No
Mr. R.Subramanian	1	1	-	-	No
MR.Yogesh Shah	3	-	-	-	No
Mr. G.R.Sundaravadivel	3	2	-	-	No
Ms. Sangeetha Sundaramoorthy	4	3	-	-	No

The figures within brackets denote the number of meetings held during the period 1st April 2008 to 31st March 2009.

Committee of Directors

The Board has constituted the following Committee of directors to deal with matters referred to it for timely decisions.

Audit Committee

The Audit Committee of the company is constituted with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee was re-constituted on 09.01.2009 with the following non-executive directors as members to determine on behalf of the Board of Directors.

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

Name of the Invitee - Sri M.P.Panneerselvan, Statutory Auditor.

Sri.K.Rangasamy, Company Secretary is the Secretary of the Audit Committee.

The Audit Committee would assure to the Board, compliance of adequate internal control system, Accounting Standards and financial disclosure and other issues confirming to the requirements specified by the Companies Act, 1956 and by the Stock Exchanges in terms of Listing Agreement.

The Committee has met 3 times during the financial year ended 31st March 2009 and details of attendance were furnished elsewhere in the Annual Report.