
14th Annual Report 2010 - 11



LOTUS EYE CARE HOSPITAL LIMITED

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

LOTUS EYE CARE HOSPITAL LIMITED

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Board of Directors

Chairman and Managing Director	-	Dr. S.K. Sundaramoorthy
Directors	-	Sri. D. R. Kaarthikeyan
	-	Dr. S.S. Badrinath
	-	Dr. Yogesh Shah
	-	Sri. 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 Indusind Bank Ltd, Coimbatore Axis Bank Ltd, Coimbatore The Federal Bank Ltd, Earnakulam CITI Corp Finance India Ltd.
Registered Office	-	S.F. No. 770/12, Avinashi Road, Civil Aerodrome Post Coimbatore-641 014
Registrar and Share Transfer Agents	-	M/s. S.K.D.C. Consultants Limited Post Box No : 20416 Kanapathy Towers, 3rd Floor 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006.

LOTUS EYE CARE HOSPITAL LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the 14th Annual General Meeting of the shareholders of Lotus Eye Care Hospital Limited will be held on Wednesday 28th day of September, 2011 at 3.00 P.M at Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr.D.R.Karthikeyan, 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.

Place : Coimbatore
Date :04th August, 2011

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

Notes:

1. A member entitled to vote and attend the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should however, be deposited at the Registered office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Shareholders are requested to bring their copy of the Annual Report.
3. Members/Proxies should fill the attendance slip for attending the meeting.
4. Corporate members are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books will remain closed from 22nd September, 2011 to 28th September, 2011 (both days inclusive).

Place : Coimbatore
Date :04th August, 2011

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



Directors' Report and Management Discussion and Analysis:

Your Directors have pleasure in presenting the 14th Annual Report of your Company together with the audited accounts for the year ended 31st March 2011.

FINANCIAL RESULTS		(in lacs)
Particulars	31.03.2011 (Current year)	31.03.2010 (previous year)
Income from Operations and other income	1983.82	1397.30
Profit before Depreciation and Tax	331.59	235.33
Less: Depreciation	263.85	256.47
Profit /(Loss) before Tax	67.74	(21.14)
Less: Provision for Taxes	24.23	2.73
Profit / (Loss) after tax transferred to Reserves & Surplus	43.51	(23.87)

Review of Operations and Performance:

You will be glad to note that your company registered a growth of 41.97% in turnover from ₹ . 1397.30 lacs in 2009-10 to . 1983.82 in 2010-11. Your Company earned a net profit of .43.51 lacs in 2010-11 instead of net Loss of .23.87 lacs during the previous financial year 2009-10. Turnover increased due to the primary eye care centers opened in Mettupalayam, Salem and Tertiary eye care hospital opened in Cochin.

₹

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

Outlook for the current year:

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

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

Your Company is on the look off to find a better building at Tirupur so that the present building can be shifted to the new facilities.

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 people below the poverty line.

Opportunities and Threats:

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

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

LOTUS EYE CARE HOSPITAL LIMITED

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

The Company has envisaged utilization of IPO Proceeds in respect of the following objects and up to financial year 2010-11 has utilized ₹ . 5083.63 lacs towards the objects as detailed below:

Sl.No	Objects / Expenditure items	Total Cost to be met from IPO Proceeds	Estimated Utilization	Actual Utilization in FY 2009-10 & 2010-11
01	Land	1580.00	1580.00	1414.66
02	Building	1590.00	1590.00	1211.70
03	Infrastructure	330.00	330.00	352.62
04	Equipments	980.00	980.00	1611.79
05	Staff quarters	75.00	75.00	75.00
06	Setting up primary eye care unit	330.00	330.00	0.00
07	Working Capital requirement	150.00	150.00	30.00
08	Public Issue Expenses	270.00	270.00	387.86
09	Contingencies	195.00	195.00	0.00
	Total	5500.00	5500.00	5083.63

The remaining objects are being pursued.

Unutilized IPO funds are held as investment in deposit account of ₹ . 88.52 lacs, Current account of ₹ . 2.91 lacs. An amount of ₹ . 646.92 lacs has been used to reduce the term liability from ICICI Bank and Indian Overseas bank to reduce interest cost as an interim measure pending deployment towards Objects of the issue.

Competition:

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

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

Shortage of Skilled Manpower:

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

Capital Investment:

The total capital investment including the work in progress incurred up to March 2011 was ₹ . 799.79 lacs which were related to the construction and Interior of building at Peelamedu, Mettupalayam, Salem II and Cochin and the purchase of medical equipments and infrastructures. This capital expenditure was met through IPO, Internal generation as well as building loan availed from Banks.

Directors:

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



Directors' Responsibility Statement:

The Directors confirm that

- I. In the preparation of annual accounts the applicable accounting standards have been followed.
- II. Appropriate accounting policies have been selected and applied consistently, and judgement 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 2011, none of the employees were in receipt of remuneration in excess of the limits prescribed in sub-section 2A of section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Amendment Rules 1994.

Information as per section 217 (1) (e) of the Companies Act, 1956:

Since the Company is in service industry and does not do any manufacturing activity, the particulars regarding conservation of energy and absorption in the (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are not applicable. The particulars regarding foreign exchange inflow and outflow appear as item no.10 in Notes on Accounts.

