

16th Annual Report

2012 - 13



LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

(Formerly 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

Chairman and Managing Director	-	Dr. S.K. Sundaramoorthy
Directors	-	Sri. D. R. Kaarthikeyan
	-	Dr. S.S. Badrinath
	-	Dr. Yogesh Shah
	-	Sri. G.R. Karthikeyan
	-	Sri. R. Subramanian
	-	Sri. M. Alagiriswamy
	-	Dr. Kavetha Sundaramoorthy (Alternate Director Mr. P.K. Venkatachalam)
	-	Ms. Sangeetha Sundaramoorthy
Company Secretary	-	Sri. K. Rangasamy
Auditors	-	M/s. VEKAM AND ASSOCIATES Chartered Accountants Coimbatore-641 012
Bankers	-	Indian Overseas Bank Ganapathy, Coimbatore Indusind Bank Ltd, Coimbatore Axis Bank Ltd, Coimbatore The Federal Bank Ltd, Ernakulam
Registered Office	-	S.F. No. 770/12, Avinashi Road Civil Aerodrome Post Coimbatore-641 014
Registrar and Share Transfer Agent	-	M/s. S.K.D.C. Consultants Limited Post Box No : 20416 Kanapathy Towers, 3rd Floor 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006.

LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the 16th Annual General Meeting of the shareholders of Lotus Eye Hospital and Institute Limited will be held on Wednesday, 25th day of September, 2013 at 3.00 P.M. at the Registered Office of the Company at S.F. No. 770/12, 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 31st March 2013 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr.D.R.Kaarthikeyan, 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.V E K A M 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.

By order of the Board
For LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

Place : Coimbatore
Date : 24th May, 2013

(Sd.) K. Rangasamy
Company Secretary



Notes:

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his / her behalf. A proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited at the Registered Office of the company at S.F. No. 770/12, Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014 not less than 48 hours before the commencement of the meeting.
2. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
3. Shareholders are requested to bring their copy of the Annual Report.
4. Members/Proxies should bring the attendance slips duly filled in and signed 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 19th September, 2013 to 25th September, 2013 (both days inclusive).
7. Members holding shares in dematerialised form (electronic form) are requested to intimate any change in their address, bank mandate etc. directly to their respective Depository Participants.
8. Members are requested to quote ledger folio / client ID numbers in all their correspondences.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent M/s.S.K.D.C.Consultants Limited, Coimbatore.
10. The Ministry of Corporate Affairs, New Delhi (MCA) 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.S.K.D.C. Consultants Limited, Coimbatore.
11. 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.
12. Members seeking any information as regards the accounts are requested to write to the Company atleast seven days prior to the meeting so as to enable the management to keep the information available.

By order of the Board
For LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

Place : Coimbatore
Date : 24th May, 2013

(Sd.) **K. Rangasamy**
Company Secretary

LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

Directors' Report and Management Discussion and Analysis:

Your Directors have pleasure in presenting the 16th Annual Report of your Company together with the Audited Financial Statements for the year ended 31st March 2013.

FINANCIAL RESULTS

(₹ in lacs)

Particulars	31.03.2013 (Current year)	31.03.2012 (Previous year)
Income from Operations and other income	2979.36	2658.63
Profit before Depreciation and Tax	423.36	189.60
Less: Depreciation	373.20	414.11
Profit /(Loss) before Tax	50.16	(224.51)
Less: Provision for Taxes	8.66	0.66
Profit / (Loss) after tax transferred to Reserves & Surplus	41.50	(225.17)

Review of Operations and Performance:

You will be glad to note that your company registered a growth of 12.06% in respect of turnover from ₹. 2658.63 lacs in 2011-12 to ₹. 2979.36 in 2012-13. Your Company made a net profit of ₹.41.50 lacs in 2012-13 against a net loss of ₹.225.17 lacs during the previous financial year 2011-12. Your directors will take severe effort to increase the turnover and net profit.

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

Outlook for the current year:

Your company will establish infrastructure facilities for separate super speciality for Cornea and Retina at Peelamedu Main Hospital, Coimbatore.

Your Company is on the look out for better infrastructure facilities either own or rented at Salem and Tirupur. The existing facility at Peramanur East, Salem does not have lift facility and the space is not adequate.

Your Company has planned to set up an operation theatre at Mettupalayam center and 75% of the work has been completed. And also planning to establish the new center at Gobichettipalayam.

Corporate Social Responsibilities:

Your company always places greater importance to manage its affairs with highest levels of transparency, accountability and integrity and is committed to achieve and maintain the high standards of corporate governance on sustained basis. 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 people 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 in demand for eye care among the public.

