

LOTUS EYE CARE HOSPITAL LIMITED

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. Kaarthiskeyan, Dr. S. S. Badrinath, Mr. G. R. Sundaravadivel 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

**Disclosures:**

1. Details of transaction with related parties are provided in notes forming part of the Accounts in accordance with the provision of Accounting Standard (AS- 18). There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.
2. During the last 3 years, there were no strictures or penalties imposed on Company by either Stock Exchanges or SEBI or any statutory authority for non-compliance on any matter relating to capital markets.
3. The company has setup a Remuneration Committee.

Means of Communication:

The quarterly, half-yearly and annual results of the Company are published in newspapers. The statutory advertisements relating to the IPO were released in the newspapers in the month of June and July, 2008. In this regard, specific presentations were made to Institutional Investors and to the analysts.

Official news releases are made whenever it is considered necessary.

General Shareholder Information:**Annual General Meeting:**

Date	:	Friday, 26.09.2008
Time	:	03.30 P.M.
Venue	:	Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore – 641 018.
Financial Year	:	1 st April, 2007 to 31 st March, 2008.
First Quarter Un-audited Results	:	July, 2008
Second Quarter and Half Yearly Un-audited Results	:	October, 2008
Third Quarter Un-audited Results	:	January, 2009
Audited Annual Results	:	May or June, 2009
Date of Book Closure	:	23 rd September, 2008 to 26 th September, 2008

Listing on Stock Exchanges:

The shares are being listed in Bombay Stock Exchange (Designated Stock Exchange) and National Stock Exchange with effect from 11th July, 2008. The Annual Listing Fee for 2008-09 has been paid.

Stock Code: Lotus Eye.

Registrar and Share Transfer Agent (Both Physical and Demat Segments)	:	S.K.D.C. Consultants No: 11, Seth Narayanadas Layout, Street No:1, West Power House Road, Coimbatore – 641 012. Tamil Nadu. Tel: (0422) – 654 9995; Fax: (0422) 2499574 E-mail: info@skdc-consultants.com
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During the financial year 2007-08, the entire shares were held by the promoter group.

The International Security Identification Number (ISIN) allotted under depository system is : **INE 947101017**

Locations of Hospitals:

1. Peelamedu, Coimbatore: S.F. No: 770/12, Civil Aerodrome Post, Avinashi Road, Coimbatore – 641 014.
2. R.S. Puram, Coimbatore:18-19, Cowley Brown Road, R.S. Puram, Coimbatore- 641 012
3. Tirupur: No.5(2), Gajalakshmi Theatre Road, Tirupur -641 601 , Coimbatore Dist.
4. Salem: 52/2, Peramanur East, Salem – 636 007

Declaration regarding compliance by board members and senior management personnel with the company's code of conduct will form part of the next Annual Report.

By order of the Board

Coimbatore
31st July 2008

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

LOTUS EYE CARE HOSPITAL LIMITED

Auditors' Certificate

Regarding Compliance of conditions of Corporate Governance

To

The Members of Lotus Eye Care Hospital Limited

We have examined the compliance of corporate governance by Lotus Eye Care Hospital Limited ("the Company"), for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement.

The Company raised Rs. 38 crores by issue of 1,00,00,000 equity shares of Rs. 10/- each at a premium of Rs. 28/- per share, as per the basis of allotment finalized in consultation with Bombay Stock Exchange on 2nd July, 2008. The shares were listed for trading at Bombay Stock Exchange and National Stock Exchange from 11th July, 2008. The terms of Listing Agreement is applicable for the current financial year ending 31st March, 2009. However the Company had started following the conditions of Corporate Compliance from the financial year ended 31st March, 2008, in view of the Initial Public Offer (IPO).

The compliance conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore
Date: 31st July, 2008

For VEKAM AND ASSOCIATES

Chartered Accountants

(Sd.) **M.P. Panneerselvan**
Partner

Membership No. 026129



AUDITORS' REPORTS

TO THE MEMBERS OF LOTUS EYE CARE HOSPITAL LTD

1. We have audited the attached Balance Sheet of **LOTUS EYE CARE HOSPITAL LTD** as at **31st March, 2008** and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008,
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred above, we report that:
 - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
5. On the basis of the written representations received from all the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For VEKAM AND ASSOCIATES