Fixed Deposits:

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

Report of Corporate Governance:

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

Compliance certificate on corporate governance:

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

Auditors:

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

Acknowledgement:

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

LOTUS EYE CARE HOSPITAL LIMITED

Report on Corporate Governance:

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

Board of Directors:

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

Composition:

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

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

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

Board Meeting and Attendance:

Six Board Meetings were held on 26.05.2010, 29.06.2010, 10.08.2010, 17.09.2010, 15.11.2010 and 15.02.2011 during the period from 1st April 2010 to 31st March 2011.

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, 2011.



Name of the Directors	Board Meeting (6)	Audit Committee (5)	Remuneration Committee (1)	Share Transfer and Investor Grievance Committee	Annual General Meeting
Dr. S.K.Sundaramoorthy	6	-	-	-	Yes
Mr. P.K.Venkatachalam	5	-	-	-	Yes
Dr. S.S.Badrinath	4	1	-	-	No
Mr. D.R.Kaarthikeyan	3	3	-	-	No
Mr. R.Subramanian	6	4	-	-	Yes
Mr. Yogesh Shah	4	-	-	-	No
Ms. Sangeetha Sundaramoorthy	2	-	-	-	Yes

The figures within brackets denote the number of meetings held during the period from 1st April 2010 to 31st March 2011.

General Meetings

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

Particulars	13 th AGM 2010
Date of Meeting	17 th September 2010
No. of Members Attended	25
No. of Proxy Attended	-
Chairman of the Meeting	Dr.S.K.Sundaramoorthy
Company secretary	Mr.K.Rangasamy

Committee of Directors

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

Audit Committee

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

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

Name of the Invitee - Sri M.P.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 conforming to the requirements specified by the Companies Act, 1956 and by the Stock Exchanges in terms of Listing Agreement.

The Committee has met 4 times during the financial year ended 31st March 2011 and details of attendance are furnished elsewhere in the Annual Report.

LOTUS EYE CARE HOSPITAL LIMITED

Remuneration Committee

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

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

The Committee has not conducted any meeting during the financial year ended 31st March 2011.

Share Transfer and Investor Grievance Committee

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

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

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

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

During the year the company has not received any complaints from the investors and there were no outstanding complaints as on 31.03.2011.

Annual General Meeting

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

Financial year	Details of Meeting	Date of Meeting	Venue	Special Resolutions
31 st March, 2008	11 th AGM	26.09.08	Chamber Hall, 8/732, Avinashi Road, Coimbatore -641 018.	Nil
31 st March, 2009	12 th AGM	29.09.09	Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Coimbatore -641 014.	Yes
31 st March, 2010	13 th AGM	17.09.10	"	Nil

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

No Special Resolutions on matters requiring postal ballot 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.

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 are 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, Business Standard (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 Shareholders Information**Annual General Meeting**

Day & Date	:	Wednesday, 28 th September, 2011
Time	:	3.00 P.M.
Venue	:	Kasthuri Srinivasan Trust "Culture Centre", Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014.

Financial Calendar:

Financial year	:	01.04.2010 to 31.03.2011
Annual Results 2010-11 announced	:	27.05.2011
Posting of Annual Reports	:	On or before 05 th September, 2011
Last date of receipt of Proxy Forms	:	26.09.2011
Announcement of Quarterly Results	:	August 2010, November 2010, February 2011 & May 2011
Date of Book Closure	:	22.09.2011 to 28.09.2011 (both days inclusive)

LOTUS EYE CARE HOSPITAL LIMITED

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	:	LOTUSEYE
Demat ISIN Number	:	NSDL - INE 947I01017
	:	CDSL - INE 947I01017

Listing fee for 2011-12 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 ₹			
	BSE (High & Low)		NSE (High & Low)	
April, 2010	29.70	22.00	29.50	23.75
May, 2010	34.60	23.25	34.40	23.20
June, 2010	28.55	19.00	27.80	19.60
July, 2010	22.00	16.10	20.50	17.45
August, 2010	20.00	16.20	19.30	16.25
September, 2010	18.00	15.65	18.00	15.00
October, 2010	19.10	16.55	19.35	16.55
November, 2010	19.80	14.50	19.95	15.20
December, 2010	16.75	13.80	16.75	13.60
January, 2011	15.45	11.35	15.50	11.30
February, 2011	12.20	10.00	12.25	9.10
March, 2011	12.00	10.00	12.00	10.35

Shareholding Pattern as on 31.03.2011

S.No	Category	No. of Share holders	No. of Shares held	% of paid up Share Capital
1	Promoters and promoters group	8	11250794	52.39
2	Foreign Institutional Investors	1	237501	1.14
3	Bodies Corporate	297	7589866	5.47
4	Individuals	10306	3063188	36.50
5	Others	354	934521	4.50
	Total	10966	20796330	100.00



Distribution of Shareholding as on 31.03.2011

Range (No. of Shares)	No. of Share holders	No. of Shares	% held
1 - 5000	8056	1657383	7.97
5001 - 10000	1502	1293555	6.22
10001 - 20000	689	1101439	5.30
20001 - 30000	223	575824	2.77
30001 - 40000	97	352966	1.70
40001 - 50000	133	639643	3.08
50001 - 100000	155	1160224	5.58
100001 and above	111	14015296	67.39
Total	10966	20796330	100.00

Registrar & Share Transfer / Demat Agents:

M/s. SKDC Consultants Ltd.,
Kanapathy Towers, 3rd floor,
1391 / A-1, Sathy Road, Ganapathy,
Coimbatore – 641 006.

