

LOTUS EYE HOSPITAL AND INSTITUTE LIMITED

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 19th Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2016.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	31.03.2016 (Current year)	31.03.2015 (Previous year)
Income from Operations and other income	3,170.58	3,033.22
Less : Expenses	3,172.63	3,255.65
Profit / (Loss) before Tax	(2.05)	(222.43)
Less : Provision for Taxes :		
Current Tax	-	-
Deferred Tax	(12.13)	(24.35)
Profit / (Loss) after tax	10.08	(198.08)

REVIEW OF OPERATIONS AND PERFORMANCE:

Your company has reported a growth of 4.53 % on turnover of ₹ 3170.58 Lakhs during the financial year 2015-16 compared to the turnover of ₹ 3033.22 Lakhs in the previous financial year 2014-15. Your Company has reported a growth of 105.09 % on net profit of ₹ 10.08 Lakhs during the financial year 2015-16 against a net loss of ₹ 198.08 Lakhs during the previous financial year 2014-15.

Your Directors are putting consistent effort to increase the turnover and net profit so that the Company can meet the expectations of the stakeholders.

DIVIDEND:

Due to inadequate profits, your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL:

The Paid up equity share capital as on 31st March, 2016 was ₹ 2,079.63 Lakhs. During the year under review, the Company has not issued any shares to the Shareholders. The company has neither issued shares with differential voting rights nor granted stock options or sweat equity shares.

FINANCE:

Cash and cash equivalents as at 31st March, 2016 was ₹ 247.37 Lakhs. The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters which are kept under strict check through continuous monitoring.

TRANSFER TO RESERVE:

Consequence to inadequate profits, your company has not transferred any amount to reserve.

DEPOSITS:

During the year under review, your company has not accepted any deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

During the year under review, your Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

The detail of the investments made by the company is given in the notes to the financial statements.

OUTLOOK FOR THE CURRENT YEAR:

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

Your Company is planning to establish the new centre at Gobichettipalayam, Erode District.

Your Company is also planning to establish another branch in Tirupur in couple of years.

CORPORATE SOCIAL RESPONSIBILITIES:

Your company does not falls under the category to comply with Corporate Social Responsibility as required under Section 135 of the Companies Act, 2013 and Rules made there under. Hence it is not applicable.

DIRECTORS:

Appointment:

Pursuant to the provision of sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the members of the Company approved the appointment of Ms. Sangeetha Sundaramoorthy (DIN: 01859252) as Whole Time Director of the Company for a period of 5 years with effect from 1st August, 2014, liable to retire by rotation.

Further, Dr. Kavetha Sundaramoorthy was appointed as an Additional Director by the Board of the Company in their meeting held on 30th May, 2016. As required by section 160 of the Act, a notice in writing has been received from a shareholder along with a deposit of ₹ 1,00,000, proposing her candidature for the office of Director liable to retire by rotation. The said appointment is subject to approval of the members at the ensuing Annual General Meeting.

Directors retiring by rotation:

Ms. Sangeetha Sundaramoorthy (DIN: 01859252), Whole-Time Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offer herself for re-appointment.

Information regarding the Directors seeking appointment/ re-appointment:

Resume and other information regarding the Directors seeking appointment / re-appointment as required by Regulation 36 of the SEBI (LODR) Regulations, 2015 has been given in the Notice convening the ensuing Annual General Meeting and in the Statement pursuant to Section 102 of the Act.

Declaration by Independent Directors:

All Independent Directors have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and regulation 16(b) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Familiarisation Programme:

Your Company is yet to adopt the policy on Familiarization programme of Independent Directors. However at the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities and further, familiarizes with the activities of the Company on continual basis. The format of letter of appointment is available on the website of the Company (<http://www.lotuseye.org/team.php>)

Statutory Disclosure:

None of the Directors of the Company are disqualified as per the applicable provisions of the Act. However, Dr. Kavetha Sundaramoorthy (DIN: 02050806), Director vacated the office of Director of the Company with effect from 15.02.2016 due to not attending any board meetings held during the last twelve months.

BOARD EVALUATION:

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee and Nomination and Remuneration Committee.

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The criteria for performance evaluation are as under:

Performance Evaluation of Board:

Key Parameters: Degree of fulfillment of key responsibilities; Board structure and composition; Establishment and delineation of responsibilities to Committees; Effectiveness of Board processes, information and functioning; Board Culture and Dynamics; Quality of relationship between the Board and the Management; Efficacy of communication with external stakeholders, etc.

Self Assessment of the Performance by Individual Directors (including Independent Director):

Key Parameters: Attendance at meetings; contribution at meetings; independence of judgment; direction / guidance to senior Management, etc.

Self Assessment of the Performance by the Board Level Committees:

Key Parameters: Degree of fulfillment of key responsibilities; Adequacy of Committee Composition; Effectiveness of meetings; Committee dynamics; Quality of relationship of the committee with the Board and the Management, etc.

The Directors have expressed their satisfaction with the evaluation process.