Chartered Accountants

Place : Coimbatore
Date: 31st July, 2008

(Sd.) **M.P. Panneerselvan**
Partner

Membership No. 026129

LOTUS EYE CARE HOSPITAL LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of **LOTUS EYE CARE HOPITAL LTD** for the year ended 31st March 2008.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, other than the situation of Furniture's and fixtures.
- b) The assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- c) During the year, the company has not disposed any assets or part of the assets.
2. a) The Management has conducted physical verification of inventory at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt within the books of account.
3. a. According to the information and explanation given to us, the Company has not taken any loan secured or unsecured from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the year. However it has repaid the balance of such loan taken in earlier years amounting to Rs.21.87 lakhs.
- b. According to the information and explanation given to us, the Company has not granted any loan to any party referred in the register maintained under Section 301 of the Companies Act, 1956, during the year. However during the period ended 31st March 2008 a Land advance was given to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 68.05 Lacs and year end balance of such advance was Rs.68.05 lakhs.
- c. In our opinion, the terms and conditions on which loans have been taken from companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- d. According to the information and explanations furnished to us, there are no stipulation as to repayment of principal in respect of loans taken from parties listed in the register maintained under Section 301 of the companies Act, 1956 and hence we are unable to comment on the regularity or otherwise of repayment of principal.
- e. As there are no stipulations as to repayment of principal in respect of loans taken from parties listed in the register maintained under section 301 of the Companies Act, 1956, we are unable to comment on any overdue amount of principal in respect of the said loans.
4. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchases of inventory, fixed Assets and with regard to the sale of goods and service. During the course of our audit, we have neither come across nor we have been informed of any major weakness in internal control procedures.

6. The company has no separate internal audit system commensurate with the size and nature of its business. However, its control procedures ensure reasonable internal checking of its financial and other records.
7. According to the information and explanations furnished to us, the Company has not accepted any public deposit within the meaning of Section 58 A and 58AA of the Companies Act, 1956.
8. The Company's Management informed us that the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any products of the Company.
9. (a) According to the information and explanation furnished to us, during the year, the company is regular in depositing with appropriate authorities undisputed statutory dues including Income tax, Sales Tax, Wealth Tax, employees provident fund and other material statutory dues applicable to it. And gratuity provision has been made on the basis of payment of gratuity Act, 1972.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, were outstanding as at the year end for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses as at 31st March 2008 and the Company has not incurred any cash loss during the financial year covered by our audit and during the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us, we are of the opinion that the company, during the year, has not defaulted in repayment of dues to financial institution, bank or debenture holders wherever applicable.
12. Based on information and explanation given to us by the management, term loan raised during the year by the company have been applied for the purpose for which the said loans were obtained, wherever the lenders have stipulated such end use.
13. On the basis of our examination of the books and on the basis of the information and explanations received by us, the funds raised on short-term basis have not been used for long - term investments and vice versa.
14. The Company has not raised any money from public issues during the year. Accordingly the provisions of clause 4(xx) of the Companies (Auditor's Report) order 2003 are not applicable to the Company. However the Company raised money through Public Issue for Rs. 38 crores during the month of June, 2008.
15. According to the information and explanations furnished to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
16. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
17. In our opinion, the company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
18. The company has not given any guarantee for loans taken by others from bank or financial Institutions. Accordingly the provisions of clause 4(xv) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
19. The Company has made a preferential allotment of 87,96,330 equity shares of Rs. 10/- each, during the financial year 2007-08, including the allotment of 2,55,000 equity share of Rs. 10/- each to Bennett Coleman and Company Limited at premium of Rs. 40 per share. The remaining shares of 85,41,330 equity shares of Rs. 10/- each to the following parties covered in the register maintained under Section 301 of the Companies Act, 1956 and price at which these shares are issued is not prejudicial to the interest of the Company.

LOTUS EYE CARE HOSPITAL LIMITED

Details of Allotment (Equity Shares of Rs. 10/- each)*

Name	Shareholders of SKS Eye Care Centre (P) Ltd. (Amalgamated)	Bonus	Issued for Cash	Total
Dr. S.K. Sundaramoorthy	4,391,000	3,015,010	110,000	7,516,010
P.K. Venkatachalam	-	4,870	-	4,870
Dr. Kavetha Sundaramoorthy	-	73,050	-	73,050
Ms. Sangeetha Sundaramoorthy	588,000	359,400	-	947,400
Total				8,541,330

* The face value of equity shares was split from Rs. 100 per share to Rs. 10 per share from 03.09.07

20. The company has not issued any debentures and hence the provisions of clause 4(xix) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