Dematerialization of Shares:

The fully paid up Equity shares (ISIN No.INE947101017) 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 seven 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.
4. Salem I: 52/2, Peramanur East, Salem – 636 007.
5. Salem II : Anna Vaniga Valagam, Opp. Bus Stand, Salem - 636 004
6. Mettupalayam : No 140, Coimbatore Main Road, Opp.Bus Stand, Mettupalayam - 641 031.
7. Cochin : 53/33A - 33F, Thejas Towers, SA Road, Kadavanthara, Cochin - 682 020.

Address for Correspondence:

All correspondence from shareholders should be addressed to:

M/s.SKDC Consultants Limited,
Registrars and Share Transfer Agents
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006.
Phone: 0422-6549995, 2539835, Fax: 0422-2539837.
E-mail: info@skdc-consultants.com

Place : Coimbatore
Date : 04th August, 2011

for and on behalf of the Board
(Sd.) **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 2010-11 has been affirmed by the Chairman and Managing Director (CMD).

A Declaration 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 2010-11.

Place : Coimbatore
Date : 04th August, 2011

for and on behalf of the Board
(Sd.) **Dr. S.K. Sundaramoorthy**
Chairman and Managing Director

AUDITORS' CERTIFICATE ON 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 31.03.2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

Firm Registration No: 05256S
Chartered Accountants

Place : Coimbatore
Date : 04th August, 2011

(Sd.) **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 for the year ended 31st March 2011 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.

Place : Coimbatore
Date : 04th August, 2011

for and on behalf of the Board
(Sd.) **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** Coimbatore as at **31st March 2011** and the Profit and Loss Account of the Company for the year ended on that date 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. 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, 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 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 the Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, give the information required by the Companies Act, 1956, in the manner so required and present 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, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - 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
Firm Registration No: 05256S
Chartered Accountants

Place : Coimbatore
Date : 04th August, 2011

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



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, 2011.

- ₹
- (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. However an item wise list of fixed assets containing the particulars for calculation of depreciation is maintained.
 - b) All the assets have not been physically verified by the management during the year but there is a phased programme of verification based on the item wise list maintained for calculation of depreciation which, in our opinion, needs to be strengthened having regard to the size of the company and nature of its assets. As informed, no material discrepancies were noticed on such verification. However, in absence of complete information in fixed asset register as stated in clause (a) above, we are unable to comment on the discrepancies, if any.
 - c) During the year, there is no disposal of substantial part of fixed assets.
 - (ii). a) The Management has conducted physical verification of inventories at reasonable intervals during the year.
 - b) In our opinion, the procedures of physical verification of inventories 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 services. 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 particulars of all contracts or arrangements that need to be entered in the register maintained in pursuance of section 301 of the act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transaction so 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 have been 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 Sections 58 A and 58AA of the Companies Act, 1956.
 - (vii). The Company's internal audit system needs improvement for its size and nature of its 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 amounting to . 29.25 lakhs** has not been deposited with scheduled banks or post office savings scheme.

LOTUS EYE CARE HOSPITAL LIMITED

- b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty and Excise duty were in arrears as at 31.03.2011 for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty and Excise duty which have not been deposited on account of any dispute.
- (x). The Company has no accumulated losses as at 31st March, 2011 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 or trading 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.
- (xv). The company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi). Based on the information and explanations given to us by the management, term loans have been applied for the purpose for which the said loans were obtained.
- (xvii). According to the information and explanations given to us and on an over all examination of the Balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- (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). During the year the Company has not raised any money through Public issue. However the Company has disclosed the end use of money raised by public issue in the preceding previous year in the notes to the financial statements including the deviation from offer document which has been disclosed in the **Notes B, 1 (III) of the schedule No.12** to the financial statement and the same has been verified by us.
- (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.

For **VEKAM AND ASSOCIATES**
Firm Registration No: 05256S
Chartered Accountants

Place : Coimbatore
Date : 04th August, 2011

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



Balance Sheet as at 31st March, 2011

(. in Lacs)

Particulars	Schedule No.	As on	
		31.03.2011	31.03.2010
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
Share Capital	1	2,079.63	2,079.63
Reserves and Surplus	2	3,236.62	3,193.11
2. Loan Funds:			
Secured Loans	3	17.94	146.09
3. Deferred Tax liability (Net)			
(Refer note 15 (ii) of Schedule 12)		21.03	9.39
TOTAL CAPITAL EMPLOYED		5,355.22	5,428.22
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	4	5,927.76	5,141.34
b) Less: Accumulated depreciation		1,140.37	876.52
c) Net Block		4,787.39	4,264.82
d) Capital Work In Progress		39.46	26.09
2. Current Assets, Loans & Advances:			
A. Current Assets:			
a) Inventories	5	166.49	115.59
b) Sundry Debtors	6	42.31	40.92
c) Cash and Bank Balances	7	83.54	94.37
B. Loans and Advances	8	616.34	1,059.14
(A)		908.68	1,310.02
Less :			
3. Current Liabilities & Provisions			
a) Current Liabilities	9	371.82	199.58
b) Provisions	10	28.59	8.29
(B)		400.41	207.87
4. Net Current Assets	(A-B)	508.27	1,102.15
5. Miscellaneous Expenditure	11	20.10	35.16
(to the extent not written off or adjusted)			
TOTAL ASSETS		5,355.22	5,428.22
Significant accounting policies and Notes on accounts	12		

