

Board of Directors

Chairman and Managing Director	-	Dr. S.K. Sundaramoorthy
Directors	-	Sri. D. R. Kaarathikeyan
	-	Dr. S.S. Badrinath
	-	Dr. Yogesh Shah
	-	Sri. R. Subramanian
	-	Dr. Kavetha Sundaramoorthy (Alternate Director Mr. P.K. Venkatachalam)
	-	Ms. Sangeetha Sundaramoorthy
Company Secretary	-	Sri. K. Rangasamy
Auditors	-	M/s. Vekam and Associates Chartered Accountants Coimbatore-641 012
Bankers	-	Indian Overseas Bank, Ganapathy Coimbatore HDFC Bank Ltd, Coimbatore ICICI Bank Ltd, Coimbatore Indusind Bank Ltd, Coimbatore
Registered Office	-	S.F. No. 772/12, Avinashi Road, Civil Aerodrome Post 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 12th Annual General Meeting of the shareholders of Lotus Eye Care Hospital Limited will be held on **Tuesday, 29th day of September, 2009 at 03.30 P.M at Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014** to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. D.R.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. Vekam and Associates, Chartered Accountants, Coimbatore retiring Auditors as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the board of directors of the company.

As Special Business:

5. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution:

“RESOLVED that Mr. R. Subramanian who was appointed as Additional Director of the Company on 09.01.2009 and who ceases to hold office, as such in terms of Section 260 of the Companies Act, 1956 but being eligible for appointment and in respect of whom notice specifying his candidature for the office of directorship is received, be and is hereby appointed as Director of the Company, liable to be retire by rotation”

6. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution:

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

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

By order of the Board
For LOTUS EYE CARE HOSPITAL LIMITED

Place : Coimbatore
Date : 31st August 2009

K. Rangasamy
Company Secretary

Notes:

1. A member entitled to vote and attend the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should however, be deposited at the Registered office of the Company not less than forty eight hours before the commencement of the meeting.
2. An explanatory Statement pursuant to Sec.173 (2) of the Companies Act 1956 relating to Special Business is annexed hereto.
3. Shareholders are requested to bring their copy of the Annual Report.
4. Members/Proxies should fill the attendance slip for attending the meeting.
5. Corporate members are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. The Register of Members and Share Transfer Books will remain closed from 25th September, 2009 to 29th September, 2009 (both days inclusive).

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 :

Item No-5

Mr. R. Subramanian was appointed as additional director of the company on 09.01.2009 and pursuant to provision of section 260 of the Companies Act, 1956 his appointment as director ceases at the ensuing annual General Meeting. The Company has received notice from a member specifying the candidature of Mr. R. Subramanian for the directorship of the Company under section 257 of the Companies Act, 1956. the Board proposes his appointment for your approval.

None of the director of the company except Mr. R. Subramanian is interested or deemed to be interested in the proposed resolution

Item No-6

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

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

I. Salary

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

II. Perquisites

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

LOTUS EYE CARE HOSPITAL LIMITED

a. Medical Reimbursement:

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

b. Leave travel Concession / Allowance

c. Club fees:

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

d. Car:

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

e. Telephone:

Free Telephone / Communication facilities at residence for business purpose.

III. Other benefits

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

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

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

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

IV. Overall remuneration

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

V. Minimum Remuneration

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

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

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

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

By order of the Board
For LOTUS EYE CARE HOSPITAL LIMITED

Place : Coimbatore
Date : 31st August 2009

K. Rangasamy
Company Secretary

Directors' Report & Management Discussion and Analysis:

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

FINANCIAL RESULTS

(Rs. in Lacs)

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

Review of Operations and Performance:

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

Outlook for the current year:

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

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

Corporate Social Responsibilities:

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

Opportunities and Threats:

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

Share Capital

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

Utilization of IPO Proceeds

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

LOTUS EYE CARE HOSPITAL LIMITED

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

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

Directors:

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

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

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

Directors' Responsibility Statement:

The Directors confirm that

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

Particulars of Employees:

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

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

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

Fixed Deposits:

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

Report of Corporate Governance:

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

Compliance certificate on corporate governance:

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

Auditors:

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

Acknowledgement:

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

Report on Corporate Governance:

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

Board of Directors:

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

Composition:

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

Name of the Director	Category as per Listing Agreement	Directorships other	Membership in Board Committees	
			Member	Chairman
Dr. S.K. Sundaramoorthy (Chairman and Managing Director)	Executive Promotor	NIL	1	-
P.K. Venkatachalam (Alternate Director)	Promotor	NIL	-	-
Dr. Kavetha Sundaramoorthy	Non-Executive Promotor	NIL	-	-
Ms. Sangeetha Sundaramoorthy	Executive - Promotor	NIL	2	-
Mr. D.R. Kaarthikeyan	Non-Executive Independent	7	2	1
Dr. S.S. Badrinath	Non-Executive Independent	NIL	-	-
Mr. R. Subramanian	Non-Excutive Independent	2	2	2
Dr. Yogesh Shah	Non-Executive Independent	NIL	1	-
Mr. G.R. Sundaravadivel*	Non-Executive Independent	3	-	2

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

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

LOTUS EYE CARE HOSPITAL LIMITED

Board Meeting and Attendance

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

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

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

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

Committee of Directors

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

Audit Committee

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

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

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

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

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

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

Remuneration Committee

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

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

Share Transfer and Investor Grievance Committee

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

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

Name	Category
Mr. R. Subramanian, Chairman	Independent – Non Executive
Mr. D. R. Kaarthikeyan	Member – Independent – Non Executive
Dr. S.K. Sundaramoorthy	Member – Non Independent – Executive

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

During the year the company has received 11 complaints from the investors and were replied / resolved to their satisfaction and there were no outstanding complaints as on 31.03.2009.

Annual General Meetings:

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

Financial Year	Details of Meetings	Date of Meeting	Venue	Special Resolutions
31 st March, 2006	9 th AGM	30.09.06	Registered Office	Nil
31 st March, 2007	10 th AGM	29.09.07	Registered Office	Nil
31 st March, 2008	11 th AGM	26.09.08	Chamber Hall, 8/732, Avinashi Road, Coimbatore-641 018.	Nil

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

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

Disclosures:

There are no materially significant related party transactions that would have potential conflict with the interest of the Company at large. Details of related party transactions are given in the notes on accounts.