For VEKAM AND ASSOCIATES

Chartered Accountants

Place : Coimbatore
Date: 31st July, 2008

(Sd.) **M.P. Panneerselvan**
Partner

Membership No. 026129



Balance Sheet as at 31st March, 2008

Particulars	Schedule No.		As on 31.03.2008	(Rs. in Lacs)	As on 31.03.2007
I. Sources of Funds					
Shareholders' Funds:					
Share Capital	1	1,079.63	-	200.00	-
Share Capital Advance		-		508.90	
Reserves and Surplus	2	688.60	1,768.23	802.06	1,510.96
Loan Funds:					
Secured Loans	3	726.43	-	689.72	-
Unsecured Loans	4	12.20	738.63	41.87	731.59
Deferred Tax liability			11.14		13.15
TOTAL CAPITAL EMPLOYED			2,518.00		2,255.70
II. Application of Funds					
Fixed Assets (Net)	5		2,029.67		1,783.61
Current Assets, Loans & Advances:					
Inventory		77.69		37.89	
Sundry Debtors	6	44.44		14.94	
Cash and Bank	7	59.17		61.04	
Deposit and Advance	8	521.36		472.51	
	A	702.66		586.38	
Less : Current Liabilities and Provisions					
Sundry Creditors	9	119.60		40.33	
Liability for other finance	10	45.42		16.26	
Provisions	11	97.28		63.13	
	B	262.30		119.72	
Net Current Assets	(A-B)		440.36		466.66
Miscellaneous Expenses	12		47.97		5.43
TOTAL ASSETS			2,518.00		2,255.70

Schedules from 1 to 12 form part of the Balance Sheet

As per our Report of even date attached

For **Vekam and Associates**
Chartered Accountants

(Sd.) **M.P. Panneerselvan**
Partner
Membership No. 026129

Place: Coimbatore
Date: 31st July, 2008

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

(Sd.) **P.K. Venkatachalam**
Director

(Sd.) **S. Raveendar**
Company Secretary

LOTUS EYE CARE HOSPITAL LIMITED

Profit and Loss Account for the year ended 31st March, 2008

Particulars	Schedule No.	As on 31.03.2008 (Rs. in Lacs)	As on 31.03.2007
INCOME			
Service Income	A	1,073.55	674.53
Inc / Dec in Stock	B	39.80	35.24
Other Income	C	30.81	20.22
TOTAL INCOME (1)		1,144.16	729.99
EXPENDITURE			
Service Expenses	D	254.02	136.77
Administrative & Selling Expenses	E	458.47	297.34
Financial Expenses	F	91.50	27.14
Depreciation		100.58	97.96
TOTAL EXPENDITURE (2)		904.57	559.21
Net Profit / Loss before Tax (1-2)		239.59	170.78
Net profit of Dr. S.K.S. Eye Care Centre (P) Ltd. (amalgamated)		-	19.46
		239.59	190.24
Less : Provisions			
Fringe Benefit Tax		1.95	1.13
Income tax for prior years		16.88	3.76
Deferred Tax Adjustments		-2.01	-5.32
Provision for tax		93.00	62.00
Profit after Tax Transferred to Balance Sheet		129.77	128.67
Earnings per share (Basic and Diluted) (In rupees)			
Face Value of Rs. 10/- each		1.23	1.21

Schedules from A to F form part of the Profit and Loss Account

As per our Report of even date attached

For **Vekam and Associates**
Chartered Accountants

(Sd.) **M.P. Panneerselvan**
Partner
Membership No. 026129

Place: Coimbatore
Date: 31st July, 2008

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

(Sd.) **P.K. Venkatachalam**
Director

(Sd.) **S. Raveendar**
Company Secretary



Schedules Forming Part of the Balance Sheet as at 31st March, 2008

Particulars 31.03.2008 (Rs.in Lacs) 31.03.2007

SCHEDULE - 1 :

SHARE CAPITAL

Authorised Share Capital	2,500.00	200.00
2,50,00,000 Equity shares of Rs. 10/- each	<u> </u>	<u> </u>
(Previous year 2,00,000 shares of Rs. 100/- each)		

SHARE HOLDERS FUNDS

Paid up Share Capital	1,079.63	200.00
1,07,96,330 Equity shares of Rs. 10/- each	<u> </u>	<u> </u>
(Previous year 2,00,000 shares of Rs. 100/- each)		

SCHEDULE - 2 :

REVERSES AND SURPLUS

Reverses and Surplus	802.06	673.39
Share Premium Account	102.00	-
Add : Profit during the year	129.77	128.67
	<u> </u>	<u> </u>

	1,033.83	802.06
Less : Bonus shares issued during the year	345.23	-
	<u> </u>	<u> </u>
	688.60	802.06
	<u> </u>	<u> </u>

