

**RED HERRING PROSPECTUS**

Please read Section 60B of the Companies Act, 1956
(The Red Herring Prospectus will be updated upon filing
with the Registrar of Companies, Tamil Nadu, Coimbatore)
100% Book Built Issue

LOTUS EYE CARE HOSPITAL LIMITED

Corporate Identity No.: U85110TZ1997PLC007783

[Originally incorporated as "Kalaivani Health Centre Pvt. Ltd." on 14/03/1997 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu, Coimbatore. The name of the Company was changed to "Lotus Eye Care Hospital Pvt. Ltd." on 23/01/2006 and subsequently to "Lotus Eye Care Hospital Limited" upon conversion into Public Limited Company on 16/10/2007 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Tamil Nadu, Coimbatore.]

Registered Office: S.F.No.770/12, Civil Aerodrome Post, Avinashi Road, Coimbatore – 641014, Tamil Nadu
Tel.: +91-0422-2626464, 2626565; **Fax:** +91-0422-2627193; **E-mail:** lotuseye@eth.net; **Website:** www.lotuseye.org
Contact Person: Mr. S.Raveendar, Company Secretary & Compliance Officer

PUBLIC ISSUE OF 1,00,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) FOR CASH AGGREGATING TO RS. [●] LACS BY LOTUS EYE CARE HOSPITAL LIMITED (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WILL CONSTITUTE 48.09 % OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY.

PRICE BAND: RS. 38/- TO RS. 42/- PER EQUITY SHARE

THE ISSUE PRICE IS 3.8 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 4.2 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding/Issue Period will be extended for 3 additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange ("NSE"), by issuing a press release, and also by indicating the change on the website of Book Running Lead Manager and at the terminals of the Syndicate members. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per Equity Share and the Issue Price is 3.8 times of the face value at the lower end of price band and 4.2 times of the face value at the higher end of price band. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager and Co-Lead Manager to the Issue, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on page xii of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

This issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the "IPO Grade 3" indicating Average Fundamentals, vide their letter dated 20/05/2008, which is valid for a period of two months. For further details in this regard please refer page no. 12.

LISTING

The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to their letters dated 28/02/2008 and 02/04/2008 respectively. For the purpose of the Issue, BSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER TO THE ISSUE**KEYNOTE****CORPORATE SERVICES LTD****KEYNOTE CORPORATE SERVICES LTD.**

4th Floor, Balmer Lawrie Building, 5, J.N.Heredia Marg,
Ballard Estate, Mumbai – 400001.

Tel.: +91-22- 30266000-3; **Fax:** +91-22- 22694323

Website: www.keynoteindia.net

E-mail: mbd@keynoteindia.net

SEBI Registration No.: INM 000003606

AMBI Registration No: AMBI/040

Contact Person: Mr. Bhavin Shah

REGISTRAR TO THE ISSUE**S.K.D.C. Consultants****S.K.D.C CONSULTANTS LIMITED**

No.11, Seth Narayandas Layout

Street No.1, West Power House Road

Coimbatore - 641 012, Tamil Nadu

Tel.: (0422) 6549995; **Fax:** (0422) 2499574

E-mail: info@skdc-consultants.com

Website: www.skdc-consultants.com

SEBI Regn. No.: INR 000000775

Contact Person: Ms. Vijayalakshmi Narendra

ISSUE SCHEDULE**BID/ ISSUE OPENS ON****THURSDAY, 12TH JUNE 2008****BID/ ISSUE CLOSES ON****TUESDAY, 17TH JUNE 2008**

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I. DEFINITIONS AND ABBREVIATIONS

COMPANY RELATED TERMS

TERM	DESCRIPTION
“Lotus”, “the Company”, “We”, “us” and “our”	Unless the context otherwise requires, refers to Lotus Eye Care Hospital Ltd., a public limited company incorporated under the Companies Act, 1956.
Articles of Association	The Articles of Association of the Company i.e., Lotus Eye Care Hospital Ltd.
Auditors	The statutory auditors of the Company, being M/s Vekam and Associates, Chartered Accountants.
Board of Directors/ Board	The Board of Directors of the Company or a committee constituted thereof.
Director(s)	Director(s) of the Company unless otherwise specified.
LVRT	Lotus Vision Research Trust
Memorandum of Association	The Memorandum of Association of the Company.
Registered Office of the Company	S.F.No.770/12, Civil Aerodrome Post, Avinashi Road, Coimbatore - 641014, Tamil Nadu.

ISSUE RELATED TERMS AND ABBREVIATIONS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of this Red Herring Prospectus.

TERM	DESCRIPTION
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Services Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be recognized and above which no Bids will be accepted.
Co-Lead Manager to the Issue	Co-Lead Manager to this Issue, in this case being Canara Bank
Cut-off	The Issue Price finalized by the Company in consultation with the BRLM and Co-Lead Manager to the Issue and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Tamil Nadu, Coimbatore following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Draft Red Herring Prospectus/DRHP	Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being

TERM	DESCRIPTION
	HDFC Bank, ICICI Bank, Canara Bank, Standard Chartered Bank, BNP Paribas and HSBC Bank.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Indian National	As used in the context of a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of 1,00,00,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. [•] Lacs.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company in consultation with the BRLM and Co-Lead Manager to the Issue, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount in case of QIB and 100% in case of other than QIB applicants.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.1,00,000/-.
Non Institutional Portion	The portion of this Issue being not less than 15% of the Issue consisting of 15,00,000 Equity Shares of Rs. 10/-, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: <ul style="list-style-type: none"> (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 38/- and the maximum price ("Cap Price") of Rs. 42/- and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM and Co-Lead Manager to the Issue finalises the Issue Price.

TERM	DESCRIPTION
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Tamil Nadu, Coimbatore containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing 10% of the Bid Amount.
QIB Portion	Consists of 50,00,000 Equity Shares of Rs. 10/- each, being upto 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores)
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Tamil Nadu, Coimbatore at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Tamil Nadu, Coimbatore after pricing and allocation.
Registrar/ Registrar to this Issue	S.K.D.C Consultants Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of 35,00,000 Equity Shares of Rs. 10/- each, being not less than 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.

TERM	DESCRIPTION
Syndicate Member	Keynote Capitals Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member/Sub-Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

GENERAL / CONVENTIONAL TERMS:

TERM	DESCRIPTION
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I.T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.

TERM	DESCRIPTION
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant
ECS	Electronic Credit System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
HUF	Hindu Undivided Family.
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
NAV	Net Asset Value.

ABBREVIATION	FULL FORM
NRE Account	Non Resident External Account.
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
ROC/Registrar of Companies	The Registrar of Companies, Tamil Nadu, Coimbatore
RONW	Return on Net Worth.

INDUSTRY RELATED TERMS AND ABBREVIATIONS

TERM/ ABBREVIATION	DESCRIPTION/FULL FORM
Cataract	A condition in which the normal human crystalline lens loses its transparency, leading to decrease or loss of functional vision.
Cornea	The transparent convex anterior portion of the outer fibrous coat of the eyeball that covers the iris and the pupil and is continuous with the sclera
Glaucoma	Glaucoma is a disease of the nerve of sight due to eye pressure
IOL	Intra-Ocular Lens
Lasik	Lasik is the treatment of shaping the front surface of the cornea using excimer laser.
myopic	A visual defect in which distant objects appear blurred because their images are focused in front of the retina rather than on it; nearsightedness. Also called <i>short sight</i> .
oculoplastic	Plastic surgery for eyes.
ophthalmology	The branch of medicine that deals with the anatomy, functions, pathology, and treatment of the eye.
Optometry	Examination of human eye
Pediatric	The branch of medicine that deals with the care of infants and children and the treatment of their diseases.
Phacoemulsification	Removal of a cataract by emulsifying the lens ultrasonically.
Retina	Retina is the light sensitive layer of the eye
Zyoptix	A treatment for correction of refractive errors and optical aberrations

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Unless indicated otherwise, the financial data in this RHP is derived from the restated financial statements prepared in accordance with Indian GAAP and included in this RHP. Our fiscal year commences on April 1 and ends on March 31. So all references to a particular fiscal year are, unless otherwise stated, to the twelve-month period ended March 31 of that year.

Unless otherwise specified or the context otherwise requires, all references to a particular fiscal year, “fiscal”, “Fiscal”, “FY” or “Financial Year” in this RHP are to the twelve months ended March 31 of that year. For additional definitions, see the section titled “Definitions and Abbreviations” beginning on page iii.

Unless stated otherwise, all figures have been expressed in lacs.

In this RHP, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off to two decimal places.

Unless otherwise specified or the context otherwise requires, all references to “India” contained in this RHP are to the Republic of India, together with its territories and possessions.

Industry and Market Data

Unless stated otherwise, industry data used throughout this RHP has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry data used in this RHP is reliable, it has not been verified by any independent source. Further, the extent to which the market data presented in this RHP is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts the business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This RHP contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “expect”, “estimate”, “intend”, “may”, “plan”, “project”, “shall”, “will” or other words or phrases of similar importance. Similarly, statements that describe Company’s objectives, strategy, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- Inability to identify expansion opportunities or delays experienced or other problems in implementing projects;
- Inability to manage the overall complexity of our business strategy consistently in all areas where our hospitals are located;
- Any adverse developments to our hospitals;
- Competition from other hospitals and Eye care service providers;
- Dependency on our doctors, nurses and other healthcare professionals and the loss of, or inability to attract or retain such persons

For further discussion of factors that could cause Company’s actual results to differ, please see the section entitled “Risk Factors” included in this RHP. In the light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Prospectus might not occur and are not guarantees of future performance.

Neither the Company, its Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, for purposes of the Issue, the Company and the BRLM to the Issue will ensure that investors in India are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchanges.

II. RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully read all the information mentioned in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operation could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implications of any risks mentioned herein.

Risk Factors Internal to the Company

Specific to the Company

1. *We are highly dependent on our doctors, nurses and support staff, as well as other key personnel, and the loss of, or inability to attract or retain, such persons could adversely affect our business and results of operations.*

Our performance and the execution of our growth strategy depend substantially on our ability to attract and retain leading doctors. Our performance also depends on our ability to identify, attract and retain other healthcare professionals, including nurses, to support super-specialty practices at our hospitals.

If we are unable to attract or retain doctors or other medical personnel as required, we may not be able to maintain the quality of our services and we could be forced to admit fewer patients to our hospitals. We have also incurred increased costs to retain and recruit medical personnel, and we expect such costs to continue to increase in the future. We are also highly dependent on members of our senior management team, including some who have been with our Company since its inception, to manage our current operations and meet future business challenges. *(for details of growth strategy and details of employees please refer page 3 and 48 respectively).*

2. *We face increasing competition from other eye care hospitals located in the region in which we operate, which may have adverse effects on our competitive position and results of operations.*

We compete with government-owned hospitals particularly where eye care facility is available, other private eye care hospitals, smaller clinics, hospitals owned or operated by non-profit and charitable organizations and eye care hospitals affiliated with medical colleges. We will also have to compete with any future eye care facilities located in the regions in which we operate *(for list of our top five competitors please refer page 49)*. Moreover, some of these competitors may be more established and have greater financial, personnel and other resources than our hospitals. In particular, our competitors include hospitals owned or managed by government agencies and trusts, which may be able to obtain financing or make expenditures on more favorable terms than private hospitals owned and managed by for-profit interests, such as ourselves.

3. *Our existing hospitals at R.S.Puram, Salem and Tirupur are in leased premises and the lease agreement for the property at R.S.Puram has expired and yet to be renewed. Our operation at this place will be affected, if we loose the possession of this property.*

Our existing facility at R.S. Puram is situated in rented premises. We have entered into leave and license agreement with M/s Veeku Surgery (lessor) on 29/09/1998. The said agreement has expired on 28th August 1999, which is yet to be renewed. However we are paying regular monthly rent to the lessor which is accepted by him. Therefore our Company is statutory tenant in the property entitled

to the protection under Tamil Nadu Buildings (Lease & Rent) Control Act (*for details of provisions of the said act please refer page no. 53*). Since we propose to shift above facility to our own premises after completion of proposed building, we have not proposing to renew the lease agreement for existing property.

Our facility at Salem and Tirupur is also situated in leased premises. We have valid agreement for these properties.

4. *Change in technology or failures of existing technology related to our medical equipment could adversely affect our business.*

We use sophisticated and expensive medical equipment in our hospitals to provide services, including devices required for super-specialty procedures such as Lasik. Medical equipment often needs to be replaced frequently as innovation can rapidly make existing equipment obsolete. Replacement of equipment may involve significant costs, as well as foreign currency risks, since some equipment is imported from other countries. However there was no replacement of the equipment on earlier occasion in our company. In addition, because of the high costs of medical equipment, we may not maintain back-up equipment, and, therefore, if such equipment is damaged or breaks down, our ability to provide services to our patients may be impaired.

5. *There are certain Restrictive Covenants in the loan agreement we entered into with our Bankers. If we fail to meet those covenants required under the loan agreements, the relevant lenders could declare us in default under the terms of our borrowings.* There are certain restrictive covenants in the shareholders subscription agreement entered with Bennett Coleman and Co. Ltd

The Company has availed credit facilities with the Banks and there are certain restrictive covenants in the sanction letters for term loans and working capital loans, among other things, which require the company to obtain the approval of the lenders or provide restrictions, namely for, permission for expansion, change in capital structure, change in management, disposal of assets, declaring dividends at a time while the company is in default, undertaking material diversification in the business etc. There are certain restrictive covenants in the shareholders subscription agreement entered with Bennett Coleman and Co. Ltd (*for details of covenants of share subscription agreement entered with Bennett Coleman and Co. Ltd by us please refer page 57*)

6. *There is one litigation pending against our Company.*

One of our creditors M/s Minerva Computer Printers, Salem has sent a legal notice on 13/04/2007 regarding certain disputes in settlement of accounts. The amount involved is Rs.0.28 lacs. Our Company has contested it through our lawyer. The dispute is under negotiation for settlement.

7. *Bennett Coleman and Co. Ltd., engaged in media business is a shareholder of the Company. Any advertisements/publicity/article/editorial appearing in any news paper/magazine owned by Bennett Coleman and Co. Ltd. regarding our Company may be perused considering the possible conflict of interest arising out of the same.*

Specific to the Project

8. *Our Project has not been appraised by any Bank or Financial Institutions.*

The Objects for which the funds are being raised has not been appraised by any bank or financial institution. The cost of project is determined by the management on the basis of quotations received from vendors. Besides Issue proceeds our project has also been part financed by term loan to the

extent of Rs.999.54 lacs from Banks, for which we have received sanction letters from our Bankers. Our Bankers have disbursed as sum of Rs.699.54 lacs till date towards the same. The term loans sanctioned by the Bankers of the Company are in the nature of equipment finance. The bankers have sanctioned term loan after technical and financial due diligence of the Company. However the overall project has not been appraised by these bankers.

9. *We have not placed orders for certain equipments proposed to be purchased by us as a part of the objects of the Issue. We may face time and cost overruns in relation to the same.*

We propose to invest Rs. 980 lacs of the net proceeds of the Issue for procurement of certain medical and other equipments to be installed at our hospitals. We have not yet placed orders for some of these medical and other equipments amounting to Rs.396.28 lacs (9.44% of total issue size). Any difficulties in obtaining timely supply of such equipments may adversely affect the implementation of this project (For details of the equipments please refer page 27 to 30 of this RHP).

10. *We have not identified any land for construction of hospital at Tirupur, Salem and Karur and setting up primary eye care unit at Bangalore and Chennai. We may face cost over run in case of delay in identifying suitable land at these places.*

We propose to invest Rs.1580 lacs out of the issue proceeds for acquisition of land at Tirupur, Salem and Karur for construction of eye care hospitals and Rs.330 lacs for setting up a primary eye care unit at Bangalore and Chennai. We have not yet identified any land at these places. Any delay in acquisition of the land may have adverse impact on our expansion plans.

Risk Factors External to the Company and beyond the control of the Company

1. *Challenges that affect the healthcare industry may also have an effect on our operations.*

We are impacted by the challenges currently facing the healthcare industry. We believe that the key ongoing industry-wide challenges are providing quality patient care in a competitive environment and managing costs.

In addition, our business and results of operations may also be affected by other factors that affect the entire industry, including us, such as:

- technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, healthcare;
- general economic and business conditions, both nationally and regionally;
- demographic changes; and

Any failure by us to effectively face these challenges could have a material adverse effect on our results of operations.

2. *Changes in domestic Tax Laws will have impact on our profitability and ability to distribute the same to the shareholders.*

Any changes in the tax laws prevailing in India particularly the income tax might lead to increased tax liability of the Company thereby putting pressures on our profitability. Change in tax laws, particularly income tax, can have an impact on the post-tax profits of the Company.

3. *The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.*

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the power sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world.

NOTES TO THE RISK FACTORS

1. The net worth of LOTUS as per the restated financial statement as at 30/09/2007 is Rs. 1574.09 lacs.
2. The average cost of acquisition of the equity Shares of Rs. 10 each by the Promoters of LOTUS is Rs.6.72 per equity share.
3. Book value of the Equity Shares of the Company, as per the restated financial statement as at 30/09/2007 is Rs. 15.07 per Equity Share.
4. Investors are advised to refer the paragraph on “Basis of Issue Price” on page no. 34 of this RHP before making an investment in the Issue.
5. Except as mentioned in the sections titled “Capital Structure” beginning on page no.17 of this RHP, LOTUS has not issued any Equity Shares in the last twelve months.
6. For details of equity shares of the Company acquired by promoter/promoter group during last one year is as follows:

Name of Promoter	Nature of Transaction	No. of Shares	Date of Transaction	Avg. price (Rs.)
Dr .S. K. Sundaramoorthy	Allotment	110000	03/08/2007	10/-
	Allotment pursuant to scheme of amalgamation	4391000	03/08/2007	Nil
	Bonus	3015010	28/08/2007	Nil
Mr. P.K. Venkatchalam	Bonus	4870	28/08/2007	Nil
Dr. Kaveetha Sundaramoorthy	Bonus	73050	28/08/2007	Nil
Ms. Sangheeta Sundaramoorthy	Allotment pursuant to scheme of amalgamation	588000	03/08/2007	Nil
	Bonus	359400	28/08/2007	Nil

7. For details on Related Party Transactions amounting to Rs.808.69 lacs, refer to the section titled “Related Party Transactions” on page no.86 of this RHP.
8. Investors are free to contact the BRLM for any complaints, clarification or information pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this RHP.
9. All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. In addition to the BRLM, the Company shall be obliged to update the RHP and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.
11. For interest of the promoters, please refer to the section titled “Promoters and their Background” beginning on page no. 73 of this RHP.

III. INTRODUCTION

A) SUMMARY OF OUR BUSINESS, ISSUE & RESTATED FINANCIAL DATA

OUR BUSINESS

Lotus Eye Care Hospital is the state of art eye care hospital group successfully functioning in South India with specialization in super-specialty service related to eye care. We have network of four eye care hospitals based at Coimbatore (2), Salem (1), Tirupur (1). These hospitals have hi-tech eye care equipments and ophthalmic experts backed by well-trained paramedical and administrative team. All the centers have fully computerized modern setup manned by medical and administrative staff. Our network of eye care hospitals has 9 operation theatres and 3 lasik laser equipments. Most of the eye operations are performed as a day care procedure and therefore the numbers of beds maintained by us are optimum number required. Our total bed strength of all the centers is 120 beds excluding eye camp beds. Lotus has two centers in Coimbatore, one in down town and another in civil aerodrome inaugurated in the year 2002. The Salem center is located in the heart of the city and it was started in the year 2004. The Tirupur center started in 2007 is also functioning in prime location in the city.

In the year 1998 Lotus introduced Multi Scan Lasik and in the year 2002 Wave front based Esiris Custom Lasik for the first time in India. Lotus was the first Eye hospital in South East Asia to have Epilasik in July 2004. In the year June 2005 Lotus introduced the most advanced technology of Zyoptix and combined two superior technologies Epilasik and Zyoptix known as Zyoptix Integrated Epilasik to achieve supervision. During the calendar year 2007, we performed over 4200 nos of various surgeries as cataract, Lasik/Epilasik, corneal, vitreo-retinal, squint, oculoplastic and orbital.

Our sources of income are from outpatient, daycare and inpatient hospital services and retail sales in the pharmacy and opticals. During the financial year 2006-2007, we reported a net profit of Rs.128.67 lacs on total income of Rs.729.90 lacs. During the six months period ended on 30/09/2007 we reported a profit of Rs.99.08 lacs on total income of Rs.505.10 lacs.

OUR HOSPITALS

Our main hospital is built on 1.2 acres of land in prime location at Peelamedu (Coimbatore) in the state of Tamilnadu. This facility is beneficial to the patients of Western and Northern districts in Tamilnadu, Kerala and Karnataka state.

Our other three network hospitals are located at Tirupur, Salem and R.S.Puram (Coimbatore). These hospitals are located at convenient place to serve the people in Salem, Dharmapuri, Krishnagiri, Namakal, North Arcot, Tirupur, Dindugal, Madurai, Trichy districts in Tamilnadu, Southern districts of Karnataka and Andhra Pradesh.

The details of our facilities at various centers are as follows:

Location	Year of commencement of operations	Number of Beds
R.S. Puram	1989 (was under the management of LVRT, our group concern from 1992 to 2006)	10
Peelamedu	2002 (was under the management of LVRT, our group concern upto March 2006)	70
Salem	2004 (was under the management of LVRT, our group concern upto March 2006)	25
Tirupur	2007	15

All imported hi-end surgical equipments with latest laser technology is used in all the units. Lotus is affiliated to National Board of Examination (NBE) a government body for post-graduate training in ophthalmology. Lotus group has been authorized to educate and train 4 candidates in a year for post-graduate ophthalmology. Lotus also offers fellowship-training program for fresh and practicing ophthalmology in cataract with IOL surgery, Lasik/Epilasik surgery, vitreo-retinal surgery, Pediatric ophthalmology and corneal surgery. An optometry institute affiliated to Dr.Alagappa University, Karaikudy is run by group concern LVRT for courses in Bsc.(Optometry) and Diploma in Ophthalmic Technologies.

Lotus had conducted International ophthalmic conference in Sea Cruise, a Luxury Liner which started its journey from Mumbai and went to Lakshadweep via Goa. The conference was held between 07/05/2006 to 11/05/2006 and attended by Ophthalmic surgeons from various part of the world.. It was the first time the medical conference was held on sea. For that the name of Lotus has entered into Limca book of records.

Peelamedu, Coimbatore

Lotus Eye Care Hospital, Peelamedu, Coimbatore is our first super-specialty eye care hospital which is located at 770/12, Avanashi Road,Civil Aerodrome Post, Coimbatore-641014. The hospital commenced operations in 2002. The facility currently has 4 operating theaters and 70 beds. The unit is equipped with latest LASIK machine, UBM, Field microscope, scan, CK machine etc. Our Peelamedu facility is a full-fledged tertiary center for attending different disorders in refractive error, Glaucoma, Retinal, Pediatric, Corneal cataract. Our hospital at Peelamedu has been designated ISO 9001:2000 compliant, certified by TUV SUD South Asia Pvt. Ltd. The certificate is valid till December 2010. During the calendar year 2007(till 15th December), 2524 nos. of surgeries has been carried at this facility. Specialists from this unit visit other centers to facilitate their availability to patients from nearby areas.

Salem

This is our second unit located at the heart of Salem city in Tamilnadu i.e at 52/2, Perumanur Road East Street, Salem-636007. The hospital commenced operations in 2004. The facility currently has 3 operating theatres and 35 beds. The unit is equipped with latest LASIK machine, Field microscope, scan etc. Our facility at Salem is also a full-fledged tertiary unit for treatment of all eye diseases. Services from 5 specialties are available at this facility for attending different disorders in refractive, glaucoma, retinal, Pediatric, corneal cataract and IOL on full time basis. During the calendar year 2007(till December 15th), 997 nos of surgeries has been carried at this facility.

Tirupur

Our Tirupur unit was started in June 2007. The hospital is located at 5(2) Gajalakshmi Theatre Road, Tirpur-641601. The facility is a secondary eye care center with focus on treatment of eye diseases with bed facility, Operation Theater for cataract, Lasik surgeries. The unit currently has two operating theaters and 15 beds. Services from 3 specialist doctors are available at this facility on full time basis. During the calendar year 2007, 134 nos of surgeries have been carried at this facility.

R.S.Puram (Coimbatore-2)

Our R.S Puram unit was started in 1989 and was under the management of our group concern LVRT from 1992 to 2006. The hospital is located at No18-19, Cowley Brown Road, RSPuram, Coimbatore-641002. Since April 2006 we have taken the control of the said hospital. This facility primarily concentrates on all eye diagnosis and treatment and optical sale. The unit currently has facility of 10 beds.

We are in the process of constructing a new hospital at R.S.Puram, which is likely to be completed by December 2008. The existing facility which is in rental premises will be shifted to new premises after completion of construction. The new unit will have full-fledged facilities, which will provide treatment for all complicated eye diseases.

OUR STRENGTHS

Technology: Our Eye Care Centers aim at providing comprehensive eye-care services using the world-class technology and skills. Besides delivering the regular eye-care services, our hospitals are providing advanced level of diagnostic and therapeutic services in the field of vitreous and retinal diseases, Phacoemulsification surgery for Cataract and customized wave front LASIK laser for glass free vision.

Experienced Promoter: Our promoter Dr. S.K.Sundaramoorthy is a renowned eye surgeon acknowledged worldwide. He has more than 25 years of experience in the fields of eye surgery. His experience and knowledge have fetched rich dividends to our company.

OUR GROWTH STRATEGY

We plan to strengthen our presence in southern part of India by providing three fold services in eye care industry i.e. primary, secondary and tertiary eye care services in different part southern part of India. The details of services to be provided to implement our growth strategy is as follows:

Primary eye care: Primary eye care units focusing on patients coming in directly for eye treatment such as refractive error, change of glasses, contact lens and other ailments such as infection, inflammation, diabetic eye disease, cataract, glaucoma etc. The unit will provide state of the art equipments and manpower for examination, dispensing medicines and opticals. Patient will also be examined by an ophthalmologist to rule out condition like glaucoma, cataract, and diabetic eye disease. We propose to set up 3 eye care centers, out of which 2 in Bangalore and another one in Chennai through the present issue. We also intend to setup more number of eye care centers in different parts of the country.

Secondary eye care: Secondary eye care would be setup in second or third tier cities and these centers will have walk in patients and patients referred by individual practioners and our own primary eye care centers. The unit will have latest eye care equipments and skilled specialist doctors. We have currently 2-eye care secondary centers one at Tirupur and another at R.S. Puram. After completion of new building, which is in progress, the R.S.Puram center will function as full-fledged secondary eye care unit. We propose additional secondary eye care center at Karur through the proceeds of the present issue. Each secondary center will provide service like Lasik laser treatment for glass free vision, a cataract surgery with IOL implantation, squint surgeries for squint eye, diabetes eye disease, glaucoma and myopic (short sight) treatments.

Tertiary eye care: Tertiary eye care units will function at Peelamedu, Coimbatore and Salem to handle complicated eye diseases. The center will function as one stop solution with necessary infrastructure and latest equipments and support by large team of specialized doctors. The patients for the tertiary care include walk-in patients, patients referred by primary and secondary eye care units. The tertiary eye care will provide state of the art lasik/Epilasik, cataract with IOL surgery, glaucoma, diagnosis treatment, Comprehensive care of pediatric disease, myopic eye diseases, diabetic eye disease, advanced vitreo retinal surgical facility, orbital treatment for orbital diseases, oculoplastic and cosmetic treatments, neuro (nerve related eye disease) ophthalmology, uveal diseases, full-fledged laboratory services and clinical and basic science research.