No penalty or strictures have been imposed on the company by any Capital Market, Regulatory authority for non-compliance of law.

The company has complied with Accounting Standards in the preparation of balance Sheet, Profit and Loss Account and Cash Flow Statement, as referred in the Directors Responsibility Statement.

LOTUS EYE CARE HOSPITAL LIMITED

The Company has not followed any, accounting treatment different from that of prescribed in the Accounting Standards. There is no pecuniary relationship or transactions by Non-Executive Directors with the Company.

All the mandatory requirements have been complied with as stated in this report on Corporate Governance.

Non Mandatory Requirements

The company at present does not have any Whistle Blower Policy but no personnel is being denied any access to the Audit Committee.

The Board has taken cognizance of the non mandatory requirements and shall consider adopting the same as and when required.

Means of Communication:

The quarterly and annual financial results are published in Trinity Mirror (English) and Makkal Kural (Tamil).

The Company Profile, Corporate Information, Shareholding Pattern, Financial Statements, Code of Conduct for Directors and Officers and Service range are displayed in the Company's web-site www.lotuseye.org

Quarterly Financial Results and Quarterly Shareholding Pattern are intimated to Stock Exchanges periodically.

General Shareholder Information:

Annual General Meeting:

Day & Date	:	Tuesday, 29 th September, 2009
Time	:	03.30 P.M.
Venue	:	Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Civil Aerodrome Post, Coimbatore-14.
Financial year	:	1 st April, 2008 to 31 st March, 2009
Annual Results 2008-09 announced	:	30.04.2009
Last date of receipt of Proxy Forms	:	27.09.2009
Announcement of Quarterly Results	:	July 2009, October 2009, January 2010 & May/June 2010
Date of Book Closure	:	25.09.2009 to 29.09.2009 (both days inclusive)

Listing on Stock Exchanges:

The equity shares of the Company are listed at:

1. Bombay Stock Exchange Limited, Mumbai
 2. National Stock Exchange of India Ltd., Mumbai
- Bombay Stock Exchange Limited, Stock Code : 532998

National Stock Exchange of India Ltd., Stock Code : LOTUS EYE

Listing fee for 2009-10 has been paid in respect of both these Stock Exchanges

Market Price Data

Monthly High & Low Prices in BSE & NSE (Shares listed on 11.07.2008)

Month	Share Price in Rs.			
	BSE (High & Low)		NSE (High & Low)	
July ,2008	43.15	32.50	43.15	32.50
August, 2008	48.00	36.00	48.00	36.00
September, 2008	39.35	28.50	39.35	28.50
October, 2008	32.80	12.05	32.80	12.05
November, 2008	32.80	12.05	25.00	13.00
December, 2008	30.95	21.00	30.95	21.00
January, 2009	30.50	25.65	30.50	25.65
February, 2009	28.70	25.65	28.70	25.65
March, 2009	33.00	26.10	33.00	26.10

Shareholding Pattern as on 31.03.2009

S.No	Category	No. of Share holders	No. of Shares held	% of paid up Share Capital
1	Promoters and promoters group	7	10541330	50.69
2	Foreign Institutional Investors	3	1115000	5.36
3	Bodies Corporate	94	6651942	31.99
4	Individuals	1826	2362019	11.36
5	Others	114	126039	0.60
	Total	2044	20796330	100.00

Distribution of Shareholding as on 31.03.2009

Range (No. of Shares)	No. of Share holders	No. of Shares	% held
1 - 5000	1636	2873940	1.38
5001 - 10000	164	1235820	0.59
10001 - 20000	105	1445520	0.70
20001 - 30000	43	1032340	0.50
30001 - 40000	10	365190	0.18
40001 - 50000	9	435830	0.21
50001 - 100000	16	1121880	0.54
100001 and above	61	199452780	95.90
Total	2044	207963300	100.00

Registrar and Share Transfer / Demat Agent : **S.K.D.C. Consultants Limited,**
No: 7, Seth Narayanadas Layout, Street No:1,
West Power House Road, Coimbatore – 641 012.

Dematerialization of Shares

The fully paid up Equity shares (ISIN No.INE947I01017) of the Company are admitted in the demat mode by both the depositories of the country i.e, National Securities Depository Limited and Central Depository Services (India) Limited. The Company has not issued any ADR/GDR/Warrants or any Convertible Instruments.

Hospital Locations:

The Hospital has four centers situated at the following locations.

1. Peelamedu, Coimbatore: SF No.770/12, Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014
2. R.S.Puram, Coimbatore: 155B, East Periasamy Road, Near opposite to Chinthamani, North Coimbatore, R.S.Puram, Coimbatore – 641 002.
3. Tirupur: No.5(2), Gajalakshmi Theatre Road, Tirupur – 641 601, Coimbatore Dist.
4. Salem: 52/2, Peramanur East, Salem – 636 007.

Address for correspondence : **S.K.D.C. Consultants Limited,**
: No: 7, 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.

for and on behalf of the Board

Place : Coimbatore
Date : 31st August, 2009

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

LOTUS EYE CARE HOSPITAL LIMITED

Code of Conduct

The Code of Conduct for the Directors and Senior Management of the Company has been laid down and posted on the website of the Company. The Compliance of the said Code of Conduct by the Directors and Senior Management Personnel for the year 2008-09 has been affirmed by the Chairman and Managing Director (CEO).

A declaration is signed by the Chairman and Managing Director is given below:

I hereby confirm that the Company has obtained from the members of the Board and Senior Management personnel their affirmation on compliance of the Code of Conduct laid down by the Company for the financial year 2008-09.

for and on behalf of the Board

Place : Coimbatore

Date : 31st August, 2009

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

Auditors' Certificate

Regarding Compliance of conditions of Corporate Governance

To

The Members of Lotus Eye Care Hospital Limited

We have examined the compliance of conditions of corporate governance by Lotus Eye Care Hospital Limited for the year ended on 31.03.2009, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The Company has 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 through Initial Public Offer (IPO) and the allotment was made on 03.07.2008. The shares were listed and traded in Bombay Stock Exchange Ltd and National Stock Exchanges of (India) Ltd, Mumbai from 11th July, 2008.