The Schedules & Notes on accounts referred to above are an integral part of the balance sheet

As per our Report of even date attached

For **Vekam and Associates**

Firm Registration No: 05256S

Chartered Accountants

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

Partner

Membership No. 026129

Place : Coimbatore

Date : 04th August, 2011

For and on behalf of the Board of Directors

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

(Sd.) **Ms. S. Sangeetha**
Whole time Director

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

LOTUS EYE CARE HOSPITAL LIMITED

Profit and Loss Account for the period ended 31st March, 2011 (. in Lacs)

Particulars	Schedule No.	As on 31.03.2011	As on 31.03.2010
INCOME			
Service Income	A	1,914.10	1,416.91
Increase / (Decrease) in Stock	B	50.90	(34.40)
Other Income	C	18.82	14.79
TOTAL INCOME (1)		1,983.82	1,397.30
EXPENDITURE			
Service Expenses	D	824.75	547.31
Personnel Cost	E	294.98	195.76
Administrative Expenses	F	492.01	343.37
Finance Cost	G	10.37	68.86
Depreciation		263.85	256.47
TOTAL EXPENDITURE (2)		1,885.96	1,411.78
Net Profit / Loss before Prior period items	(1-2)	97.86	(14.48)
Prior Period Expenses		30.11	6.66
Net Profit / Loss before Tax		67.74	(21.14)
Less : Deferred Tax		11.64	2.73
Less : Income tax Paid		0.03	—
		56.07	(23.88)
Less : Provisions			
Income Tax		12.56	—
Balance Transferred to Balance Sheet		43.51	(23.87)
Earning per share Basic / Diluted (Paise)		0.21	-0.11
Total No.of Shares		20796330	20796330
Face value of an Equity Shares .10 each			

The Schedules & Notes on accounts referred to above are an integral part of the Profit & Loss A/c.

As per our Report of even date attached

For **Vekam and Associates**
Firm Registration No: 05256S
Chartered Accountants

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

Place : Coimbatore
Date : 04th August, 2011

For and on behalf of the Board of Directors

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

(Sd.) **Ms. S. Sangeetha**
Whole time Director

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



Schedules Forming Part of the Balance Sheet as at 31st March, 2011

Particulars	(. in lacs)	
	31.03.2011	31.03.2010
SHARE HOLDERS FUNDS		
SCHEDULE - 1 :		
SHARE CAPITAL		
Authorised:		
2,50,00,000 Equity shares of . 10/- each	2,500.00	2,500.00
Issued, Subscribed and Paid up:		
2,07,96,330 Equity shares of . 10/- each (Refer Note.B1 (I) of Schedule 12)	2,079.63	2,079.63
SCHEDULE - 2 :		
RESERVES AND SURPLUS		
Share Premium Account:		
As per last Balance Sheet	2,514.14	2,514.14
Add : On issue of Shares during the year	-	-
Less : Expenses on issue of Shares	-	-
	2,514.14	2,514.14
General Reserve:		
As per last Balance Sheet	678.97	702.85
Less : Bonus Shares issued during the year	-	-
Add : Transfer from P & L a/c	43.51	(23.87)
	722.48	678.97
	3,236.62	3,193.11
LOAN FUNDS		
SCHEDULE - 3		
SECURED LOAN		
<i>(Details of security Refer note No. B (11) of Schedule 12)</i>		
Term Loans		
ABN AMRO Bank	-	24.38
Citi Corp Finance India Ltd	10.59	34.26
HDFC Bank Limited	7.35	26.08
ICICI Bank Ltd	-	42.22
Indian Overseas Bank	-	19.03
Cash Credit		
Indian Overseas Bank	-	0.11
	17.94	146.09

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LOTUS EYE CARE HOSPITAL LIMITED

Schedule - 4 : FIXED ASSETS AND DEPRECIATION

(. in lacs)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Figures as on 01.04.2010	Additions	Deletion / Transfer	Figures as on 31.03.2011	Depm. Upto 01.04.2010	Depm. for the period	Depm. Upto 31.03.2011	Figures as on 31.3.2010
Buildings	1058.31	187.42	-	1245.74	107.43	51.04	158.47	950.88
Computers	21.98	16.49	-	38.47	11.25	5.67	16.91	10.73
Electrical Equipments	194.42	42.58	-	237.00	76.33	19.91	96.24	118.08
Furniture & Fittings	42.84	22.13	-	64.97	18.06	5.10	23.16	24.78
Hospital Equipments	1438.73	451.09	-	1,889.82	636.89	174.06	810.95	801.84
Land	2,353.08	-	-	2,353.08	-	-	-	2,353.08
Office Equipments	40.19	17.55	-	57.74	15.64	4.71	20.35	24.55
Vehicle	17.88	23.07	-	40.95	10.92	3.35	14.27	6.95
Total (A)	5,167.42	760.34	-	5,927.76	876.52	263.85	1,140.37	4,290.90
Capital Work in Progress								
Building	25.63	37.31	25.63	37.31	-	-	-	25.63
Hospital Equipments	-	2.15	-	2.15	-	-	-	-
Computers	0.46	-	0.46	-	-	-	-	0.46
Total (B)	26.08	39.46	26.08	39.46	-	-	-	26.08
(A+B)	5,193.51	799.79	26.08	5,967.22	876.52	263.85	1,140.37	4,316.98
Previous Year	4,648.07	988.70	469.35	5,167.42	620.05	256.47	876.52	4,027.94



Schedules continued...