THE ISSUE

Public Issue aggregating to Rs.[•] lacs:	
Which comprises of fresh issue of	1,00,00,000 Equity Shares of Rs.10/- each
Of which:	
QIB Portion ⁽¹⁾ :	50,00,000 Equity Shares of Rs.10/- each, constituting upto 50% of the issue shall be available for allocation (allocation on proportionate basis)
<ul style="list-style-type: none"> Of which 5% is available for Allocation to Mutual Funds [the unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs] 	2,50,000 Equity Shares of Rs.10/- each (allocation on proportionate basis)
<ul style="list-style-type: none"> Balance for all QIB including Mutual Funds 	Upto 47,50,000 Equity Shares of Rs.10/- each (allocation on proportionate basis)
Non- Institutional Portion(1):	15,00,000 Equity Shares of Rs.10/- each, constituting not less than 15% of the net issue (allocation on proportionate basis).
Retail Portion ⁽¹⁾ :	35,00,000 Equity Shares of Rs.10/- each, constituting not less than 35% of the net issue (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue:	1,07,96,330 Equity Shares of Rs.10/- each
Equity Shares outstanding post the Issue:	2,07,96,330 Equity Shares of Rs.10/- each
Objects of the Issue:	Please refer page no. 25 of this RHP

⁽¹⁾Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

Particulars	For the Financial Year ended					
	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2007	2006	2005	2004	2003
<u>Fixed Assets</u>						
Gross Block	2,308.38	2,094.40	847.01	781.09	631.62	607.30
Less: Depreciation	429.55	352.99	262.98	267.87	206.47	147.54
Net Block	1,878.82	1,741.41	584.03	513.22	425.15	459.76
Capital Work in Progress	80.90	42.20	-	-	-	-
TOTAL - A	1,959.72	1,783.61	584.03	513.22	425.15	459.76
Investments-B	-	-	-	-	0.03	-
Current Assets ,Loans and Advances						
Inventory	77.45	37.89	2.65	2.55	0.42	-
Sundry Debtors	28.97	10.43	0.38	-	-	-
Cash & Bank balances	96.50	61.04	24.55	9.18	5.09	3.88
Loans And Advances	459.94	477.02	126.94	26.80	34.98	14.53
TOTAL -C	662.85	586.38	154.52	38.53	40.49	18.41
Total Assets (A+B+C)=D	2,622.57	2,370.00	738.55	551.75	465.67	478.17
<u>Liabilities and Provisions</u>						
Secured Loans	740.22	689.72	223.97	243.74	167.54	199.27
Unsecured Loans	20.07	41.87	124.48	78.68	70.08	82.88
Deferred Tax Liabilities	13.15	13.15	18.48	22.73	14.08	4.85
Current Liabilities	87.31	47.84	33.61	11.83	17.85	73.41
Provision	118.53	71.89	11.48	6.17	3.25	-
TOTAL -E	979.28	864.47	412.02	363.16	272.81	360.41
Net Worth(D-E)	1,643.29	1,505.53	326.54	188.59	192.86	117.76
Net Worth represented by						
Share Capital	1,054.13	200.00	200.00	125.00	125.00	78.00
Share Capital Advance	-	508.90	11.00	-	-	-
Reserves and Surplus	615.61	802.06	115.54	63.59	67.86	39.76
TOTAL	1,669.74	1,510.96	326.54	188.59	192.86	117.76
Less: Misc.Expenditure (to the extent not written off or adjusted)	26.45	5.43	-	-	-	-
Net worth	1643.29	1,505.53	326.54	188.59	192.86	117.76

Notes:

- Reason for increase in Gross Block:** During the financial year 2005-2006 the machinery worth Rs.1.67 cr. was destroyed due to fire accident. During this year the Company has bought new machinery worth Rs.2.22 cr. Due to the said fact there has been increase in gross block of fixed assets.
- Reason for increase in Share Capital Advance:** During the financial year 2006-07 Dr. SKS Eye Care Centre Pvt. Ltd. is merged with Our Company. The Share Holders A/c due to the shareholders of Dr. SKS Eye Care Centre Pvt. Ltd. amounting to Rs.497.90 lacs has been adjusted as Share Capital Advance in the books of the Company as per the Scheme of Amalgamation.

RESTATED STATEMENT OF PROFIT AND LOSSES

(Rs. in Lakhs)

PARTICULARS	For the Financial Year ended					
	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2007	2006	2005	2004	2003
<u>INCOME</u>						
Sales						
Of the Services rendered by the company	807.00	674.53	242.98	182.96	142.08	112.50
Other Income	50.72	20.22	53.82	38.34	31.09	0.26
Increase/(Decrease) in Inventory	39.55	35.24	0.10	2.14	0.42	-
Total	897.27	729.90	296.90	223.44	173.59	112.76
<u>EXPENDITURES</u>						
Purchase	183.89	136.77	48.10	28.70	17.55	-
Staff Costs	81.23	68.20	14.07	14.24	8.17	4.93
Service expenses	78.66	66.74	7.96	-	-	-
Administrative Expenses	152.09	170.48	73.52	91.13	30.22	31.99
Earning before Interest and Tax	401.41	287.80	153.25	89.37	117.66	75.84
Depreciation	76.57	97.96	73.63	61.40	58.93	66.44
Interest	62.05	22.81	21.88	23.20	18.07	11.33
Net Profit before Tax from Dr.SKSECC(P)Ltd	-	19.46	-	-	-	-
Net Profit before Tax	262.79	186.49	57.74	4.77	40.65	(1.93)
<u>Provision for Taxation</u>						
Current Tax	102.44	62.00	9.72	0.39	3.25	-
Deferred Tax	-	(5.32)	(4.25)	8.65	9.23	0.57
Fringe Benefit Tax	1.57	1.13	0.34	-	-	-
Net Profit After Tax	158.79	128.68	51.94	(4.27)	28.17	(1.35)
Adjustment on account of prior period expenses		2.93	-	-	-	-
Adjusted Profit	158.79	125.75	51.94	(4.27)	28.17	(1.35)

B) GENERAL INFORMATION

LOTUS EYE CARE HOSPITAL LIMITED

(Corporate Identity No.: U85110TZ1997PLC007783)

Originally incorporated as "Kalaivani Health Centre Pvt. Limited" on 14/03/1997 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu, Coimbatore. The name of the Company was changed to "Lotus Eye Care Hospital Pvt. Limited" on 23/01/2006 and subsequently to "Lotus Eye Care Hospital Limited" upon conversion into Public Limited Company on 16/10/2007 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Tamil Nadu, Coimbatore.]

Registered Office: S.F.No.770/12, Civil Aerodrome Post, Avinashi Road, Coimbatore – 641014, Tamil Nadu

Tel.: +91-0422-2626464, 2626565; **Fax:** +91-0422-2627193; **E-mail:** lotuseye@eth.net; **Website:** www.lotuseye.org

Contact Person: Mr. S.Raveendar, Company Secretary & Compliance Officer

[The registered office of the Company was shifted from 51,2nd Street, Dr.Jagannathan Nagar,Peelamedu,Coimbatore-641004 to present address w.e.f.12/05/2005]

Registrar of Companies: Registrar of Companies, Tamil Nadu, Coimbatore, 2nd Floor,
683, Stock Exchange Building, Singanallur, Coimbatore-641005

Board of Directors

The Board of Directors as on date is as under:

Name	Designation	Status
Dr. S. K. Sundaramoorthy	Chairman & Managing Director	Promoter
Dr. Kaveetha Sundaramoorthy	Director	Promoter
Mr. P. K. Venkatachalam	Alternate Director to Dr. Kaveetha Sundaramoorthy	Promoter
Ms. Sangeetha Sundaramoorthy	Director	Promoter
Mr. D. R. Karthikeyan	Director	Independent
Mr. G. R. Sundaravadivel	Director	Independent
Dr. Yogesh Shah	Director	Independent
Dr. S. S. Badrinath	Director	Independent

Brief Profile of Executive Directors

Dr. S. K. Sundaramoorthy, aged 63 years, is a leading eye surgeon known and acknowledged worldwide. He is one of the teacher and trainer from India recognized by International college of Ophthalmology. He obtained his MBBS degree from the Stanley Medical College ,Chennai in 1971. After practicing for five years in Tirupur, he joined and completed MS (Opthal) in Madurai Medical College in 1980. He did a fellowship programme in Retinal surgery in Sankara Netralaya, Chennai(1980-1982). Again he pursued his higher studies in United Kingdom, obtained twin super specialty degrees from prestigious London and Edinburgh Universities. During 1982-89 he also served in various ophthalmic Institutions in UK such as Sunderland Eye Infirmary (as a senior House officer), Guys Hospital and St, Thomas Hospital (as Registrar), Singleton Hospital (as senior Registrar) and Eye & Ear Infirmary, Boston, USA as visiting fellow. He started private practice in Coimbatore from 1989 with a small team of doctors. The hospital was named as LOTUS EYE HOSPITAL AND RESEARCH CENTER.

In a span of 15 years the hospital activity branched out to four centers (Coimbatore 2, Salem, Tirupur). During this period he has introduced multiscan in 1998 for the first time in India and further introduced EPILASIK in 2004 for the first time in Southeast Asia.

He has trained more than 100 eye surgeons who are now practicing throughout the world and has the credit of performing more than 40000 successful surgeries.

He introduced following free screening schemes

1. ILAM VIZHIGAL (Young eyes) for school children
2. CRYSTAL CLEAR VISION for textile labourers in Tirupur
3. KALAMELLAM KAN PARVAI (Eternal vision) for patients suffering from Glaucoma disorder.
4. First free IOL surgery for camp patients in India in 1994.
5. First Eye Hospital to introduce no stitch Phaco for cataract.

Dr. S.K. Sundaramoorthy and his wife Late. Mrs Kalaivani promoted Lotus Vision Research Trust in 1992 with an aim to provide free eye care facilities for students, labourers, villagers and surgery facilities for economically backward people. The trust provides free transport, food, accommodation, surgery to the identified patients. During 2007 more than one lakh persons were freely screened and 147 free cataract surgeries were conducted. The service is being extended from 1992. To appreciate this efforts "Lions International", Pollachi and Dharapuram chapters has awarded Dr. S. K. Sundaramoorthy with a title of "Kannoli Kavalar" means Saviour of Eye Sight.

For more details on the other directors of our Company, please refer to the section titled "Our Management" beginning on page 62 of this RHP

Company Secretary & Compliance Officer

Mr. S. Raveendar

S.F.No.770/12,
Civil Aerodrome Post,
Avinashi Road,
Coimbatore - 641014, Tamil Nadu
Tel.: +91-0422-2626464, 2626565;
Fax: +91-0422-2627193;
E-mail:lotuseye@eth.net

Note: The investors' attention is invited to contact the Compliance Officer in case of any pre-issue/post issue related problems such as non availability of bid-cum-application forms/bidding facility/ collection center, non-receipt of letters of allotment/credit of allotted shares in the respective beneficiary accounts/refund orders, withdrawal of applications etc.

Our Bankers

Indian Overseas Bank

Ganapathy Branch,
Coimbatore - 641006
Tel: +91-0422-2331182
Fax: +91-0422-2333100

ICICI Bank Limited

ICICI Bank Towers,
 1st Floor, East Wing
 No 93, Santome High Road,
 Chennai-600028
 Tel: +91-044-42062137
 Fax: +91-044-42062122

HDFC Bank Limited

Mariam Center. 1st Floor
 751-B, Anna Salai,
 Chennai-600002.
 Tel: +91-044-28552431
 Fax: +91-044-28553849

ABN Amro Bank N.V.

18, Haddows Road, Chennai-600006
 Tel: +91-044-28217171
 Fax: +91-044-28240951

Issue Management Team:***Book Running Lead Manager to the Issue*****Keynote Corporate Services Ltd.**

SEBI Registration No.: INM 000003606
 4th Floor, Balmer Lawrie Building, J.N. Heredia Marg,
 Ballard Estate, Mumbai – 400001.
 Tel : +91-22-30266000-3 ; Fax : +91-22-22694323
 Website: <http://www.keynoteindia.net>
 E-mail: mbd@keynoteindia.net
 Contact Person: Mr. Bhavin Shah

Co- Lead Manager to the Issue**Canara Bank**

Merchant Banking Division
 Circle Office 563/1, Anna Salai
 Teynampet Chennai - 600 018
 Phone : +91 44 24349772; Fax : +91 44 24326229
 E-Mail : mbdcochn@canbank.co.in
 Contact Person : Mr. R. Anantharamakrishnan

STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES

The following table sets forth the distribution of responsibility and co-ordination for various activities among the Book Running Lead Manager to the Issue and Co-Lead Manager to the Issue:

Sr. No.	Activity	Responsibility	Coordinator
A. i)	Capital Structuring with relative components and formalities	Keynote	Keynote
ii)	Structuring of the issue instrument		

Sr. No.		Activity	Responsibility	Coordinator
B.	i)	Offer document – draft and design of offer document, due diligence and completion of formalities with Stock Exchange, SEBI and Registrar of Companies.	Keynote	Keynote
	ii)	Selection of Ad agencies, design of statutory advertisement and press releases		
C.		Marketing of the Issue, which will cover, interalia formulating of marketing strategies, preparation of publicity budget, arrangement for Ad Media Centres of holding conferences of Brokers, Investors etc, and Bankers to the Issue.	Keynote & Canara Bank	Keynote
D.		Selection of various agencies connected with the issue such as Registrars to the Issue, Printers and Brokers.	Keynote & Canara Bank	Keynote
E.		Selection of Bankers to the Issue, collection centres	Keynote & Canara Bank	Keynote
F.		Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures	Canara Bank	Canara Bank
G.		Post issue activities will involve submission of statutory reports, essential follow up steps including finalization of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company.	Canara Bank	Canara Bank

Registrar to the Issue

S.K.D.C CONSULTANTS LIMITED

No.11, Seth Narayandas Layout
Street No.1, West Power House Road
Coimbatore - 641 012, Tamil Nadu
Tel.: (0422) 6549995; Fax: (0422) 2499574
E-mail: info@skdc-consultants.com
Website: www.skdc-consultants.com
SEBI Regn. No.: INR 000000775
Contact Person: Ms. Vijayalakshmi Narendra

Legal Advisor to the Issue

Ramani & Shankar

Advocates
152, Kalidas Road, Ramnagar,
Coimbatore - 641009
Tel : +91-0422-2231955/2232179 ; Fax : +91-0422-2233175
Email : ramanishankar@airtelbroadband.in
Contact Person: Mr. R. Vidhya Shankar

Syndicate Member

Keynote Capitals Limited

4th Floor Balmer Lawrie Bldg,
5, J.N. Heredia Marg,
Ballard Estate, Mumbai – 400 001
Tel: +91-22-30266044; Fax: +91-22-22694323
E-mail: kcl@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Mr. Alpesh Mehta

Bankers to the Issue and Escrow Collection Banks

Canara Bank

Capital Market Service Branch
11, Homji Street, Varma Chambers Building ,
Ground Floor, Fort,
Mumbai - 400 001
Tel : +91-22-22692973 Fax: +91-22-22664140
E-mail : mcity2422@canbank.co.in
Contact Person : Mr. T. Muralidharan

ICICI Bank

Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel.: +91-22-22627600; Fax:+91-22-22611138
Email: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan

HDFC Bank

2nd Floor, Process House,
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013
Tel : +91-22-24988484; Fax : +91-22- 24963871
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane

Standard Chartered Bank

270, D.N. Road, Fort,
Mumbai – 400 001.
Tel: +91-22-22683955; Fax: +91-22-22092216
Email: himanshu.magoo@in.standardchartered.com
Contact Person: Mr. Rajesh Malwade

BNP Paribas

1 Forbes, 6th Floor, Dr. V.B. Gandhi Marg,
Mumbai – 400 023
Tel : +91-22-66182647; Fax : +91-22-66337521
E-mail : rupa.balsekar@asia.bnpparibas.com
Contact Person : Ms. Rupa Balsekar

HSBC LIMITED

HSBC, 52/60, M.Road, Fort,
Mumbai – 400 001
Tel : +91-22-67465614; Fax : +91-22-66536002
Email : dhavalparikh@hsbc.co.in
Contact Person: Mr. Dhaval Parikh

Brokers to the Issue

All the members of recognized stock exchanges would be eligible to act as the Brokers to the Issue.

Our Auditors**Vekam and Associates**

Chartered Accountants
Site No9/13, B.K.R. Nagar, Sathy Road,
Gandhipuram, Coimbatore – 641012.
Tel : +91-0422-2527210 ; Fax : +91-0422-2527220
Email: panneer.mp@gmail.com

Appraising Agency

The proposed project of the Company has not been appraised by any Bank or Financial Institutions.

Statement of Inter se Allocation of Responsibilities for the Issue

Since Keynote Corporate Services Ltd. is acting as sole BRLM to this Issue, distribution of responsibility and coordination for various activities among the BRLMs is not applicable.

IPO Grading

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the “**IPO Grade 3**” indicating Average Fundamentals, through its letter dated 20/05/2008, which is valid for a period of two months. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals. A copy of the report provided by CARE, furnishing the rationale for its grading is available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

A summary of the rationale for the grading assigned by CARE to the Issue is extracted below:

“The grading factors in the vast experience of the promoter in the field of eye surgery, supported by qualified and experienced team of doctors, availability of latest sophisticated technology and medical equipment providing comprehensive eye care services and high profit margins of the company. The grading is however constrained by company’s small size of operation, regional presence, moderate to low levels corporate governance practices, project implementation risk and uncertainty associated with the proposed revenue streams in light of competition from established players.”

DISCLAIMER: CARE’s IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE’s IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading

Credit Rating

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

Trustees

As this is an Issue of Equity Shares, appointment of Trustees is not required.

No Offer in the United States

The rights and the shares of our Company are not registered under the United States Securities Act, 1933, as amended, and the Issue is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States of America or the territories or possessions thereof.

Book Building Process

The Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus, within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) The Book Running Lead Manager, in this case being Keynote Corporate Services Limited;
- (3) The Syndicate Member who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM;
- (4) The Registrar to the Issue in this case being S.K.D.C Consultants Limited; and
- (5) Escrow Collection Banks

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines, wherein upto 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, including up to 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. **In addition, as per the present SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis.** For further details see section titled “Issue Structure” on page 110.

The Company shall comply with the SEBI Guidelines and any other directions issued by SEBI for this Issue. In this regard, the Company has appointed Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue and to procure the subscriptions to the Issue.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue.)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.40 to Rs.48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs.42 in the above example. The issuer, in consultation with the BRLM and Co-Lead Manager to the Issue will finalize the issue price at or below such cut-off price i.e. at or below Rs.42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see “Issue Procedure- Who Can Bid” on page no.113 of this Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN and attached copies of your PAN to the Bid cum Application Form; and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Bidding Period/Issue Period

BID/ISSUE OPENS ON	Thursday, 12th June 2008
BID/ISSUE CLOSES ON	Tuesday, 17th June 2008

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date. The closure time of the Stock Exchange bidding platform for entry of bids is 5 p.m. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in prospectus and reported by BRLMs to the Exchange within half an hour of such closure. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band shall not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with ROC, the Company proposes to enter into an Underwriting Agreement with the Underwriter for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are subject to certain conditions, as specified therein.

The Underwriter has indicated its intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with ROC)

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. lacs)
Book Running Lead Manager		
Keynote Corporate Services Limited 4 th Floor Balmer Lawrie Bldg, 5, J.N. Heredia Marg, Ballard Estate, Mumbai – 400 001 Tel: +91-22-30266000-3; Fax: +91-22-22694323 E-mail: mbd@keynoteindia.net	[•]	[•]

Co-Lead Manager		
Canara Bank Merchant Banking Division Circle Office 563/1, Anna Salai Teynampet Chennai - 600 018 Phone: +91-44-24349772; Fax: +91-44-24326229 E-Mail : mbdcochn@canbank.co.in Contact Person : Mr. R.Anantharamakrishnan		
Syndicate Member		
Keynote Capitals Limited 4 th Floor Balmer Lawrie Bldg, 5, J.N. Heredia Marg, Ballard Estate, Mumbai - 400 001 Tel: +91-22-30266044; Fax: +91-22-22694323 E-mail: kcl@keynoteindia.net	[•]	[•]

The amounts mentioned above are indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on a certificate given to them by BRLM and the Syndicate Member), the resources of the Underwriter are sufficient to enable it to discharge its underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange[s] or as Merchant Banker with SEBI.

The Underwriter shall be responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount.

C.) OUR CAPITAL STRUCTURE

(Rs. in Lacs)

	Number of Shares	Description of Shares	Face Value	Nominal Value	Aggregate Value
A.	Authorised Capital				
	2,50,00,000	Equity Shares of Rs.10/- each	10	2500.00	2500.00
B.	Issued, Subscribed and Paid up Capital before the Issue				
	1,07,96,330	Equity Shares of Rs.10/- each, fully paid up.	10	1079.63	1079.63
C.	Present Issue in terms of this RHP				
	1,00,00,000	Equity Shares of Rs. 10/- each at a Premium of Rs. [●] per share	10	1000.00	[●]
D.	Equity Share Capital after the Issue				
	2,07,96,330	Equity Shares, fully paid up	10	2079.63	[●]
E.	Share Premium Account				
		- Before the Public Issue	-	-	102.00
		- After the Public Issue in terms of this RHP	-	-	[●]

Notes forming part of the Capital Structure:

1. Details of Change in Authorized Equity Capital

Date	Authorized Capital Increased From	Authorized Capital Increased to
At Incorporation	-	25,000 equity shares of Rs. 100/- each aggregating to Rs 25.00 Lacs
12/11/1997	25,000 equity shares of Rs. 100/- each aggregating to Rs. 25.00 Lacs	1,25,000 equity shares of Rs. 100/- each aggregating to Rs. 125.00 Lacs
24/03/2006	1,25,000 equity shares of Rs. 100/- each aggregating to Rs. 125.00 Lacs	2,00,000 equity shares of Rs. 100/- each aggregating to Rs. 200.00 Lacs
03/08/2007	2,00,000 equity shares of Rs. 100/- each aggregating to Rs. 200.00 Lacs	20,00,000 equity shares of Rs. 100/- each aggregating to Rs. 2,000.00 Lacs
03/09/2007	20,00,000 equity shares of Rs. 100/- each aggregating to Rs. 2000.00 Lacs	Reclassified into 2,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2000.00 Lacs
18/01/2008	2,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2000.00 Lacs	2,50,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2500.00 Lacs

2. The existing share capital has been subscribed and allotted as under:

Allotment Date	No. of shares	Cumulative Total shares	Face Value	Issue Price (Rs.)	Consideration	Cumulative Capital (in Lacs)	Nature for Allotment
14/03/1997	400	400	100	100	Cash	0.40	Subscription to Memorandum
09/03/1998	45600	46,000	100	100	Cash	46.00	Further Allotment
29/09/1999	32000	78,000	100	100	Cash	78.00	Further Allotment
27/03/2004	47000	1,25,000	100	100	Cash	125.00	Further Allotment
24/03/2006	75000	2,00,000	100	100	Cash	200.00	Further Allotment
03/08/2007	11000	2,11,000	100	100	Cash	211.00	Further Allotment

03/08/2007	497900	7,08,900	100	-	Issued pursuant to Scheme of amalgamation	708.90	See note no.2
28/08/2007	345233	10,54,133	100	-	Bonus	1054.13	Bonus Issue (in the ratio of 487: 1000)
Split of shares							
03/09/2007	-	1,05,41,330	10	-	-	1054.13	Split
22/01/2008	2,55,000	1,07,96,330	10	50	Cash	1079.63	Preferential allotment to BCCL

Note:

1. The face value of equity shares was split from Rs.100 per share to Rs. 10 per share w.e.f. 03/09/2007.
2. Issued to the shareholders of Dr.S.K.S. Eye Care Centre Pvt. Ltd. ("SKSECPL") in the ratio of 588:100 pursuant to the scheme of amalgamation between the Company and SKSECPL as approved by Hon'ble High Court of Madras vide their order dated 09/07/2007. For details of shareholders of SKSECPL please refer page no.54.

3. Promoters Contribution & Lock-in:

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital of the Company held by the Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue and the balance shares held by the promoters/ promoter group shall be locked in for one year.

The details of equity shares available for Promoters' contribution and their lock in are as follows:

Name of the Promoter	Date of Allotment/ Transfer	Date when made fully paid-up	Consideration	No. of shares of Rs. 10/-* each	Issue/ Purchase Price*	% of Post Issue paid-up capital	Lock-in period
Dr. S.K. Sundaramoorthy	03/08/2007	03/08/2007	Issued pursuant to Scheme of amalgamation	1,17,006	10	0.56	3 yr.
	28/08/2007	28/08/2007	Bonus	29,61,440	-	14.24	3 yr.
Total (A)				30,78,446		14.80	
Mr. P.K. Venkatchalam	29/09/1999	29/09/1999	Cash	8,000	10	0.04	3 yr.
	28/08/2007	28/08/2007	Bonus	4,870	-	0.02	3 yr.
Total (B)				12,870		0.06	

Dr. Kaveetha Sundaramoorthy	29/09/1999	29/09/1999	Cash	47,500	10	0.23	3 yr.
	28/08/2007	28/08/2007	Bonus	73,050	-	0.35	3 yr.
Total (C)				1,20,550		0.58	
Ms. Sangheeta Sundaramoorthy	03/08/2007	03/08/2007	Issued pursuant to Scheme of amalgamation	5,88,000	10	2.83	3 yr.
	28/08/2007	28/08/2007	Bonus	3,59,400	-	1.73	3 yr.
Total (D)				9,47,400		4.56	
Grand Total (A+B+C+D)				41,59,266		20.00	3 yr.

* The face value of equity shares was split from Rs.100 per share to Rs. 10 per share w.e.f. 03/09/2007.

42,59,266 Equity Shares constituting 20% of the post Issue equity share capital representing the minimum Promoters Contribution pursuant to clause 4.1.1 and 4.11.1 of the SEBI Guidelines shall be locked in for a period of three years from the date of allotment in this Issue. All Equity Shares being included for computation of Promoters contribution and three year lock-in are not ineligible for such purposes under clause 4.6 of the SEBI Guidelines. Further, in accordance with clause 4.13 of the SEBI Guidelines, the Equity Shares issued last to the Promoters shall be locked in first. The Company has issued 34,52,330 bonus shares out of which 53,570 bonus shares are ineligible for computation of Promoters' Contribution as per clause 4.6.1 (ii) of the SEBI Guidelines.

The entire pre-Issue capital (excluding the minimum Promoters contribution which would be locked in for a period of three years) would be locked-in for a period of one year from the date of allotment in the Issue.

As per clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. Further, the locked in Equity Shares held by the Promoters as minimum Promoters contribution can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of the Equity Shares is in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.

Under Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeovers Regulations.

Further, under Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new Promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations.

