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## 13<sup>th</sup> Annual Report 2009 - 10

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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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## *Board of Directors*

<b>Chairman and Managing Director</b>	-	<b>Dr. S.K. Sundaramoorthy</b>
<b>Directors</b>	-	<b>Sri. D. R. Kaarthikeyan</b>
	-	<b>Dr. S.S. Badrinath</b>
	-	<b>Dr. Yogesh Shah</b>
	-	<b>Sri. R. Subramanian</b>
	-	<b>Dr. Kavetha Sundaramoorthy</b> (Alternate Director Mr. P.K. Venkatachalam)
	-	<b>Ms. Sangeetha Sundaramoorthy</b>
<b>Company Secretary</b>	-	<b>Sri. K. Rangasamy</b>
<b>Auditors</b>	-	<b>M/s. Vekam and Associates</b> Chartered Accountants Coimbatore-641 012
<b>Bankers</b>	-	<b>Indian Overseas Bank, Ganapathy</b> Coimbatore <b>HDFC Bank Ltd, Coimbatore</b> <b>ICICI Bank Ltd, Coimbatore</b> <b>Indusind Bank Ltd, Coimbatore</b>
<b>Registered Office</b>	-	<b>S.F. No. 770/12, Avinashi Road,</b> <b>Civil Aerodrome Post</b> <b>Coimbatore-641 014</b>
<b>Registrar and Share Transfer Agents</b>	-	<b>M/s. S.K.D.C. Consultants Limited</b> <b>Kanapathy Towers, 3rd Floor</b> <b>1391/A-1, Sathy Road, Ganapathy</b> <b>Coimbatore - 641 006.</b>

# LOTUS EYE CARE HOSPITAL LIMITED

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## NOTICE TO THE MEMBERS

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of the shareholders of Lotus Eye Care Hospital Limited will be held on **Friday, 17<sup>th</sup> day of September, 2010 at 03.30 P.M at Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014** to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Dr. S.S. Badrinath, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. R. Subramanian, 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.

Place : Coimbatore  
Date : 10<sup>th</sup> August 2010

By order of the Board  
For LOTUS EYE CARE HOSPITAL LIMITED  
(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. Shareholders are requested to bring their copy of the Annual Report.
3. Members/Proxies should fill the attendance slip for attending the meeting.
4. Corporate members are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books will remain closed from 12<sup>th</sup> September, 2010 to 17<sup>th</sup> September, 2010 (both days inclusive).

Place : Coimbatore  
Date : 10<sup>th</sup> August 2010

By order of the Board  
For LOTUS EYE CARE HOSPITAL LIMITED  
(Sd.) K. Rangasamy  
Company Secretary

## Directors' Report and Management Discussion and Analysis:

Your Directors have pleasure in presenting the 13<sup>th</sup> Annual Report of your Company together with the audited accounts for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

(Rs. in lacs)

Particulars	31.03.2010 (Current year)	31.03.2009 (previous year)
Income from Operations and other income	1397.30	1291.52
Profit before Depreciation and Tax	235.33	305.88
Less: Depreciation	256.47	166.49
Profit /(Loss) before Tax	(21.14)	139.40
Less: Provision for Taxes	2.73	23.16
Profit / (Loss) after tax transferred to Reserves & Surplus	(23.87)	116.24

### Review of Operations and Performance:

During the financial year ended 31<sup>st</sup> March 2010, the gross income from operations and other income amounts to Rs.1397.30 Lacs showing 8.19 % increase over the previous financial year 31<sup>st</sup> March 2009. Due to absorption of higher amount of depreciation and overall increase in operating cost, the company has incurred a net loss of Rs.23.87 lacs during this financial year.

**Dividend:** Your Director have not recommended any dividend for the year under review.

### Outlook for the current year:

Your company is in the process of establishing the primary eye care centre at Mettupalayam, one more centre at Salem and Tertiary eye care hospital at Cochin during the current financial year.

Your company has proposed to construct the new building at the adjacent land purchased last year at Peelamedu, Coimbatore Main Hospital. It is planned to merge the existing hospital and to expand new facilities like diabetic center and free camp section separately in the expanded building. Your Company has proposed to open the general pharmacy, optical shop and refreshment café in the proposed new building at Peelamedu.

The possibility of opening new centres in potential areas is being explored.

### 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:

Through 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 in demand for eye care in the public.

Our company is situated at South India and faces competition from other hospitals in the home town. We have introduced new departments in Ophthalmology and additional facilities for patients in Coimbatore and other centers.

# LOTUS EYE CARE HOSPITAL LIMITED

## Utilization of IPO Proceeds along with loan and internal generations of funds:

The Company has envisaged utilization of IPO Proceeds in respect of the following objects and up to financial year 2009-10 has utilized Rs. 4748.57 lacs towards the objects as detailed below:

Sl.No	Objects / Expenditure items	Total Cost to be met from IPO Proceeds	Estimated Utilization	Actual Utilization in FY 2008-09 & 2009-10
01	Land	1580.00	1580.00	1949.66
02	Building	1590.00	1590.00	893.29
03	Infrastructure	330.00	330.00	246.05
04	Equipments	980.00	980.00	1166.71
05	Staff quarters	75.00	75.00	75.00
06	Setting up primary eye care unit	330.00	330.00	0.00
07	Working Capital requirement	150.00	150.00	30.00
08	Public Issue Expenses	270.00	270.00	387.86
09	Contingencies	195.00	195.00	0.00
	Total	5500.00	5500.00	4748.57

The remaining objects are being pursued.

Unutilized IPO funds are held as investment in deposit account of Rs.77.24 lacs, Current account of Rs.12.47 lacs. An amount of Rs.646.92 lacs has been used to reduce the term liability from ICICI Bank and Indian Overseas bank to reduce interest cost as an interim measure pending deployment towards Objects of the issue.