(. in lacs)

Particulars	31.03.2011	31.03.2010
CURRENT ASSETS, LOANS & ADVANCES :		
SCHEDULE - 5		
A. CURRENT ASSETS:		
a. Inventories :		
<i>(As per inventories taken, valued and certified by the Management)</i>		
Optical Frames	100.90	68.06
Canteen	0.46	0.43
Pharmacy	15.27	8.39
Consumables	39.46	29.93
Contact lens	10.41	8.78
<i>(Refer Note: Schedule 12 A(d) of significant Accounting Policies)</i>		
	166.49	115.59
SCHEDULE - 6		
b. Sundry Debtors		
Unsecured & Considered good		
a. Debts outstanding for a period exceeding six months	3.46	3.50
b. Other debts	38.85	37.42
	42.31	40.92
SCHEDULE - 7		
c. Cash and Bank balances		
Cash balance on hand	7.70	5.41
Bank Balances:		
a. With Scheduled Banks		
In Current Account	(71.22)	(26.59)
In Deposit Account	55.38	25.57
IPO FUNDS		
b. with Public Issue Account	3.17	12.73
c. Fixed deposit with Indian Overseas Bank	88.52	77.24
	83.54	94.37
SCHEDULE - 8		
B. LOANS AND ADVANCES:		
Unsecured and Considered good		
<i>(Advances recoverable in cash or in kind or for value to be received)</i>		
Advance for Capital Items :		
a. Land	278.05	813.05
b. Building	12.95	29.53
c. Equipments	33.82	40.59
d. Furniture & Fitting	0.59	—
Advance to Others :		
a. Suppliers	2.56	1.52
b. Expenses	86.44	79.93
c. Rent	111.97	26.01
d. IPO	2.38	2.38
e. Salary	0.65	1.32
Income Tax Advance	2.00	9.18
Prepaid Expenses	23.94	10.17
Insurance Claim Receivable	—	13.50
Deposit with EB and Govt. Depts.	37.29	9.81
Deposit with Others	23.70	22.14
	616.34	1, 059.14

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LOTUS EYE CARE HOSPITAL LIMITED

Schedules continued...

(. in lacs.)

Particulars	31.03.2011	31.03.2010
SCHEDULE - 9 :		
A. CURRENT LIABILITIES		
Sundry Creditors		
a. Capital Items	67.52	5.90
b. Services	187.89	121.37
c. Others	35.68	14.05
Liabilities for other Finance	37.15	33.41
Liability for Expenses	43.58	24.85
	371.82	199.58
SCHEDULE - 10 :		
B. PROVISIONS		
a. Provision for Taxation (Includes Wealth Tax)	13.56	1.00
b. Provision for employees benefit	15.03	7.29
	28.59	8.29
SCHEDULE - 11 :		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	4.83	7.25
Deferred Revenue Expenditure		
Tirupur Inaugural and Renovation Expenses	27.23	38.27
Amalgamation Expenses	3.11	4.72
	35.17	50.23
Less : Written Off during the year	15.07	15.07
	20.10	35.16

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Schedules Forming Part of the Profit and Loss Account

Particulars	31.03.2011	(. in lacs)	31.03.2010
INCOME:			
SCHEDULE A			
SERVICE INCOME			
Income From Medical services (TDS . 16.34 lacs)	1,236.84		918.76
Income from other utilities	33.69		24.27
Pharmacy Sales	109.39		73.90
Sales - Contact lens and opticals	534.18		399.98
	1,914.10		1,416.91
SCHEDULE B			
INCREASE / (DECREASE) IN STOCK			
Opening stock	115.59		149.99
Less : Closing stock - Certified by the Management	166.49		115.59
	50.90		(34.40)
SCHEDULE C			
OTHER INCOME			
Excess provisions IT written off	-		0.93
IT Refund 2007-08	-		2.20
Rent Receipts	1.14		1.14
Miscellaneous Income	0.54		3.12
Grauity Gain	-		0.06
Training Fees - Received	-		0.03
Discount Received	3.56		-
Interest Income (TDS .1.15 lacs)	13.58		7.32
	18.82		14.79
EXPENDITURE:			
SCHEDULE D			
SERVICE EXPENSES			
Contact lens and Opticals purchases	265.73		208.27
Canteen and Utility Purchases	27.52		22.39
Consumables	150.64		111.86
Pharmacy Purchase	90.49		55.14
Professional charges to Doctors	290.37		149.64
	824.75		547.31

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LOTUS EYE CARE HOSPITAL LIMITED

Schedules continued...