4. Details of build up of Promoters' shareholding and lock in

The details of the build up of the Promoters' shareholding and lock in are as follows:

Name of the Promoter	Date of Allotment/ Transfer	Date when made fully paid-up	Consideration	No. of shares of Rs. 10/-* each	Issue/ Purchase Price*	% of Post Issue paid-up capital	Lock-in period
Dr. S. K. Sundaramoorthy	07/03/1997	07/03/1997	Subscription to Memorandum	1000	10	0.00	1 yr.
	09/03/1998	09/03/1998	Cash	252000	10	1.21	1 yr.
	29/09/1999	29/09/1999	Cash	217000	10	1.04	1 yr.
	27/03/2004	27/03/2004	Cash	470000	10	2.26	1 yr.
	24/03/2006	24/03/2006	Cash	750000	10	3.61	1 yr.
	03/08/2007	03/08/2007	Cash	110000	10	0.53	1 yr.
	03/08/2007	03/08/2007	Pursuant to scheme of amalgamation	4273994	-	20.55	1 yr.
	03/08/2007	03/08/2007	Pursuant to scheme of amalgamation	117006	-	0.56	3 yr.
	28/08/2007	28/08/2007	Bonus	2961440	-	14.24	3 yr.
	28/08/2007	28/08/2007	Bonus	53570	-	0.26	1 yr.
	03/09/2007	-	Transferred	(300)	-	0.00	-
Total				9205710		44.27	
Mr. P.K. Venkatchalam	07/03/1997	07/03/1997	Subscription to Memorandum	1000	10	0.00	1 yr.
	09/03/1998	09/03/1998	Cash	1000	10	0.00	1 yr.
	29/09/1999	29/09/1999	Cash	8000	10	0.04	3 yr.
	28/08/2007	28/08/2007	Bonus	4870	-	0.02	3 yr.
Total				14870		0.07	
Dr. Kaveetha Sundaramoorthy	07/03/1997	07/03/1997	Subscription to Memorandum	1000	10	0.00	1 yr.
	09/03/1998	09/03/1998	Cash	101500	10	0.49	1 yr.
	29/09/1999	29/09/1999	Cash	47500	10	0.23	3 yr.
	28/08/2007	28/08/2007	Bonus	73050	-	0.35	3 yr.
Total				223050		1.07	

Ms. Sangheeta Sundaramoorthy	07/03/1997	07/03/1997	Subscription to Memorandum	1000	10	0.00	1 yr.
	09/03/1998	09/03/1998	Cash	101500	10	0.49	1 yr.
	29/09/1999	29/09/1999	Cash	47500	10	0.23	1 yr.
	03/08/2007	03/08/2007	Pursuant to scheme of amalgamation	588000	10	2.83	3 yr.
	28/08/2007	28/08/2007	Bonus	359400	-	1.73	3 yr.
Total				1097400		5.28	
Grand Total				10541030		50.69	

*** The face value of equity shares was split from Rs.100 per share to Rs. 10 per share w.e.f. 03/09/2007.

5. Shareholding Pattern of the Company

The table below presents the shareholding pattern before the proposed Issue and as adjusted for the Issue:

Name of Shareholder	Pre-Issue (As on the date of filing of this RHP with ROC)		Post-Issue	
	Number of Equity Shares	Percentage equity share capital (%)	Number of Equity Shares	Percentage equity share capital (%)
Promoter				
Dr. S. K. Sundaramoorthy	92,05,710	85.27	92,05,710	44.27
Mr. P.K. Venkatchalam	14,870	0.14	14,870	0.07
Dr. Kaveetha Sundaramoorthy	2,23,050	2.07	2,23,050	1.07
Ms. Sangheeta Sundaramoorthy	10,97,400	10.16	10,97,400	5.28
Sub total	1,05,41,030	97.64	1,05,41,030	50.69
Others	2,55,300	2.36	2,55,300	1.23
Public	-	-	1,00,00,000	48.09
Total	1,07,96,330	100.00	2,07,96,330	100.00

6. The Company, nor Directors / Promoter / Promoter Group of the Company, nor their respective Directors and the BRLM have entered into any buy-back and/or standby or similar arrangements for purchase of Equity Shares from any person.

7. The list of top ten shareholders and the number of equity shares held by them is as under:

7.a) Top shareholders of Company as of the date of the filing of this Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name	No. of Shares	% to Paid up Capital
1	Dr. S. K. Sundaramoorthy	9205710	85.27
2	Ms. Sangheeta Sundaramoorthy	1097400	10.16
3	Bennett Coleman and Company Limited	255000	2.36
4	Dr. Kaveetha Sundaramoorthy	223050	2.07
5	Mr. P.K. Venkatchalam	14870	0.14
6	Mr. Karupasamy	100	0.00
7	Mr. Chinnasamy	100	0.00
8	Ms. Saroja	100	0.00
	Total Equity Shares	10796330	100.00

7.b) Top shareholders of Company as of ten days prior to the filing of this Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name	No. of Shares	% to Paid up Capital
1	Dr. S. K. Sundaramoorthy	9205710	85.27
2	Ms. Sangheeta Sundaramoorthy	1097400	10.16
3	Bennett Coleman and Company Limited	255000	2.36
4	Dr. Kaveetha Sundaramoorthy	223050	2.07
5	Mr. P.K. Venkatchalam	14870	0.14
6	Mr. Karupasamy	100	0.00
7	Mr. Chinnasamy	100	0.00
8	Ms. Saroja	100	0.00
	Total Equity Shares	10796330	100.00

7.b) Top shareholders of Company as of 2 years prior to the filing of this Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name	No. of Shares *	% to Paid up Capital
1	Dr. S. K. Sundaramoorthy	94000	75.20
2	Dr. Kaveetha Sundaramoorthy	15000	12.00
3	Ms. Sangheeta Sundaramoorthy	15000	12.00
4	Mr. P.K. Venkatchalam	1000	0.80
	Total Equity Shares	125000	125000

*equity shares of Rs.100/- each

8. All shares issued since the date of incorporation of the Company are fully paid up.

9. There has been no revaluation of assets of the Company in the last 5 Financial Years.

10. The Company has not availed of any bridge loans to be repaid from the proceeds of the issue.

11. The Company has not issued any equity shares out of revaluation reserves or for consideration other than cash. The company has issued 4,97,900 equity shares pursuant to the scheme of amalgamation with Dr. SKS Eye Care Private Limited on 03/08/2007 for consideration other than cash. The Company has also made Bonus Issue of 3,45,233 Equity Shares on 28/08/2007 to the existing shareholders by capitalizing reserves.
12. The company has 8 shareholders as on the date of filing this Red Herring Prospectus with SEBI.
13. The Directors, Promoters and Promoter Group of the Company have not entered into any purchase or sale transactions of the Company's shares in the last six months except as below:

Name of Promoter	Nature of Transaction	Name of Transferee	No. of Shares	Date of Transaction	Avg. price
Dr .S. K. Sundaramoorthy	Transfer (Gift)	Mr. Karupasamy	100	30/09/2007	Nil
		Mr. Chinnasamy	100		
		Ms. Saroja	100		

14. The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further Shares of the Company.
15. There shall be only one denomination of the equity shares of the Company unless otherwise permitted by law. The company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
16. The Company has not granted Equity Options to its employees.
17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
18. We do not presently intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, the Company may make acquisitions or enter into joint ventures or make investments, in which case the Company may consider raising additional capital to fund such activity or use equity shares as a currency for acquisition or participation in such joint ventures or investments.
19. The entire issue price is to be paid on application hence there will be no partly paid up shares arising out of this issue.

D) PARTICULARS OF THE ISSUE

A. Object of the Issue

We propose the present Initial Public Offer (IPO):

1. To finance expansion of our existing facilities;
2. To finance establishing new centers with latest technology;
3. To meet working capital requirement;
4. To meet the expenses of the issue; and
5. To enable listing of the equity shares of the company on the stock exchanges.

The Objects Clause of the Memorandum and Articles of Association of the Company enable it to undertake the activities for which the funds are to be raised in the present Public Issue. Further, it is confirmed that the activities, which the company has been carrying out until now is in accordance with the object clause of Memorandum and Articles of Association of the Company.

B. Funds requirement and Means of Finance

<i>(Rs. In lacs)</i>					
	Particulars	Phase I	Phase II	Total Amount	Amount Utilised till 30/04/2008
1	Land	-	1580.00	1580.00	-
2	Building	270.00	1320.00	1590.00	182.52
3	Infrastructure	150.00	180.00	330.00	67.42
4	Equipment	617.16	362.84	980.00	462.14
5	Staff quarters	75.00	-	75.00	-
6	Setting up Primary eye care unit	-	330.00	330.00	-
7	Working Capital requirement	-	150.00	150.00	-
8	Public Issue Expenses	270.00	-	270.00	-
9	Contingencies	-	195.00	195.00	-
	Total Funds requirement	1382.16	4117.84	5500.00	808.10

Means of Finance

<i>(Rs. In lacs)</i>	
Particulars	Amount
Issue Proceeds	4200.00
Term Loan	999.54
Internal Accruals	300.46
Total means of finance	5500.00

Note: Any shortfall in the Issue Proceeds would be met with internal accruals.

We have received sanction for term loan to the extent of Rs.999.54 lacs from following Banks for the proposed project:

(Rs. in Lacs)

Name of Bank	Date of sanction	Amount Sanctioned	Amount Disbursed	Amount yet to be disbursed
ICICI Bank	08/01/2007	500.00	500.00	-
Indian Overseas Bank	08/12/2007	300.00	-	300.00
ABN Amro Bank	03/11/2007	117.60	117.60	-
HDFC Bank Ltd.	09/06/2006	81.94	81.94	-
Total		999.54	699.54	300.00

The loan amount is being disbursed from time to time and is need based.

C. Break up of Cost of Project

The break-up of cost of project as per management estimates is as follows:

1. Land

We propose to set up Secondary Eye Care centers at R.S. Puram, Tirupur and Karur and a Tertiary Eye Care center at Salem. We have already bought land at R.S.Puram on which work of construction is in process. The details of land required at other locations are as follows:

Location	Area	Fund requirement (Rs. in Lacs)
Tirupur	0.15 acres	280.00
Salem	1.5 acres	1000.00
Karur	0.15 acres	300.00
Total		1580.00

Our existing facility at Salem and Tirupur are presently at rented premises. We propose to shift the same at our owned premises. We have not identified any land for construction of hospital at any of the above locations.

2. Building

The cost of construction of new hospitals and expansion of existing hospital is estimated at Rs.1590 lacs. The detail of cost to be incurred is as follows:

Location	Fund requirement (Rs. in Lacs)		Total funds required (Rs. in Lacs)
	Phase I	Phase II	
Peelamedu, Coimbatore	70.00	420.00	490.00

R.S.Puram, Coimbatore	200.00	-	200.00
Tirupur	-	200.00	200.00
Salem	-	500.00	500.00
Karur	-	200.00	200.00
Total	270.00	1320.00	1590.00

The construction at Peelamedu and R.S.Puram has already been commenced. The construction of hospital at Tirupur, Salem and Karur will be commenced after acquisition of suitable land.

3. Infrastructure

We propose to provide infrastructure at our hospitals with airconditioners in all our units Peealmedu, Salem, Tirupur and R.S.Puram (Coimbatore). We also propose to provide for lift, Generator/UPS backed uninterrupted power supply, Furniture & Fixtures, Ambulance etc. for patient convenience. We propose to provide protected water, Solar water heaters, 24 hrs hot water supply, Fire extinguishers, Fully Computerised environment with ERP, videoconferencing facilities, well equipped laboratories canteen in all the proposed units. All the above machineries and furnitures will be procured from local suppliers for which we have not obtained any quotation.

The break up of expenditure proposed to be incurred, as estimated by the management, on infrastructure in each center is as under:

(Rs in Lacs)	
Location	Amount
Peelamedu,Coimbatore	30
Salem	100
Tirupur	100
RSPuram,Coimbatore	50
Karur	50
Total	330

4. Equipments

We propose to deploy Rs.900.00 lacs on procurement of equipments required at our various facilities, the details of which are as follows:

Location	Fund requirement (Rs. in Lacs)		Total funds required (Rs. in Lacs)
	Phase I	Phase II	
Peelamedu, Coimbatore	215.96	-	215.96
R.S.Puram, Coimbatore	158.73	-	158.73
Tirupur	100.00	167.62	267.62
Salem	142.47	73.49	215.96
Karur	-	121.73	121.73
Total	617.16	362.84	980.00

The details of equipment required at each facility are as follows:

Peelamedu, Coimbatore

Name	No. of Units	Amount (in lacs)	Name of Supplier	Current Status
Field Analyser	1	14.34	Carl Zeiss	Purchased
UBM	1	12	Appasamy	Purchased
Oct Machine	1	30.53	Carl Zeiss	Purchased
Microscope	1	12.64	Carl Zeiss	Purchased
CK Machine	1	28.00	My Health	Purchased
Ascan	1	2.00	Baliwalla & Homi	Purchased
Aiming Beam	1	0.53	Carl Zeiss	Purchased
Auto Refractometer	1	2.55	KLB Sales	Purchased
B&H Lva Telescope	1	0.09	Baliwalla & Homi	Purchased
Volk Lens	1	0.13	Appasamy	Purchased
Mexigerator	1	0.16	Bharat Elect	Purchased
General Equipments	2	1.60	Palakkad Sur	Purchased
App. Tonometer	1	0.60	Con. Prod.	Purchased
Heine Sigma	1	0.99	German	Purchased
General Equipments	1	1.05	Local	Purchased
Total		215.96		

R.S.Puram, Coimbatore

Name	No. of Units	Amount (in lacs)	Name of Supplier	Current Status
OCT Machine	1	33.40	Carl Zeiss	Quotation obtained
HFA Machine	1	12.58	Carl Zeiss	Quotation obtained
Phaco Machine	1	34.98	Alcon	Quotation obtained
Microscope	1	27.51	Carl Zeiss	Quotation obtained
Green Laser	1	11.40	Biomedix	Quotation obtained
Ascan	1	1.86	Baliwalla & Homi	Quotation obtained
Yag Laser	1	10.00	Appasamy	Quotation obtained
Orbscan	1	27.00	B & L	Quotation obtained
Total		158.73		

Tirupur

Name	No.of Units	Amount (in lacs)	Name of Supplier	Current Status
Scan Bio-Meter	1	1.86	Baliwalla	Purchased
Autoclave	1	1.38	Saberwal	Purchased
Retinascope	1	0.99	Prime care	Purchased
Slit Lamp	1	10.75	Topcon	Purchased
Visual Field	1	5.49	CARL ZEISS	Purchased
Visual Field	1	0.19	CARL ZEISS	Purchased
LASIK	1	147.00	Wave Light	Purchased
Anesthesia Equipment	1	1.70	Hospitech	Purchased
Slit Lamp Bulb	1	0.05	Topcon	Purchased
ECG Recorder	1	0.60	Cardionics	Purchased
HFA Machine	1	12.58	CARL ZEISS	Quotation obtained
FFA Machine	1	2.50	Topcon	Quotation obtained
Phaco Machine	1	34.98	Alcon	Quotation obtained
Microscope	1	27.51	CARL ZEISS	Order placed
Dehumidifier	1	0.26	Origin	Purchased
Auto-Refractometer	1	1.04	Appasamy	Quotation obtained
20D-Volk Lens	4	0.04	Appasamy	Quotation obtained
Reister Tonometer	2	0.04	Appasamy	Purchased
4 Mirror Gonioscope	1	0.06	Appasamy	Quotation obtained
Auto Lensometer	1	0.82	Appasamy	Quotation obtained
90D- Volk Meter	4	0.06	Appasamy	Quotation obtained
3 Mirror Gonioscope	1	0.11	Appasamy	Quotation obtained
Ophthalmic complete Refraction unit with Vision Drum	4	0.50	Appasamy	Quotation obtained
Ophthalmic Instrument stand	6	0.06	Appasamy	Quotation obtained
Bipolar Unit	1	0.06	Appasamy	Quotation obtained
Lensometer	2	0.06	Appasamy	Quotation obtained
B Scan	1	5.91	Appasamy	Quotation obtained
Vision Testing	6	0.07	Appasamy	Quotation obtained

equipment				
APPA Yag Laser with Motorised stand	1	4.54	Appasamy	Quotation obtained
Phaco Emulsification unit APPN SONIC	1	5.00	Appasamy	Quotation obtained
APPA Application Tonometer	2	0.22	Appasamy	Purchased
Slit Lamp AIA 12 with 5 step Mag.Unit & Mot. Stand	7	0.55	Appasamy	Quotation obtained
Indirect Ophthalmoscope	5	0.07	Appasamy	Quotation obtained
Synoptophore with Manual stand	1	0.43	Appasamy	Quotation obtained
Keratometer	1	0.14	Appasamy	Quotation obtained
Total		267.62		

Salem

Name	No. of Units	Amount (in lacs)	Name of Supplier	Current Status
Vitra	1	11.29	Quantel (FR)	Purchased
Lasik Machine	1	131.18	Schwind	Purchased
Oct Machine	1	33.40	Carl Zeiss	Quotation obtained
HFA Machine	1	12.58	Carl Zeiss	Quotation obtained
Microscope	1	27.51	Carl Zeiss	Order placed
Total		215.96		

Karur

Name of Equipments	No. of Units	Amount (in lacs)	Name of Supplier	Current Status
OCT Machine	1	33.40	Carl Zeiss	Quotation obtained
HFA Machine	1	12.58	Carl Zeiss	Quotation obtained
Phaco Machine	1	34.98	Alcon	Quotation obtained
Microscope	1	27.51	Carl Zeiss	Quotation obtained
Green Laser	1	11.40	Biomedix	Quotation obtained
Ascan	1	1.86	Baliwalla & Homi	Quotation obtained
Total		121.73		

Out of the above orders for machineries worth Rs.396.28 lacs representing 9.44% of total issue size has not been placed. We do not propose to procure any second hand machinery for the proposed project.

5. Staff Quarters

We intend to provide staff quarters facility for limited number of doctors and staff to take care of the inpatients in Peelamedu, Coimbatore. The total construction area for staff quarters will be around 5356 sq.ft., for which cost of construction is estimated at Rs.75 lacs.

6. Setting up Primary Eye care Centers

We propose to set up Primary Eye Care units at various locations with focus on diagnosis and dispensation of simple eye problems and optical sales. We propose to set up 2 units in Bangalore and 1 unit in Chennai. The cost of setting of all units is estimated at Rs.330.00 lacs.

The break up of cost for setting up single unit is estimated as follows:

Particulars	Amount (Rs. in Lacs)
Advance Rent	30.00
Interior	10.00
Furniture, fitting, A/C, generator	20.00
Equipments	50.00
Total	110.00
Total Cost for 3 units	330.00

7. Working Capital Requirement

Each unit of primary Eye care centre requires investment in optical stocks. All the units are coming up in metros/big cities where we have to keep high-end branded models of optical lenses, sunglasses etc. The price of these items range anywhere between Rs.25000 to Rs.75000. Hence we estimate our working capital requirement in these places as Rs.30 lac per unit. For three centers proposed i.e. 2 in Bangalore and 1 in Chennai, working capital requirement is Rs.90 lacs. In addition to this we propose to introduce additional Intra ocular lens stock, high end frames in all the existing and proposed Karur unit. The enhanced demand for more choices and high end models calls for more investment in optical stocks. We plan to invest additional Rs.60 lacs in these five centers.

The total working capital requirement of Company is estimated at Rs. 150.00 Lacs.

8. Contingencies

A contingency provision of 5% of cost of land and construction of building amounting to Rs. 195.00 Lacs is provided for.

9. Public Issue Expenses

The Issue expenses includes the expenses for the current Public Issue *inter-alia* including travelling, management fees, printing and distribution expenses, commission, legal fees, regulatory fees, advertisement expenses and Processing fees & listing fees payable to the stock exchanges, among

others. The total issue expenses are estimated to be approximately 6.5% of the total proceeds of this Public Issue i.e. Rs.270.00 lacs. For details of Public Issue expenses please refer page no.104.

Schedule of implementation

The proposed schedule of implementation for the projects is detailed below:

Sr. No.	Activity	Phase I		Phase II	
		Commencement	Completion	Commencement	Completion
1	Land	-	-	August 2008	August 2008
2	Building	October 2007	August 2008	August 2008	January 2009
3	Infrastructure & Equipments procurement	-	November 2008	-	January 2009
4	Staff quarter	August 2008	Oct 2008	-	-
5	Setting up Primary Eye care units	-	-	August 2008	October 2008

Sources and Deployment of Funds

We have spent an amount of Rs.808.10 lacs towards the implementation of project till 30/04/2008. We have received the Sources and Deployment of Funds Certificate dated 22/05/2008, from Vekam & Associates, Chartered Accountants & Statutory Auditors of the Company. Details of the sources and deployment of the funds as per the certificate are as follows:

(Rs. in Lacs)	
Particulars	Amount
Deployment of Funds	
Building	182.52
Medical equipments	462.14
Infrastructure	67.42
Cash & Bank	96.02
Total	808.10
Sources of Funds	
Bank Borrowing	723.95
Internal Accrual	84.15
Total	808.10

Interim Use of Proceeds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received through the Issue. Pending utilization for the purposes described above, we intend

to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by our Board of Directors from time to time.

Monitoring of Utilization of Funds

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by our statutory auditors.

Our Company shall be required to inform material deviations in the utilisation of Issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviations / adverse comments of the Audit committee / monitoring agency public through advertisement in newspapers.

Basic Terms of the Issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this RHP and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

E) BASIS OF ISSUE PRICE

The Price for the Issue Price will be decided by us in consultation with the BRLM and Co-Lead Manager to the Issue and specified in the Prospectus that will be filed with the Registrar of Companies. The Price will also be advertised in an English language newspaper, Hindi language newspaper and a Tamil language (Regional Newspaper) with wide circulation. The face value of the Equity Shares is Rs. 10 and the Issue Price is 3.8 times the face value at lower end of price band and 4.2 times the face value at higher end of price band.

Information presented in this section is derived from restated financial statements of the Company, prepared in accordance with Indian GAAP.

1. Earnings Per Share (EPS)

Year Ended	EPS (Rs.)	Weight
March 31,2005	(0.23)	1
March 31, 2006	2.14	2
March 31, 2007	1.21	3
Weighted Average		1.32

Note: EPS is calculated on the basis of weighted average number of shares in each year. Weighted average number of shares has been calculated on time basis as per AS -20.

EPS based on audited financial results for nine months ended 31/12/2007 is Rs. 1.52 which translate into an EPS of Rs.2.03 on annualized basis.

2. Price/ Earning (P/E) ratio in relation to the Issue Price

a.	Based on annualized EPS for the period ended 31/12/2007 of Rs.2.03	
	<ul style="list-style-type: none">▪ P/E ratio in relation to the floor price▪ P/E ratio in relation to the cap price	18.72 times 20.69 times
b.	Based on weighted average EPS of Rs.1.32	
	<ul style="list-style-type: none">▪ P/E ratio in relation to the floor price▪ P/E ratio in relation to the cap price	28.79 times 31.82 times

3. Return on Net Worth (RONW)

Year Ended	RONW %	Weight
March 31,2005	(2.26)	1
March 31, 2006	15.91	2
March 31, 2007	8.35	3
Weighted Average Return on Net Worth		3.21

Return on Net worth for nine months ended 31/12/2007 is 9.66 %.

4. Minimum Return on total Net Worth required to maintain pre-issue EPS:

Based on nine months ended 31/12/2007, annualized basic EPS of Rs.2.03: [●] %

5. Net Asset Value (NAV) per share

a.	Pre-issue NAV As on September 31/12/2007	: Rs. 15.73
b.	Issue Price	: Rs. [●]
c.	NAV after this Issue*	: Rs. [●]

*would be computed after discovery of the Issue Price through Book Building

Note: NAV per share is calculated on the basis of weighted average number of shares in each year. Weighted average number of shares has been calculated on time basis.

6. Industry Average P/E

	Name of Company	P/E Multiple
Highest	Apollo Hospitals Enterprise Limited	39.91
Lowest	Kovai Medical	8.28
Industry Composite		19.78

(Source: Capital Market – Capital Market – Apr 07-20, 2008, healthcare)

7. Comparison with Peer Group

The comparable ratios of the companies which are to some extent similar in business are given as follows:

Name of the Company	Face Value	EPS	RONW (%)	Book Value (Rs.)	P/E Multiple
Apollo Hospitals Enterprise Limited	10	13.80	10.70	145.90	39.91
Dr. Agarwal's Eye Hospital Limited	10	2.50	16.20	22.90	21.60
Kovai Medical	10	5.8	35.3	19.3	8.28
Malar Hospital	10	2.5	-	10.0	9.32

(Source: Capital Market – Apr 07-20, 2008, healthcare)

Lotus Eye Care Hospital Limited	10	1.21	8.35	14.43	-
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Figures based on 31/03/2007 numbers.

8. The face value of Equity Shares of Lotus Eye Care Hospital Limited is Rs.10 and the Issue Price is 3.8 times of the Face Value at the lower end of the price band and 4.2 times of the Face Value at the higher end of the price band.

On the basis of the above parameters the Issue Price of Rs. [●] per share is justified.

F) STATEMENT OF TAX BENEFITS

The Auditors of the Company, M/s. Vekam and Associates, Chartered Accountants have advised the Company vide their letter dated 22/05/2008 that under the current direct tax law, the following tax benefits *interalia* will be available to the Company and the shareholders of the Company. A shareholder is advised to consider in his own case the tax implication of an investment in the shares. The Statement of tax benefits certificate from the Auditors of the Company is reproduced below:

SPECIAL TAX BENEFITS:

There is no Special Tax Benefit available to lotus eye care hospital Ltd. ("THE COMPANY") and its shareholders.

GENERAL TAX BENEFITS

1. To the Company - Under the Income-tax Act, 1961 (the Act)

- a. Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any company is exempt from tax.
- b. Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after March 31, 1998.
- c. Under section 80-IB of the Act, profits of an undertakings deriving profits from the business of operating and maintaining a hospital in rural area, is eligible for 100% deduction for first five years subject to conditions specified in that section. However, Finance Act 2006 has introduced section 80AC which provides that no deduction under section 80-IB shall be allowed if the return is not filed on or before the due date.
- d. In terms of Section 115JAA (1A) of the Act tax credit shall be allowed for any Assessment Year commencing on or after April 01, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions and that tax credit can be utilized to set-off any tax payable under the normal provisions in excess of MAT payable for that relevant year. MAT credit in respect of MAT paid prior to AY 2007-08 shall be available for set-off upto 5 years succeeding the year in which the MAT credit initially arose. However, as per Finance Act 2006 MAT credit for MAT paid for AY 2007-08 or thereafter shall be available for set-off upto 7 years succeeding the year in which the MAT credit initially arose.

2. To the Members of the Company - Under the Income Tax Act

2.1 Resident Members

- a. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.
- b. Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, as

per Finance Act 2006, long term capital gains of a company shall be taken into account in computing tax payable under section 115JB.

- c. In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.
- d. As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.
- e. Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –
 - (i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
 - (ii) Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition. According to the provisions of the Finance Bill 2007 it is proposed that for investments made on or after the 1st April, 2007, the exemption would be restricted to the amount which does not exceed rupees fifty lakhs during any financial year.

- f. Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.
- g. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).
- h. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income tax) (without indexation), at the option of the Shareholders.

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

- a. By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.
- b. Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c. In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.
- d. Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- e. Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –
 - i National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
 - ii Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section; and

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition. According to the provisions of the Finance Act 2007 it is proposed that for investments made on or after the 1st April, 2007, the exemption would be restricted to the amount which does not exceed rupees fifty lakhs during any financial year.

- f. Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

- g. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).
- h. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at applicable rates.
- i. **Taxation of Income from investment and Long Term Capital Gains [other than those exempt u/s 10(38)]**
 - (i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".
 - (ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the Act] be concessional tax at a flat rate of 10% (plus applicable surcharge and educational cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.
 - (iii) Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
 - (iv) Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
 - (v) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

2.3 Foreign Institutional Investors (FIIs)

- a. By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.
- b. Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c. In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for

rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

- d. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at the rate of 10% (plus applicable surcharge and educational cess).
- e. Under Section 115AD capital gain arising on transfer of long term capital assets, being shares in a company (other than those mentioned in point b) above), are taxed at the rate of 10%, 30% in case of short term capital assets (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48 of the Act. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.
- f. Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –
 - (i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; or
 - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition. According to the provisions of the Finance Act 2007 it is proposed that for investments made on or after the 1st April, 2007, the exemption would be restricted to the amount which does not exceed rupees fifty lakhs during any financial year.

2.4 Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax. According to the provisions of the Finance Act 2007, the exemption is proposed to be restricted to income from investment in a venture capital undertaking.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

Notes:

- a) *All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.*
- b) *In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.*
- c) *In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.*

For **VEKAM AND ASSOCIATES**

Chartered Accountants

Sd/-

M.P.Panneerselvan
Partner

Place: Coimbatore

Date: 22/05/2008

IV. ABOUT US

A) INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the industry websites/publications and company estimates. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes industry, market and government data used in this RHP is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed to be reliable, have not been verified by any independent agencies.