The compliance conditions of corporate governance are the responsibility of the management. Our examination

was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate governance as stipulated in Clause 49 of the Listing Agreement.

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.

For VEKAM AND ASSOCIATES
Chartered Accountants

Place : Coimbatore

Date : 31st August, 2009

M.P. Panneerselvan
Partner
Membership No. 026129

CEO CERTIFICATE

Pursuant to clause 49 (V) of Listing Agreement

To

The Board of Directors,

Lotus Eye Care Hospital Limited,

As required by clause 49 (V) of the Listing Agreement entered into with the Stock Exchanges,

I hereby certify that:

- a) I have reviewed the financial statements and cash flow statement for the year ended 31st March 2009 and that to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violate any of the company's code of conduct.
- c) I accept that it is my responsibility to establish and maintain internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and have disclosed to the auditors and the audit committee wherever applicable.
- d) I have indicated to the auditors and the audit committee that there are no
 - i) Deficiencies in the design or operation of internal controls if any, when come to my notice and took steps or propose to take steps to rectify those deficiencies.
 - ii) Significant changes in internal control.
 - iii) Significant changes in accounting policies and that the same have been disclosed in the notes to the financial statements.
 - iv) Instances of significant fraud of which I become aware and the involvement therein if any, of the management or an employee having a significant role in the company's internal control system.

for and on behalf of the Board

Place : Coimbatore
Date : 31st August, 2009

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

LOTUS EYE CARE HOSPITAL LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF LOTUS EYE CARE HOSPITAL LIMITED

1. We have audited the attached Balance Sheet of **LOTUS EYE CARE HOSPITAL LIMITED** as at **31st March 2009** and the Profit and Loss Account of the Company and also the cash flow statement 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.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. These 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.
 - 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, the Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from all the Directors as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 5) 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 2009,
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii) in the case of cash flow statement, of the cash flows of the company for the year ended on that date.

For **VEKAM AND ASSOCIATES**

Chartered Accountants

M.P. Panneerselvan

Partner

Membership No. 026129

Place : Coimbatore

Date : 31st August, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of the Auditors report of even date to the members of **LOTUS EYE CARE HOSPITAL LIMITED** on the financial statements for the year ended ^{31st} March,, 2009.

- (i). a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets and the updation of records are still in progress.
- 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, there is no disposal of substantial part of fixed assets .
- (ii). a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
- 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.
- (iii). According to the information and explanations given to us, the Company has neither granted nor taken any loan secured or unsecured to/ from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- (iv). 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.
- (v). a) According to the information and explanations provided by the management and based on the audit procedure applied by us we are of the opinion that the transactions that need to be entered in the register maintained in pursuance of section 301 of the act have been properly entered in the said register.
- b) In our opinion and according to the information and explanations given to us, the transaction entered in the register maintained under section 301 of the act and exceeding Rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi). In our opinion and 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.
- (vii). The company's internal audit system needs improvement for its size and nature of business. However, its Control Procedures ensure reasonable internal checking of its financial and other records.
- (viii). The Company informed us that the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 to the hospital industry.
- (ix). a) According to the information and explanations given to us, and records provided to us, the undisputed statutory dues including provident fund, investor education fund, income tax, sales tax, wealth tax, customs duty, cess and other material statutory dues applicable to it have generally been regularly deposited with appropriate authorities though there have been slight delay in a few cases except that employees security deposit has not been deposited with scheduled banks or post office savings scheme.

LOTUS EYE CARE HOSPITAL LIMITED

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax , sales tax , wealth tax , customs duty , were outstanding as at the year end for a period of more than six months from the date they become payable.
- (x). The Company has no accumulated losses as at 31st March 2009 and the Company has not incurred any cash loss during the financial year covered by our audit and during the immediately preceding financial year.
- (xi). 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.
- (xii). 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.
- (xiii). 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.
- (xiv). In our opinion, the company is not dealing in shares, securities, debentures and other investments.
- (xv). The company has not given any guarantee for loans taken by others from bank or financial Institutions.
- (xvi). Based on the information and explanations 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.
- (xvii). 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 by the company.
- (xviii). The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix). During the year 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.
- (xx). The Company has raised money through Public Issue for Rs. 38 crores during the year and details of end use of money raised by public issue including the deviation from 'offer document has been disclosed in the notes **B,1 (IV) of the schedule 13** to the financial statements.
- (xxi). 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 except an amount of Rs.1.63 lakhs has been misappropriated by way of TPA insurance claim by an ex-employee was noticed and reported for which recovery proceedings are under progress.

For **VEKAM AND ASSOCIATES**

Chartered Accountants

M.P. Panneerselvan

Partner

Place : Coimbatore

Date : 31st August, 2009

Membership No. 026129

Balance Sheet as at 31st March, 2009

Particulars	Schedule No.	As on 31.03.2009	(Rs. in Lacs)	As on 31.03.2008
I. Sources of Funds				
Shareholders' Funds:				
Share Capital	1	2,079.63	-	1,079.63
Reserves and Surplus	2	3,216.98	5,296.61	688.60
Loan Funds:				
Secured Loans	3	660.16	-	726.43
Unsecured Loans	4	1.80	661.96	12.20
Deferred Tax liability (Net) (Refer note 15 (B) of Schedule 13)			6.66	11.14
TOTAL CAPITAL EMPLOYED			5,965.23	2,518.00
II. Application of Funds				
1. Fixed Assets	5			
a) Gross Block		4,178.72		2,358.64
b) Less: Accumulated depreciation		620.05		453.56
c) Net Block			3,558.67	1,905.08
d) Capital Work in Progress			469.34	124.59
2. Current Assets, Loans & Advances:				
A. Current Assets:				
a) Inventories	6	149.99		77.69
b) Sundry Debtors	7	39.51		44.44
c) Cash and Bank Balances	8	370.51		94.92
B. Loans and Advances	9	1,580.88		485.61
(A)		2,140.89		702.66
Less :				
3. Current Liabilities and Provisions				
a) Current Liabilities	10	211.32		164.84
b) Provisions	11	32.15		97.46
(B)		243.47		262.30
4. Net Current Assets	(A-B)		1,897.42	440.36
5. Miscellaneous Expenditure (to the extent not written off or adjusted)	12		39.80	47.97
TOTAL ASSETS			5,965.23	2,518.00
Significant accounting policies and Notes on accounts	13			