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

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 eye 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.

Investment:

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

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.

Internal Control Systems and their Adequacy :

The company has established internal control systems to ensure optimum use in protecting its resources and ensuring adherence to its policies, procedures and statutes. There is proper and adequate system of internal control for the company and its branches. The company has also employed its own internal audit department to review the adequacy of the internal control system, procedures and policies. The internal auditor evaluates the adequacy of the internal control systems by testing the control mechanism and give their recommendations to the management.

Directors:

Mr.D.R.Kaarthikeyan and Dr. Yogesh shah retire by rotation at the forthcoming Annual General Meeting and being eligible to offer themselves for re-appointment.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors of the company hereby state and confirm that

- I. In the preparation of the 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 profit 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 preventing and detecting fraud and other irregularities.
- IV. Annual accounts have been prepared on a "going concern" basis.

Particulars of Employees:

As on 31st March 2013, 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)

LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

Rules, 1988 are not applicable. The particulars regarding foreign exchange inflow and outflow appear as item no. 13 in General 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. V E K A M 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.

for and on behalf of the Board

Place : Coimbatore

Date : 24th May, 2013

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



REPORT ON CORPORATE GOVERNANCE
(Annexure to the Sixteenth Directors' Report 2012-13)

Introduction

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

1. The Company's philosophy on Corporate Governance

The Fundamental object of corporate governance policies are based on the highest levels of transparency, accountability in terms of responsibility towards shareholders, creditors, employees and society at large. Your company has committed to ensure high standards of corporate governance on a sustained basis.

2. Board of Directors

(a) Composition

As on 31st March 2013, the strength of the Board is Nine Directors of which one is an Alternate Director. As per Clause 49 of the listing agreement, if the Chairman is an Executive Chairman, atleast half of the Board should comprise of independent directors. There are six Independent Directors in our Board.

None of the Directors on the Board hold office of Director in more than fifteen companies or membership of the committees of the Board in more than ten committees and chairmanship of more than five committees, across all companies.

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	3	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. Karthikeyan	Non-Executive Independent	NIL	2	-
Mr. M. Alagiriswamy	Non-Executive Independent	1	2	-

(b) Meeting

The Board met four times during the year i.e. on 28th May, 2012, 7th August, 2012, 10th November, 2012 and 14th February, 2013.

Attendance details of each director at the Board Meetings, Committee Meetings and at the last Annual General Meeting are set out below.

LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

Name of the Directors	Board Meeting (4)	Audit Committee (4)	Remuneration Committee (1)	Share Transfer and Investor Grievance Committee (0)	Annual General Meeting
Dr. S.K.Sundaramoorthy	4	-	-	-	Yes
Mr. P.K.Venkatachalam	3	-	-	-	No
Dr. S.S.Badrinath	-	-	-	-	No
Mr. D.R.Karthikeyan	4	4	-	-	Yes
Mr. R.Subramanian	3	3	-	-	Yes
Mr. Yogesh Shah	1	-	1	-	No
Ms. Sangeetha Sundaramoorthy	2	2	-	-	Yes
Dr. Kavetha Sundaramoorthy	1	-	-	-	No
Mr.G.R.Karthikeyan	3	1	1	-	No
Mr.M.Alagiriswamy	4	2	-	-	Yes

The figures within brackets denote the number of meetings held during the period from 1st April 2012 to 31st March 2013

(c) General Meetings

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

Particulars	15 th AGM 2012	EGM
Date of Meeting	24 th September 2012	22 nd March 2013
No. of Members Attended	18	17
No. of Proxy Attended	-	-
Chairman of the Meeting	Dr.S.K.Sundaramoorthy	Dr.S.K.Sundaramoorthy
Company Secretary	Mr.K.Rangasamy	Mr.K.Rangasamy

3. Composition of Board Committees

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

- Audit Committee
- Remuneration Committee
- Share Transfer and Investor Grievance Committee.

(a) 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 10.11.2012 with the following non-executive directors as members to determine on behalf of the Board of Directors.

S.No.	Name	Category
1.	Mr. R.Subramanian	Chairman – Independent – Non-Executive
2.	Mr. D.R.Karthikeyan	Member – Independent – Non-Executive
3.	Ms. Sangeetha Sundaramoorthy	Member – Non Independent – Executive
4.	Mr. G.R.Kathikeyan	Member – Independent – Non-Executive
5.	Mr.M.Alagiriswamy	Member – 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.	
	Any two members, present shall constitute the quorum. Four meetings were held during the year.	