Overview

In India healthcare is delivered through both the public sector and private sector. The public healthcare system consists of healthcare facilities run by central and state government which provide services free of cost or at a subsidized rates to low income group in rural and urban areas. With the Indian economy enjoying a steady growth, the industry is heading towards growth phase.

Healthcare is one of India's largest sectors, in terms of revenue and employment, and the sector is expanding rapidly. During the 1990s, Indian healthcare grew at a compound annual rate of 16%. Today the total value of the sector is more than \$34 billion. This translates to \$34 per capita, or roughly 6% of GDP. By 2012, India's healthcare sector is projected to grow to nearly \$40 billion. *(Healthcare in India – Emerging market report 2007; prepared by Price Water House Coopers)*

The private sector accounts for more than 80% of total healthcare spending in India. Unless there is a decline in the combined federal and state government deficit, which currently stands at roughly 9%, the opportunity for significantly higher public health spending will be limited. *(Healthcare in India – Emerging market report 2007; prepared by Price Water House Coopers)*

Macro impactors of healthcare industry

Growing population and economy

One driver of growth in the healthcare sector is India's booming population, currently 1.1 billion and increasing at a 2% annual rate. By 2030, India is expected to surpass China as the world's most populous nation. By 2050, the population is projected to reach 1.6 billion. *(Healthcare in India – Emerging market report 2007; prepared by Price Water House Coopers)*

Expanding middle class

India traditionally has been a rural, agrarian economy. Nearly three quarters of the population still lives in rural areas, and as of 2004, an estimated 27.5% of Indians were living below the national poverty line.

Middle class	% of entire population
1998–99	44.92
2001–02	50.53
2009–10 (estimate)	62.95
Source: CRIS Infac, 2005	

However, India's thriving economy is driving urbanization and creating an expanding middle class, with more disposable income to spend on healthcare. While per capita income was \$620 in 2005, over 150 million Indians have annual incomes of more than \$1,000, and many who work in the business services sector earn as much as \$20,000 a year. (*Healthcare in India – Emerging market report 2007; prepared by Price Water House Coopers*). Thanks to rising income, today most of the Indians can afford, advanced treatment for eye care.

Rise of eye diseases

Another factor driving the growth of India's eye care sector is a rise in both infectious and chronic diseases. From common allergies to rare diseases, the human eye can be affected by any number of maladies, causing issues – ranging from general discomfort to a complete loss of vision. The overall health of the eye can be compromised at any time, often without any undue symptoms until irreversible damage is done. This risk increases exponentially as the individual grows older, a fact that might well translate into a higher percentage of eye-related ailments in the future as the world's population continues to live longer. While certain diseases, such as *trachoma*, might be unheard of in some areas of the world, they can be at near-epidemic levels in others. Also, common conditions such as allergies might seem benign to some, but others across the globe might suffer to such an extent and degree as to lower the quality of life for an entire community.

Deteriorating infrastructure

India's healthcare infrastructure has not kept pace with the economy's growth. The physical infrastructure is woefully inadequate to meet today's healthcare demands, much less tomorrow's. While India has several centers of excellence in healthcare delivery, these facilities are limited in their ability to drive healthcare standards because of the poor condition of the infrastructure in the vast majority of the country.

Per Lakh (100K) population	Beds	Hospitals	Dispensaries
Urban	178.78	3.6	3.6
Rural	9.85	0.36	1.49
Source: Review of Health Care in India, 2005			

Lack of insurance

A widespread lack of health insurance compounds the healthcare challenges that India faces. Although some form of health protection is provided by government and major private employers, the health insurance schemes available to the Indian public are generally basic and inaccessible to most people. Only 11% of the population has any form of health insurance coverage. (*Healthcare in India – Emerging market report 2007; prepared by Price Water House Coopers*)

Market size

The Indian healthcare sector constitutes:

- Medical care providers: physicians, specialist clinics, nursing homes and hospitals
- Diagnostic service centers and pathology laboratories,
- Medical equipment manufacturers
- Contract research organizations (CRO's), pharmaceutical manufacturers,

- Third party support service providers (catering, laundry)

Revenues from the healthcare sector account for 5.2 per cent of the GDP and it employs over 4 million people. By 2012, revenues can reach 6.5 to 7.2 per cent of GDP and direct and indirect employment can double. (Source: "Overview of the Healthcare Industry in India"- April 2007 - report prepared by Indo-Italian Chamber of Commerce and Industry)

Opportunities

- **Medical Tourism on the rise:** Medical tourism is one of the major external drivers of growth of the Indian healthcare sector. The emergence of India as a destination for medical tourism leverages the country's well educated, English-speaking medical staff, state-of-the-art private hospitals and diagnostic facilities, and relatively low cost to address the spiralling healthcare costs of the western world. India provides best-in-class treatment, in some cases at less than one-tenth the cost incurred in the US. India's private hospitals excel in fields such as cardiology, joint replacement, orthopedic surgery, gastroenterology, ophthalmology, transplants and urology.

According to a joint study by the Confederation of Indian Industry and McKinsey, Indian medical tourism was estimated at \$350 million in 2006 and has the potential to grow into a \$2 billion industry by 2012. An estimated 180,000 medical tourists were treated at Indian facilities in 2004 (up from 10,000 just five years earlier), and the number has been growing at 25-30% annually. India has the potential to attract one million medical tourists each year, which could contribute \$5 billion to the economy, according to the Confederation of Indian Industries. (*Healthcare in India – Emerging market report 2007; prepared by Price Water House Coopers*)

- Healthcare is expected to be one of India's largest industries in the near term with present growth rates of around 13 per cent annually. Further, India needs to add 80,000 hospital beds a year for the next 5 years according to a WHO report.
- The opening up of the insurance sector to private players is expected to further boost the healthcare industry. Health Insurance will make healthcare affordable to a large number of people.
- There is an increasing preference for private medical care amongst the urban population.
- The National Health Policy (NHP) – 2002 announced by the Government envisages increasing public health investment to 2% of GDP by the year 2010 from the existing level of 0.9% and the total health investment to 6% from the current level of 5.2%. The NHP-2002 welcomes the participation of the private sector in all areas of health services-primary, secondary and tertiary.

B) BUSINESS OVERVIEW

OUR BUSINESS

Overview

Lotus Eye Care Hospital is the state of art eye care hospital group successfully functioning in South India with specialization in super-specialty service related to eye care. We have network of four eye care hospitals based at Coimbatore (2), Salem (1), Tirupur (1). These hospitals have hi-tech eye care equipments and ophthalmic experts backed by well-trained paramedical and administrative team. All the centers have fully computerized modern setup manned by medical and administrative staff. Our network of eye care hospitals have 9 operation theatres and 3 lasik laser equipments. Most of the eye operations are performed as a day care procedure and therefore the numbers of beds maintained by us are optimum number required. Our total bed strength of all the centers is 120 beds excluding eye camp beds. Lotus has two centers in Coimbatore, one in down town and another in civil aerodrome inaugurated in the year 2002. The Salem center is located in the heart of the city and it was started in the year 2004. The Tirupur center started in 2007 is also functioning in prime location in the city.

In the year 1998 Lotus introduced Multi Scan Lasik and in the year 2002 Wave front based Esiris Custom Lasik for the first time in India. Lotus was the first Eye hospital in South East Asia to have Epilasik in July 2004. In the year June 2005 Lotus introduced the most advanced technology of Zyoptix and combined two superior technologies Epilasik and Zyoptix known as Zyoptix Integrated Epilasik to achieve supervision. During the calendar year 2007, we performed over 4200 nos of various surgeries as cataract, Lasik/Epilasik, corneal, vitreo-retinal, squint, oculoplastic and orbital.

Our sources of income are from outpatient, daycare and inpatient hospital services and retail sales in the pharmacy and opticals. During the financial year 2006-2007, we reported a net profit of Rs.128.67 lacs on total income of Rs.729.90 lacs. During the six months period ended on 30/09/2007 we reported a profit of Rs.99.08 lacs on total income of Rs.505.10 lacs.

OUR HOSPITALS:

Our main hospital is built on 1.2 acres of land in prime location at Peelamedu (Coimbatore) in the state of Tamilnadu. This facility is beneficial to the patients of Western and Northern districts in Tamilnadu, Kerala and Karnataka state.

Our other three network hospitals are located at Tirupur, Salem and R.S.Puram (Coimbatore). These hospitals are located at convenient place to serve the people in Salem, Dharmapuri, Krishnagiri, Namakal, North Arcot, Tirupur, Dindugal, Madurai, Trichy districts in Tamilnadu, Southern districts of Karnataka and Andhra Pradesh.

The details of our facilities at various centers are as follows:

Location	Year of commencement of operations	Number of Beds
R.S. Puram	1989 (was under the management of LVRT, our group concern from 1992 to 2006)	10
Peelamedu	2002 (was under the management of LVRT, our group concern upto March 2006)	70
Salem	2004 (was under the management of LVRT, our group concern upto March 2006)	25
Tirupur	2007	15

All imported hi-end surgical equipments with latest laser technologies are used in all the units. Lotus is affiliated to National Board of Examination (NBE) a government body for post-graduate training in ophthalmology. Lotus group has been authorized to educate and train 4 candidates in a year for post-graduate ophthalmology. Lotus also offers fellowship-training programme for fresh and practicing ophthalmology in cataract with IOL surgery, Lasik/Epilasik surgery, vitreo-retinal surgery, Pediatric ophthalmology and corneal surgery. An optometry institute affiliated to Dr.Alagappa University, Karaikudy is run by group concern LVRT for courses in Bsc.(Optometry) and Diploma in Ophthalmic Technologies.

Lotus had conducted International ophthalmic conference in Sea Cruise, a Luxury Liner which started its journey from Mumbai and went to Lakshadweep via Goa. The conference was held between 07/05/2006 to 11/05/2006 and attended by Ophthalmic surgeons from various part of the world.. It was the first time the medical conference was held on sea. For that the name of Lotus has entered into Limca book of records.

Peelamedu, Coimbatore

Lotus Eye Care Hospital, Peelamedu, Coimbatore is our first super-specialty eye care hospital which is located at 770/12, Avanashi Road,Civil Aerodrome Post, Coimbatore-641014. The hospital commenced operations in 2002. The facility currently has 4 operating theaters and 70 beds. The unit is equipped with latest LASIK machine, UBM, Field microscope, scan, CK machine etc. Our Peelamedu facility is a full-fledged tertiary center for attending different disorders in refractive error, Glaucoma, Retinal, Pediatric, Corneal cataract. Our hospital at Peelamedu has been designated ISO 9001:2000 compliant, certified by TUV SUD South Asia Pvt. Ltd. The certificate is valid till December 2010. During the calendar year 2007(till 15th December), 2524 nos. of surgeries has been carried at this facility. Specialists from this unit visit other centers to facilitate their availability to patients from nearby areas.

Salem

This is our second unit located at the heart of Salem city in Tamilnadu i.e at 52/2, Perumanur Road East Street, Salem-636007. The hospital commenced operations in 2004. The facility currently has 3 operating theatres and 35 beds. The unit is equipped with latest LASIK machine, Field microscope, scan etc. Our facility at Salem is also a full-fledged tertiary unit for treatment of all eye diseases. Services from 5 specialties are available at this facility for attending different disorders in refractive, glaucoma, retinal, Pediatric, corneal cataract and IOL on full time basis. During the calendar year 2007(till December 15th), 997 nos of surgeries has been carried at this facility.

Tirupur

Our Tirupur unit was started in June 2007. The hospital is located at 5(2) Gajalakshmi Theatre Road, Tirupur-641601. The facility is a secondary eye care center with focus on treatment of eye diseases with bed facility, Operation Theater for cataract, Lasik surgeries. The unit currently has two operating theaters and 15 beds. Services from 3 specialist doctors are available at this facility on full time basis. During the calendar year 2007, 134 nos of surgeries have been carried at this facility.

R.S.Puram (Coimbatore-2)

Our R.S Puram unit was started in 1989 and was under the management of our group concern LVRT from 1992 to 2006. Since April 2006 we have taken the control of the said hospital. This facility primarily concentrates on all eye diagnosis and treatment and optical sale. The unit currently has facility of 10 beds. We are in the process of constructing a new hospital at R.S.Puram, which is likely to be completed by December 2008. The existing facility which is in rental premises will be shifted to new premises after completion of construction. The new unit will have full-fledged facilities, which will provide treatment for all complicated eye diseases.

OUR STRENGTHS

Technology: Our Eye Care Centers aim at providing comprehensive eye-care services using the world-class technology and skills. Besides delivering the regular eye-care services, our hospitals are providing advanced level of diagnostic and therapeutic services in the field of vitreous and retinal diseases, Phacoemulsification surgery for Cataract and customized wave front LASIK laser for glass free vision.

Experienced Promoter: Our promoter Dr. S.K.Sundaramoorthy is a leading eye surgeon known and acknowledged worldwide. He has more than 25 years of experience in the fields of eye surgery. His experience and knowledge have fetched rich dividends to our company.

OUR STRATEGY

We have an innovative service model to eye patients and the society. Our eye care services consist of primary, secondary and tertiary eye care.

Primary eye care: Primary eye care units focusing on patients coming in directly for eye treatment such as refractive error, change of glasses, contact lens and other ailments such as infection, inflammation, diabetic eye disease, cataract, glaucoma etc. The unit will provide state of the art equipments and manpower for examination, dispensing medicines and opticals. Patient will also be examined by an ophthalmologist to rule out condition like glaucoma, cataract, and diabetic eye disease. We propose to set of 3 eye care centers, out of which 2 in Bangalore and another one in Chennai through the present issue. We also intend to setup more number of eye care centers in different parts of the country.

Secondary eye care: Secondary eye care would be setup in second or third tier cities and these centers will have walk in patients and patients referred by individual practioners and our own primary eye care centers. The unit will have latest eye care equipments and skilled specialist doctors. We have currently 2-eye care secondary centers one at Tirupur and another at R.S. Puram. After completion of new building, which is in progress, the R.S.Puram center will function as full-fledged secondary eye care unit. We propose additional secondary eye care center at Karur through the proceeds of the present issue. Each secondary center will provide service like Lasik laser treatment for glass free vision, a cataract surgery with IOL implantation, squint surgeries for squint eye, diabetes eye disease, glaucoma and myopic (short sight) treatments.

Tertiary eye care: Tertiary eye care units will function at Peelamedu, Coimbatore and Salem to handle complicated eye diseases. The center will function as one stop solution with necessary infrastructure and latest equipments and support by large team of specialized doctors. The patients for the tertiary care include walk-in patients, patients referred by primary and secondary eye care units. The tertiary eye care will provide state of the art lasik/Epilasik, cataract with IOL surgery, glaucoma, diagnosis treatment, Comprehensive care of pediatric disease, myopic eye diseases, diabetic eye disease, advanced vitreo retinal surgical facility, orbital treatment for orbital diseases, oculoplastic and cosmetic treatments, neuro (nerve related eye disease) ophthalmology, uveal diseases, full-fledged laboratory services and clinical and basic science research.

Services offered by Our Company

We offer both out-patient services and in-patient services at our hospitals. We have a dedicated team of Specialist Ophthalmologists, nursing staff, administrative staff and support staff to ensure that all our patients receive excellent treatment.

We provide following treatments to our patients:

Speciality Treatment

At Lotus Eye Care Hospital we provide treatment for all types of eye diseases such as cataract (a condition in which the normal human crystalline lens loses its transparency, leading to decrease or loss of functional vision), Retinal diseases (retina is the light sensitive layer of the eye), Diabetic eye diseases and glaucoma (Glaucoma is a disease of the nerve of sight due to eye pressure).

Lasik

Lasik is very popular treatment available for the past 15 years. Lasik is the contraction of the laser-assisted insitu Keratomileusis means shaping the front surface of the cornea using excimer laser. It is painless and offers quick recovery of vision. Patient can go home immediately after the treatment and regain vision after few hours and can resume normal work next day.

Epilasik

Epilasik surgery overcomes the limitations and risks of Lasik. Lotus was the first eye hospital in South Asia to bring this technology to India. It is the most innovative technique wherein hitherto impossible corneal epithelial flap is made possible.

Zyoptix

Zyoptix laser is the most preferred treatment for correction of refractive errors and optical aberrations.

SOCIAL RESPONSIBILITY

Millions of people are suffering from lose of vision due to curable, incurable and life style diseases. We are making a difference in the lives of these people who suffer from various eye conditions and diseases, such as glaucoma, cataracts, macular degeneration and other conditions with the exploration of new areas of treatment and the education of eye care specialists in the area of advanced treatment.

Our group concern Lotus Vision Research Trust has been regularly conducting free cataract screening & diabetic screening eye camps in Coimbatore and other neighboring districts. Since 2004 the trust has conducted around 61 camps at various schools and colleges in and around Coimbatore. The trust is also running a college of Optometry in collaboration with Bousch & Lomb India Pvt Ltd. under the name "Lotus Bausch & Lomb Optometric Institute".

HUMAN RESOURCES

We believe that our relationship with our employees and other personnel is good and we have not experienced any work stoppages as result of labour disagreements at any of our facilities since we began operations.

Our total manpower strength is 209 personnel, out of which 160 are compensated directly by us (including doctors) and 49 are on contractual basis. We expect that the number of our hospital personnel will increase as we expand. The table below summarizes of personnel at each of our hospitals as at December 31, 2007

S.No	Category	Peelamedu, Coimbatore	R.S.Puram Coimbatore	Salem	Tirupur	Total
Medical Staff						
1	Consultants	8	2	4	2	16
2	Optometrists	11	2	5	2	20
3	Nurses	12	3	3	2	20
Non Medical Staff						
4	Semi-Skilled	20	3	11	8	42
5	Administration	32	7	12	11	62
6	Trainee/unskilled and casual labour	35	3	6	5	49
Total		118	20	41	30	209

COMPETITION

We currently operate primarily in South India specifically in the state of Tamil Nadu. We compete with other for-profit hospitals, such as KG eye hospital, Eye Foundation, etc, as well as regional operators such as Vasan Eye Care, Arvind Eye Care and particularly in the case of secondary care facilities, independent clinics and small hospitals. We also compete with hospitals that are owned by government agencies or non-profit entities supported by endowments and charitable contributions, such as Sankara Netralaya. Our top five competitors in South region are Shankara Netralaya, Kovai Medical, KG Eye Hospital, Arvind Eye Care and Vasan Eye Care.

The number and quality of doctors on a hospital's staff are important factors in a hospital's competitive advantage and help attract patients. We believe that doctors outside a hospital's network refer patients to a hospital primarily on the basis of the quality of services it renders to patients, the quality of other doctors on the medical staff, the location of the hospital and the quality of the hospital's facilities, equipment and employees. Other factors in a hospital's competitive advantage include operational efficiency, the scope and breadth of services, and the success rate for procedures. We believe that maintaining and strengthening our pool of highly-skilled doctors and nurses, as well as investing in advanced technology, will help us maintain and improve our competitive position.

INSURANCE

We maintain policies covering risks related to fire and special perils, burglary and theft extension, legal liability to third parties, expenses incurred due to damage to medical equipment, machinery breakdown, and other losses in amounts, which we believe are sufficient. Each of these insurance policies is renewable annually.

PROPERTIES

Name	Lessee/ Owner	Location	Address	Nature of Property Rights	Area (in cents)	Term
Lotus Eye Care Hospital (Land & Building)	LECHL	Peelamedu	770/12, Avanashi Road, Civil aerodrome Post, Coimbatore - 641014	Free Hold	105.84	-

Canteen	Mis. Sangeetha Sundaramoorthy	Peelamedu	770/12, Avanashi Road, Civil aerodrome Post, Coimbatore - 641014	Lease Hold	9.76	30 years lease from 30/03/1998 at rent of Rs.100/- per month
Lotus Eye Care Hospital (Proposed Hospital-Under Construction)	LECHL	R.S.Puram	TS no.8/1017, Periasamy Road (E), R.S.Puram, Coimbatore - 641002	Free Hold	16.11	-
Lotus Eye Care Hospital (Existing Hospital)	Veeku Surgery	R.S.Puram	1000/2, Cowley Brown Road, R.S.Puram, Coimbatore - 641002	Rented	Portion of premises i.e Room Nos 1 to 7 in ground floor and Room No.101 in 1 st Floor Approx. 4000 sq.ft.	Leave & License Agreement dated 29/09/1998 has been expired and has not been renewed. We are paying the rent of Rs. 27660/- per month as on date.
Lotus Eye Care Hospital (Land & Building)	Mrs.Baby Sundaram and Mr.S.Rajaganesh	Salem	T.S. Nos 29 part & 42 part, ward C, Block 22 at Mayor Nagar, Main Road, Salem Town	Lease Hold	Approx. 6000 sq ft.	Lease Agreement valid upto 15/04/2010. We are paying the rent of Rs. 32200/- per month as on date.
Lotus Eye Care Hospital	Mr.S.Ramesh , Mrs.R Ushapriya, Ms.G. Sivasankari and G.Saranya	Tirupur	5(2), Gajalakshmi theatre Road, Tirupur Town	Lease Hold	Approx 62 20 Sq.ft.buil ding	Lease Agreement dated 14/3/2007 Lease period 3 years certain and three years with 15% increase in rent. Monthly rent Rs194380/-

Besides above we have taken on lease certain movable fixed assets worth Rs.99.73 lacs at then prevailing market rate from Lotus Vision Research Trust (LVRT), a Public Charitable Trust vide agreement dated 15/03/2006. We are paying Rs.80,000/- per month as lease rent for using these equipments/machineries.

As per agreement we have to purchase leased equipments from LVRT at then prevailing market price on or before 15/03/2011.

We have also taken some movable fixed assets worth Rs.66.43 lacs from Dr. S.K. Sundaramoorthy, Chairman & Director of our Company vide agreement dated 07/04/2006. The agreement is valid for 5 years i.e. upto 31/03/2011. We are paying Rs.1,66,000/- towards rent for the said assets. As per agreement our Company has to return the assets after 31/03/2011.

We have licensed Lotus Vision Research Trust, a Public Charitable Trust to operate Optometry Institute in our premises at Avanashi Road vide agreement dated 15/03/2006. The space occupied by the institute is approx. 1200 sq.ft. The rent payable is Rs.9500/- per month

Intellectual property

We do not hold any registered trademark or Emblem in our name. However our group concern LVRT has applied for registration of service marks "Lotus Institute of Optometry" and "Lotus Eye care Hospital" and the same has been advertised before acceptance on 01/12/2007. We have also applied for trade mark "Lotus" (Emblem) and same has been also advertised before acceptance on 15/01/2006. However there is an opposition to the trade mark from the registered proprietor of "Lotus Herbals". LVRT has replied to the objection and the same is pending with Trade Mark Registry, Govt. of India, I.P.Builing, G.S.T.Road, Guindy, Chennai-32.

PURCHASE OF PROPERTY

As stated in this RHP and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the issue (if any), there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue.

KEY INDUSTRY REGULATION

The Company is engaged in the business of operating and managing Eye care hospitals and we are governed by a number of central and state legislations that regulate our business. Additionally, our functioning requires, at various stages, the sanction of the concerned authorities under the relevant legislations and local bye-laws.

The following discussion summarizes certain significant laws and regulations that govern our business.

Bio-Medical Waste (Management and Handling) Rules, 1998, ("BMW Rules")

The BMW Rules, (i) apply to all persons who generate, transport, treat, dispose or handle bio-medical waste in any form, and, (ii) regulate the mode of treatment and disposal of bio-medical waste. The BMW Rules mandate that every occupier of an institution generating, collecting, transporting, treating, disposing and/or handling bio-medical waste must take steps to ensure that such waste is handled without any adverse effect to human health or the environment, must apply to the prescribed authority for grant of authorization. The BMW Rules further require such person to submit an annual report to the prescribed authority and also to maintain records related to the generation, collection, storage, transportation, treatment, disposal, and/or any form of handling of bio-medical waste in accordance with rules and guidelines issued thereunder.

Drugs and Cosmetics Act, 1940, ("DCA")

In order to maintain high standards of medical treatment, the DCA regulates the import, manufacture, distribution and sale of drugs for the proper protection of drugs and medicines and prohibits the manufacture and sale of certain drugs and cosmetics which are misbranded, adulterated, spurious or harmful. The DCA specifies the requirement of a license for the manufacture, sale or distribution of any drug or cosmetic. It further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

Pharmacy Act, 1948, ("PA")

The PA provides that all pharmacists require a registration under the PA, which registration process includes providing: (a) the full name and residential address of the pharmacist; (b) the date of his first admission to the register; (c) his qualifications for registration; (d) his professional address, (if he is employed by any person, the name of such person); and, (e) such further particulars as may be prescribed.

The Indian Medical Council Act, 1956, ("Medical Council Act/the Act")

The Medical Council of India, originally constituted under the Indian Medical Council Act, 1933, has been reconstituted under the Medical Council Act. The Medical Council of India so constituted is required to maintain a register of medical practitioners to be known as the Indian Medical Register, containing the names of all persons who are for the time being enrolled on any State Medical Register and who possess medical qualifications recognized under the Medical Council Act. The relevant State enactments provide for the constitution of State Medical Councils and the maintenance of State Medical Registers.

Any person possessing recognized medical qualifications under the Medical Council Act is deemed sufficiently qualified for enrolment on any State Medical Register. No person other than a medical practitioner enrolled on a State Medical Register is entitled to do any of the following: (a) hold office as physician or surgeon or any other office (by whatever designation called) in Government or in any institution maintained by a local or other authority; (b) practice medicine in any State; (c) sign or

authenticate a medical or fitness certificate or any other certificate required by any law to be signed or authenticated by a duly qualified medical practitioner; or, (d) give evidence at any inquest or in any court of law as an expert under section 45 of the Indian Evidence Act, 1872, on any matter relating to medicine.

The Registrar of the Indian Medical Council, may, on receipt of the report of registration of a person in the relevant State Medical Register, or on application made in the prescribed manner by any such person, enter his name in the Indian Medical Register. Subject to the conditions contained in the Medical Council Act, every person whose name is for the time being borne on the Indian Medical Register is entitled according to his qualifications to practice as a medical practitioner in any part of India.

The Medical Council Act also requires any person to obtain permission for establishment of new medical college, new course of study etc. Further, no medical college shall open a new or higher course of study or training or increase its admission capacity in any course of study or training, except with the prior permission of the Central Government, or else no medical qualification granted to any student of such medical college shall be recognised as a medical qualification for the purposes of this Medical Council Act. The Indian Medical Council also has the power to withdraw such recognition granted under the Medical Council Act.

Miscellaneous

A wide variety of labour laws are also applicable to the nursing and hospital sector, including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936, the Shops and Commercial Establishments Act.

Tamil Nadu Buildings (Lease and Rent Control) Act

Pursuant to Section 106 of the Transfer of property Act, the Lease is valid and in existence until terminated by the Lessor or the Lessee by giving not less than 15 days notice. If the lease is terminated under the Section 106 of the Transfer of Property Act, the tenant can claim protection under section 10 of Tamil Nadu Building (Lease & Rent) Control Act as statutory Tenant. The extract of section 10 of the said act is as follows:

“A landlord who seeks to evict his tennat shall apply to the Controller for a direction in that behalf. If the Controller. After giving the tenant a reasonable opportunity of showing cause against the application, is satisfied :

that the tenant has not paid or tendered the rent due by him in respect of the building, within fifteen days after the expiry of the time fixed in the agreement of tenancy with his Landlord or in the absence of any such agreement, by the last day of the month next following that for which the rent is payable.”

We have not violated any of the regulations mentioned above and hence there are no penalties levied against us. We have been complying with the requirements of the Key Industry Regulations. There is no system laid in place by the company to ensure compliance of the key industry regulations mentioned above, however we seeks legal advise/opinion in case of any specific requirements.