Schedules from 1 to 13 form part of the Balance Sheet

As per our Report of even date attached

For **Vekam and Associates**
Chartered Accountants

M.P. Panneerselvan
Partner
Membership No. 026129

Place : Coimbatore
Date : 31st August, 2009

For and on behalf of the Board of Directors

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

Ms. S. Sangeetha
Director

K. Rangasamy
Company Secretary

LOTUS EYE CARE HOSPITAL LIMITED

Profit and Loss Account for the year ended 31st March, 2009 (Rs. in Lacs)

Particulars	Schedule No.	As on 31.03.2009	As on 31.03.2008
INCOME			
Service Income	A	1,167.65	1,073.45
Increase / Decrease in Stock	B	72.30	39.80
Other Income	C	51.57	27.34
TOTAL INCOME (1)		1,291.52	1,140.59
EXPENDITURE			
Service Expenses	D	469.76	368.81
Personnel Cost	E	154.40	119.54
Administrative Expenses	F	278.55	224.15
Finance Cost	G	82.46	86.95
Depreciation	H	166.49	100.58
TOTAL EXPENDITURE (2)		1,151.66	900.03
Net Profit / Loss before Prior period items	(1-2)	139.86	240.56
Prior Period Expenses		0.46	4.55
Net Profit / Loss before Extraordinary Items		139.40	236.01
Extraordinary Items :			
Insurance claim received		-	3.58
Net Profit / Loss before Tax		139.40	239.59
Add : Deferred Tax		4.49	2.01
Less : Income tax Paid		0.90	7.44
		142.99	234.16
Less : Provisions			
Fringe Benefit Tax		1.25	1.95
Wealth Tax		1.00	-
Provision for tax - Short fall		-	9.44
Provision for Tax - Current		24.50	93.00
Profit after Tax Transferred to Balance Sheet		116.24	129.77

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

As per our Report of even date attached

For **Vekam and Associates**
Chartered Accountants

M.P. Panneerselvan
Partner
Membership No. 026129

Place : Coimbatore
Date : 31st August, 2009

For and on behalf of the Board of Directors

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

Ms. S. Sangeetha
Director

K. Rangasamy
Company Secretary

Schedules Forming Part of the Balance Sheet as at 31st March, 2009

Particulars	31.03.2009	(Rs.in Lacs)	31.03.2008
SHARE HOLDERS FUNDS			
SCHEDULE - 1 :			
SHARE CAPITAL			
Authorised:			
2,50,00,000 Equity shares of Rs. 10/- each	2,500.00		2,500.00
Issued, Subscribed and Paid up:			
<i>(Refer Note: B(1) (I) of Schedule 13)</i>	_____		_____
2,07,96,330 (Previous year 1,07,96,330)	2,079.63		1,079.63
Equity shares of Rs. 10/- each	_____		_____
SCHEDULE - 2 :			
RESERVES AND SURPLUS			
Share Premium Account:			
As per last Balance Sheet	102.00		102.00
Add : On issue of Shares during the year	2,800.00		-
<i>(Refer Note: B(1) (II) of Schedule 13)</i>	_____		_____
Less : Expenses on issue of Shares	387.86		-
<i>(Refer Note: B(1) (III) of Schedule 13)</i>	_____		_____
	2,514.14		102.00
General Reserve:			
As per last Balance Sheet	586.60		802.06
Less : Bonus shares issued during the year	-		345.23
Add : Transfer from P & L a/c	116.24		129.77
	_____		_____
	702.84		586.60
	_____		_____
	3,216.98		688.60
LOAN FUNDS			
SCHEDULE - 3 :			
SECURED LOAN			
<i>(Details of security Refer note No. B (8) of Schedule 13)</i>			
Term Loans :			
ABN AMRO Bank	64.67		102.31
Citi Corp Finance India Ltd	123.29		-
HDFC Bank Ltd.,	43.15		58.71
Indian Overseas Bank	309.28		46.31
ICICI Bank Ltd.	101.11		494.89
Vehicle Loans :			
HDFC Bank Ltd.,	3.46		8.01
Working Capital Loan :			
Cash Credit:			
Indian Overseas Bank	15.20		16.20
	_____		_____
	660.16		726.43
SCHEDULE - 4 :			
UNSECURED LOAN			
From Others	1.80		12.20
	_____		_____
	1.80		12.20