LOAN FUNDS :

SCHEDULE - 3 :

SECURED LOAN

Term Loans :

ABN AMRO Bank	102.31	-
HDFC Bank Ltd.,	66.73	85.07
Indian Overseas Bank	46.31	67.58
Bausch & Lomb Eyecare India (P) Ltd.	-	28.52
ICICI Bank Ltd.	494.89	494.32

Working Capital Loan :

Indian Overseas Bank - CC	16.19	14.23
	<u> </u>	<u> </u>
	726.43	689.72
	<u> </u>	<u> </u>

SCHEDULE - 4 :

UNSECURED LOAN

From Directors	-	5.77
From Others	12.20	36.10
	<u> </u>	<u> </u>
	12.20	41.87
	<u> </u>	<u> </u>

LOTUS EYE CARE HOSPITAL LIMITED

Schedule - 5 : FIXED ASSETS & DEPRECIATION DETAILS

(Rs. in Lacs)

Particulars	GROSS BLOCK		DEPRECIATION				NET BLOCK	
	Figures Ason 01.04.2007	Addition	Figures Ason 31.03.2008	Deprn. Upto 01.04.2007	Deprn. for the period 31.03.2008	Deprn. Upto 31.03.2008	Figures Ason 31.03.2008	Figures Ason 31.3.2007
Land	1,148.42	-	1,148.42	-	-	-	1,148.42	1,148.42
Building A/c	233.86	14.75	248.61	52.58	9.29	61.87	186.74	181.28
Electrical Equipment	36.89	6.25	43.13	20.76	3.73	24.49	18.65	16.12
Hospital Equipment	577.81	211.26	789.07	237.06	74.59	311.65	477.42	340.75
Office Equipment	56.03	12.82	68.85	25.32	4.95	30.27	38.58	30.71
Computer	3.70	4.86	8.57	1.45	1.92	3.37	5.20	2.26
Vehicle	17.37	0.26	17.62	1.18	4.20	5.39	12.24	16.18
Furniture & Fittings	20.32	14.05	34.37	14.63	1.90	16.53	17.85	5.70
Total	2,094.40	264.25	2,358.65	352.98	100.58	453.56	1,905.08	1,741.42
Building(Under Construction)	42.20	82.39	124.59	-	-	-	124.59	42.20
Total	2,136.60	346.64	2,483.23	352.98	100.58	453.56	2,029.67	1,783.61



Schedules continued...

(Rs. in Lacs)

Particulars	31.03.2008	31.03.2007
SCHEDULE - 6		
CURRENT ASSETS, LOANS & ADVANCES :		
Sundry Debtors		
Outstanding more than Six months	3.39	1.49
Outstanding less than Six months	4.97	8.92
Other debts	36.08	4.53
	44.44	14.94
SCHEDULE - 7		
CASH & BANK BALANCE		
Cash on hand	29.13	3.32
Balance with Banks - Scheduled Bank :		
Canara Bank Current A/c	7.93	10.74
IOB A/c No. 2009 Current A/c	0.05	0.05
IOB A/c No. 2593 Current A/c	0.03	0.03
Indusind Bank Ltd., Coimbatore Current A/c	7.73	-
Indusind Bank Ltd., Salem Current A/c	7.19	15.62
Indusind Bank Ltd., Tirupur Current A/c	5.33	-
Indusind Bank Ltd., Salem Account No. 45308	-	19.25
Canara Bank Account No. 6976	-	7.41
UTI Bank Current A/c	1.78	4.62
	30.04	57.72
	59.17	61.04
SCHEDULE - 8		
DEPOSIT & ADVANCE		
(Recoverable in cash or in kind or for value to be received)		
Advance :		
Suppliers	142.97	0.22
Land purchase	78.05	-
Building contractors	12.49	0.02
Expenses	139.83	4.38
Others	3.87	8.34
IPO Advances	32.61	-
Rental Advance	23.75	6.00
Advance Tax paid (FY 2007-08)	40.00	-
Prepaid Expenses	5.65	0.25
Trade Deposits	6.39	12.74
Deposits with banks	35.75	440.56
	521.36	472.51
CURRENT LIABILITIES & PROVISIONS :		
SCHEDULE - 9 : SUNDRY CREDITORS		
Creditors for capital goods	34.68	1.67
Creditors for services	75.07	27.70
Creditors for others	9.85	10.96
	119.60	40.33
SCHEDULE - 10 : LIABILITIES		
Caution Desposit	4.79	3.27
TDS & Sales Tax	2.85	3.35
Retention money	0.57	0.88
Liability for Expenses	37.21	8.76
	45.42	16.26
SCHEDULE - 11 : PROVISIONS		
Frignge benefit tax	1.21	1.13
Income Tax	93.00	62.00
Gratuity	3.07	-
	97.28	63.13
SCHEDULE - 12 : MISCELLENEOUS EXPENSES		
Preliminary Expenses	7.93	5.53
Deffered revenue expenses	52.06	-
Less : Written off	12.02	0.10
	47.97	5.43