C) OUR HISTORY

a. Our History

Our Company was originally incorporated as “Kalaivani Health Centre Pvt. Limited” on 14/03/1997 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu, Coimbatore. The name of the Company was changed to “Lotus Eye Care Hospital Pvt. Limited” on 23/01/2006. Our Company was promoted by Dr. S.K.Sundaramoorthy and there is no change in management of the company since inception.

During the financial year 2006-2007, Dr. S.K.S.Eye Care Centre Pvt. Ltd., a company promoted by Dr.S.K.Sundaramoorthy was merged with our Company w.e.f. 01/12/2006 pursuant to order of Hon’ble High Court, Madras dated 09/07/2007.

Scheme of Merger

The High Court of Madras, vide its order dated 09/07/2007 in respect of the company petition (C.P. No: 240/2005 and 241/ 2005) approved the scheme of amalgamation/merger between the Company and Dr. S.K.S.Eye Care Centre Pvt. Ltd. (“SKSECPL”), and which at the time of amalgamation was our promoter group company, with effect from 01/12/2006 (“Scheme”).

Salient features of the Scheme:

Effective Date: 01/12/2006

Date of Approval : 09/07/2007

Details of Valuation: The valuation of immovable property hold by SKSECPL at Peelamedu, Coimbatore is done by M/s Capstone Engineers & Architects, an independent valuer. The said property was valued at Rs.10.60 crores as per the valuation certificate.

The principal terms of the Scheme, as sanctioned by the High Court of Madras, are set forth below:

- The whole of the undertaking of SKSECPL comprising its business, all assets and liabilities of whatsoever nature and wheresoever situated was transferred to our Company w.e.f. 01/12/2006.
- All the executives, staff, workmen and other employess in the service of SKSECPL became executive, staff, workmen and other employee of our Company w.e.f. 11/08/2007.
- In consideration of the transfer and vesting of the undertaking of SKSECPL in our Company, each shareholder of SKSECPL has been allotted 588 equity shares of Rs.100/- of our Company each in respect of every 100 equity shares held by them in SKSECPL.

In compliance with the Scheme, the Company allotted 497900 Equity Shares of Rs.100/- each (presently 4979000 equity shares of Rs.10/- each) to the shareholders of erstwhile SKSECPL on 03/08/2007 as detailed below:

Name of the Shareholder	Number of shares held in SKSECPL	Number of equity share of Rs.100 each allotted in Lotus
Dr S.K.Sundaramoorthy	74677	439100
Sangeetha Sundaramoorthy	10000	588000
Total	84677	497900

Our Company was subsequently converted into public limited company and the name was changed to “Lotus Eye Care Hospital Limited” on 16/10/2007 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Tamil Nadu, Coimbatore.

Major Events:

We believe that the commissioning of the following hospitals amount to major events in our history:

Year	Event
1989	Opening of hospital at R.S.Puram, Coimbatore. The same was under management of LVRT from 1992 to 2006.
2002	Opening of hospital at Peelamedu, Coimbatore
2004	Opening of hospital at Salem
2007	Opening of hospital at Tirupur

b. Main Objects

The main objects of our company as per the memorandum and articles of association of the company are as follows.

“To establish, manage, run, undertake, promote, assist in establishing, managing, running, undertaking, promoting, health care centers, hospitals, medical care and aids centers, convalescing centers, dispensaries, clinics, laboratories.”

Changes in our Memorandum of Association

Since incorporation, the following changes have been made to Memorandum of Association of the Company:

Change in name of Our Company

The name of the Company was changed from “Kalaivani Health Centre Pvt. Limited” to “Lotus Eye Care Hospital Pvt. Limited” on 23/01/2006 and subsequently to “Lotus Eye Care Hospital Limited” upon conversion into Public Limited Company on 16/10/2007.

Change in Registered office of Our Company

The registered office of the Company was shifted from 51, 2nd Street, Dr.Jagannathan Nagar, Peelamedu, Coimbatore - 641004 to present address w.e.f.12/05/2005.

Change in Authorised Share Capital

Date	Changed From	Changed to
12/11/1997	25,000 equity shares of Rs. 100/- each aggregating to Rs. 25.00 Lacs	1,25,000 equity shares of Rs. 100/- each aggregating to Rs. 125.00 Lacs
24/03/2006	1,25,000 equity shares of Rs. 100/- each aggregating to Rs. 125.00 Lacs	2,00,000 equity shares of Rs. 100/- each aggregating to Rs. 200.00 Lacs
03/08/2007	2,00,000 equity shares of Rs. 100/- each aggregating to Rs. 200.00 Lacs	20,00,000 equity shares of Rs. 100/- each aggregating to Rs. 2,000.00 Lacs
03/09/2007	20,00,000 equity shares of Rs. 100/- each aggregating to Rs. 2,000.00 Lacs	Reclassified into 2,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2,000.00 Lacs

18/01/2008	2,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2000.00 Lacs	2,50,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2500.00 Lacs
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c. *Subsidiary of our Company*

We do not have any subsidiary company.

D) AGREEMENTS

Shareholders' Agreement

We have entered into a shareholders' agreement with Bennett Coleman and Company Ltd. (BCCL) brief details of which are given herein under :

A Share Subscription Agreement between the Bennett Coleman and Company Limited ("BCCL") and Lotus Eye Care Hospital Limited ("Company") and Promoters of the Company entered into on 22/01/2008.

Main Provisions

BCCL agrees to subscribe and the Company shall and the Promoters shall cause the Company to issue and allot 2,55,000 equity shares ("subscription shares") constituting 2.36% of the post preferential issue capital of the Company, on 22/01/2008 (closing date), at a price of Rs.50/- per share aggregating to 12,75,00,000 ("Subscription Amount")

The Agreement is subject to following conditions (conditions precedent):

- (a) The board of directors of the Company approving the preferential issue and allotment of the Subscription Shares in favour of BCCL and in terms of the mentioned Agreement;
- (b) The board of directors of the Company or a committee thereof approving the execution of this Agreement by the Company;
- (c) The shareholders of the Company at a general meeting of the Company shall have approved the issuance of Shares to BCCL by way of a special resolution in accordance with the provisions of Section 81 (1A) of the Act;
- (d) The Shareholders of the Company shall have passed a resolution for approval of the amendment of the articles of association of the Company to incorporate the provisions of Article 8 (Exit) of the mentioned Agreement, which amendments shall come into effect from the date hereof;
- (e) BCCL shall have received from the Company certified true copies of the resolutions referred to in Articles (a) to (d) above and a certified true copy of the articles of association amended in terms of Article (d) above;
- (f) The board of directors of BCCL or a committee thereof approving the investment by BCCL in the Company and BCCL providing a certified true copy of the approval of the Board of Directors of BCCL or a committee thereof for the investment to the Company;
- (g) BCCL shall have received a certificate from the statutory auditors or company secretary in practice of the Company certifying that the issue of the Subscription Shares is in accordance with the Unlisted Company (Preferential Allotment) Rules, 2003;

- (h) BCCL shall have received a certificate from the statutory auditors of the Company certifying that the issued and paid-up capital of the Company as on the date of payment of the Subscription Amount by BCCL to the Company is Rs. 107963300 Rupees ten crore seventy nine lacs sixty three thousand and three hundred only) divided into one crore seven lacs ninety six thousand three hundred and thirty (10796330) equity shares of Rs. 10/- (Rupees Ten each). The statutory auditors shall further certify that there are no outstanding proposals for issue of bonus shares by the Company as on the date of payment of the Subscription Amount.
- (i) The Company shall ensure and the Promoter shall cause the Company to ensure that the authorised capital of the Company is sufficient for the issue of the Subscription Shares or has been increased accordingly to permit the issue of Subscription Shares to BCCL, as the case may be; and
- (j) Each of BCCL's, the Company's and the Promoter's representations and warranties in this Agreement (considered collectively), and each of such representations and warranties (considered individually), shall be accurate in all material respects as of the date of this Agreement and the date of allotment i.e.22/01/2008 of the Subscription Shares to BCCL.

Covenants

- (a) The Company and the Promoters, jointly and severally covenant that they shall use reasonable endeavours to cause an initial public offering of the Company ("IPO") within a period of 1 (One) year from the date hereof, including but not limited to obtaining all consents and approvals (corporate and otherwise) for the same in accordance with applicable laws. The Company and the Promoters further covenant that at the time of the IPO the Company shall disclose the material terms of this Agreement in the offer document to the satisfaction of BCCL.
- (b) The Company shall file and the Promoters shall cause the Company to make all necessary filings with the appropriate authorities in respect of the issue and allotment of the Subscription Shares.
- (c) BCCL covenants that the Subscription Shares shall be subject to a lock-in for a period of 3 (Three) years from the 22/01/2008 (Closing Date) or for such period as may be determined under applicable law at the time of IPO, whichever occurs earlier, subject to the Securities and Exchange Board of India (Disclosure and Investor) Protection Guidelines, 2000 (the "**DIP Guidelines**"). It is clarified that BCCL shall have the right to Transfer all the Subscription Shares in any manner at the expiry of the lock-in period mentioned herein in this Article 6.3. However, it is clarified that the provisions of this Article 6.3 shall not apply to transfer of Shares by BCCL to any of its affiliates, associates and/or group companies. Notwithstanding the above, BCCL shall be entitled to Transfer up to 50% of the Shares held by it at the end of a period of two years from the date hereof.
- (d) The Company hereby covenants to BCCL that the Company shall on a continuous basis furnish the following information to BCCL:
 - Unaudited quarterly profit and loss account statements of the Company within 45 (Forty-Five) days of the end of each quarter of the financial year of the Company;
 - Annual audited financials of the Company within 180 (One Hundred and Eighty) days, of the date of each financial year-end;
 - All details pertaining to the shareholding structure of the Company as on 31st of March every year, on or before the 1st of May of every year; and
 - Such other information and documents regarding the performance of the Company, as may be reasonably requested by BCCL.

- (e) In addition to what has been stated above, the Company shall provide and the Promoters shall cause the Company to provide, intimation to BCCL of all the details of any Fresh Offering made by the Company after the date hereof, within 5 (five) Business Days of such Fresh Offering.
- (f) The Company hereby agrees and covenants with BCCL that the Company shall and the Promoters shall cause the Company to take all necessary steps to ensure that all transactions of the Company with related parties shall take place on arms-length basis.
- (g) The Company hereby agrees and covenants with BCCL that it shall make, and the Promoters shall cause the Company to make all necessary endeavours to ensure the growth of the business of the Company. The Company and the Promoters, jointly and severally, further agree that, the Promoters shall not either alone or jointly with any other person directly or indirectly engage, in any business which competes with the business of the Company. Additionally, the Company and the Promoters, jointly and severally, further agree that, the Promoters shall continue to be associated with the Company on a full time basis, in relation to the business of the Company, for as long as BCCL holds any part of the Subscription Shares.
- (h) The Promoters shall not Transfer any of the Shares held by them at a price per Share lower than the Subscription Price, without the prior written of BCCL. Further the Promoters, or any of them, as the case may be, shall make available to BCCL details, including as to price, of all sales carried out in terms of Article 8.2.1 (Tag Along) below, no later than 7 (Seven) days from the date of entering into an agreement for such sale.
- (i) The Promoters and the Company hereby agree that any intellectual property rights developed or acquired in future, through the Company or any of its personnel, in relation to the business of the Company, shall be registered in the name of the Company and shall be to the benefit of the Company, to the exclusion of all others, including the Promoters, in perpetuity on and from the date hereof.
- (j) The Promoters and the Company agree that the Company shall not be merged with any other company, any division demerged, or in any way restructured without obtaining the prior written consent of BCCL for the scheme of merger, demerger or other restructuring as the case may be.
- (k) The Company shall not, and the Promoters shall ensure that the Company does not, issue Shares and/or Share linked securities to any entity, engaged directly or indirectly in the media industry, but not including BCCL and its group companies, at a price per Share being less than the equivalent of 130% (One Hundred and Thirty percent) of the Subscription Price.
- (l) The Promoters and the Company hereby undertake and agree that BCCL and/or any affiliate of BCCL, shall not be represented to any Person or in any disclosure, named or deemed as a 'promoter' in the prospectus or any other documents related to a public offering or otherwise and shall not be required to offer or make available the Shares held by BCCL for the purposes of any mandatory lock-in as applicable to 'promoters' under the DIP Guidelines in respect of public offerings or otherwise, nor shall any declaration or statement be made in this regard or in respect of making BCCL a "person acting in concert" with the Promoters (or any of them, as the case may be), either directly or indirectly, in filings with regulatory or governmental authorities as also stock exchanges, offer documents or otherwise.

Exit

(a) Put-Option

In the event that the IPO of the Company is not completed for any reason whatsoever within a period of 2(Two) years from the date hereof, BCCL shall have the right, by written demand signed by BCCL, to require the Promoters, jointly and severally, to purchase all or some of the Shares held by BCCL as indicated by BCCL in the abovementioned notice, at the price per Share being not less than the Sale Price. For the purposes of this Article 8.1, the “**Sale Price**” shall mean an amount equal to the Earning Per Share (“EPS”) * P/E multiple. EPS means EPS based on audited financial accounts for the financial year immediately preceding the date of exercise by BCCL of its right under this Article 8.1. For the purpose of this Article, P/E will be equal to 18 times. For the purpose of this Article 8.1 the Earning Per Share shall be adjusted for any stock split made by the Company from the 22/01/2008 (Closing Date) till the date of purchase of Subscription Shares by the Promoters. The EPS shall also exclude all non-recurring income and expenditure.

(b) Tag Along Right

Notwithstanding anything to the contrary in this Agreement subject however to Article 6.10 above, the Parties hereby agree that in the event the Promoters, or any of them, as the case may be, by themselves or through their affiliates, intends to Transfer all or part of their shareholding in the Company to a third party who is not an affiliate of the Promoters (the “**Third Party Offeror**”), the Promoters shall provide notice of such proposed sale to BCCL no later than 30 (thirty) days prior to the proposed closing of such sale. The Promoters, or any of them, as the case may be, shall not be permitted to carry out the sale unless simultaneously with the sale the Third Party Offeror makes an offer in writing to BCCL to purchase a pro-rata portion (i.e. a ratio of Shares of the Promoters proposed to be transferred to the Shares held by the Promoters at the time of the sale or disposal, as the case may be) of the Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror’s proposed acquisition of Shares from the Promoters, or any of them, as the case may be, including as to price (the “**Tag-Along Offer**”). The Third Party Offeror’s Tag-Along Offer shall remain open for acceptance for not less than 30 (thirty) days following delivery to BCCL of the offer of the Third Party Offeror.

Provided that in the event that any such sale or disposal by the Promoter results in the Promoter’s Shareholding falling below 75% of issued and outstanding capital of the Company (whether in a single transaction or a series of transaction related or otherwise), the Promoter shall not be permitted to carry out such sale or otherwise dispose of the Shares held by the Promoter, unless simultaneously with the sale, the Third Party Offeror makes an offer in writing to BCCL to purchase all the Subscription Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror’s proposed acquisition of Shares from the Promoters, including as to price.

If the Third Party Offeror refuses to purchase Shares from BCCL and BCCL notifies the Promoters in writing within 30 (Thirty) days following receipt by BCCL of the Promoter’s notice that it desires to sell Shares to the Third Party Offeror, the Promoters shall reduce the number of Shares proposed to be sold to the Third Party Offeror and BCCL shall sell to the Third Party Offeror, and Promoters shall ensure that the Third Party Offeror shall buy, a pro rata portion or all of the Shares held by BCCL at that time, as the case may be, on the same terms and conditions, including as to price, as described in Article 8.2.1 of the Agreement. It is clarified that the Promoters will not be permitted to sell any Shares to the Third Party Offeror, unless and until the Third Party Offeror has acquired all the Shares offered by BCCL on the terms and conditions, including as to price, as described in Article 8.2 of the Agreement.

(c) Right of First Refusal:

- i Subject to the lock-in restriction in respect of the Subscription Shares prescribed in Article 6.3 of this Agreement, BCCL shall have the right to sell the Subscription Shares or a part thereof by way of a negotiated deal to any third party in the manner provided in this Article.
- ii Before the completion of the IPO, if BCCL desires to Transfer the Subscription Shares, or a part thereof by way of a negotiated deal, BCCL shall first give a written notice ("**the Transfer Notice**") to the Promoters, stating BCCL's intention to Transfer the Subscription Shares, the number of the Subscription Shares proposed to be transferred, the identity and details of the proposed buyer and the price and the other terms and conditions at which BCCL proposes to Transfer the Subscription Shares.
- iii Upon receipt of the notice, the Promoters shall have the irrevocable and exclusive right to buy all the Subscription Shares offered by BCCL, by themselves or by a person/entity nominated by the Promoters, at the price and on the same terms and conditions as specified in the notice. Such a right shall be exercisable by a written notice from the Promoters to BCCL, within 30 (Thirty) days from the date of receipt of the notice sent by BCCL. In the event that the Promoters or any person/entity nominated by the Promoters does not buy the Subscription Shares specified in the notice, then BCCL shall have the right to sell the Subscription Shares to the said proposed buyer on terms not more favourable than those specified in the Transfer Notice.
- iv If the Promoters, by themselves or through an entity nominated by them, fails to purchase the Subscription Shares within 30 (Thirty) days from the date of the notice by which the Promoters exercised their right to buy the Subscription Shares, in addition to all other remedies available in law to BCCL, the Right of First Refusal in terms of this Article 8.2 shall stand extinguished.
- v The provisions of Article 8.3 shall also be applicable to Transfer of Shares by BCCL by way of a negotiated deal subsequent to an IPO of the Company. In such an event the period of 30 (Thirty) days referred to in Articles 8.3.3 and 8.3.4 shall stand reduced to a period of 3 (Three) days from the date of the Transfer Notice.

Termination

- (a) The Agreement may be terminated, and the transactions contemplated hereby abandoned, by either Party, if the Conditions Precedent set forth in Article 3 are not satisfied by the other party, or waived (to the extent permissible under applicable law), within 14 (Fourteen) days of the date hereof. The right to terminate as aforesaid shall be without prejudice to all the rights and remedies under law available to such Party including but not limited to the right to seek, as an alternative to termination, specific performance of obligations under this Agreement or terminate this Agreement and seek damages from any Party for the breach committed during the period prior to such termination.
- (b) Notwithstanding the provisions of Article 9.1 of the Agreement, either Party (the "Non-Defaulting Party") may terminate this Agreement at any time in the event of a breach by the other Party (the "Defaulting Party") of any of its material representations, warranties, covenants or other obligations under this Agreement, which breach or failure, if capable of cure or remedy, has not been cured or remedied by the Defaulting Party within 14 (Fourteen) days or such other extended time as may be mutually agreed to by the Parties of the receipt of written notice of such breach or failure from the Non-Defaulting Party. The termination by the Non Defaulting Party pursuant to a breach as aforesaid shall be without prejudice to all its rights and remedies under law available to the Non Defaulting Party including but not limited to the right to seek damages actual losses suffered or costs suffered by the Non-Defaulting Party on account of such breach, from the Defaulting Party. The ability of the Non Defaulting Party to terminate the Agreement pursuant to this Article shall not in any way prejudice the ability of the Non Defaulting Party to seek specific performance of the obligations under the Agreement by the Defaulting Party.

- (c) In no event shall a Party be liable, whether in contract, tort or otherwise for any special, indirect, incidental or consequential damages arising out of or in connection with this Agreement or any breach, non-performance or performance of any provisions hereof.
- (d) The provisions of Articles 7 & 8, as well as the miscellaneous provisions of Article 10 of the Agreement, shall survive the termination of the mentioned Agreement.

Other Agreements

We have entered into an advertising agreement with Bennett Coleman and Company Ltd. on 22/01/2008. The main provisions of the agreement are as follows:

Nature	:	The Company agrees to advertise on a non-exclusive basis only the products, services and brands owned and exclusively used by it in accordance with BCCL's extant policies and BCCL hereby agrees to carry such advertisements in BCCL Media in accordance with the terms and conditions set out in this Agreement. Provided that in respect of the advertisement spend of the products/brands acquired by the Company after the date of this Agreement, only the incremental advertisement spend (being any advertisement spend over and above the spend incurred by the previous owner of such products/brands in BCCL Media) computed on a yearly basis shall be deemed to be part of the Total Commitment utilised by the Company. This agreement shall also cover advertisements relating to corporate campaigns, financial information and recruitment requirements of the Company but shall not cover advertisement of any co-branded products.
Consideration	:	The Company hereby agrees to place advertisements of the value of Rs1,27,50,000/- (Rupees One Crore and Twenty Seven Lakh and Fifty Thousand only) net of agency commission in the BCCL Media (the " Total Commitment "), during the Term, provided that not more than 20% (Twenty percent) of its Total Commitment may be utilised by the Company towards advertisements to be released in BCCL Non-Print Media. Any unutilised Total Commitment in BCCL Non-Print Media may be utilised by the Company in BCCL Print Publications within the Term.
Term	:	This Agreement shall commence from the Commencement Date and continue for a period of 3 (Three) years on and from the Commencement Date (the " Term "), unless terminated earlier by the Parties in accordance with Article 6 of the Agreement.

Financial / Strategic Partners

There are no financial or strategic partners.

E) OUR MANAGEMENT

a. Our Board of Directors

The following table sets forth details regarding the members of our Board as of date of filing this RHP with ROC:

Sr. No.	Particulars	Residential Address	Other Directorships
1	Dr. S. K. Sundaramoorthy S/o Late Sri Kalianna Gounder Age: 63 years Qualification: MS, FRCS, FRCO Designation: Chairman & Managing Director Status: Executive & Non-independent DIN: 01582117 Occupation: Professional	Doctors quarters Lotus Eye Care Hospital 770/12, Avanashi Road, Coimbatore - 641014	Nil
2	Dr. Kaveetha Sundaramoorthy D/o Dr. S.K. Sundaramoorthy Age: 31 years Qualification: M.D. Designation: Director Status: Non independent DIN: 02050806 Occupation: Professional	No-151, Andrew Avenue, APT # 42, Nagutack, - 06770 United States of America	Nil
3	Ms. Sangeetha Sundaramoorthy D/o Dr. S.K. Sundaramoorthy Age: 29 years Qualification: M.Sc. Designation: Director Status: Non independent DIN: 01859252 Occupation: Software Professional	Doctors quarters Lotus Eye Care Hospital 770/12, Avanashi Road, Coimbatore - 641014	Nil
4	Mr. D. R. Karthikeyan S/o Shri Devarayapuram Ramaswamy Age: 68 years Qualification: B.Sc., B.L. Designation: Director Status: Independent DIN: 00327907 Occupation: Retired IPS Officer	5/27, Sarvapriya Vihar, New Delhi- 110016.	<ul style="list-style-type: none"> ▪ TAJ GVK Hotels and Resorts ▪ Magus Media Private Limited ▪ Star Health and Allied Insurance Company Limited ▪ Vidi Vedika Heritage Private Limited ▪ Raj TV ▪ Akruti City Ltd ▪ Syenergy Environics Limited

Sr. No.	Particulars	Residential Address	Other Directorships
5	Mr. G. R. Sundaravadivel S/o Shri G. Ramaswamy Age: 66 years Qualification: M.Com, B.G.L., CAIIB Designation: Director Status: Independent DIN: 0353590 Occupation: Service	#16, Agasthiar Street, Gandhi Nagar, Saligramam, Chennai – 600 093.	Gilt Securities Trading Corporation Ltd.- a Subsidiary of Canara Bank
6	Dr. Yogesh Shah S/o Shri Chaganlal Shah Age: 59 years Qualification: MBBS, DOMS, FCPS, MS Designation: Director Status: Independent DIN: 01916665 Occupation: Professional	Netra Mandir, Madona Colony Road, Borivli (West), Mumbai – 400 103.	Nil
7	Dr. S. S. Badrinath S/o Shri S. V. Srinivasa Rao Age: 67 years Qualification: FRCS (Canada) Designation: Director Status: Independent DIN: 02061027 Occupation: Professional	Basava Aparments No.2,No.42/25, 3,Trust Car Street, Mandavelipakkam-28, Chennai-28.	Nil

Dr. Kaveetha Sundarmoorthy has appointed Mr. P.K.Venkatachalam as alternate Directors and has communicated the same to the Company. The Board vide its resolution dated 16/10/2007 has taken the same on record. The detail of alternate director is as follows:

Sr. No.	Particulars	Residential Address	Other Directorships
1	Mr. P. K. Venkatachalam S/o Shri Kuppanna Gounder Age: 74 years Qualification: Nil Designation: Alternate Director DIN: 02189779 Occupation: Agriculturist	10 Mai Road Gobi 635305 Tamil Nadu India	Nil

Brief Profile directors of our Company is given below:

Dr. S. K. Sundaramoorthy, aged 63 years, is a renowned eye surgeon acknowledged worldwide. He is one of the teacher and trainer from India recognized by International college of Ophthalmology. He obtained his MBBS degree from the Stanley Medical College ,Chennai in 1971. After practicing for five years in Tirupur, he joined and completed MS (Opthal) in Madurai Medical College in 1980. He did a

fellowship programme in Retinal surgery in Sankara Netralaya, Chennai(1980-1982). Again he pursued his higher studies in United Kingdom, obtained twin super specialty degrees from prestigious London and Edinburgh Universities. During 1982-89 period he also served in various ophthalmic Institutions in UK such as Sunderland Eye Infirmary (as a senior House officer), Guys Hospital and St, Thomas Hospital (as Registrar), Singleton Hospital (as senior Registrar) and Eye & Ear Infirmary, Boston, USA as visiting fellow. He started private practice in Coimbatore from 1989 with a small team of doctors. The hospital was named as LOTUS EYE HOSPITAL AND RESEARCH CENTER.

In a span of 15 years the hospital activity branched out to four centers (Coimbatore 2, Salem, Tirupur). During this period he has introduced multiscan in 1998 for the first time in India and further introduced EPILASIK in 2004 for the first time in Southeast Asia.

He has trained more than 100 eye surgeons who are now practicing throughout the world and has the credit of performing more than 40000 successful surgeries.

He introduced three free screening schemes

1. ILAM VIZHIGAL (Young eyes) for school children
2. CRYSTAL CLEAR VISION for textile labourers in Tirupur
3. KALAMELLAM KAN PARVAI (Eternal vision) for patients suffering from Glaucoma disorder.
4. First free IOL surgery for camp patients in India in 1994.
5. First Eye Hospital to introduce no stitch Phaco for cataract.

Dr. S.K. Sundaramoorthy and his wife Late. Mrs Kalaivani promoted Lotus Vision Research Trust in 1992 with an aim to provide free eye care facilities for students, labourers, villagers and surgery facilities for economically backward people. The trust provides free transport, food, accommodation, surgery to the identified patients. During 2007 more than one lakh persons were freely screened and 147 free cataract surgeries were conducted. The service is being extended from 1992. To appreciate this efforts "Lions International", Pollachi and Dharapuram chapters has awarded Dr. S. K. Sundaramoorthy with a title of "Kannoli Kavalalar" means Saviour of Eye Sight.

Dr. Kaveetha Sundaramoorthy, aged 31 year, is a daughter of Dr.S.K.Sundaramoorthy. She has completed MBBS in Coimbatore medical college in the year 2000. Presently she is doing her residency programme in medicine in University of Connecticut,USA.

Ms. Sangeetha Sundaramoorthy, aged 29 years, is software professional. She graduated in 2002 from Bharathiar University and now pursuing MBA from Madras University, Chennai.