Schedule - 5 : FIXED ASSETS AND DEPRECIATION
(Rs. in Lacs)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Figures as on 01.04.2008	Additions	Deletion / Transfer	Figures as on 31.03.2009	Deprn. Upto 01.04.2008	Deprn. for the period	Deprn. Upto 31.03.2009	Figures as on 31.03.2009	Figures as on 31.3.2008
Land	1,148.42	1,204.66	-	2,353.08	-	-	-	2,353.08	1,148.42
Buildings	248.61	155.71	-	404.32	61.87	10.23	72.10	332.22	186.74
Electrical Equipments	43.13	-	-	43.13	24.49	3.73	28.22	14.92	18.65
Hospital Equipments	789.07	434.73	1.25	1,222.55	311.65	136.34	447.99	774.56	477.42
Office Equipment	68.85	8.01	-	76.86	30.27	5.80	36.07	40.79	38.58
Computer	8.57	3.55	-	12.12	3.37	2.74	6.10	6.02	5.20
Vehicle	17.62	-	-	17.62	5.39	3.17	8.56	9.07	12.24
Furniture & Fittings	34.37	14.66	-	49.03	16.53	4.48	21.01	28.02	17.85
Total (A)	2,358.64	1,821.32	1.25	4,178.72	453.56	166.49	620.05	3,558.68	1,905.08
Capital Work in Progress									
Building (Under Construction)	124.59	377.65	78.42	423.82	-	-	-	423.82	124.59
Hospital Equipments	-	28.23	-	28.23	-	-	-	28.23	-
Office Equipments	-	3.81	-	3.81	-	-	-	3.81	-
Electrical Equipments	-	13.48	-	13.48	-	-	-	13.48	-
Total (B)	124.59	423.17	78.42	469.34	-	-	-	469.34	124.59
Total for the Year (A+B)	2,483.23	2,244.49	79.67	4,648.06	453.56	166.49	620.05	4,028.01	2,029.67
Previous Year	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	31.03.2009	31.03.2008
CURRENT ASSETS, LOANS & ADVANCES :		
SCHEDULE - 6		
A. Current Assets:		
a. Inventories :		
<i>(As per inventories taken, valued and certified by the Management)</i>		
Optical Frames and Contact Lens	89.98	61.73
Canteen	0.28	0.31
Pharmacy	8.66	2.31
Consumables	51.07	13.34
<i>(Refer Note: Schedule 13 A(4) of significant Accounting Policies)</i>		
	149.99	77.69
SCHEDULE - 7		
b. Sundry Debtors		
Unsecured & Considered good		
a. Debts outstanding for a period exceeding six months	3.93	4.61
b. Other debts	35.58	39.83
	39.51	44.44
SCHEDULE - 8		
c. Cash and Bank balances		
Cash balance on hand	13.71	29.13
Bank Balances:		
a. With Scheduled Banks		
In Current Account	(10.29)	22.85
In Deposit Account	31.68	42.94
IPO FUNDS		
b. with Public Issue Account	34.96	-
c. Fixed deposit with Indian Overseas Bank	300.45	-
	370.51	94.92
SCHEDULE - 9		
B. Loans and Advances		
<i>(Advances recoverable in cash or in kind or for value to be received)</i>		
Unsecured and Considered good		
Advance for Capital Items :		
a. Land	963.05	78.05
b. Building	160.55	16.24
c. Equipments	259.70	142.97
Advance to Others :		
a. Suppliers	82.59	128.99
b. Expenses	2.10	1.71
c. Rent	23.75	23.75
d. IPO	1.25	37.86
e. Salary	1.28	0.99
Income Tax Advance	13.19	40.00
Prepaid Expenses	5.27	5.65
Insurance Claim Receivable	37.13	-
Deposit with EB and Govt. Depts.	7.59	8.17
Deposit with Others	23.43	1.23
	1580.88	485.61
SCHEDULE - 10 :		
A. CURRENT LIABILITIES		
Sundry Creditors		
a. Capital Items	81.72	29.02
b. services	65.51	76.36
c. Others	12.60	13.74
Liabilities for other Finance	17.18	20.65
Liability for Expenses	34.31	25.07
	211.32	164.84

LOTUS EYE CARE HOSPITAL LIMITED

Schedules continued...

(Rs. in Lacs.)

Particulars	31.03.2009	31.03.2008
SCHEDULE - 11 :		
B. PROVISIONS		
A) Provision for Taxation (Includes FBT & Wealth Tax)	26.75	94.20
B) Provision for employees benefit	5.40	3.26
	<u>32.15</u>	<u>97.46</u>
SCHEDULE - 12 :		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	6.32	7.93
Deferred revenue expenditure		
Tirupur inaugural and Renovation expenses	36.56	39.98
Amalgamation Expenses	9.66	12.08
	<u>52.54</u>	<u>59.99</u>
Less : Expenses Written Off during the year	12.74	12.02
	<u>39.80</u>	<u>47.97</u>

Schedules Forming Part of the Profit and Loss Account

INCOME:

A. Service Income

Income From Medical services	788.43	792.98
Sales - Contact Lens and Opticals	308.78	236.54
Pharmacy Sales	49.15	27.43
Income from other utilities	21.29	16.50

1,167.65 1,073.45

B. Increase / Decrease in Stock

Opening stock	77.69	37.89
Less : Closing stock - Certified by the Management	149.99	77.69

72.30 39.80

C. Other Income

Caution Deposit	5.49	-
Insurance Claim Received	-	1.85
Conference income	-	0.20
Excess provision for IT written off	3.17	0.67
Excess provision for Gratuity written off	0.59	-
Rent Received	1.14	1.14
Sundry Balance written off	-	1.14
Miscellaneous Income	0.27	2.02
Training Fees Received	0.89	0.11
Interest Income (TDS Rs. 0.97 Lacs)	6.67	20.21
Dividend Income	33.35	-

51.57 27.34

EXPENDITURE:

D. SERVICE EXPENSES

Contact lens and Opticals purchases	190.70	172.28
Canteen and Utility Purchases	22.30	18.22
Consumables	67.30	44.26
Pharmacy Purchases	45.77	26.92
Professional charges to Doctors	143.69	107.13

469.76 368.81

Schedules continued...

(Rs. in Lacs)

Particulars	31.03.2009	31.03.2008
E. PERSONNEL COST	154.40	119.54
F. ADMINISTRATIVE EXPENSES		
Travelling & Conveyance Expenses	8.01	9.57
Auditor's Remuneration:		
For Statutory audit	1.20	1.07
For Tax audit	0.30	0.20
For Other Service	0.37	-
Books and Periodicals	0.95	0.41
Donation	5.02	-
Directors Sitting Fees	0.60	0.15
Electricity Charges	22.61	20.16
Sundry Expenses	1.35	4.93
Insurance	3.99	3.13
Licences and Taxes	12.63	1.38
Preliminary expenses Written off	12.74	12.02
Printing and Stationery	17.77	13.55
Professional and Recommendation Charges	8.57	8.99
Rent and Lease Rent Paid	63.08	58.35
Repairs and Maintenance:		
a) Building	16.34	1.51
b) Equipment	8.50	17.16
c) Hospital	7.79	7.30
d) Others	27.74	17.52
Security Service Charges	8.25	5.89
Softwares and Web Site Expenses	0.97	0.56
Telephone and Courier Charges	7.90	6.07
Water Charges	6.37	5.42
Selling Expenses	34.42	27.04
Other Marketing Expenses	1.08	1.77
	278.55	224.15
G. FINANCE COST		
Interest on Term Loans	73.90	80.00
Interest on Vehicle Loans	0.53	0.92
Interest on Cash Credit	1.30	1.81
Interest on FD Loan	-	3.62
Bank Charges and Commission	6.73	0.60
	82.46	86.95

LOTUS EYE CARE HOSPITAL LIMITED

SCHEDULE 13

ACCOUNTING POLICIES AND NOTES TO PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31st MARCH, 2009

A. 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 prorate basis on additions.

4. Inventories:

Closing stock of Pharmacy, Canteen, Theatre items, Contact Lens and Consumables are valued at lower of cost or net realizable value 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. In respect of claims from insurance are accounted as and when the claims are accepted or settled by the insurance company whichever is earlier.