## Competition:

The competition from the un-organized sector would be met by delivering quality eye care on par with international standards which the un-organized sector lacks in view of constraints in investment to create a quality hospital.

Because of increased opportunities, many private players are entering into this sector. Your Company can counter this challenge by providing focused eye care delivery and by deploying the state of the art equipments backed by panel of expert Doctors.

## Shortage of Skilled Manpower:

Increasing demand for health care services combined with the aggressive expansion by the Indian private health care players is expected to significantly increase the demand for medical professionals. Similarly there is a shortage of medical and para-medical staff. We have a talented and skilled manpower in terms of Doctors, Nurses and para-medical staff. We continue to attract talented and skilled medical professionals.

## Capital Investment:

The total capital investment including the work in progress incurred up to March 2009 was Rs.988.70 lacs which were related to the construction of building at Peelamedu and R.S.Puram and the purchase of medical equipments and infrastructures. This capital expenditure was met through IPO, Internal generation as well as building loan availed from Banks.

## Directors:

Dr.S.S.Badrinath and Mr.R.Subramanian retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**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 31<sup>st</sup> March 2010, 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 as per 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 forthcoming 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.

# LOTUS EYE CARE HOSPITAL LIMITED

## 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 complies 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	Other Directorship	Membership in Board Committees	
			Member	Chairman
Dr. S.K. Sundaramoorthy (Chairman and Managing Director)	Executive Promoter	NIL	1	-
Mr. P.K. Venkatachalam (Alternate Director)	Promoter	NIL	-	-
Dr. Kavetha Sundaramoorthy	Non-Executive Promoter	NIL	-	-
Ms. Sangeetha Sundaramoorthy	Executive - Promoter	NIL	2	-
Mr. D.R. Kaarthikeyan	Non-Executive Independent	7	2	1
Dr. S.S. Badrinath	Non-Executive Independent	NIL	-	-
Mr. R. Subramanian	Non-Excutive Independent	2	2	2
Dr. Yogesh Shah	Non-Executive Independent	NIL	1	-

1. The Directorship held Directors as mentioned above do not include Directorship of Foreign Companies, Section 25 Companies and Private Limited Companies.
2. Number of Chairmanships / Memberships in Committees of the Directors are within the limits specified in clause 49 (I) ( c ) (ii) of the Listing Agreement.

## Board Meeting and Attendance:

Five Board Meetings were held on 29.04.2009, 27.07.2009, 31.08.2009, 27.10.2009 and 27.01.2010 during the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.

Details of attendance of each director at the meetings of the Board and various committees of the Board during the financial year ended 31<sup>st</sup> March, 2010.



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

The figures within brackets denote the number of meetings held during the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.

### General Meetings

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

Particulars	12 <sup>th</sup> AGM 2009
Date of Meeting	29 <sup>th</sup> September 2009
No. of Members Attended	20
No. of Proxy Attended	-
Chairman of the Meeting	Dr.S.K.Sundaramoorthy
Company secretary	Mr.K.Rangasamy

### 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
1. Mr. R.Subramanian	- Chairman - Independent - Non-Executive
2. Mr. D.R.Kaarthikeyan	- Member - Independent - Non-Executive
3. Ms. Sangeetha Sundaramoorthy	- Member - Non Independent - Executive

Name of the Invitee - Sri M.P.Panneerselvam, 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 5 times during the financial year ended 31<sup>st</sup> March 2010 and details of attendance were furnished elsewhere in the Annual Report.

# LOTUS EYE CARE HOSPITAL LIMITED

## Remuneration Committee

The Remuneration Committee consists of the following Non Executive Directors as members to determine on behalf of the Board of Directors, with regard to terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.

Name	Category
1. Mr.D.R.Kaarthikeyan	Chairman – Independent – Non-Executive
2. Dr.Yogesh Shah	Member – Independent – Non-Executive
3. Ms.Sangeetha Sundaramoorthy	Member – Non Independent – Executive

The Committee has met one time during the financial year ended 31<sup>st</sup> March 2010 and details of attendance were furnished elsewhere in the Annual Report.

## Share Transfer and Investor Grievance Committee

The Committee has been formed on 16.10.2007 to specifically deal in matters relating to transfer and transmission of shares, issue of duplicate share certificate, review of dematerialized shares, redressing of investors complaints and non-receipt of shares, annual report, dividend warrants and other matters relating to shares.

The Committee consists of the following Executive and Non-Executive directors as its members.

Name	Category
1. Mr.R.Subramanian	Chairman – Independent – Non-Executive
2. Mr.D.R.Kaarthikeyan	Member – Independent – Non-Executive
3. Dr.S.K. Sundaramoorthy	Member – Non Independent – Executive

Sri.K.Rangasamy , Company Secretary is the Compliance officer.

During the year the company has not received any complaints from the investors and there were no outstanding complaints as on 31.03.2010.

## Annual General Meeting

Details of the last three Annual General Meeting are given below:

Financial year	Details of Meeting	Date of Meeting	Venue	Special Resolutions
31 <sup>st</sup> March, 2007	10 <sup>th</sup> AGM	29.09.07	Registered Office	Nil
31 <sup>st</sup> March, 2008	11 <sup>th</sup> AGM	26.09.08	Chamber Hall, 8/732, Avinashi Road, Coimbatore -641 018.	Nil
31 <sup>st</sup> March, 2009	12 <sup>th</sup> AGM	29.09.09	Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Coimbatore -641 014.	Yes

No Special Resolutions was required to be put through postal ballot during the last financial year.

No Special Resolutions on matters requiring postal balloting are placed for Shareholders' approval at the ensuing annual General Meeting.