REMUNERATION POLICY:

The Policy on Board Diversity and Nomination & Remuneration Policy as recommended by the Nomination & Remuneration Committee have been approved by the Board of Directors. The said policies are annexed to the Board's Report as "**Annexure-IV**" and are also available on the Company's website at the following link: <http://www.lotuseye.org/corporate.php>

MEETINGS:

During the year, four Board Meetings, four Audit Committee Meetings and one Nomination and Remuneration Committee Meeting were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

COMMITTEES OF THE BOARD:

Currently the Company has three Committees i.e. Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. All the committees are Independent under the Chairmanship of an Independent Director. The details of the compositions, terms of reference, meetings, etc., of said Committees are given in the Report on Corporate Governance which forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state 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 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. Annual accounts have been prepared on going concern basis.
- V. Internal financial controls to be followed by the company and that such internal financial control are adequate and were operating effectively.
- VI. Devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY:

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

There are no significant and material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status and Company's operations in future.

SUBSIDIARY COMPANIES:

The Company does not have any subsidiary company.

CHANGE IN NATURE OF BUSINESS, IF ANY:

During the year under review, there is no change in nature of business of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting financial position of the Company which have occurred between the end of the financial year of the Company to which the Financial Statements relate and date of the report.

CODE OF CONDUCT:

The Board of Directors have approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "code of conduct" which forms an Appendix to the Code. The Code has been posted on the Company's website <http://www.lotuseye.org/corporate.php>

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

KEY MANAGERIAL PERSONNEL

The details of the Key Managerial Personnel of the Company, their appointment / cessation during the year under review and remuneration are given in the Extract of Annual Return annexed hereto and forming a part of this Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

Your Company is committed to developing a culture where it is safe for any Whistle Blower to raise concerns about any poor or unacceptable practice and any event of misconduct. The alleged misconduct may be classified in many ways; namely, violation of a law, rule, regulation and / or a direct threat to public interest, such as health and safety violations and corruption.

Your Company will not tolerate any form of victimization and will take appropriate steps to protect a bona fide whistle blower and shall treat any retaliation as a serious disciplinary offence that merits disciplinary action. The Company will

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protect the identity of the whistle blower, if so desired, provided that the whistle blower will need to attend any disciplinary hearing or proceedings as may be required for investigation of the complaint. The mechanism provides for a detailed complaint and investigation process. If circumstances so require, the employee can make complaint directly to the Chairman of the Audit Committee. The said mechanism can also be availed by the Directors of the Company.

'Whistle Blower Policy' of your Company is available on the website of the Company at the following link:

<http://www.lotuseye.org/corporate.php>

PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

The same Code is available on the website of the Company at the following link:

<http://www.lotuseye.org/corporate.php>

All Board Directors and the designated employees have confirmed compliance with the Code.

AUDITOR'S REPORT:

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

AUDITORS:

The Auditors M/s. V E K A M and Associates, Chartered Accountants, Coimbatore, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

INTERNAL AUDITORS:

M/s. Anbarasu & Jalapathi, Chartered Accountants was appointed as the Internal Auditors of the Company for the financial year 2015-16 pursuant to Section 138(1) of the Act.

SECRETARIAL AUDIT/AUDITORS:

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Mr. P. Eswaramoorhy (CP No. 7069) Company Secretary in Practice to undertake the Secretarial Audit of the Company.

As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a secretarial audit report. The Company Secretary in Practice has made certain observations in its Secretarial Audit Report which is annexed herewith as "Annexure-II".

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure-III".

BUSINESS RISK MANAGEMENT:

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage. As part of the Risk Management framework, the Company reviewed periodically the various risks and finalised the mitigation plans. The identified risk areas were covered by the Internal Audit and major risks were discussed periodically.

PARTICULARS OF EMPLOYEES:

Statements containing the details as required in terms of the provisions of Section 197 of the Act read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached to this Report as "Annexure-I". During the year under review, no complaint / case was filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS:

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexure, together with the Certificate from the Auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Refer "**Annexure-IV**" and "**Annexure-V**").

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as under:

a) Conservation of Energy:

Steps taken for conservation	The operation of the Company being service related, require normal consumption of electricity. The Company is taking every necessary step to reduce the consumption of energy.
Steps taken for utilizing alternate sources of energy	Nil
Capital investment on energy conservation equipments	In view of the nature of activities carried on by the Company, there is no capital investment on energy conservation equipments.

b) Technology Absorption:

Efforts made for technology absorption	Nil
Benefits derived	Nil
Expenditure on Research & Development, if any	Nil
Details of technology imported, if any	Nil
Year of import	Nil
Whether imported technology fully absorbed	Nil
Areas where absorption of imported technology has not taken place, if any	Nil

c) Foreign Exchange Earnings / Outgo (₹ in Lakhs):

Earnings	Nil
Outgo	48.18

ACKNOWLEDGEMENTS:

Your Company and its Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Local Bodies, Customers, Suppliers, Executives, Staff at all levels for their continuous cooperation and assistance.

For and on behalf of the Board

Place : Coimbatore
Date : 30th May, 2016

(Sd.) S.K. Sundaramoorthy
Chairman cum Managing Director