6. Borrowing cost:

Borrowing cost attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All other borrowing cost is recognized as an expense in the period in which they are incurred.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

7. Lease:

The Company's significant Leasing arrangements are in respect of Operating lease for Medical Equipments 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:

- a. Foreign currency transactions are recorded at exchange rates prevailing on the date of such transactions.
- b. Foreign currency monetary assets and liabilities at the year end are realigned to the exchange rate prevailing at the year end and the difference on realignment is adjusted in the Profit and Loss Account.
- c. Non-monetary foreign currency items are carried at cost.

9. Retirement benefits:

- a. Payment to defined contribution schemes are charged as expense as and when incurred
- b. Post employment and other long term benefits which are defined benefit plans are recognized based on the present value of the obligation determined in accordance with Accounting Standard 15 on "Employee Benefits".

10. Taxes on Income:

Tax on income for the current period is determined on the basis of taxable income and tax credit computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals. Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. Interim Financial Reporting:

Quarterly financial results are published in accordance with the guidelines issued by SEBI. The recognition and measurement principles as laid down in the standard are followed with respect to such results. Quarterly financial results are subjected to a limited review by the auditors as required by SEBI.

12. Impairment of Assets:

At the Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the company's fixed assets. An asset is treated as impaired when carrying cost of assets exceeds its recoverable value.

An impairment loss is charged to the profit and loss account in the year in which an asset identified as impaired. The impairment loss, if any, recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. Miscellaneous:

Miscellaneous expenditure in connection with merger, increase in share capital, hospital / equipments inauguration expenses, hospital renovation expenses and other preliminary expenses are being written off over a period of five years.

B. NOTES ON ACCOUNTS

1. Share Capital:

I. Share Capital:

- a) Before amalgamation 211000 Equity shares of Rs.100 each consists of initial subscription to memorandum and subsequent allotments to the promoters.
- b) 497900 Equity shares of Rs.100 each issued on 03.08.2007 pursuant to High Court Order dated 09.07.2007 approving the scheme of amalgamation of Dr. S.K.S. Eye Care Centre Private Limited with Lotus Eye Care Hospital Limited
- c) 345233 Equity shares of Rs.100 each were allotted as bonus shares on 28.08.2007 by capitalization of general reserve.
- d) The face value of equity shares was split from Rs.100 per share to Rs.10 per share on 03.09.2007. Due to this the total number of shares consists of 10541330 shares of Rs.10 each.
- e) 255000 Equity shares of Rs.10 each were allotted to M/s.Bennett and Coleman Company Limited on 22.01.2008 on preferential allotment with a premium of Rs.40 per share.
- f) 10000000 equity shares of Rs. 10 each allotted on 03.07.2008 through Initial Public Offer (IPO) with a premium of Rs.28 per share.

II. Share Premium Account:

The premium collected on above issue of equity shares amounting to Rs. 2800 Lacs and also of the preferential allotment of Rs. 102 Lacs has been credited to Share Premium Account.

LOTUS EYE CARE HOSPITAL LIMITED

III. Shares Issue Expenses:

The Shares issue expenses of Rs.387.86 lacs have been adjusted against the Share premium account in accordance with the provisions of section 78 of the Companies Act, 1956.

IV. Utilization of Initial Public Offer (IPO) funds upto March 31, 2009.

Details	Rs.in Lacs
Proceeds from issue of Shares	3800.00
Less: Expenses for issue	387.86
Add: Interest / Dividend from Temporary Investment	31.07
Net IPO proceeds	3443.21
Less: Funds deployed towards the project	3108.14
Unutilized IPO funds deposited in the from of Temporary investment / Current account with Bank	335.07

- a. Temporary investments of Rs.300.45 lacs held in the form of fixed deposit with Indian Overseas Bank, Coimbatore and the balance of Rs.34.62 lacs in current account with the same bank.
 - b. Funds deployed includes cost of adjacent land at Peelamedu complex of Rs.1104.50 lacs not envisaged in the offer document.
 - c. Out of Public Issue, Refund amounting to Rs.0.34 lacs has been kept in a separate bank account (*Axis Bank Ltd, Coimbatore*).
2. Figures have been rounded off to the nearest rupee and previous year's figures have been regrouped wherever 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.
- a) The company has not given any guarantee on behalf of the directors or other officers
 - b) 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 the trust in which one of the directors is a trustee is Rs.10.01 lacs (Previous year Rs.24.26 lacs)
 - ii) Maximum amount due from Dr.S.K.Sundaramoorthy at any time during the year is Rs 2.29 lacs
 - iii) Maximum amount due from Lotus Vision Research Trust at any time during the year Rs. 25.95 lacs.
4. Remuneration paid to Managing Director during the year 2008-09.
- | | |
|--------------|----------------|
| Remuneration | Rs. 18.00 Lacs |
| House Rent | Rs. 0.63 Lacs |
5. The company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Act, 2006. Since the relevant information is not readily available, no disclosures have been made in these financial statements. Based on the information available with the company and in the considered view of the management and relied upon by the auditors, impact of interest, if that may be payable under the provisions of the act is not expected to be material.
6. Due to certain practical difficulties relating to this specific industry, quantitative particulars in respect of operations and inventories have not been furnished as per the requirement of schedule VI to the Companies Act, 1956.