LOTUS EYE CARE HOSPITAL LIMITED

Schedules Forming Part of Profit & Loss Account

Particulars	(Rs. in Lacs.)	
	31.03.2008	31.03.2007
INCOME		
A. Service Income		
Income From medical service	792.97	528.98
Sales - Contact Lens, Opticals	236.54	108.73
Pharmacy Sales	27.43	26.09
Income from other utilities	16.61	10.73
	1,073.55	674.53
B. Increase / Decrease In Stock		
Opening stock	37.89	2.65
Less : Closing stock - Certified by Management	77.69	37.89
	39.80	35.24
C. Other Income		
Conference income	0.20	3.43
Interest received (TDS Rs. 2,70,522)	20.22	1.82
Insurance Claims Received	1.85	0.06
Rent Receipts	1.14	1.14
Other Income (Including extraordinary items)	7.41	9.44
Income on sale of old machine	-	4.33
	30.81	20.22
EXPENDITURE		
D. SERVICE EXPENSES		
Purchase - Contact lens, Opticals	164.66	62.27
Pharmacy Purchases	26.92	25.38
Consumables	44.26	34.05
Utility Purchases	18.18	15.07
	254.02	136.77
E. ADMINISTRATIVE & SELLING EXPENSES		
Employees Cost	224.44	144.54
Maintenance Expenses:		
Repairs and Maintenance - Building	9.35	13.15
Repairs and Maintenance - Equipments	26.93	8.85
Repairs and Maintenance - Others	7.21	8.96
	43.49	30.96
Travelling	9.57	6.97
Telephone & Courier charges	6.07	6.09
Legal & Professional charges	0.09	0.09
Books and periodicals	0.42	0.27
Sundry Expenses	1.20	1.08
Electricity charges	20.16	17.87
Filing fees	0.24	2.13

**Schedules continued...**

(Rs. in Lacs)

Particulars	31.03.2008	31.03.2007
Insurance	3.13	1.09
Loss on Sale of car	-	0.25
Rent Paid	58.35	26.10
Licences & Taxes	0.01	4.14
Printing & Stationery	13.55	11.28
Preliminary expenses W/off	12.02	0.10
Property tax	0.87	-
Professional charges	4.07	8.40
Security charges	5.89	3.37
Sitting fees	0.15	-
Statutory Audit fees	1.07	0.20
Tax Audit Fees	0.20	0.08
Vat Paid	7.62	1.91
Water charges	5.42	4.43
SELLING EXPENSES		
Promotion Expenses	4.33	9.24
Conference Expenses	1.05	0.31
Advertisement	27.57	15.41
Other marketing expenses	7.49	1.03
	458.47	297.34
F. FINANCE EXPENSES		
Interest paid on term loans (Including prior period item)	85.47	21.89
Interest paid on cc	1.81	0.92
Loan against FD	3.62	-
Bank Charges & Commission	0.60	4.33
	91.50	27.14

LOTUS EYE CARE HOSPITAL LIMITED

ACCOUNTING POLICIES AND NOTES TO PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31st MARCH, 2008

I. Significant Accounting Policies:

1. Method of accounting:

The financial statements are prepared on the historical cost convention basis and on accrual concept as a going concern in accordance with the applicable Accounting Standards referred to in Sub section 3C of Section 211 of the Companies Act, 1956 and normally accepted accounting principles.

2. Accounting Standards:

Accounting standards prescribed by the Department of Corporate Affairs (Formerly known as Department of Company Affairs) and referred to in the Companies Act, 1956 have been followed wherever applicable.

3. Fixed Assets and its Depreciation:

Fixed assets are stated at cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

Depreciation is calculated under WDV method at the rates prescribed under amended schedule XIV of the Companies Act, 1956 and prorata basis on additions.

4. Inventories:

Closing stock of Pharmacy, Canteen, Theatre, Contact Lens and Consumables are valued at cost and stock of Optical is valued at Market Price. Cost is arrived at first in first out basis except opticals.

5. Revenue Recognition:

All expenses and income to the extent consider payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.