Mr. D. R. Karthikeyan, aged 68 years, is an IPS officer with many years of illustrious track record and recipient of several national/international awards/honours such as President's Police medal for meritorious and distinguished service, "Jewel of Delhi" from All India Conference of Intellectuals, New Delhi, "Atma Jyoti" from International Vedic Convocation for the services rendered to the society, "Humanitarian Award" from Integral Yoga International, USA for outstanding achievement in service to Humanity, the Rajiv Gandhi National Award for Harmony at the South Asia Interfaith Harmony Conclave 2007. He has served the Country as DIG (Railways) from 1980 to 1984, Director General (CRPF) from 1989 to 1991, Director of Trade Promotion in Australia from 1984 to 1989, Diplomat and head of Chancery and Consular Division of the Embassy of India in Moscow from 1974 to 1977, Director (CBI) from 1991 to 1998, and Director General in National Human Rights Commission from 1999 to 2001. He has authored books like "Human Rights- Problems and Solutions", "Pathways out of Terrorism and Insurgency: the dynamics of Political Violence and Peace Process in contemporary Societies". Presently he is associated with various Indian and International organisations both at institutional and Government level such as Law, Human Rights, Corporate affairs.

Mr. G. R. Sundaravadivel, aged 67 years, is M.Com & CAIIB by qualification. He has over 37 years experience in various nationalised banks such as Indian Bank, out of which 15 years at top management cadre and 4.5 years as Executive Director in United Bank of India- Appointed by Ministry of Finance, Government of India. He has also been appointed as Banking Ombudsman for the states of Kerala & Union Territory for a period of 2 years by Governor, Reserve Bank of India. Presently he is a director in the board of GILT SECURITIES TRADING CORPORATION-a subsidiary of Canara Bank.

Dr. Yogesh Shah MS, FCPS -aged 59 years is a leading eye surgeon in Mumbai .He is the chairman of Netra Mandir, Borivli, Mumbai and President of Dr.C.M.Shah Memorial Charitable Trust .He is also member of several All India ophthalmic Organisations and teacher for MBBS and Post Graduate Students in Ophthalmology. He has authored several chapters in Ophthalmology and delivered lectures in various national and international forums

Dr. S. S. Badrinath, aged 67 years, is a leading Eye surgeon in India. He graduated in Ophthalmology from New York University and completed post graduation from Brooklyn Eye and Ear Infirmary, Boston. He is the founder of Medical Research Foundation which started Sankara Netralaya, a hospital unit, a non profit making organization. He is also chairman of Sankara Netralaya. He is a consultant in ophthalmology to the armed forces of India and a non-official member of the Armed Forces Medical Research committee. He has many scientific publications to his credit.

Over the past five decades his contribution to the society has been recognised by various organizations. Some of the major awards received by him are as follows:

- “Padma Sri” by Govt. of India in 1983
- “Padma Bhushan” by Govt. of India in 1999
- Dr. B.C. Roy national Award in 1991
- Dhanvantri Award in 1991
- Dadhabhai Naoroji Award in 2004
- Rameshwardas Birla Award in 2004

Details of Borrowing Powers of the Directors

The Company has passed an ordinary resolution at its EGM held on 24/12/07 in terms of the provisions of section 293(1)(d) of the Act, whereby it has authorized the Board of Directors to borrow money up to Rs.30crore from time to time.

b. Compensation of Directors

Compensation to Managing Director

Dr. S. K. Sundaramoorthy is appointed as Chairman and Managing Director of the Company for the period of 5 years w.e.f. 1/12/2007. The brief terms of the appointment are as follows:

- | | | |
|--|----------|---|
| Salary, perquisites and allowance | : | Rs.150000/- per month |
| Other terms | : | Company maintained car, Accomodation, telephone, mobile to be provided by the Co. |

Compensation to Non-Executive Director

All the Non-Executive Directors are entitled for sitting fee of Rs. 3000/- for attending each Board Meeting. No sitting fees is payable to the Executive Director.

c. Compliance with Corporate Governance Requirements:

The Guidelines issued by SEBI in respect of Corporate Governance will be applicable to our Company immediately upon applying for in-principle approval for listing of our Equity Shares on the Stock Exchanges. Accordingly, we have undertaken steps to comply with the SEBI Guidelines on Corporate Governance.

I. Composition of the Board of Directors

The Board has Seven Directors and one Alternate Director, out of which four are independent directors in accordance with the requirements of Clause 49 of the listing agreement of the Stock Exchanges. The Chairman of the Board is an executive Director.

Name	Designation	Status
Dr. S. K. Sundaramoorthy	Chairman & Managing Director	Promoter
Dr. Kaveetha Sundaramoorthy	Director	Promoter
Mr. P. K. Venkatachalam	Alternate Director to Dr. Kaveetha Sundaramoorthy	Promoter
Ms. Sangeetha Sundaramoorthy	Director	Promoter
Mr. D. R. Karthikeyan	Director	Independent
Mr. G. R. Sundaravadivel	Director	Independent
Dr. Yogesh Shah	Director	Independent
Dr. S. S. Badrinath	Director	Independent

II. Corporate Governance Committees

We have constituted following committees in compliance of corporate governance norms, details of which are as follows:

1. Audit Committee

The Audit Committee was constituted on 16/10/2007. The Committee currently consists of three directors. The terms of the Audit Committee as per the terms of its constitution, comply with the requirements of section 292 A of the Companies Act and Clause 49 of the listing agreement to be entered into with the Stock Exchange (S).

Composition of Audit Committee is as follows:

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1.	Mr.G.R.Sundaravadivel	Chairman	Director (Independent)
2.	Mr.D.R.Kaarthikeyan	Member	Director (Independent)

3.	Ms. Sangeetha Sundaramoorthy	Member	Director (Non-Independent)
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The essential functions of the Audit Committee are as illustrated in the clause 49 of the listing agreement to be entered by the Company with the Stock Exchanges which also include the function of reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

2. Remuneration Committee

The Remuneration Committee was constituted by the Company on 16/10/2007.

Composition of Remuneration Committee is as follows:

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1.	Mr.D.R.Kaarthikeyan	Chairman	Director (Independent)
2.	Ms. Sangeetha Sundaramoorthy	Member	Director (Non-Independent)
3.	Dr.Yogesh Shah	Member	Director (Independent)

The Company Secretary of the Company shall be the secretary of this Committee.

The role of the Remuneration Committee is to review and determine the remuneration packages for Managing Director as well as Whole-time Director(s) and key managerial personnel including pension rights and any compensation payment.

3. Share Transfer & Investor Grievance Committee

The Share Transfer & Investor Grievance Committee was constituted at the Board Meeting of the Company held on 16/10/2007.

Composition of Share Transfer & Investor Grievance Committee is as follows:

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1.	Mr.G.R.Sundaravadivel	Chairman	Director (Independent)
2.	Mr.D.R.Kaarthikeyan	Member	Director (Independent)
3.	Dr.S.K.Sundaramoorthy	Member	Director (Non-Independent)

The Company Secretary of the Company shall be the secretary of this Committee.

The terms of reference of the Share Transfer & Investor Grievances Committee are to look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

d. Shareholding of the Directors

Sr. No.	Name	No. of Shares	% of Post Issue Share Capital
1.	Dr. S. K. Sundaramoorthy	9205710	44.27
2.	Ms. Sangeetha Sundaramoorthy	1097400	5.28
3.	Dr. Kaveetha Sundaramoorthy	223050	1.07
4.	Mr. P. K. Venkatachalam (Alternate Director to Dr. Kaveetha Sundaramoorthy)	14870	0.07
5.	Mr. Devarayapuram Ramasamy Karthikeyan	Nil	Nil
6.	Mr. Ganapathy Ramasamy Sundaravadivel	Nil	Nil
7.	Dr. Yogesh Shah	Nil	Nil
8.	Dr. S. S. Badrinath	Nil	Nil

Qualification Shares required to be held by our Directors

Our directors are not required to hold any qualification shares.

e. Interest of our Directors

All our executive directors of the Company are interested to the extent of remuneration paid to them for services rendered to the Company.

All our non executive directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of sitting fees and/or reimbursement of expenses payable to them as per the applicable laws.

Our directors may also be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any Company in which they hold Directorships or any partnership/proprietorship firm in which they are proprietor/partners as declared in their respective declarations.

Changes in the Board of Directors during last three years

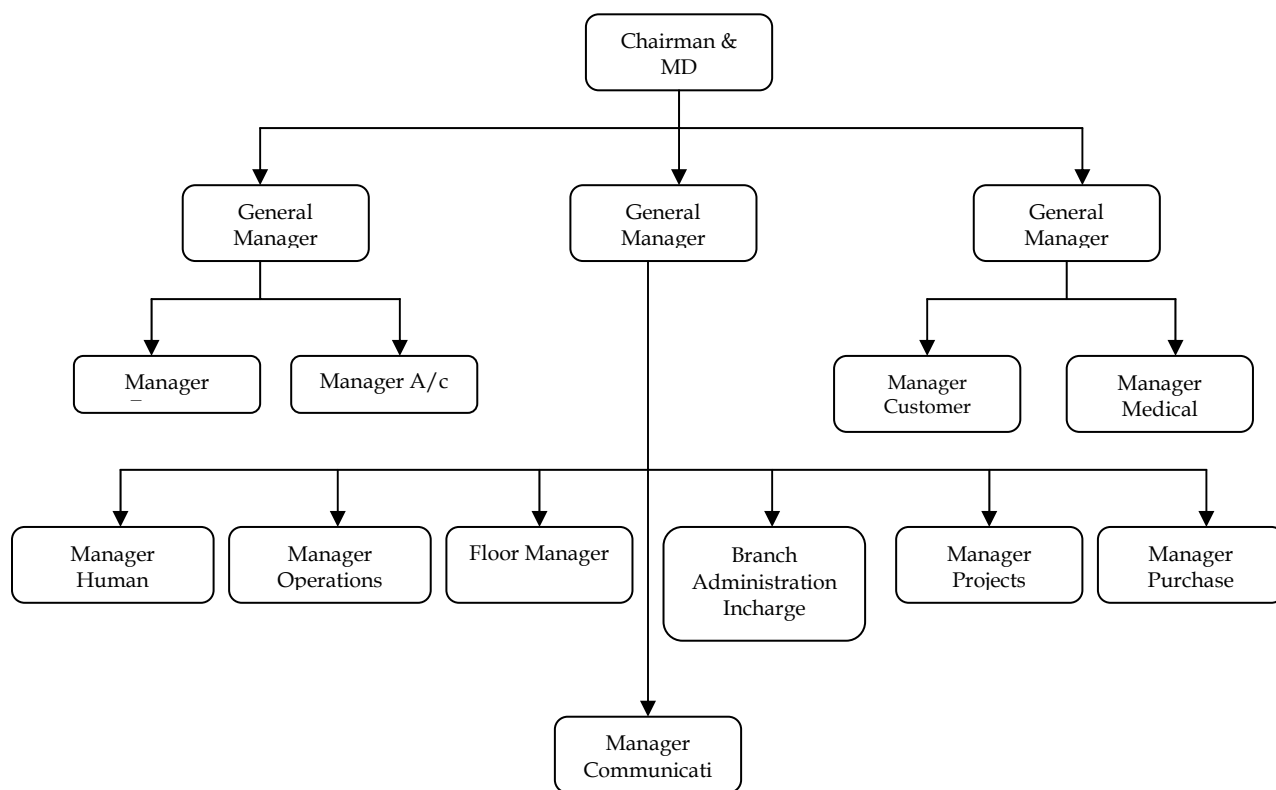
The changes in the Board of Directors of our Company in last three years are as follows:

Name of the Director	Date of Change	Reasons for Change
Ms. Sangeetha Sundaramoorthy	14/03/2006	Appointed as Additional Director
Mr. D. R. Kaarthikeyan	16/10/2007	Appointed as Additional Director
Mr. G.R. Sundarvadivel	16/10/2007	Appointed as Additional Director
Dr. Yogesh Shah	16/10/2007	Appointed as Additional Director

Dr. S. S. Badrinath	16/10/2007	Appointed as Additional Director
Mr. P.K Venkatachalam	16/10/2007	Resigned as Regular Director
Mr. P.K. Venkatachalam	16/10/2007	Appointed as Alternate Director for Dr. Kavetha Sundaramoorthy

f. Management Organization Structure

Our proposed management structure shall be as follows:



g. Key Management Personnel

The details of our Key Managerial Personnel are as follows:

Sr. No.	Name, (Age)	Designation	Qualification	Date of Appointment	Exp.	Previous Employer	Annual Remuneration (Rs. in lacs)
1	Dr. S.K. Sundaramoorthy (63)	Managing Director	M.B.B.S, M.S, F.R.C.S	01.12.2007	30	Medical Professional	18.00
2	Mr. Shanmugam (58)	Advisor-Operations	IAS(Retd)	01/07/2007	34	Government of India	6.00
3	Mr. K. Deivaraju (57)	Advisor – Finance	B.Sc., CAIIB	01/07/2005	34 years	Canara Bank	1.92
4	Mr. R. Sivaramakrishna (51)	Consultant – Finance	BSc,FCA	15/03/2007	23 years	ADIA, Dubai	3.00

Sr. No.	Name, (Age)	Designation	Qualification	Date of Appointment	Exp.	Previous Employer	Annual Remuneration (Rs. in lacs)
5	Mr. S. Raveendar (42)	Company Secretary	MComFCA, ACS	20/09/2007	17 years	Metropolitan group of Cos.Kampala	3.60
6	Mr. Venkatesan (45)	Asst.Gen.era lManager-Marketing	M.A (Econ), B.Sc., DBM	17/09/2007	22 years	Vinayaga mission,Salem	3.24
7	Mr. P.K.M. Kamaluddin (44)	Manager – Development	BSc.DBM	08/05/2007	20 years	Koyenga Group of Cos.	1.44
8	Dr. Madhusudan (39)	Asst. Medical Director	MBBS, D.O., DNB	15/03/2001	17	Sankara Nethralaya	12.00
9	Dr. Prince Eapen (35)	Senior Consultant	MS, FRCS	15/06/2004	8 years	Arvind Eye Hospital	16.80
10	Dr. Dhanraj Rao (34)	Senior Consultant	MS	01/04/2006	9 years	LV Prasad Eye Institute	12.00
11	Dr.Sashi kumar (35)	Asst.Medical Director	MS,FRVS	15/07/2004	8 years	Arvind Eye Hospital	13.20
12	Dr.Senthil(35)	Senior Consultant	MBBS,DO	18/01/2001	9 years	Vasan Eye Hospital,Karur	5.40

Note: None of the key managerial personnel are relatives of the promoters. As on date all the employees named above are on the roll of our Company as permanent employees.

Shareholding of the Key Managerial Personnel:

The Key Managerial Personnel of the Company do not hold any shares in our company as on the date of this RHP. excepting Dr. S.K. Sundaramoorthy, Managing Director of the Company who holds 92,05,710 equity shares of Rs. 10/- each.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Currently, we do not have a performance-linked bonus or a profit sharing scheme for key managerial personnel. However, key managerial personnel are entitled to bonus payable annually. The key managerial personnel do not have any interest in the Company other than to the extent of the remuneration of benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them, if any in our Company.

Loans to key managerial personnel

There are no loans outstanding in the name of our key managerial personnel as on 31/09/2007.

Changes in the Key Managerial Personnel in the last three years:

Except for the following, there have been no changes in the Key Managerial Personnel of the Company in the last three years:

Sr. No	Name	Designation	Date of Change	Reason
1.	Mr. K. Deivaraju	Advisor – Finance	01/07/2005	Appointed
2.	Mr. R. Sivaramakrishnan	Consultant – Finance	15/03/2007	Appointed
3.	Mr. Sudeer	Vice President- Marketing	11/05/2007	Resigned
4.	Mr. Shanmugam	Advisor – Operations	01/07/2007	Appointed
5.	Mr. Krishnan	Vice President – Operations	31/08/2007	Resigned
6.	Mr. S. Raveendar	Company Secretary	20/09/2007	Appointed

h. Employees

Our total manpower strength is 209 personnel, out of which 160 are compensated directly by us (including doctors) and 49 are on contractual basis. We expect that the number of our hospital personnel will increase as we expand. The table below summarizes of personnel at each of our hospitals as at December 31, 2007

S.No	Category	Peelamedu, Coimbatore	R.S.Puram Coimbatore	Salem	Tirupur	Total
1	Consultants	8	2	4	2	16
2	Optometrists	11	2	5	2	20
3	Nurses	12	3	3	2	20
4	Semi-Skilled	20	3	11	8	42
5	Administration	32	7	12	11	62
6	Trainee/unskilled and casual labour	35	3	6	5	49
Total		118	20	41	30	209

i. Disclosures Regarding Employees Stock Option Scheme/ Employees Stock Purchase Scheme

Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.

F) OUR PROMOTERS

- 1 Dr. S. K. Sundaramoorthy**, aged 63 years, is a renowned eye surgeon acknowledged worldwide. He is one of the teacher and trainer from India recognized by International college of Ophthalmology. He obtained his MBBS degree from the Stanley Medical College ,Chennai in 1971. After practicing for five years in Tirupur, he joined and completed MS (Opthal) in Madurai Medical College in 1980. He did a fellowship programme in Retinal surgery in Sankara Netralaya, Chennai(1980-1982). Again he pursued his higher studies in United Kingdom, obtained twin super specialty degrees from prestigious London and Edinburgh Universities. . During this period he also served in popular ophthalmic Institutions in UK such as Sunderland Eye Infirmary (as a senior House officer), Guys Hospital and St, Thomas Hospital (as Registrar), Singleton Hospital (as senior Registrar) and Eye & Ear Infirmary, Boston, USA as visiting fellow. He started private practice in Coimbatore from 1989 with a small team of doctors. The hospital was named as Lotus Eye Hospital and Research Center.



Passport No.	F 8977931
Voter Identity No.	N.A.
Driving License No.	R/TN038/019662/2002

- 2 Mr.P.K.Venkatachalam** is an agriculturist in Gobichetipalayam, Tamil Nadu. He is father-in-law of Dr. S.K.Sunderamoorthy.




Passport No.	N.A.
Voter Identity No.	N.A.
Driving License No.	TN37 19620001989

- 3 Dr.Kaveetha Sundaramoorthy** has completed her MBBS in Coimbatore Medical College in 2000. Presently she is doing her Post Graduate residency programme in medicine in University of Connecticut,USA. She is daughter of Dr. S.K. Sunderamoorthy.



Passport No.	F3916801
Voter Identity No.	N.A.
Driving License No.	N.A.

<p>4 Ms. Sangeetha Sundaramoorthy is Postgraduate in software and trained group leader. At present she is pursuing her MBA in Madras University. She is daughter of Dr. S.K. Sunderamoorthy.</p>	
<p>Passport No. N.A.</p>	
<p>Voter Identity No. N.A.</p>	
<p>Driving License No. N.A.</p>	

The Permanent Account Number, Bank Account Number and Passport Number, of all the Promoters have been submitted to BSE and NSE.

Common Pursuits

We do not have any Group Company.

Interest of Promoters

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

Except as mentioned above the promoters do not have any interest in the business of the company.

Payment or benefit to Promoters of the Issuer Company

Other than the salary and remuneration of the Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoters of the Company.

Related Party Transactions as per Financial Statements

For details of related party transactions please refer to page no.86 of this Prospectus.

G) CURRENCY OF PRESENTATION

In this RHP, all references to “Rupees” “Rs.” are to the legal currency of India and all references to “U.S. Dollars”, and “US\$” are to the legal currency of the United States.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this RHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Restated Financial Statements prepared as per Indian GAAP.

For the convenience of the Shareholders, as far as possible the reporting unit has been maintained as Rupees in Lacs (Rupees in Hundred Thousands).

H) DIVIDEND POLICY

The declaration and payment of dividends in future, if any, will be recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition.

Till date we have not declared any dividend to our shareholders.

V: FINANCIAL STATEMENTS

A) FINANCIAL INFORMATION OF THE ISSUER COMPANY

AUDITOR'S REPORT

The Board of Directors
Lotus Eye Care Hospital Ltd.
770/12, Avinashi Road,
Civil Aerodrome Post,
Coimbatore-641014

Dear Sirs,

We have examined the financial information of Lotus Eye Care Hospital Limited ("Lotus" or the "Company") annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

1. paragraph B (1) of Part II of Schedule II to the Indian Companies Act, 1956 ("the Act");
2. the Securities & Exchange Board of India ("SEBI")(Disclosure & Investor Protection) Guidelines 2000 (the "Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

We have examined such financial information taking into consideration:

- the terms of reference received from the Company vide their letter dated 03.10.2007, requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO;
- the Guidance Note (Revised) on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India.

A. Financial information as per Audited Financial Statement:

We have examined & restated the attached 'Restated Summary Statement of Assets and Liabilities' of the Company as at 31st December, 2007, 31st March, 2007, 31st March, 2006, 31st March 2005, 31st March 2004 and 31st March, 2003 (Annexure 1) and the attached 'Restated Summary Statements, Profit and Loss (Annexure 2) and the attached 'Restated Statement of Cash Flows (Annexure 3) for Nine months period ended 31st December 2007 and each of the years ended 31st March 2007, 2006, 2005, 2004 and 2003 together referred to as 'Restated Summary Statements'. These Summary Statements have been extracted from the financial statements of the March, 2003, 2004, 2005, 2006 and 2007 audited by us and the other auditors of the Company for those years, and have been adopted by the Board of Directors/Members for those respective years. The financial statements for the Nine Months period 31st December, 2007 have been adopted by the Board of Directors and examined by us. Based on our examination of these summary statements, we state that:-

- i The 'Restated Summary Statements' have to be read in conjunction with the notes given in Annexure 12 to this report
- ii The 'Restated Summary Statements' of the Company have been restated with retrospective effect to

reflect the significant accounting policies being adopted by the Company as on 31st December 2007.

- iii The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they are related.
- iv No dividend has been declared during the Year ended March, 2003, 2004, 2005, 2006 and 2007
- v There have been no contingent liabilities in the Company.
- vi In respect of unsecured loans obtained from parties covered by register maintained U/s.301 of the Companies act, no interest is charged upto the period ended 31st December 2007 and are repayable on demand. Other Unsecured loans obtained are repayable on monthly installments in which interest element is not explicit.

B. Other Financial Information :

We have examined the following information in respect of the Nine Months period ended 31st December 2007 and the year ended 31st March, 2007, 2006, 2005, 2004 and 2003 of the Company, proposed to be included in the RHP, as approved by the Board of Directors and annexed to this report:

- i) Restated Schedule of Assets and Liabilities, Annexure-1
- ii) Restated Schedule of Profit or Loss, Annexure- 2
- iii) Restated Schedule of Cash flow statement, Annexure- 3
- iv) Notes to the restated financial statement , Annexure –4
- v) Significant Accounting policies for restated financial statement, Annexure – 5
- vi) Restated Schedule of other income, Annexure-6
- vii) Schedule of Loans, Annexure-7
- viii) Unsecured Loans, Annexure-8
- ix) Schedule of Sundry Debtors, Annexure-9
- x) Restated Related Party disclosure, Annexure-10
- xi) Accounting Ratios, Annexure-11
- xii) Statement of Taxation, Annexure- 12
- xiii) Capitalisation Statement, Annexure-13

In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the Nine months period ended. 31st December, 2007 and for the year ended 31st March, 2007, 2006, 2005, 2004 and 2003 have been prepared in accordance with Part II of schedule II of the Act and the Guidelines.

This report should not in any way be construed as a re-issuance or re-drafting of any of the previous audit report by other firms of Chartered Accountants or by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any, other purpose without our prior written consent.

For Vekam and Associates

Chartered Accountants

Sd/-

M.P.Panneerselvan.

Partner

Membership No. 005256S

Place : Coimbatore

Date :22/05/2008

ANNEXURE - 1

RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

Particulars	For the Financial Year ended					
	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2007	2006	2005	2004	2003
<u>Fixed Assets</u>						
Gross Block	2,308.38	2,094.40	847.01	781.09	631.62	607.30
Less: Depreciation	429.55	352.99	262.98	267.87	206.47	147.54
Net Block	1,878.82	1,741.41	584.03	513.22	425.15	459.76
Capital Work in Progress	80.90	42.20	-	-	-	-
TOTAL - A	1,959.72	1,783.61	584.03	513.22	425.15	459.76
Investments-B	-	-	-	-	0.03	-
Current Assets ,Loans and Advances						
Inventory	77.45	37.89	2.65	2.55	0.42	-
Sundry Debtors	28.97	10.43	0.38	-	-	-
Cash & Bank balances	96.50	61.04	24.55	9.18	5.09	3.88
Loans And Advances	459.94	477.02	126.94	26.80	34.98	14.53
TOTAL -C	662.85	586.38	154.52	38.53	40.49	18.41
Total Assets (A+B+C)=D	2,622.57	2,370.00	738.55	551.75	465.67	478.17
<u>Liabilities and Provisions</u>						
Secured Loans	740.22	689.72	223.97	243.74	167.54	199.27
Unsecured Loans	20.07	41.87	124.48	78.68	70.08	82.88
Deferred Tax Liabilities	13.15	13.15	18.48	22.73	14.08	4.85
Current Liabilities	87.31	47.84	33.61	11.83	17.85	73.41
Provision	118.53	71.89	11.48	6.17	3.25	-
TOTAL -E	979.28	864.47	412.02	363.16	272.81	360.41
Net Worth(D-E)	1,643.29	1,505.53	326.54	188.59	192.86	117.76
Net Worth represented by						
Share Capital	1,054.13	200.00	200.00	125.00	125.00	78.00
Share Capital Advance	-	508.90	11.00	-	-	-
Reserves and Surplus	615.61	802.06	115.54	63.59	67.86	39.76
TOTAL	1,669.74	1,510.96	326.54	188.59	192.86	117.76
Less: Misc.Expenditure (to the extent not written off or adjusted)	26.45	5.43	-	-	-	-
Net worth	1643.29	1,505.53	326.54	188.59	192.86	117.76

ANNEXURE - 2

RESTATED STATEMENT OF PROFIT AND LOSSES

(Rs. in Lakhs)

PARTICULARS	For the Financial Year ended					
	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2007	2006	2005	2004	2003
<u>INCOME</u>						
Sales						
Of the Services rendered by the company	807.00	674.53	242.98	182.96	142.08	112.50
Other Income	50.72	20.22	53.82	38.34	31.09	0.26
Increase/(Decrease) in Inventory	39.55	35.24	0.10	2.14	0.42	-
Total	897.27	729.90	296.90	223.44	173.59	112.76
<u>EXPENDITURES</u>						
Purchase	183.89	136.77	48.10	28.70	17.55	-
Staff Costs	81.23	68.20	14.07	14.24	8.17	4.93
Service expenses	78.66	66.74	7.96	-	-	-
Administrative Expenses	152.09	170.48	73.52	91.13	30.22	31.99
Earning before Interest and Tax	401.41	287.80	153.25	89.37	117.66	75.84
Depreciation	76.57	97.96	73.63	61.40	58.93	66.44
Interest	57.30	22.81	21.88	23.20	18.07	11.33
Net Profit before Tax from Dr.SKSECC(P)Ltd	-	19.46	-	-	-	-
Net Profit before Tax	267.46	186.49	57.74	4.77	40.65	(1.93)
<u>Provision for Taxation</u>						
Current Tax	102.44	62.00	9.72	0.39	3.25	-
Deferred Tax	-	(5.32)	(4.25)	8.65	9.23	0.57
Fringe Benefit Tax	1.57	1.13	0.34	-	-	-
Net Profit After Tax	163.45	128.68	51.94	(4.27)	28.17	(1.35)
Adjustment on account of prior period expenses		2.93	-	-	-	-
Adjusted Profit	158.79	125.75	51.94	(4.27)	28.17	(1.35)

ANNEXURE - 3
RESTATED CASH FLOW STATEMENT

(Rs. In Lakhs)

	PARTICULARS	For the Financial Year ended					
		31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
		2007	2007	2006	2005	2004	2003
A	CASH FLOW FROM OPERATING ACTIVITIES						
	Profit before tax and appropriations	262.79	186.49	57.74	4.77	40.65	(1.93)
	Adjustments for :						
	Depreciation	76.57	97.96	73.63	61.40	58.93	66.44
	(Profit)/Loss on sale of Fixed Assets	-	(4.08)	(17.03)	-	-	-
	Income on Investments	(23.63)	(1.82)	-	(0.13)	(0.09)	-
	Preliminary expenses W/off	-	0.10	-	-	-	-
	Interest Expenses	62.05	22.81	21.88	23.20	18.07	11.33
	Operating Profit before Working Capital Changes	377.78	301.46	136.22	89.24	117.56	75.84
	Adjustment for :						
	(Increase)/ Decrease in Sundry debtors	(18.56)	(10.05)	0.38	-	-	-
	(Increase)/ Decrease in Loans & advances	17.11	(350.08)	(89.48)	8.22	(20.49)	20.73
	(Increase)/ Decrease in Inventories	(39.55)	(35.24)	(0.10)	(2.14)	(0.42)	-
	Increase/ (Decrease) in Current Liabilities	55.42	21.59	10.01	(3.48)	(55.57)	63.11
	Cash generated from /(Used in)operations	392.19	(72.32)	56.27	91.83	41.08	159.69
	Tax paid	73.32	10.04	3.64	-	-	9.30
	Others	21.02	5.42				
	Net cash generated from/(Used in) operating activity	297.85	(87.78)	52.63	91.83	41.08	150.39
B	CASH FLOW FROM INVESTING ACTIVITIES						
	Purchase of Fixed Assets	(213.97)	(1,256.79)	(232.54)	(149.46)	(24.33)	(353.82)
	Capital WIP	(38.70)	(42.20)	-	-	-	-
	Sales of Assets	-	5.35	105.13	-	-	-
	Investments	-	-	-	-	(0.03)	-
	Interest Received	23.63	1.82		0.13	0.09	
	Net cash generated from/(Used in) investing activities	(229.04)	(1,291.82)	(127.41)	(149.33)	(24.26)	(353.82)

	PARTICULARS	For the Financial Year ended					
		31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
		2007	2007	2006	2005	2004	2003
C	CASH FLOW FROM FINANCING ACTIVITIES						
	Interest Expenses	(62.05)	(22.81)	(21.88)	(23.20)	(18.07)	(11.33)
	Increase/(Decrease) in Secured Loans	50.51	388.36	(19.77)	76.20	(31.74)	141.50
	Share Capital	-	1,055.75	86.00	-	47.00	
	Increase/(Decrease) in Un-Secured Loans	(21.80)	(5.20)	45.79	8.60	(12.80)	72.71
	Net cash from/(Used in) financing activities	(33.35)	1,416.10	90.14	61.60	(15.61)	202.87
	(Increase)/ Decrease in Cash and cash equivalents	35.46	36.50	15.36	4.10	1.21	(0.56)
	Cash and cash equivalents as at the beginning of the Year	61.04	24.54	9.18	5.08	3.88	4.44
	Cash and cash equivalents as at the end of the Year	96.50	61.04	24.54	9.18	5.09	3.88

ANNEXURE - 4

NOTES TO THE FINANCIAL STATEMENT

1. Dividend:

No dividend has been declared during the Year ended March, 2003, 2004, 2005, 2006 and 2007.