(. in lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE E		
PERSONNEL COST		
Salary , Wages & Stipend	254.91	162.71
Compensated Leave Salary	3.47	1.47
Gratuity	4.17	1.92
Staff Welfare Expenses	14.43	9.93
Managing Director Remuneration	18.00	19.73
	<u>294.98</u>	<u>195.76</u>
SCHEDULE F		
ADMINISTRATIVE EXPENSES		
Auditor's Remuneration:		
For Statutory audit	1.20	1.20
For Tax audit	0.30	0.30
Books and Periodicals	0.42	1.23
Donation	0.67	0.98
Directors Sitting Fees	1.45	0.83
Electricity Charges	38.32	32.19
Insurance	3.20	0.97
Licences and Taxes	15.05	10.63
Other Marketing Expenses	6.47	3.19
Printing and Stationery	21.04	20.68
Professional and Recommendation Charges	9.06	7.43
Rent and Lease Rent Paid	134.95	62.87
Preliminary expenses Written off	15.07	15.07
Sundry Expenses	13.53	2.51
Miscellaneous Expenses	11.12	21.07
Repairs and Maintenance:		
a) Building	6.86	12.88
b) Equipment	17.88	44.65
c) Hospital	10.35	10.57
d) Others	56.39	41.07
Security Service Charges	12.53	9.17
Software and Web Site Expenses	2.36	3.16
Selling Expenses	88.97	23.71
Travelling and Conveyance Expenses	8.21	6.29
Telephone and Courier Charges	8.63	6.52
Water Charges	7.99	4.20
	<u>492.01</u>	<u>343.37</u>
SCHEDULE G		
FINANCE COST		
Interest on Term Loans	8.12	64.91
Interest on Vehicle Loans	-	0.13
Interest on Cash Credit	0.10	2.15
Bank Charges and Commission	2.15	1.67
	<u>10.37</u>	<u>68.86</u>

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SCHEDULE: 12

ACCOUNTING POLICIES AND NOTES TO PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31ST MARCH, 2011.

A.SIGNIFICANT ACCOUNTING POLICIES:

a. 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.

b. 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.

c. 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.

d. Inventories:

Closing stock of Pharmacy, Canteen, Theatre items, and Consumables are valued at lower of cost or net realizable value and stock of Optical and contact lens are valued at Market Price. Cost is arrived at first in first out basis except optical and contact lens.

e. Revenue Recognition:

All Income and Expenses to the extent they are considered as receivable and payable 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.

f. 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.

g. 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 /received under such Agreements are charged to Profit and Loss Account.

h. 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.

LOTUS EYE CARE HOSPITAL LIMITED

i. 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".

j. 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.

k. 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.

l. 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.

m. 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 except new branches undertaken during this year.

B. NOTES ON ACCOUNTS

1. Share Capital:

I. Share Capital:

- a) Before amalgamation 211000 Equity shares of ₹.100 each consists of initial subscription to memorandum and subsequent allotments to the promoters.
- b) 497900 Equity shares of ₹.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 ₹.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 ₹.100 per share to ₹.10 per share on 03.09.2007. Due to this the total number of shares consists of 10541330 shares of ₹.10 each.
- e) 255000 Equity shares of ₹.10 each were allotted to M/s.Bennett and Coleman Company Limited on 22.01.2008 on preferential allotment with a premium of ₹.40 per share.
- f) 10000000 equity shares of ₹.10 each allotted on 03.07.2008 through Initial Public Offer (IPO) with a premium of ₹.28 per share.



II). Securities Premium Account:

The premium collected on above issue of equity shares amounting to . 2800 Lakhs and also of the preferential allotment of . 102 Lakhs has been credited to Securities Premium Account during the financial year 2008-09.

III). Utilization of Initial Public Offer (IPO) funds up to March 31, 2011

Details	. in lacs
Proceeds from issue of Shares	3800.00
Less: Expenses for issue	387.86
Add: Interest /Dividend from Temporary Investment	51.84
Net IPO proceeds	3463.98
Less: Funds deployed towards the project	3372.55
Unutilized IPO funds deposited in the form of Temporary Investment/Current Account with Bank	91.43

a). Out of Public Issue, Refund amounting to . 0.26 Lacs has been kept in a separate bank account (Axis Bank Ltd, Coimbatore).

b). Advance paid out of Public issue for purchase of land at Salem project and Tirupur Project was returned by the both parties amounting to . 535 Lacs and the same was utilized for the centers opened at Mettupalayam , salem - II and Cochin, which were not envisaged in the offer document.

c). Funds deployed includes equipment cost . 187.60 lacs not envisaged in offer document.

2) . 21.93 Lacs kept in the form of FD in Indusind Bank Coimbatore, against Bankguarantee to Bombay stock exchange.

3) Figures have been rounded off to the nearest rupee and previous year's figures have been regrouped wherever necessary.

4) Provision for all liabilities including depreciation is neither inadequate nor more than what is necessary .

5) 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 . Nil (Previous year . Nil)

b) b) Amounts due at the end of the year from the trust in which one of the directors is a trustee is . Nil (Previous year . Nil)

ii) Maximum amount due from Dr.S.K.Sundaramoorthy at any time during the year is . Nil

iii) Maximum amount due from Lotus Vision Research Trust at any time during the year . Nil.

6) No dividend is recommended for the financial year 2010-11

7) Remuneration paid to Managing / Whole time Director during the year 2010-11.

Remuneration . 18.00 Lacs

House Rent . 2.24 Lacs

LOTUS EYE CARE HOSPITAL LIMITED

- 8) 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.
- 9) Due to certain practical difficulties relating to this specific industry and items are largely small value, quantitative particulars in respect of operations and inventories have not been furnished as per the requirement of schedule VI to the Companies Act, 1956.
- 10) Expenditure on Foreign Exchange during the year . 369.08 lacs.
- i) CIF value of imports
 - a. Capital goods . 366.25 Lacs
 - b. Consumable and Spares . 2.83 Lacs
 - ii) Earnings in Foreign Currency . Nil
 - iii) Expenditure in Foreign Currency – Travel & Others . Nil
 - iv) Dividend paid in Foreign Currency . Nil
- 11) Security particulars of secured loans:
- The term loans/working capital limits availed from the Indian Overseas Bank, HDFC Bank Ltd. 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 and 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.
- 12) There is no contingent liability as on 31.03.2011
- 13) During the year there is no impairment of assets as certified by the management.