6. Retirement Benefits:

1. **Provident & Family pension Fund** : In accordance with the Provision of the Employees Provident Funds and Miscellaneous Provisions Act 1952, eligible employees are entitled to receive benefits with the respect to Provident fund, a defined Contribution Plan in which both the company and employee contribute monthly to provident fund scheme by the Central Government at the determined rate and the Company's contribution is charged to Profit & Loss Account.

2. **Gratuity** : Contributions under the scheme for defined benefit under the payment of gratuity Act 1972, Gratuity is payable to the employees at the rate of 15 days salary based on the salary last drawn for every completed year of service or part thereof in excess of 6 months, and gratuity liability is provided on accrual basis.

7. Lease:

The Company's significant Leasing arrangements are in respect of Operating leases for Medical assets which are cancelable in nature. The Lease rentals paid under such Agreements are charged to Profit and Loss Account.

8. Translation of Foreign Currency Transactions:

Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences arising on final settlement are adjusted to cost of fixed assets if it relates to Fixed Assets and recognized as income or expense in the profit and loss account in other cases. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and the difference adjusted to cost of fixed assets if related to fixed assets and as income or expense in the profit and loss account in other cases.

9. Borrowing Cost:

Borrowing costs that are attributable to the acquisition of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.



10. Taxation :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax act, 1961. Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable / Virtual certainty that the asset will be realized in future.

11. Miscellaneous :

Miscellaneous expenses and expenditure in connection with merger and increase in share capital are being written off over a period of five years.

B. Notes on Accounts

1. Figures have been rounded off to the nearest rupee & previous year's figures have been regrouped wherever necessary.
2. Provision for all liabilities including depreciation is neither inadequate nor more than what is necessary.
3. The Opinion of the Board is that the current assets, loans and advances will fetch the amounts stated if realized in the ordinary course of business.
4. a) The Company has not given any guarantee on behalf of the Directors or other Officers.
b) Amounts due from the directors or other officers of the Company either severally or jointly with any other person is Rs. Nil (Previous year Rs. 772214/-)
c) i) a) Amounts due at the end of the year from Private Companies in which one of the directors is a director is Rs. Nil (Previous year Rs. Nil)
b) Amounts due at the end of the year from firms in which one of the director is a managing Trustee is Rs. 2426003/- (Previous year Rs Nil)
c) Advance paid to Dr. S.K.Sundaramoorthy as advance for sale of his land to the Company Rs. 6805000/
ii) Maximum amount due from Dr.S.K.Sundaramoorthy at any time during the currency of the year is Rs.1106998/
iii) Maximum amount due from Lotus Vision Research Trust at any time during the currency of the year Rs. 2426003/-

5. Description	Opening Stock Rs.	Closing Stock Rs.
Optical	22,58,556	58,26,620
Contact Lens	4,72,024	3,46,832
Consumables	7,58,648	13,33,744
Pharmacy	2,75,633	2,30,635
Others	24,300	31,352

6. 497900 equity shares with face value of Rs100/=were issued on account of merger of group company Dr.SKS Eye Care Center Private Limited under scheme of merger as approved by H'ble High Court, Madras on 03.08.2007.Further 345233 equity shares with a face value of Rs100/= issued as bonus shares on 28.8.2007.The face value of the shares was split into Rs 10/= per share from Rs100/= per share on 3.09.2007.Further 255000 equity shares were issued Bennett Coleman and Company Limited with a premium of Rs.40 per Share. On 18.1.2008.

7. The Company has been converted into Public Limited Company from Private Limited Company on 16.10.2007.

8. No dividend is recommended for 2007-2008.

LOTUS EYE CARE HOSPITAL LIMITED

9. Expenditure on Foreign Exchange during the year is Rs. 18,35,310/-

Capital Goods	15,16,618.00
Components and Spares	2,75,692.00
Travelling	43,000.00

10. Remuneration paid to Managing Director Rs. 18,00,000/- in 2007-2008

11. As per the information available with the Company there are no dues outstanding, including interest as at 31st March 2008 to Small and Micro enterprises as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

12. Secured loans from banks have been secured by hypothecation of moveable properties of the company and by mortgage of company properties.