7. Expenditure on Foreign Exchange during the year Rs. 160.60 lacs.

i) CIF value of imports	
a. Capital goods	Rs 159.69 Lacs
b. Consumable and Spares	Rs. 0.91 Lacs
ii) Earnings in Foreign Currency	Rs. Nil
iii) Expenditure in Foreign Currency – Travel & Others	Rs. Nil
iv) Dividend paid in Foreign Currency	Rs. Nil

8 **Security particulars of secured loans:**

The term loans availed from the Indian Overseas Bank , ICICI Bank Ltd, HDFC Bank Ltd. ABN Amro Bank and Citicorp Finance Ltd are primarily Secured by:

- a. Charge on the immovable properties of the company situated at 770/12, Avinashi Road, Civil Aerodrome Post, Coimbatore -14 & 155B, East Periasamy Road, Near Chinthamani, R.S.Puram, Coimbatore - 641 002.
- b. Charge on the movable fixed assets including medical equipments has been assigned to respective bankers who funded the particular movable assets.
- c. The working capital facility availed from the Indian Overseas Bank is primarily secured by hypothecation of Stocks and Book debts.
- d. The loan availed from the Indian Overseas Bank is collaterally secured by the land at SF No.89/1A to 89/1F at Pattanam Village belonging to Dr.S.K.Sundaramoorthy
- e. The Term loans and Working capital facility availed from the Indian Overseas Bank are further guaranteed by the personal guarantees of the Chairman and Managing Director and other Promoter directors of the Company.

9. There is no contingent liability as on 31.03.2009

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

11. Earning per share: AS-20

	2008-2009	2007-2008
a) Net Profit after tax	116.24	129.78
b) Weighted average number of		
i) Existing equity shares of Rs.10 each	207.96	107.96
ii) Diluted potential equity shares of Rs.10 each		
Basic and diluted EPS (Rs)	0.56	1.20

12. **Deferred Tax:**

i. Deferred tax has been provided in accordance with Accounting Standard -22 accounting for taxes on income

ii. The break-up details of deferred tax assets/liabilities for the current year is as under: Rs. In lacs

Particulars	Opening Balance	Addition	Reversed	Cl.Balance
Deferred Tax Liability	11.14	(4.49)	-	6.65
Diff between Book & IT Depreciation	13.20	-	-	-
Deferred Tax Assets	4.49	-	-	-
Unabsorbed Depreciation	-	-	-	-

LOTUS EYE CARE HOSPITAL LIMITED

13. Disclosure regarding lease transactions:

- i. Lease rent paid to Dr.S.K.Sundaramoorthy for leasing medical equipments to the company Rs.19,92,000/
- ii. Lease rent paid to Lotus Vision Research Trust for leasing medical equipments to the company Rs.9,60,000/

14. Segment Reporting:

Based on the guiding principles given in accounting standard on the Segment Reporting (AS 17) issued by the ICAI, there is only one Reportable segment namely Eye Care and related activities. As the Company's business activity is interrelated, the disclosure requirement of AS-17 in this regard does not arise.

15. Prior Period Expenses:

i. Salary paid	Rs. 0.01
ii. Building Inaugural expenses	Rs. 0.24
iii. Rent paid to staff quarters	Rs. 0.05
iv. Professional charges	Rs. 0.04
v. Audit fees	<u>Rs. 0.12</u>
Amount debited to P&L Account	Rs. 0.46

16. Related party disclosure:

List of related parties as identified by the management are as under

(I). Names of related parties and description of relationship

- a. Key Management Personnel :
 1. Dr.S.K.Sundaramoorthy
 2. Ms.Sangeetha Sundaramoorthy
- b. Other related parties : Lotus Vision Research Trust

(II) Related Party Transactions in 2008-09

The company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed. Following transactions were carried out with the related parties.

Nature of Transactions	Key Mgmt Personnel	Other related parties	Amount (Rs.in lacs)
Lease Rent paid	19.92	9.60	29.52
Lease Rent received	-	1.14	1.14
Remuneration	18.00	-	18.00
Paid on behalf	1.82	-	1.82
Cheque/Cash paid	13.14	19.24	32.38
Cheque/Cash received	2.19	12.47	14.66
Purchase	1.66	-	1.66
Sales	-	2.11	2.11

(III) Sundry Debtors includes Rs. 10.01 Lacs due from the related party as on 31st March, 2009

17. Capital work in progress (Building) includes iRs.26.16 lacs towards interest cost of term loan availed from bank.
18. **Employees Benefits** - The Company has provided for employee benefits as per Accounting Standard 15 in respect of defined benefit plan (Gratuity)

Description of the company's defined benefit plan: The Company operates a defined benefit plan for payment of post employment benefits in the form of gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service as provided in the Payment of Gratuity Act, 1972. The terms of the benefit are common for all the employees of the company.

Defined benefit plan:

A. Change in the present value of obligation – Reconciliation of opening and closing balances:	31.03.2009
Present value of the obligation as at the beginning of the period	248591
Interest cost	19266
Current service cost	63995
Past service cost – (non vested benefits)	-
Past service cost – (vested benefits)	-
Benefits paid	-
Actuarial loss/(gain) on obligation (balancing figure)	117119
PVO as at the end of the period	448971
B. Change in the fair value of plan assets – Reconciliation of opening and closing balances:	
Fair value of plan assets as at the beginning of the period	-
Expected return on plan assets	-
Contributions	-
Benefits paid	-
Actuarial gain/(loss) on plan assets (balancing figure)	-
Fair value of plan assets as at the end of the period	-
C. Actual return on plan assets	
Expected return on plan assets	-
Actuarial gain (Loss) on plan assets	-
Actual return on plan assets	-
D. Actuarial gain / loss recognized	
Actuarial gain / (loss) for the period – Obligation	-117119
Actuarial gain / (loss) for the period – Plan Assets	-
Total (gain) / loss for the period	117119
Actuarial (gain) / loss recognized in the period	117119
Unrecognized actuarial (gain) / loss at the end of the year	-
E. Amounts recognized in the Balance Sheet and related analysis	
Present value of the obligation	448971
Fair value of plan assets	-
Difference	448971
Unrecognized transitional liability	-
Unrecognized past service cost – non vested benefits	-
Liability recognized in the balance sheet	448971
F. Expenses recognized in the statement of Profit and Loss:	
Current service cost	63995
Interest cost	19266
Expected return on plan assets	-
Net actuarial (gain)/loss recognized in the year	117119
Transitional liability recognized in the year	-
Past service cost – non vested benefits	-
Past service cost – vested benefits	-
Expenses recognized in the statement of profit and loss	200380
G. Movements in the liability recognized in the balance sheet	
Opening net liability	248591
Expenses as above	200380
Contribution paid	-
Closing net liability	448971

LOTUS EYE CARE HOSPITAL LIMITED

H. Amount for the current period

Present value of obligation	448971
Plan assets	-
Surplus (Deficit)	-448971
Experience adjustments on plan liabilities – (loss)/gain	-97759

I. Principal Actuarial assumptions(Expressed as weighted averages)

	31.03.2009
Discount rate	6.90%
Salary escalation rate	10.00%
Attrition rate	20.00%
Expected rate of return on plan assets	0.00%

J. Major categories of plan assets as percentage of total plan assets

Investment made in Govt. Securities	0.00%
Amount held in current account with banks	0.00%
Investment in company's own financial instruments	0.00%
Investment in property or other assets used by the company	0.00%

- Note: a. The salary escalation considered in actuarial valuation takes on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- b. Excess provision of gratuity relating to previous year amounting to Rs.58650/- has been reversed during the year.