14) Earning per share: AS - 20

	2010-11 (. in lacs)	2009-10 (. in lacs)
a. Net profit / (loss) after tax	43.51	-23.87
b. Weighted average number of		
i. Existing equity shares of Rs 10 each	207.96	207.96
ii. Diluted potential equity shares of Rs 10 each		
Basic and diluted EPS (Rs.)	0.21	-0.11

15) 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:(. In lacs)

Particulars	Opening Balance	Addition	Reversed	Closing Balance
Deferred Tax Liability	9.39	11.64	-	21.03
Diff between Book & IT Depreciation	37.67	-	-	-
Deferred Tax Liability	11.64	-	-	-
Unabsorbed Depreciation	-	-	-	-

16) Disclosure regarding lease transactions:

- i. Lease rent paid to Dr.S.K.Sundaramoorthy for leasing medical equipments to the company .19.92 Lacs
- ii. Lease rent paid to Lotus Vision Research Trust for leasing medical equipments to the company .9.60 Lacs

17) 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.

18) Prior Period Expenses:

(. in lacs)

i. Personnel cost	. 17.21
ii. Professional charges	. 0.08
iii. Travelling expenses	. 0.26
iv. Selling expenses	. 0.33
v. Service expenses	. 1.72
vi. Repairs & maintenance	. 7.47
vii. Licence and Tax	. 2.50
viii. Administrative Expenses	. 0.54
Amount debited to P&L Account	. 30.11

LOTUS EYE CARE HOSPITAL LIMITED

- 19) Specific debts identified as irrecoverable and doubtful are written off during the year . 11.12 lacs classified as miscellaneous expenses.
- 20) Insurance claim receivable accounted during the previous year 2009-2010 amounting to .13.50.lacs has not been admitted by the insurance company. Hence the said amount has been charged to Profit and Loss account during the financial year 2010-11

21) **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 2010-11**

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 (. in lacs)	Other related parties (. in lacs)	Total (. in lacs)
Lease Rent paid	19.92	9.60	29.52
Lease Rent received	—	1.14	1.14
Remuneration	20.24	—	20.24
Cheque/Cash paid	0.58	—	0.58
Cheque/Cash received	0.58	—	0.58

- 22) 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.

a) Defined benefit plan:

A. Change in the present value of obligation – Reconciliation of opening and closing balances:

	31.03.2011	31.03.2010
Present value of the obligation as at the beginning of the period	635474	448971
Interest cost	47025	30979
Current service cost	244698	161227
Past service cost – (non vested benefits)	–	–
Past service cost – (vested benefits)	393	–
Benefits paid	–	–
Actuarial loss/(gain) on obligation (balancing figure)	124493	-5703
PVO as at the end of the period	1052083	635474

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	-124493	5703
Actuarial gain / (loss) for the period – Plan Assets	–	–
Total (gain) / loss for the period	124493	-5703
Actuarial (gain) / loss recognized in the period	124493	-5703
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	1052083	635474
Fair value of plan assets	–	–
Difference	1052083	635474
Unrecognized transitional liability	–	–
Unrecognized past service cost – non vested benefits	–	–
Liability recognized in the balance sheet	1052083	635474

F. Expenses recognized in the statement of Profit and Loss:

Current service cost	244698	161227
Interest cost	47025	30979
Expected return on plan assets	–	–
Net actuarial (gain)/loss recognized in the year	124493	-5703
Transitional liability recognized in the year	–...	–...
Past service cost – non vested benefits	–	–
Past service cost – vested benefits	393	–
Expenses recognized in the statement of profit and loss	416609	186503

LOTUS EYE CARE HOSPITAL LIMITED

	31.03.2011	31.03.2010
G. Movements in the liability recognized in the balance sheet		
Opening net liability	635474	448971
Expenses as above	416609	186503
Contribution paid	—	—
Closing net liability	1052083	635474
H. Amount for the current period		
Present value of obligation	1052083	635474
Plan assets	—	—
Surplus (Deficit)	-1052083	-635474
Experience adjustments on plan liabilities – (loss)/gain	-136318	-12501
I. Principal Actuarial assumptions(Expressed as weighted averages)		
Discount rate	7.60%	7.40%
Salary escalation rate	10.00%	10.00%
Attrition rate	20.00%	20.00%
Expected rate of return on plan assets	0.00%	0.00%
J. Major categories of plan assets as percentage of total plan assets		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity Shares of listed Companies	0.00%	0.00%
Property	0.00%	0.00%
Insurer managed	0.00%	0.00%
Mutual Funds	0.00%	0.00%
Bank Deposits	0.00%	0.00%
Total	0.00%	0.00%

Note: 01.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.