13. Deferred Tax:

The Break-up of deferred tax Assets for the current year: Rs in lacs

Particulars	Opening Balance	Addition	Reversed	Cl.Bal.
Deffered Tax liability	13.15	(2.14)	0.13	11.14
Difference between book & IT depreciation	6.30	-	-	-
Deferred tax Assets	2.14	-	-	-
Unabsorbed depreciation	-	-	-	-

14. There is no contingent liability as on 31.3.2008.

15. During the year, there is no impairment of assets as certified by the management

16. Earning per share:

	2007-2008	2006-2007
a) Net Profit after tax	12978028.62	12867118.32
b) Weighted average number of		
i) Existing equity shares of Rs.10 each	10545919	10431330
ii) Diluted potential equity shares of Rs.10 each	10545919	10431330
Basic and diluted EPS (Rs)	1.23	1.21

17. Disclosure regarding lease transactions:

- Lease rent paid to Dr. S.K.Sundaramoorthy for leasing medical assets to the Company Rs. 1992000/-
- Lease rent paid to Lotus Vision Research Trust for leasing medical Assets to the Company Rs. 960000/-

18. Segment reporting:

Based on the guiding principles given in Accounting standard on the Segment Reporting (AS 17) issued by the ICAI, the Company's primary business segment is Eye Hospital, Pharmacy and Optical. As the Company's business activity is interrelated, the disclosure requirement of AS-17 in this regard does not arise.

20. Prior period Expenses :

	Rs.
1. Interest on term loan - ICICI	4,58,334.00
2. Interest on Car loan - HDFC	7,894.62
3. Interest on TNEB deposit	(11,423.00)
Net amount debited to Profit & Loss A/c	4,54,805.62

21. Extraordinary item donetes interest received for late delivery of lasik machine amounting to Rs. 3,57,860/- from the supplier



22. Event occurring after Balance Sheet date :
During the month of July 2008, the company went on Public Issue of 1,00,00,000 Equity Shares of Rs. 10 each at a price of Rs. 38 per share.

23. Related party disclosure:
As per accounting standard 18 (AS-18) Related party disclosures, notified in the companies (Accounting Standards) Rules 2006, the disclosure of transactions with the related parties defined in AS-18 are given below;

1. Key Managerial Personnel:

- a) Dr. S.K. Sundaramoorthy
- b) Dr. Kavetha Sundaramoorthy
- c) Ms. Sangeetha Sundaramoorthy
- d) Mr. P.K. Venkatachalam
- e) Mr. D.R. Kaarthikeyan
- f) Mr. G.R. Sundaravadivel
- g) Dr. Yogesh Shah
- h) Dr. S.S. Badrinath

2. Relatives of Key Management Personnel

Names of the Relative	Relation
NIL	NIL

3. Parties where control exists

Name of the Party	Nature of Control
Lotus Vision Research Trust	Group Concern

4. Transaction during the year with related parties :

S.No.	Particulars	31st March 2008	31st March 2007
1.	Dr. S.K. Sundaramoorthy Key Management Personnel		
	Lease rent received	-	-
	Lease rent paid	(19.92)	6.64
	Loan taken	-	-
	Capital Invested	(751.60)	-
	Advance given (Capital asset)	68.05	46.00
	Amount paid to Creditors	-	(6.49)
	Paid on behalf	1.57	(11.20)
	Remuneration	18.00	-
	Receiving of services	(1.77)	11.74
	Rendering of services	(0.12)	0.01
	Bank / Cash paid	11.21	(1.90)
	Bank / Cash received	(0.71)	58.54
	Others	(16.54)	(7.13)
	Sales	-	(16.73)
	Purchase	-	9.53

LOTUS EYE CARE HOSPITAL LIMITED

2.	Lotus vision research trust		
	Group Concern		
	Lease rent paid	9.60	9.40
	Rent received	(1.14)	(0.86)
	Loan taken	-	-
	Loan repaid	(16.54)	(40.00)
	Paid on behalf	(1.85)	(1.45)
	Creditor for other	-	22.03
	Advance given (Capital asset)	-	-
	Receiving of services	(2.45)	(4.61)
	Rendering of services	(37.06)	(3.99)
	Others	1.99	(2.73)
	Bank / Cash paid	(6.92)	(4.08)
	Bank / Cash received	19.34	4.36
	Sales	(3.17)	-