19. Leave encashment benefits have been provided as per the rules of the company and on actuarial Valuation. No separate fund has been created. Amount charged to Profit and Loss Account during the year is Rs. 0.72 Lacs.
20. Personnel cost includes Managing Director Remuneration of Rs. 18 .63 lacs.
21. Amount of contribution to Employees Provident Fund during the year is Rs.1.94 Lacs (Previous year Rs.2 Lacs)
22. The company has not entered into any derivative transactions during the year under report.
23. During the year the company has made a donation of Rs. 5 lacs to Vision Research Foundation, Chennai
24. In terms of compliance of licencing procedures of pharmaceutical items, inventories valued at Rs.1.66 lacs which was held by Dr.S.K.Sundaramoorthy as a proprietor has been taken over by the Company along with the respective creditors as on 01.04.2008.
25. Confirmations of balance are yet to be obtained from certain parties.
26. The caution deposit collected from the employees who are in service excluding Rs.5.49 lacs relating to ex-employee which has been written back is remaining to be deposited with scheduled bank / post office as required under sec.417 of the Companies Act, 1956.
27. A demand of Rs. 7.31 Lacs raised by the corporation authorities towards vacant land tax during the financial year was related to earlier periods has been charged to profit and loss account under the head property tax grouped under Licence and Taxes

As per our Report of even date attached

For **Vekam and Associates**
Chartered Accountants

M.P. Panneerselvan
Partner
Membership No. 026129

Place : Coimbatore
Date : 31st August, 2009

For and on behalf of the Board of Directors

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

Ms. S. Sangeetha
Director

K. Rangasamy
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	For the year 2008 - 09	For the year 2007 - 08
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and appropriations	139.40	239.60
Adjustments for:-		
Depreciation	166.49	100.58
(Profit) / Loss on sale of Fixed Assets	0.00	0.00
Income on Investments	(6.68)	20.22
Dividend Income	(33.35)	0.00
Preliminary expenses W/off	12.74	12.02
Interest Expenses	75.74	86.36
Operating Profit before Working Capital Changes	354.34	418.33
Adjustments for:-		
(Increase) / Decrease in Sundry debtors	4.93	(29.50)
(Increase) / Decrease in Loans & advances	(1,095.27)	(48.84)
(Increase) / Decrease in Inventories	(72.30)	(39.80)
Increase / (Decrease) in Current Liabilities	(23.31)	132.52
Cash generated from / (Used in) operations	(831.61)	440.76
Tax paid	(23.15)	(109.82)
Others	(4.58)	(59.96)
Net cash generated from / (Used in) operating	(859.34)	276.36
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,741.65)	(346.63)
Capital WIP	(423.17)	0.00
Sales of Assets	0.00	0.00
Investments	0.00	0.00
Sales of Investments	0.00	0.00
Interest received	6.68	20.22
Dividend received	33.35	0.00
Net cash generated from / (Used in) investing activities	(2124.80)	(326.42)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Expenses	(75.74)	(86.36)
Proceeds from issue of Share Capital	1000.00	127.50
Proceeds from Share Premium	2412.14	0.00
Increase / (Decrease) in Secured Loans	(66.26)	36.71
Increase / (Decrease) in un-secured Loans	(10.40)	(29.67)
Net cash from / (Used in) financing activities	3259.74	48.18
(Increase) / Decrease in Cash and cash equivalents	275.60	(1.87)
Cash and cash equivalents as at the beginning of the year	94.92	61.04
Cash and cash equivalents as at the end of the year	370.51	59.17
Cash on Hand	13.71	29.13
Balance with Bank	356.80	30.04

Note: 1. During the previous year deposits with banks has been grouped under 'Deposits and Advances' is now re-grouped under 'cash and bank balances'.

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

Ms. S. Sangeetha
Director

K. Rangasamy
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 2009. 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 August 2009 to the members of the company.

For VEKAM AND ASSOCIATES

Chartered Accountants

M.P. Panneerselvan
Partner

Place : Coimbatore

Date : 31st August, 2009

Membership No. 026129

LOTUS EYE CARE HOSPITAL LIMITED

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	31.03.2009

CAPITAL RAISED DURING THE YEAR (Amount in Thousands)

A	Public Issue	380000
B	Right Issue	NIL
C	Bonus Issue	NIL
D	Private Placement including share premium	NIL

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

A	Total Liabilities	596523
B	Total Assets	596523

SOURCE OF FUNDS

A	Paid-up capital (Including Share Warrant Money)	207963
B	Reserve & Surplus	321698
C	Secured Loans	66016
D	Unsecured Loans	180
E	Deferred tax liability	666

APPLICATION OF FUNDS

A	Net Fixed Assets	402801
B	Investment	NIL
C	Net Current Assets	189742
D	Miscellaneous Expenses	3980
E	Accumulated Loss	NIL

PERFORMANCE OF COMPANY

A	Total Income	129152
B	Total Expenditure	115167
C	Profit Before Tax	13940
D	Profit After Tax	11624
E	Earning Per Share	0.56
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

M.P. Panneerselvan
Partner
Membership No. 026129

Place : Coimbatore
Date : 31st August, 2009

For and on behalf of the Board of Directors

Dr. S.K. Sundaramoorthy
Chairman and Managing Director

Ms. S. Sangeetha
Director

K. Rangasamy
Company Secretary