2. Contingent liabilities:

There have been no contingent liabilities of the company.

3. Prior period expenses:

No prior period expenses during the year ended March, 2003 to 2006 except employee's Provident fund relating to the prior period were deducted and paid during March 2007. Interest on term loan of Rs.458334/- and interest on car loan (A/c.No.11188603) of Rs.7894.62/- previously reduced from the term loan for the year ended 31st march 2007 were now corrected and charged for the period ended 31st December 2007.

4. Foreign exchange:

The acquisition of fixed assets, the gains or losses on transactions are adjusted to the cost of such assets during the year ended March 2003 to 2005. The difference due to exchange fluctuation on payment under deferred payment guarantee scheme on purchase of imported machine has been capitalized.

5. Borrowing cost:

Borrowing cost that are attributable to the acquisition or construction of assets are capitalized as part of the cost of such assets upto the date when such assets are ready for intended use. All other borrowing costs are charged to revenue.

6. Amalgamation:

- Pursuant to the scheme of Amalgamation, Dr. SKS EYE CARE CENTRE (P) LTD merged with LOTUS EYE CARE HOSPITAL (P) LTD as approved by the Honorable High Court of Madras on 9th July 2007.
- The Amalgamation has been accounted for under the 'Merger method' as prescribed by Accounting Standard 14, "Accounting for Amalgamations", issued by the Institute of Chartered Accountants of India. In accordance with the scheme, the assets and liabilities of DR.SKS EYE CARE CENTRE (P) LTD have been taken over at their book value.
- In terms of the Scheme, the company is required to allot 558 equity shares of Rs.100/-each in respect of every 100 equity shares of Rs.10/- each fully paid up held by them in Dr.S.K.S.Eye Care Centre (P) Ltd
- Assets, Liabilities and licenses held in the name of Dr.S.K.S.Eye Care Centre (P) Ltd are in the process of being transferred in the name of the Company.

7. Segment Disclosure::

The Company is operating only in one segment i.e.specialized Eye Care (Hospital) services.

8. *The adjustments on account of the restatements in the financial statements are as follows:*

- During the financial year 2005-2006 few transactions were classified under “Deposits & Advances” category. However recognizing the real nature of the transactions, the same were re-grouped under head “Sundry Debtors” while restating the financial statement.
- Expenses are bifurcated in the heads of “Purchase”, “Staff Cost”, Service expenses” and “Administrative Expenses” and restated accordingly in each financial year.
- Other income for the financial year ending from 2003 to 2005 is restated by including rent receipt during the respective year.

Summary of results of restatements made in audited financial statement of the Company for respective period/years and their impact on the profits & losses of the Company is as under:

Particulars	For the Financial Year ended					
	31-Dec 2007	31-Mar 2007	31-Mar 2006	31-Mar 2005	31-Mar 2004	31-Mar 2003
Difference in Profit on account of restatement	Nil	Nil	Nil	Nil	Nil	Nil
Adjustment for:						
Sundry Debtors	-	-	0.38	-	-	-
Loans & Advances	-	-	(0.38	-	-	-
Other Income				9.45	9.57	0.15
Rent Receipts				(9.45)	(9.57)	(0.15)

9. During the financial year 2005-2006 the machinery worth Rs.1.67 cr. was destroyed due to fire accident. During this year the Company has bought new machinery worth Rs.2.22 cr. Due to the said fact there has been increase in gross block of fixed assets. However there has been decrease in cumulative depreciation due to fact that the depreciation on destroyed machinery amounting to Rs.78.52 lacs was reversed.

CLARIFICATION NOTE:

Points No.1&2 are not found in earlier audited statements for financial year 2003-04 and 2004-05 audited by other auditor i.e. Mr.T.Nandhagopal, MembershipNo.18050, Gowtham center, 1055/27, Avinashi road,Coimbatore 641 018, and we express our opinion based on financial statements.

ANNEXURE - 5

Significant Accounting Policies

1. ACCOUNTING CONCEPTS:-

The company follows the mercantile system of accounting and recognized income and expenditure on accrual basis. The accounts are prepared on historical cost basis and as going concern. Accounting policies not referred to otherwise are constant with generally accepted accounting principles and Accounting standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956.

2. FIXED ASSETS AND 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.

3. VALUATION OF INVENTORIES: -

Closing stock of Pharmacy, Canteen, Theatre, Contact lens and Consumables are valued at Cost and stock of Optical items are valued at Market Price. Consumable Items purchased are accounted on consumption basis fully.

4. TAXATION: -

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.

Deferred tax is recognized on timing differences being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

5. LEASES: -

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

6. MISCELLANEOUS EXPENDITURE: -

Cost incurred on renovation and inauguration of building are amortized over the expected period of future benefits.

7. CONFIRMATION:-

The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as on 31st December, 2007.

ANNEXURE - 6

RESTATED SCHEDULE OF OTHER INCOME

(Rs. In Lakhs)

PARTICULARS	For the Financial Year ended					
	31-Dec 2007	31-Mar 2007	31-Mar 2006	31-Mar 2005	31-Mar 2004	31-Mar 2003
<u>OTHER INCOME</u>						
Interest on Fixed deposit with Bank	20.05	1.81				-
Interest on Others	3.58	0.01		0.13	0.09	-
Rent Receipts	0.86	1.14	36.25	27.00	30.57	0.15
Misc. Incomes	26.24	12.93	0.54	11.22	0.43	0.11
Profit on Sale of Fixed Assets	-	4.33	17.03	-	-	-
Total	50.72	20.22	53.82	38.34	31.09	0.26

ANNEXURE - 7

SCHEDULES OF LOANS

(Rs. In Lakhs)

	PARTICULARS	Amount Sanctioned	Amount out standing		Rate of Interest	Terms of Repayment	Security
			31-Dec-07	31-Mar-07			
A	SECURED LOANS						
(i)	From Banks						
	<u>ABN Amro Bank</u>	117.60	111.33	-	6.8%	3 YRS	Secured against exclusive charge created on Lasik Machine purchased under their finance.
	<u>ICICI Bank</u>	500.00	488.54	494.32	11.00%	15 YRS	Secured against Charge on Hospital land (1.06acres) and building at 770/12, Avinashi road, Coimbatore - 641014.
	<u>HDFC Bank</u>	116.80	71.53	85.07	8.45%	5 YRS	Secured against Exclusive charge created on Medical equipments

							purchased under their Finance.
	<u>IOB Bank</u>	111.00	68.83	81.81	9% BPLR-2%	6 YRS	Secured against Charge on Hospital land at T.S.No.1017, East periasamy road,R.S.Puram, Coimbatore-2and Medical equipments purchased under their Finance.
	<u>IndusIndBank</u>	195.00	195.00	-	-	-	Loan against Fixed deposit account
	TOTAL A	1040.40	740.22	661.20			
(ii)	From Others						
	Bausch and Lomb Eyecare India (P) Ltd	190.00	-	28.52	NIL	27 Installments	
	TOTAL B	190.00	-	28.52			
	GRAND TOTAL (A+B)	1230.40	740.22	689.72			

ANNEXURE - 8

SCHEDULE OF UNSECURED LOANS

(Rs. In Lakhs)

PARTICULARS OF LOANS	31-Dec 2007	31-Mar 2007	Rate of Interest	Repayment terms
Unsecured Loan				
From				
Corporate Bodies	14.30	20.00	NIL	36 Months
Promoters / Directors	5.77	5.77	NIL	Repayable on Demand
Others	-	16.10	NIL	Repayable on Demand
Total	20.07	41.87		

ANNEXURE - 9

SCHEDULES OF SUNDRY DEBTORS

(Rs. In Lakhs)

PARTICULARS	For the Financial Year ended					
	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2007	2006	2005	2004	2003
Debts outstanding for the period exceeding six months						
Unsecured , Considered Good	0.09	0.11	-	-	-	-
Total	0.09	0.11	-	-	-	-
Other Debts						
Unsecured , Considered Good	28.88	10.32	0.38	-	-	-
Total	28.88	10.32	0.38	-	-	-
Grand Total	28.97	10.43	0.38	-	-	-

ANNEXURE - 10

Related party disclosure

Related parties

1. Key Managerial Personnel

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

2. Relatives of Key Management Personnel

Name of the Relative	Relation
Nil	

3. Parties where control exists

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

(Rs. In Lakhs)

Particulars	For the Financial Year ended					
	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2007	2006	2005	2004	2003
Dr. S.K. Sundaramoorthy -Key Management Personnel						
Lease rent Received	-	-	(18.00)	(18.00)	(12.00)	-
Lease rent paid	(14.94)	6.64	1.08	-	-	
Loan taken	-	-		5.00	-	-
Capital Invested	(751.60)	-	(75.00)	-	(47.00)	-
Advance given(Capital asset)	(68.05)	46.00	(25.00)	20.63	9.15	27.36
Amount paid to Creditors	-	(6.49)		-	-	-
Paid on behalf	(5.32)	(11.20)	1.09	0.30	-	1.59
Remuneration	13.50	-	-	-	1.20	1.20
Receiving of services	0.04	11.74	(16.10)	-	-	-
Rendering of services	0.041	0.01	(0.15)	-	-	(2.16)
Bank/Cash Paid	(3.11)	(1.90)		(11.63)	-	-
Bank/Cash Received	0.69	58.54	60.02	12.00	36.30	42.32
Others	16.54	(7.13)	(0.12)	0.01	(0.07)	-
Sales	-	(16.73)	-	-		-
Purchase	-	9.53	-	-	-	-
Lotus vision research trust - Group Concern						
Lease rent paid	(7.20)	9.40	-	-	-	-
Rent Received	0.86	(0.86)	(18.00)	(18.00)	(18.00)	-
Loan taken	-	-	-	-	-	-
Loan Repaid	(16.54)	(40.00)	-	-	-	-
Paid on behalf	(1.53)	(1.45)	-	-	-	-
Creditor for other	-	22.03	4.67	-	0.37	0.05
Advance given(Capital asset)	-	-	52.00	-		(10.00)
Receiving of services	(2.45)	(4.61)	(3.54)	3.14	(0.30)	-
Rendering of services	20.37	(3.99)	-	-	-	(2.97)
Others	10.99	(2.73)	-	0.02	-	4.21
Bank/Cash Paid	(6.00)	(4.08)	(0.05)	0.17	(0.35)	-
Bank/Cash Received	7.09	4.36	3.56	18.97	18.56	10.00
Sales	(2.07)	-	-	-	-	-

ANNEXURE - 11

SCHEDULES OF RATIOS

	Particulars (Face Value Rs.10/- per share)	For the Financial Year ended					
		31-Dec 2007	31-Mar 2007	31-Mar 2006	31-Mar 2005	31-Mar 2004	31-Mar 2003
1	Adjusted Profit /loss attributable to Equity shareholders	158.78	125.75	51.94	(4.27)	28.17	(1.35)
2	Adjusted Earnings per share (Rs.)	1.52	1.21	2.14	(0.23)	1.92	(0.11)
	Annualised	2.03	-	-	-	-	-
3	Net Assets Value per share (Rs.)	15.73	14.43	13.48	10.00	13.16	10.00
4	Return on Networth (%)	9.66	8.35	15.91	(2.26)	14.78	(1.15)
5	No. of Equity shares	10541330	6979000	2000000	1250000	1250000	780000
6	Weighted No. of Equity shares	10446730	10431330	2421838	1885900	1465038	1177600
7	Net worth (Excluding Revaluation Reserve)	1643.29	1,505.53	326.54	188.59	192.86	117.76

NOTES :

- The ratios have been computed as below :

$$\text{Earnings per share(Rs.)} = \frac{\text{Adjusted Profit/(Loss) for the period attributable to Equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$$

$$\text{Net Asset Value per share (Rs.)} = \frac{\text{Net Worth excluding revaluation reserve}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Return on Net Worth (%) } = \frac{\text{Adjusted Profit/(Loss) for the period}}{\text{Net Worth excluding revaluation reserve}}$$

- Profit and Loss as restated has been considered for the purpose of computing the above ratios
- The Company had issued Shares on application for Allotment and as Bonus issue as follows and accordingly Weighted Average No. of Equity shares has been calculated.

Yr. Ended	Particulars	Date of Issue	No. of Shares for a Face Value of Rs.10/-	No. of days hold	Factor	Weighted Avg. No. of Shares	Total
2003	Opening		780000	365	1.00	780000	
	Bonus	28/8/2007	397600	365	1.00	1177600	1957600
2004	Opening		780000	365	1.00		
	Bonus	28/8/2007	678600	365	1.00	1458600	

	Allotment	27-03-2004	470000	5	0.01	6438	1465038
2005	Opening		1250000	365	1.00	1250000	
	Bonus	28/8/2007	635900	365	1.00	635900	1885900
2006	Opening		1250000	365	1.00	1250000	
	Allotment	24-03-2006	750000	8	0.02	16438	
	Bonus	28/8/2007	1155400	365	1	1155400	2421838
2007	Opening		2000000	365	1.00	2000000	
	Allotment in consideration for Merger	03-08-2007	4979000	365	1.00	4979000	
	Bonus Issue	28/8/2007	3452330	365	1.00	3452330	10431330
Dec- 2007	Opening		6979000	365	1.00	6979000	
	Allotment	03-08-2007	110000	151	0.41	45507	
	Bonus Issue	28-08-2007	3452330	275	0.75	2601071	9625577

ANNEXURE - 12

STATEMENT OF TAXATION

(Rs. In Lakhs)

PARTICULARS	For the Financial Year ended					
	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2007	2006	2005	2004	2003
Profit after Tax as restated(A)	158.79	128.68	51.94	(4.27)	28.17	(1.35)
Add: Provision for tax	102.44	62.00	9.72	0.39	3.25	-
Add: Deferred tax	-	(5.32)	(4.25)	8.65	9.23	(0.57)
Net profit before Tax	261.22	185.36	57.41	4.77	40.65	(1.93)
Tax rate	33.99%	33.66%	33.66%	36.59%	35.88%	36.75%
Tax as per actual rate on Profits	88.79	62.39	19.32	1.75	14.59	(0.71)
<u>Adjustments</u>						
<u>Permanent differences</u>						
Excess IT Provision w/off	0.67	-	-	-	-	-
Disallowance for Donations	-	-	-	0.03	-	-
Loss/Profit on Sales of Fixed Assets	-	-	(17.03)	-	-	-
B/F Losses set off	-	-	(13.00)	-	(20.99)	-
Total Permanent Differences(B)	0.67	-	(30.04)	0.03	(20.99)	-
Timing Difference						
Difference between tax depreciation and Book depreciation	(14.15)	20.20	6.58	(12.24)	(19.21)	(25.03)
Deduction U/s 43B of the Income Tax Act	-	0.32	0.10			
Other Disallowances	-	5.07	2.93	0.16	(0.34)	
Difference in Amortisation of Preliminary Expenses U/s.35D	-	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Total Timing Difference (C)	(14.15)	25.57	9.57	(12.11)	(19.59)	(25.06)
Total Adjustments D=(B+C)	(13.48)	25.57	(20.46)	(12.08)	(40.58)	(25.06)
Tax Expenses/(savings) thereon D*Rate	(4.58)	8.61	(6.89)	(4.42)	(14.56)	(9.21)
Net Tax Incidence	84.21	71.00	12.44	(2.68)	0.03	(9.92)
Tax under MAT	26.77	21.43	4.23	0.39	3.09	-
Tax payable for the Year Maximum of MAT or Tax	84.21	71.00	12.44	0.39	3.09	-
Interest U/s 234B & 234C (As per Income Tax Return)	-	7.11	1.05	-	0.02	-
Total Tax Payable	84.21	78.11	13.48	0.39	3.11	-

ANNEXURE – 13

CAPITALISATION STATEMENT

(Rs. in Lakhs)

PARTICULARS	Pre Issue as at 31 Dec '07	Post Issue*
<u>Total Debts</u>		
Long Term Debt	740.22	1140.17
Short Term Debt	20.07	17.19
Total Debts- A	760.29	1157.36
<u>Shareholders Fund</u>		
Share Capital	1054.13	2079.63**
Reserves and Surplus	615.61	[•]
Total Shareholders Fund- B	1669.74	[•]
Long Term Debt/Equity Ratio	0.44	[•]
Total Debts/Equity Ratio	0.46	[•]

* Share Capital and reserves and total shareholder's funds would be calculated on conclusion of the Book Building

**This depends on the conclusion of the book building process assuming 1 crore no. of shares would be subscribed through IPO.

B) CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

From FY 2006-07, we have changed the policy of valuating optical stock at market value as against cost.

C) MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements

a. Overview of our Business :

Lotus Eye Care Hospital is the state of art eye care hospital group successfully functioning in South India with specialization in super-specialty service in the sub-specialties of eye care. We have network of four eye care hospitals based at Coimbatore (2), Salem (1), Tirupur (1). These hospitals have hitec eye care equipments and ophthalmic experts backed by well-trained paramedical and administrative team. All the centers have fully computerized modern setup manned by medical and administrative staff. Our network of eye care hospitals have 9 operation theatres and 3 lasik laser equipments Most of the eye operations are performed as a day care procedure and therefore the number of beds do not have relevance to the real performance. Our total bed strength of all the centers is 120 beds excluding eye camp beds. Lotus has two centers in Coimbatore, one in town down and another in civil aerodrome inaugurated in the year 2002. The Salem center is located in the heart of the city and it was started in the year 2004. The Tirupur center started in 2007 is also functioning in prime location in the city.

In the year 1998 Lotus introduced Multi Scan Lasik and in the year 2002 Wave front based Esiris Custom Lasik for the first time in India. Lotus was the first Eye hospital in South East Asia to have Epilasik in July 2004. In the year June 2005 Lotus introduced the most advanced technology of Zyoptix and combined two superior technologies Epilasik and Zyoptix known as Zyoptix Integrated Epilasik to achieve supervision. During the calendar year 2007, we performed over 4200 nos of various surgeries as cataract, Lasik/Epilasik, corneal, vitreo-retinal, squint, oculoplastic and orbital.

Our sources of income are from outpatient, daycare and inpatient hospital services and retail sales in the pharmacy and opticals. During the financial year 2006-2007, we reported a net profit of Rs.128.67 lacs on total income of Rs.725.67 lacs. During the six months period ended on 30/09/2007 we reported a profit of Rs.99.08 lacs on total income of Rs.505.10 lacs.

b. Significant Development Subsequent to Last Financial Period

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the RHP which materially or adversely affect or is likely to affect the profitability of our Company, or the value of our assets, or our ability to pay liabilities within next twelve months.

c. Factors that may affect Results of Operations

Except as otherwise stated in this RHP, the Risk Factors given in this RHP and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- stiff competition from Government hospitals and non-profit organization in healthcare industry;
- Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the patients;
- Changes in laws and regulations that apply to Health Care industry;
- Changes in the interest rates and tax laws in India.

d. Discussion on Results of Operations

Analysis of our Financial Performance

The analysis of our financial condition and results of operations for the financial year ending March 31, 2007, 2006, 2005 respectively including the notes thereto and the reports thereon which appear in this RHP is as follows.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards

(Rs. In Lacs)			
Particulars	31-Mar 2007	31-Mar 2006	31-Mar 2005
<u>INCOME</u>			
Of the Services rendered by the company	674.53	242.98	182.96
Other Income	20.22	53.82	38.34
Increase/(Decrease) in Inventory	35.24	0.1	2.14
Total	729.9	296.9	223.44
<u>EXPENDITURES</u>			
Purchase	136.77	48.1	28.7
Staff Costs	68.2	14.07	14.24
Service expenses	66.74	7.96	-
Administrative Expenses	170.48	73.52	91.13
Earning before Interest and Tax	287.8	153.25	89.37
Depreciation	97.96	73.63	61.4
Interest	22.81	21.88	23.2
Net Profit before Tax from Dr.SKSECC(P)Ltd	19.46	-	-
Net Profit before Tax	186.49	57.74	4.77
<u>Provision for Taxation</u>			
Current Tax	62	9.72	0.39
Deferred Tax	-5.32	-4.25	8.65
Fringe Benefit Tax	1.13	0.34	-
Net Profit after Tax	128.68	51.94	-4.27

e. Comparison of Recent Financial Years / Periods with Previous Financial Years / Periods

Financial performance for FY 2006-07 vs. FY 2005-06

- i **Income:-** During the year, the Company has taken over the hospital running activity from group concern Lotus Vision Research Trust from 1/4/2006. A profit making group concern in eye care - Dr Sks Eye Care Center Private Limited got merged with the our Co.(Appointed date 1/12/2006) under a scheme of merger approved by Hon'ble High Court, Chennai. The Company has also taken over optical business from Dr.S.K.Sundaramoorthy from 1/10/2006, which resulted in manifold growth in top and bottom line. In addition to these factors there was normal growth of business. During this year we introduced specialty departments in glaucoma, surgical retina, Medical retina, Pediatric ophthalmology, corneal transplant etc. which resulted in increase in patient base.
- ii **Other Income:** The other income was reduced 62.43% from previous year on account of reduction in rent receipts. The Peelamedu hospital owned by the Company was given on rent to our group concern Lotus Vision Research Trust, the said lease agreement was terminated and the operation of the hospital was taken over by the Company. Due to this the rent received during FY 2006-07 was reduced by 35.11 lacs.
- iii **Expenses:** Since the Company took over the hospital running activity from our group concern Lotus Vision Research Trust there has been corresponding increase in Salary and other expenses including purchase which is very much in tune with the income.
- iv **Profit after Tax:** Profit has increased by 147.73% due to increase in income on account of consolidation of business as mentioned above.

Financial performance for the FY 2005-06 vs. Financial Year 2004-05

- i **Income:** There is an increase of 32.88 % in the total income of our Company as compared to previous financial year. The income is mainly consists of fess from Lasik surgeries and consultancy charges. The increase in income is on account of increase in patient base and no. of Lasik surgeries carried out is more than previous year.
- ii **Expenses:** The increase in purchase and other expenses are in proportion to the activities carried out. There was a reduction in administrative expenses by Rs17.61 lacs during this year.
- iii **Profit After Tax:** We have shown profit during this year as against loss of Rs.4.27 lacs during previous year as we were able to control our cost. There was only marginal increase in the total expenditure.

Financial performance for the FY 2004-05 vs. FY 2003-04

- i **Income:** During this year also there was improvement in sales by 28.77% over the previous year. During this financial year we received more revenue from LASIK surgeries carried out at Peelamedu, Coimbatore unit.
- ii **Interest:** We have availed bank loans for buying LASIK machine, for buying R.S.Puram land and for establishing Salem unit. These borrowings increased the interest cost by 28.39%.
- iii **Profit After Tax:** We have gone for simultaneous capital investment and manpower expansion during this fiscal. Due to this reason administrative expenses have increased to 90 lacs as compared to previous year i.e Rs.30 lacs. In addition to this interest cost has also increased by 28% from previous year due to increase in bank borrowings for funding expansion plan. All these

factors have affected the profitability of Company and reported a loss of Rs.4.27 lacs as against profit of Rs.28.17 lacs during previous financial year.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events, other than as described in this RHP, which may be called “unusual” or “infrequent”.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affect or are likely to affect income from continuing operations.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in RHP, there are no known trends or uncertainties that have or had or are expected to have a materially adverse impact on revenue or income of the Company from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in this RHP, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Changes in revenues during the last 3 years are as explained in this section entitled “Management’s Discussion and Analysis of Financial Condition & Results of Operations” beginning on page 92 of this RHP.

6. Total turnover of each major industry segment in which the Company operated

As described in this RHP, the Company operates in only one industry segment: i.e eye care.

7. The extent to which the business is Seasonal

Our business is not seasonal in nature.

8. Dependence on single or few suppliers/ customers

We are not dependent on any single or few suppliers or patients.

9. Competitive conditions

For details of competitive conditions please refer to Section titled, “Business Overview” on page no.49 of this RHP.

VI. LEGAL AND OTHER INFORMATION

A) OUTSTANDING LITIGATION, DEFAULTS AND MATERIAL DEVELOPMENTS

The Issuer Company certifies that except as stated herein

- (a) there are no pending proceedings for offences for non-payment of statutory dues by the promoters of the Company.
- (b) there are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- (c) there are no pending litigation against the promoters/ directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- (d) there are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
- (e) there are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- (f) there are no litigation against the promoters / Directors in their personal capacity.
- (g) the Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.
- (h) As per the audited Balance sheet as at March 31, 2007 there are no SSI units to whom, our Company owns any sum which is outstanding for more than 30 days. However, there are other creditors to whom the Company owes Rs.1-Lakh (Rupees One Lac) or more which have been duly disclosed in the audited financial for the period ended 31st March 2007.

Other Matters

One of our creditors M/s Minerva Computer Printers, Salem has sent a legal notice on 13/04/2007 regarding certain disputes in settlement of accounts. The amount involved is Rs.0.28 lacs. Our Company has contested it through our lawyer. The dispute is under negotiation for settlement.