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	(Rs. in Lacs)	
	For the year 2007 - 08	For the year 2006 - 07
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and appropriations	239.60	186.49
Adjustments for:-		
Depreciation	100.58	97.96
(Profit) / Loss on sale of Fixed Assets	-	(4.08)
Income on Investments	20.22	(1.82)
Preliminary expenses W/off	12.02	0.10
Interest Expenses	86.36	22.81
Operating Profit before Working Capital Changes	418.33	301.46
Adjustments for:-		
(Increase) / Decrease in Sundry debtors	(29.50)	(10.05)
(Increase) / Decrease in Loans & advances	(48.84)	(350.08)
(Increase) / Decrease in Inventories	(39.80)	(35.24)
Increase / (Decrease) in Current Liabilities	132.52	21.59
Cash generated from / (Used in) operations	440.76	(72.32)
Tax paid	(109.82)	10.04
Others	(59.96)	5.42
Net cash generated from / (Used in) operating	276.36	(87.78)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(346.63)	(1,256.79)
Capital WIP	-	(42.20)
Sales of Assets	-	5.35
Investments	-	-
Sales of Investments	-	-
Interest received	20.22	1.82
Dividend received	-	-
Net cash generated from / (Used in) investing activities	(326.42)	(1291.82)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Expenses	(86.36)	(22.81)
Increase / (Decrease) in Secured Loans	36.71	388.36
Share Capital	127.50	1055.75
Dividend Paid (Incl. Dividend Tax)	-	-
Increase / (Decrease) in un-secured Loans	(29.67)	(5.20)
Net cash from / (Used in) financing activities	48.18	1,416.10
(Increase) / Decrease in Cash and cash equivalents	(1.87)	36.50
Cash and cash equivalents as at the beginning of the year	61.04	24.54
Cash and cash equivalents as at the end of the year	59.17	61.04

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

(Sd.) P.K. Venkatachalam
Director

(Sd.) S. Raveendar
Company Secretary

AUDITOR'S REPORT

We have examined the above Cash Flow Statement of LOTUS EYE CARE HOSPITAL LIMITED for the year ended 31st March 2008. The statement has been prepared by the company in accordance with the requirements of clause 32 of Listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company corrected by our report dated 31st July 2008 to the members of the company.

For VEKAMAND ASSOCIATES
Chartered Accountants

Place : Coimbatore
Date: 31st July, 2008

(Sd.) M.P. Panneerselvan
Partner
Membership No. 026129

THE COMPANIES ACT 1956 SCHEDULE VI - PART III
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

A	Registration No.	U85110TZ1997PLC007783
B	State Code No.	18
C	Balance Sheet Date	31.03.2008

CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

A	Public Issue	NIL
B	Right Issue	NIL
C	Bonus Issue	34523
D	Private Placement including share premium	63640

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousands)

A	Total Liabilities	251800
B	Total Assets	251800

SOURCE OF FUNDS

A	Paid-up capital (Including Share Warrant Money)	107963
B	Reserve & Surplus	68860
C	Secured Loans	72643
D	Unsecured Loans	1220
E	Deferred tax liability	1114

APPLICATION OF FUNDS

A	Net Fixed Assets	202967
B	Investment	NIL
C	Net Current Assets	44036
D	Miscellaneous Expenses	4797
E	Accumulated Loss	NIL

PERFORMANCE OF COMPANY

A	Total Income	114416
B	Total Expenditure	90457
C	Profit Before Tax	23959
D	Profit After Tax	12977
E	Earning Per Share	1.23
F	Dividend Rate	NIL

GENERIC NAME OF PRINCIPAL PRODUCT/SERVICES OF THE COMPANY

A	Item Code	85110
B	Product Service Description	Health care services

As per our Report of even date attached

For **Vekam and Associates**
Chartered Accountants

(Sd.) **M.P. Panneerselvan**
Partner
Membership No. 026129

Place: Coimbatore
Date: 31st July, 2008

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

(Sd.) **P.K. Venkatachalam**
Director

(Sd.) **S. Raveendar**
Company Secretary

LOTUS EYE CARE HOSPITAL LIMITED

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

PROXY FORM

I / W e

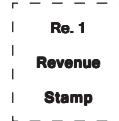
being a member/members of the above-named Company hereby appoint.

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 26th September, 2008 at 03.30 P.M. and at any adjournment thereof in favour/against of the resolutions

Signed this day of 2008

Registered Folio No.:

No. of Shares held:



Signature

N.B. The instrument appointing proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

LOTUS EYE CARE HOSPITAL LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full name of the Member attending

(To be filled in if first named joint-holder does not attend the Meeting)

Name of Proxy

I hereby register my presence at the ANNUAL GENERAL MEETING held at Friday, 26th September, 2008 at 03.30 P.M at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore – 641 018

.....
(Member's / Proxy's Signature)
(To be signed at the time of handing over this slip)

Book-Post

If undelivered, please return to:
Registrars & Share Transfer Agents
M/s. SKDC Consultants Ltd.,
No.11, Street No.1,
S.N. Layout, Tatabad,
Coimbatore - 641 012.