- 23) 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 . 3.47 Lacs.
- 24) Amount of contribution to Employees Provident Fund during the year is .721 Lacs. (Previous year .1.97 lacs)
- 25) The company has not entered into any derivative transactions during the year under report.
- 26) Confirmation of balance are yet to be obtained from few parties.
- 27) The caution deposit collected from the employees and doctors who are in service amounting to . 29.25 Lakhs is remaining to be deposited with scheduled bank / post office as required under section 417 of the Companies Act, 1956.

As per our Report of even date attached

For **Vekam and Associates**
Firm Registration No: 05256S
Chartered Accountants

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

Place : Coimbatore
Date : 04th August, 2011

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

(Sd.) **Ms. S. Sangeetha**
Whole time Director

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011** (. in lacs)

Particulars	For the year 2010-11	For the year 2009-10
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and Extraordinary Items	67.74	(21.14)
Adjustments for:-		
Depreciation	263.85	256.47
Income on Investments	(13.58)	(7.32)
Preliminary expenses W/off	15.07	15.07
Interest Expenses	8.22	67.19
Operating Profit before Working Capital Changes	341.40	310.26
Adjustments for:-		
(Increase) / Decrease in Sundry debtors	(1.39)	(1.41)
(Increase) / Decrease in Loans & advances	(62.91)	521.73
(Increase) / Decrease in Inventories	(50.90)	34.40
Increase / (Decrease) in Current Liabilities	709.90	(32.87)
Cash generated from / (Used in) operations	936.00	832.12
Tax paid	(24.23)	(2.73)
Others	-	(10.43)
Net cash generated from / (Used in) operating activities	911.76	818.95
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(760.34)	(493.27)
Capital WIP	(39.46)	(26.08)
Sales of Assets	0.00	0.00
Investments	0.00	0.00
Sales of Investments	0.00	0.00
Interest received	13.58	7.32
Dividend received	-	-
Net cash generated from / (Used in) investing activities	(786.22)	(512.03)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Expenses	(8.22)	(67.19)
Proceeds from issue of Share Capital	-	-
Proceeds from Share Premium	-	-
Increase / (Decrease) in Secured Loans	(128.15)	(514.07)
Increase / (Decrease) in un-secured Loans	-	(1.80)
Dividend Paid (Incl.Dividend Tax)	-	-
Net cash from / (Used in) financing activities	(136.37)	(583.06)
(Increase) / Decrease in Cash and cash equivalents	(10.82)	(276.14)
Cash and cash equivalents as at the beginning of the year	94.37	370.51
Cash and cash equivalents as at the end of the year	83.55	94.37
Cash on Hand	7.69	5.41
Balance with Bank	75.85	88.96

Note: 1. The above cashflow statement has been prepared under the indirect method as set out in the accounting standard 3 on cashflow statements notified under section 211 (3c) of the act .

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

(Sd.) **Ms. S. Sangeetha**
Whole time Director

(Sd.) **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 2011. The statement has been prepared by the company in accordance with the requirements of clause 32 of the 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 4th August 2011 to the members of the company.

For **VEKAM AND ASSOCIATES**

Firm Registration No: 05256S
Chartered Accountants

Place: Coimbatore
Date : 04th August, 2011

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

LOTUS EYE CARE HOSPITAL LIMITED

THE COMPANIES ACT, 1956 SCHEDULE VI – PART IV BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

A	Registration No.	U85110TZ1997PLC007783
B	State Code No.	18
C	Balance Sheet Date	31.03.2011

CAPITAL RAISED DURING THE YEAR (. in Thousands)

A	Public Issue	NIL
B	Right Issue	NIL
C	Bonus Issue	NIL
D	Private Placement	NIL

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

A	Total Liabilities	535522
B	Total Assets	535522

SOURCE OF FUNDS

A	Paid-up capital	207963
B	Reserve & Surplus	323662
C	Secured Loans	1794
D	Unsecured Loans	NIL
E	Deferred tax liability	2103

APPLICATION OF FUNDS

A	Net Fixed Assets	482685
B	Investment	NIL
C	Net Current Assets	50827
D	Miscellaneous Expenses	2010
E	Accumulated Loss	NIL

PERFORMANCE OF COMPANY

A	Total Income	198382
B	Total Expenditure	191607
C	Profit / Loss Before Tax	6774
D	Profit / Loss After Tax	4351
E	Earning Per Share (Paise)	0.21
F	Dividend Rate	NIL

GENERAL 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**
Firm Registration No: 052565
Chartered Accountants

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

Place : Coimbatore
Date : 04th August, 2011

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

(Sd.) **Ms. S. Sangeetha**
Whole time Director

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



LOTUS EYE CARE HOSPITAL LIMITED

S.F. No. 770/12, Avinashi Road, Civil Aerodrome Post, 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 **Wednesday, 28th September, 2011 at 03.00 P.M at Kasthuri Srinivasan Trust, "Culture Centre", Avinashi Road, Civil Aerodrome Post, Coimbatore – 641 014**

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

LOTUS EYE CARE HOSPITAL LIMITED

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

PROXY FORM

I/We

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

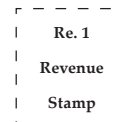
As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday, 28th September, 2011 at 03.00 P.M.** and at any adjournment thereof in favour/against of the resolutions

Signed this day of 2011

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.

If undelivered, please return to:
Registrars & Share Transfer Agents
M/s. SKDC Consultants Ltd.,
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road, Ganapathy
Coimbatore - 641 006.
Ph: 0422 - 6549995, 2539835, 2539836