Material Developments

There are no material developments after the date of the last Audited Accounts

B) REGULATORY AND OTHER APPROVALS

On the basis of the indicative list of approvals below, the Company is permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by the Company to undertake the Issue or continue these business activities. It must be understood that, in granting these licenses, Government of India and/ or Reserve Bank of India does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

The Company has opted necessary approvals and registrations from various authorities in relation to its business activities; which include:

- i) License (No.CBE/3055/21) to sell, stock or exhibit for sale or distribute by retail drugs specified in Schedule C and C(1) to the Drugs and Cosmetics Rules, 1945, from Assistant Director of Drugs Control, Coimbatore.
- ii) Certificate of registration under Tamil Nadu Value Added Tax Act, 2006 with Government of Tamil Nadu, Commercial Taxes Department (TIN: 33372122151)
- iii) Permanent Account Number (AABCK9701E) and Tax Deduction Account Number (CMBK04038G) under the Income Tax Act, 1961;
- iv) Certificate of Registration (No.: TNCBE/33730) under Employees Provident Fund & Miscellaneous Provisions Act, 1952;
- v) Certificate of compliance with ISO 9001-2000 standards by TUV India Certification body;
- vi) Certificate of Importer-Exporter Code (IEC- 3298004782) under Export Import Policy from Foreign Trade Development officer;
- vii) Provisional authorization certificate (Authorisation No.: BMW-1372 for segregation, storage and disposal of biomedical wastes from Tamil Nadu Pollution Control Board vide their letter dt. 09/01/2007.

VII. OTHER REGULATORY AND STATUTORY DISCLOSURES

A) AUTHORITY FOR THE PRESENT ISSUE

Our shareholders have authorized the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the EGM held on 24/12/2007.

B) PROHIBITION BY SEBI

The Company, its Promoters, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

C) Eligibility for the Issue

We are an unlisted company; and are eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- The Company had net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of 12 months each) of which not more than 50% is held in monetary assets;
- The Company had a track record of distributable profits in terms of Section 205 of the Companies Act for at least three out of the immediately preceding five years;
- The Company had a net worth of at least Rs. 1 crore in each of the preceding three full years of 12 months each; and
- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of size does not exceed five times the pre-issue net worth of the Company as per the audited balance sheet as of March 31, 2007.

The following table shows the net tangible assets, distributable profits and net worth for the past three fiscal years:

(Rs. In Lacs)					
	For the Financial Year Ended March 31				
	2007	2006	2005	2004	2003
Net Profit (Distributable) ⁽¹⁾	128.7	51.9	(4.3)	28.5	(1.4)
Net Worth (as restated) ⁽²⁾	1505.5	326.5	188.6	192.9	117.7
Net Tangible Assets ⁽²⁾	1744.1	584.0	513.2	425.2	459.8
Monetary Assets ⁽³⁾	61.0	24.6	9.2	5.1	3.9
% of Monetary Assets to Net Tangible Assets	3.50	4.21	1.79	1.20	0.85

Note:

1. Distributable profits have been defined in terms of section 205 of the Companies Act.
2. Net tangible assets is defined as the sum of fixed assets (including capital work in progress), current assets (excluding deferred tax assets), investments and less current liabilities (excluding deferred tax liabilities) and long term liability.

3. Net Monetary assets comprise of cash in hand, cash at bank, quoted investments, fixed deposits and interest accrued on fixed deposit, if any.

Further in terms of clause 2.2.2 A of the DIP Guidelines, the prospective allottees shall be more than one thousand.

We satisfy all the eligibility criteria's, laid down in clause 2.2.1 of SEBI (DIP) Guidelines. However, we are doing a "voluntary book-building issue" wherein we proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Net Issue to public.

Our Promoters, their relatives (as per the Companies Act), the Company, group companies and associate companies are not detained as willful defaulters by the RBI/Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them other than as disclosed in this RHP.

D) DISCLAIMER CLAUSE (SEBI)

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 31/01/2008 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE**

CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

- (a) THE DRAFT RHP FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;
 - (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (c) THE DISCLOSURES MADE IN THE DRHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE CONFIRM THAT PROVISIONS OF CLAUSES 4.9.1 & 4.9.2, 4.9.3 & 4.9.4 OF SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 ARE NOT APPLICABLE IN RESPECT OF THE CAPTIONED ISSUE.
8. WE CERTIFY THAT REQUIREMENT OF PROMOTER'S CONTRIBUTION ARE APPLICABLE IN RESPECT OF THE SAID ISSUE.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF THE SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY

AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE AS MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER NOTE THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.

11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.
12. WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY
 - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

THE FILING OF THE DRHP DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

E) DISCLAIMER STATEMENT FROM THE COMPANY AND THE BRLM

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in this RHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.priyagold.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated 11/01/2008 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

F) DISCLAIMER WITH RESPECT TO JURISDICTION

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Draft Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Coimbatore, Tamil Nadu only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

G) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of Bombay Stock Exchange Limited (BSE)

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. DCS/IPO/BP/IPO-IP/1950/2007-08 dated 28/02/2008 permission to the Company to use the Exchange’s name in this Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

Disclaimer Clause of the NSE

As required, a copy of Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. NSE/LIST/70246-W dated 02/04/2008 permission to the Issuer to use the Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

H) FILING

A copy of the DRHP has been filed with SEBI at Mumbai.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Tamil Nadu, Coimbatore.

I) LISTING

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this RHP. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

J) IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, Or
- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

K) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, BRLM, Registrar to the Issue, Syndicate Members and Bankers to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

Vekam and Associates Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this RHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this RHP.

L) EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

M) EXPENSES OF THE ISSUE

The Management estimates an expense of Rs.270.00 Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

<i>(Rs. in Lacs)</i>				
Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	[●]	[●]	[●]
2.	Advertising and Marketing Expenses	[●]	[●]	[●]
3.	Printing and Stationery	[●]	[●]	[●]
4.	Others (Registrar's Fee, Legal Fee, etc.)	[●]	[●]	[●]
	Total	[●]	[●]	[●]

* Will be incorporated after finalisation of Issue Price

N) DETAILS OF FEE PAYABLE

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Manager and Syndicate Members (including underwriting commission and selling commission) will be as per the memorandum of understanding

between the Company and the BRLM dated 11/01/2008 a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding dated 12/12/2007 between the Registrar to the Issue and the Company.

O) UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst us, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 15 of the RHP.

P) PREVIOUS PUBLIC OR RIGHTS ISSUE

We have not made any public or rights issue of shares either in India or abroad in the five years preceding the date of this RHP.

Q) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

We have issued 4,97,900 equity shares of Rs.100/- each (after split 49,79,000 equity shares of Rs.10/- each) to the shareholders of our Company upon amalgamation of our Company with Dr.SKS Eye Care Private Limited pursuant to order of Hon'ble High Court of Madras dated 09/07/2007.

R) COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

S) CAPITAL ISSUE DURING THE LAST THREE YEARS

We have not made any capital issue during the last three years.

T) PROMISE vis-a-vis PERFORMANCE

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

U) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this RHP.

V) STOCK MARKET DATA

This being our initial public offerings, the Equity Shares are not listed on any stock exchange.

W) INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

We have appointed the registrar to the issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. We would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, S.K.D.C Consultants Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. We would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. We assure that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. We have adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. S. Raveendar, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Mr. S. Raveendar

S.F.No.770/12, Civil Aerodrome Post,
Avinashi Road, Coimbatore – 641014, Tamil Nadu
Tel.: +91-0422-2626464, 2626565; Fax: +91-0422-2627193;
E-mail:lotuseye@eth.net

X) CHANGES IN AUDITORS

The change in Auditors of the Company during last three years is as follows.

Name	Date	Nature of change
Mr. Nandgopal	23/12/2005	Resigned due to sickness
M/s. M.P. Panneerselvan	23/12/2005	Appointed
Vekam Associates	30/11/2006	Mr. M.P. Pannerselvan joined the firm and requested appointment in firm's name.

Y) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

Till date we have issued 345233 of Rs.100/- each (3452330 equity shares of Rs.10/- each after split) Equity Shares by capitalizing reserves or profits.

Z) REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The company has not revalued its assets during the last 5 years.

VIII. OFFERING INFORMATION

A) TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the Reserve Bank of India, ROC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. 38/- and the Cap Price is Rs.42/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity

Shares through this Issue will be done only in electronic form in multiples of **one** Equity Share subject to a minimum Allotment of 150 Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Net Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for the disposal of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

B) ISSUE STRUCTURE

Public Issue of 1,00,00,000 Equity Shares of face value Rs.10/- each for cash by the company issued at a price of Rs.[•] per Equity Share, aggregating Rs. [•] Lacs (hereinafter referred to as the "Issue"). The Issue would constitute 48.09% of the post Issue paid-up capital of the Company. The Issue is being made through the 100% Book Building Process:

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 50,00,000 Equity Shares shall be available for allocation to QIBs.	Not less than 15,00,000 Equity Shares shall be available for allocation.	Not less than 35,00,000 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Up to 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or Net Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate(a) 2,50,000 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 47,50,000 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 150 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 150 Equity Shares thereafter.	150 Equity Shares and in multiples of 150 Equity Share thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, Venture Capital Funds registered with SEBI, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs in accordance with applicable law, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.	Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, Eligible NRIs, societies and trusts.	Individuals (including Eligible NRI's and HUFs) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs.100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid - cum - Application Form to the Member of Syndicate.
Margin Amount	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM and subject to applicable provisions of the SEBI Guidelines.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

If the aggregate demand by Mutual Funds is less than 2,50,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Withdrawal of this Issue

The Company, in consultation with the BRLM and Co-Lead Manager to the Issue, reserves the right not to proceed with this Issue at any time, including after the Bid/ Issue Opening Date without assigning any reason thereof.

Bidding Period / Issue Period

BID / ISSUE OPENS ON	Thursday, 12th June 2008
BID / ISSUE CLOSSES ON	Tuesday, 17th June 2008

Bids and any revision in bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date. The closure time of the Stock Exchange bidding platform for entry of bids is 5 p.m. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in prospectus and reported by BRLMs to the Exchange within half an hour of such closure.

The Price Band will be decided by the Company in consultation with the BRLM and Co-Lead Manager to the Issue.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.

C) ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM and subject to applicable provisions of the SEBI Guidelines.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLM and Co-Lead Manager to the Issue reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders, and Retail Individual Bidders the Company would have a right to reject the Bids only on technical grounds.

BID CUM APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India ; and

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 2,50,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for

investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only upto 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not

exceed Rs.100,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000/-. In case the Bid Price is over Rs. 100,000/- due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

- b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of 150 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000/- for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000/- or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

1. The Company will file the Red Herring Prospectus with the Designated Stock Exchange at least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLM shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English and Hindi). This advertisement, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines.
3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Head Office or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.

8. The Price Band has been fixed at Rs.38/- to Rs.42/- per Equity Share of Rs. 10 each, Rs. 38/- being the lower end of the Price Band and Rs. 42/- being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Rs.1 (One)
9. The Company in consultation with the BRLM and Co-Lead Manager to the Issue, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
10. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
11. The Company in consultation with the BRLM and Co-Lead Manager to the Issue, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

1. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 118 of this Red Herring Prospectus within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 118 of this Red Herring Prospectus.
3. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
4. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 126 of this Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

1. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders bidding in excess of Rs. 100,000 and such bids shall be rejected.
2. Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 150 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
6. During the Bidding/ Issue Period, any bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
7. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
8. The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
9. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

10. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
11. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

Escrow Mechanism

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor
 - Investor category – Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form
 - Depository Participant identification number and client identification number of the beneficiary account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or our Company.
 6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds mentioned on page 129 of this Red Herring Prospectus.
 8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.
 9. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
2. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bid must be for a minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 150 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
5. Bids by NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purpose of allocation.

6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 150 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be upto 50% of the Net Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not be less than 15% and 35% of the Net Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM and Co-Lead Manager to the Issue. However, if the aggregate demand by Mutual Fund is less than 2,50,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with BRLM, Co-Lead Manager to the Issue and the Designated Stock Exchange.
5. Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the RBI.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two widely circulated newspapers (one each in English & Hindi).

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for Retail Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLM or the members of the Syndicate would then dispatch the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all Allotted to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid cum Applications Forms may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the successful Bidders depository account within 2 working days of the date of allotment.
- (b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the applicable Resident Bid cum Application Form;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in the DEMATERIALIZED form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act. If you have mentioned "Applied for" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or Form 61 as the case may be, together with permissible documents as address proof;
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

- d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for bid amount in excess of Rs. 100,000);
- g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Bank shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund

must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

PAYMENT INSTRUCTIONS

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allotment in the Issue.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled “Terms of Payment and Payment into the Escrow Account” on page 122 of this Red Herring Prospectus and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled “Issue Structure” on page 110 of this Red Herring Prospectus. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in -Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: **“Escrow Account - LEHL Public issue - QIB- R”**
 - (b) In case of Non Resident QIB Bidders: **“Escrow Account - LEHL- QIB- NR”**
 - (c) In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account - “LEHL Public issue - R”**
 - (d) In case of Non Resident Retail and Non-Institutional Bidders: **“Escrow Account - LEHL Public issue - NR”**
4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the

Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

5. In case of Bids by FIIs/ FVCIs registered with SEBI/ multilateral and bilateral financial institutions, the payment should be made out of funds held in special rupee account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to special rupee account.
6. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated/ Allotted will be refunded to the Bidder from the Refund Account.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company, in consultation with the BRLM and Co-Lead Manager to the Issue, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Our Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM and Co-Lead Manager to the Issue may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made as described in this Red Herring Prospectus and will be sent to the Bidders' address at the Bidders' risk.

GROUNDINGS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- a) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- b) Bank account details (for refund) are not given;
- c) Age of First Bidder not given;
- d) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- e) Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- f) PAN number not mentioned;
- g) Bids for lower number of Equity Shares than specified for that category of investors;
- h) Bids at a price less than lower end of the Price Band;
- i) Bids at a price more than the higher end of the Price Band;
- j) Bids at Cut-off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds Rs.100,000;
- k) Bids for number of Equity Shares, which are not in multiples of 150;
- l) Category not ticked;
- m) Multiple Bids as defined in this Red Herring Prospectus;
- n) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- o) Bids accompanied by Stockinvest/ money order/postal order/cash;
- p) Signature of sole and/or joint Bidders missing;
- q) Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- r) Bid cum Application Form does not have the Bidder's depository account details;
- s) Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- t) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- u) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- v) Bids by QIBs not submitted through members of the Syndicate;
- w) Bids by OCBs;
- x) Bids not uploaded in the book;
- y) Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and

- z) Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated 28/12/2007 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated 18/01/2008 with CDSL, the Company and the Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her Demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 15 (fifteen) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) working days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen) days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 working days from the Bid/Issue Closing Date.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 35,00,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 35,00,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 150 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 15,00,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 15,00,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 150 Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance, Allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion.

- (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
- (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

➤ The aggregate Allotment to QIB Bidders shall be upto 50,00,000 Equity Shares.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than 150 Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 150 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 150 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depositories, the Bidders' bank account details including nine digit MICR code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

- I ECS - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram and other 43 centers managed by State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur. This mode of payment or refunds would be subject to availability of complete Bank Account Details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
- II Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.
- III RTGS – Applicants having a bank account at any of the above mentioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- IV NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the

applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

- V For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY THE COMPANY

We undertake as follows:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within specified time; and
- That no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.
- That at any given time there shall be only one denomination for the shares of the Company.
- That it shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Utilization of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

IX. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Terms used 'Bold' in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/ splitting are detailed below. *(the numbers represent Article Number as mentioned in Articles of Association)*

SHARE CAPITAL

1. The minimum paid up capital of the company shall be Rs. 5,00,000/-
2. The authorized Share Capital of the Company shall be such amount and of such description as stated for the time being or at any time in the Clause V of Memorandum of Association of the Company. The Authorized Share Capital can be increased or reduced in accordance with the provisions of the Companies Act. It shall be competent for the company to issue other classes of shares.
3. Subject to the provisions of these articles, the shares shall be under the control of the Board who may allot issue and otherwise dispose of the same to such persons on such terms and conditions in such manner and at such time as the Board thinks fit in the interests of the Company and, if so authorized by the company in General Meeting, give to any person the right to call of any shares either at par or at premium, and for such time, and for such consideration as Directors think fit but subject always to articles thereof.
4. The Board of Directors shall have powers to issue sweat equity shares of the company in terms of Section 79A, of the Companies Act, 1956.
5. The Board of Directors shall have powers to buy back its own shares in subject to provisions of sections 77A, 77AA and 77B of the Companies Act, 1956.
6. Subject to provisions of the Depositories Act, 1996, The Company shall be entitle to dematerialize its existing shares, and other securities, rematerialize its shares, and other securities held with depositories and or offer its fresh shares and other securities in a dematerialized form pursuant to the depositories act and the rules framed there under.
7. The Company may, at the time, pay a commission to any person for subscribing or agreeing to subscribe for any shares debenture or debenture stock in the Company or procure or agreeing to procure subscriptions of any shares, debentures or debenture stock in the Company but so that if the commission in respect of shares shall be paid or payable out of capital, the statutory conditions and requirement shall be observed and complied with, and the amount or rate of commission shall not exceed 5% on shares and 2.5% on debentures or debenture stock in each case subscribed or to be subscribed. The commission / brokerage, if any, shall be paid only in cash.
8. If a member of desires, the shares certificate shall be issued in marketable lots and where share certificates are issued for either more or less than marketable lots, sub-division / consolidation into marketable lots shall be done free of charge.
9. No fee shall be charged for issue of duplicate share certificates in replacement of those which are old, decrepit, worn-out our where the pages on the reverse have been completely exhausted.

10. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon his shares in respect of which such advance has been made, the Company may pay interest at such rate as the Directors deem fit. Money so paid in excess of the amount of called shall not rank for any dividend or for participation in the profits of the Company.
11. The Company shall have a first paramount lien upon all the shares not fully paid up registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 9 of the Table A will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of these Articles.
12. Debenture / Debenture Stock, loan/loan stock with a right of conversion into equity shares shall not be made except with the sanction of the Company in General Meeting.
13. The instrument of transfer of any shall be in writing and in the form as prescribed under Section 108 of the Companies Act.
14. No fee shall be charged for registration of any transfer or for effecting any transmission or for registering any letters of probate, letters of administration and similar other documents.
15. If a member fails to pay any call or installment of a call on the day appointed for the payment thereof, the Directors may at anytime thereafter during such time as any part of such a call or installment remain unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued. The Directors may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed, surrender of any shares liable to forfeiture and suffer as the law permits of any other shares.
16. The notice shall name a further day (not earlier of notice than the expiration of fourteen days from the date of notice) or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
17. If the requirements of any such notice as aforementioned are not complied with, any Share in respect of which the notice has been given may at time thereafter, before the payment required by the notice has been made be forfeited by a resolution of the Directors to the effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.
18. A forfeited or surrendered share may be sold or otherwise disposed off on such terms and in such manner as the Directors may think fit and at any time before a sale of disposition, the forfeiture may be cancelled on such terms as the Directors may think fit.

19. A person whose shares have been forfeited shall cease to be member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay the company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares but his liability shall cease if and when the Company receives payment in full of the nominal amount of the shares.
20. A duly verified declaration by a Director of the Company and that a Share in the Company has been duly forfeited on a case stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share and that declaration and the receipt of the Company for the consideration if any given for the Share on the sale or disposition thereof, shall constitute a good title to the Share, and the person to whom the share is sold or disposed off shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any regularity or invalidity in the proceeding in reference to the forfeiture, sale or disposal of the Share.
21. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, become payable at a fixed time, whether on account of the amount of the Share, or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

GENERAL MEETINGS

22. All general meetings other than annual general shall be called extraordinary general meetings. The Board may, whenever it thinks fit, call an extraordinary general meeting.
23. The Company shall, in addition to any other meetings, hold a general meeting, which shall be styled as the Annual General Meeting in accordance with the provisions of Section 166 read with Section 210 of the Act.
24. The Board may, whenever it think fit, call an Extra Ordinary General Meeting, Extra General Meeting may be called on requisition in accordance with the provisions of Section 169 of the Act.
25. Meeting of Extra Ordinary General Meeting. Any General Meeting may be called after giving shorter notice than that specified herein, if consent is accorded thereto by all the members entitled to be present and vote thereat, as provided for in Section 171(2) of the Act.
26. Every member who is entitled to attend and vote in General Meeting may appoint a proxy and such a proxy shall be a member of the company. The said proxy shall be entitled to speak and vote both on show of hands as well as at poll.
27. Where any times of business to be transacted at the meeting are deemed to be special the provisions of Section 173 of the Act shall be complied with.
28. Notice of every meeting of the company shall be given in the manner provided in Section 172 of the Act.
29. No business shall be transacted at any general meeting unless a quorum of members is present, the provisions of Section 174 of the Act shall be complied with.
30. On a show of hands every member holding Equity shares entitled to be present in person, or being a Company or a body corporate present by a representative duly authorized under Sec 187

of the Act shall have one vote. On a poll, every member holding Equity Shares entitled to vote and present in person (including a company or a body corporate present by a duly authorized representation) or by proxy shall have one vote in respect of each share held by him subject to the provisions of the Section 87 of the Companies Act.

DIRECTORS

31. The Company shall have not less than three and not more than Twelve Directors.
32. At every Annual General Meeting, one-third of such of the Directors for the time being liable to retire by rotation from office in accordance with the provisions of the Act. A retiring Director shall be eligible for re-election.
33. Any person whether a member of the company or not, may be appointed or nominated as a Director of the Company and no qualification by way of share holding shall be required from any Director.
34. The Board of Directors of the Company may appoint an alternate Director in the place of a Director, who is about to leave or is absent from the state in which the meetings of Directors are generally held, the Board may appoint any person to be an alternate Director, provided such absence shall not be for a lesser period than three months and such appointee while he hold office as an alternate Director shall be entitled to receive notice of all meetings of the Directors and to attend and vote thereat and on all resolutions proposed in circulations, but he shall if so fact to vacate office as a Director, if and when the original Director returns to the State in which the meetings are generally held. An alternate director appointed under this Article shall not hold office as such for a period of longer than that permissible to the original director in whose place he had been appointed.
35. If, at any Annual General Meeting at which an election of Directors ought to take place, the place of any retiring Director is not filled up, he shall, if willing, continue in office until the Annual General Meeting in the Next Year, and so on from year to year until his place is filled up, unless it shall be determined at such meeting on due notice to reduce the number of Directors in office.
36. The Director shall be paid a sitting fee for attending the meeting of the Board of Directors or committee thereof in accordance with provisions of the Act or rules made there under from time to time. In addition to the remuneration payable to them the Directors may be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any committee thereof or General Meetings of the Company or in connection with the business of the Company.
37. Subject to the provisions of the Act, the Board of Directors may appoint a Director to be Managing Director of the Company and fix his remuneration and may from time to time, subject to the provisions of any contract between him and the company, remove or dismiss him from office and appoint another in his place.

BORROWING POWERS

38. a). The Company have power to borrow from any person or persons and secure the payment of any sum or sums of money for the purpose of the company and Directors may from time to time at their discretion exercise this power and may themselves lend to the Company on security or otherwise provided that the Directors shall not be contravening the provisions of Section 292 of the Companies Act. 1956, or any statutory modification thereof.

b). The Directors may raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future or uncalled capital of the Company or by the issue of bonds, perpetual or redeemable, debentures or debenture stock of the company charged upon all or any part of the company's property both present and further including its uncalled capital for the time being.

CHAIRMAN

39. The chairman of the Company shall be appointed by the Board of Directors of the Company. The Board of Directors shall determine the period for which he is hold office. All meetings of the Board and General Meetings of the Company shall be presided over by the Chairman if present, and if at any meeting of the Board or General Meetings of the Company, the chairman is not present at the time appointed for holding the same, the Directors present shall choose any one of their members to preside over that meeting. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote. There is no impediment or restriction whatsoever for one and the same. Director to be and to hold the office and to discharge the duties of the Chairman and Managing Director simultaneously.

AUDIT

40. The accounts of the Company shall be audited annually by duly qualified auditor(s) appointed by the shareholders in the General Meeting.

THE SEAL

41. The seal of the company shall not be the affixed to any instrument except by the authority of a resolution of the Board of Directors and except in the presence of at least one Director or Managing Director or Commercial Director or Technical Director if any, and that Director or Managing Director or Commercial Director or Technical Director as the case may be shall sign every instrument to which the seal of the Company is so affixed in his presence.

SECRECY

42. No member shall be entitled to inspect the Company's books without the permission of the Directors or to require discover of any information respecting any details of the company's trading or any matter which is or may be in the nature of trade secret process or trade mystery which may relate the conduct of the business of the company and which, in the opinion of the Directors, it will not be expedient in the interests of the members of the company to communicate to the public.

DIVIDENDS

43. a). The Company shall declare and pay divided only out of profits and in accordance with the provisions of section 205 of the Companies Act, 1956 or any statutory modifications thereof.
- b). The Company in General Meeting may declare dividends, but no dividend exceed the amount recommended by the Board.
- c) The Board may from time to time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

d). The Board may be deduct from any dividend payable to any members all sums of money if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

e). In the case of joint holders, it shall be sufficient for the Company to effect payment of the dividend to the first named among them.

CAPITALISATION OF PROFITS

44. (1) The company in general meeting may, upon the recommendation of the Board, resolve:

(a). That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) That such sum be accordingly set free for distribution in the manner specified in clause.

(2) Amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same properties.

(3) The sum aforesaid shall not be paid in cash but shall be capitalized by the issue and distribution of fully paid up bonus shares.

INDEMNITY

45. Subject to provisions of the Companies Act, 1956 every Director, Managing Director, Secretary or Manager of the Company shall be indemnified by the company against and it shall be the duty of the Directors out of the funds of the company to pay all costs, losses and expenses which any such officer may incur or become liable to by reason of any contract entered into, act or deed done by him as such officer or in any way in the discharging of his duties including traveling expenses and the among for which such indemnity is provided shall be immediately attached as a lien on the property of the Company and have the priority as between the member over all other claims.

WINDING UP

46. If the company shall be wound up, whether voluntarily or otherwise the Liquidator may, with the sanction of special resolution divide among the members and contributors assets of the company in accordance with the provisions of the Companies Act, 1956. The following articles included vide special Resolution passed by the members at their EGM held on 21.06.2006.

FUTURE ISSUE OF SHARES

47. (1) Whether at any time after the expiry of two years from the formation of the company or any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

(a). Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date:

(b). The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined:

(c). The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or nay of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right:

(d). After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he decline to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

(2). Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those person include the persons referred to in clause(a) of sub-clause (1) hereof) in any manner whatsoever.

(a). If a special resolution to that effect is passed by the company in general meeting, or

(b). Whether no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

(3). Nothing in sub-clause (c) of (1) hereof shall be deemed:

(a). To extend the time within which the offer should be accepted: or

(b). To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:

(i). To convert such debentures or loans into shares in the company: or

(ii). To subscribe for shares in the company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a). Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(b). In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or nay institution specified by the Central Government in this behalf, has also

been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

SHARES AT THE DISPOSAL OF THE DIRECTORS

48. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, any may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or rights to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

49. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

50. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Articles shall mutatis mutandis apply to debentures of the company.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

51. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

INSTRUMENT OF TRANSFER

52. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

NO FEE ON TRANSFER OR TRANSMISSION

53. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, power of Attorney or similar other document.

PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

54. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

COMPANY'S LIEN ON SHARES/DEBENTURES

55. The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in

respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of these clauses.

UNPAID OR UNCLAIMED DIVIDEND

56. Where the Company had declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called " Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

DEMATERIALISATION OF SECURITIES

68. De-materialisation: Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize its existing Securities, rematerialise its Securities held in the Depositories and /or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.
69. Options for Investors: Every person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

70. Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Section 153,153A,153B, 187B,187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
71. Rights of Depositories & Beneficial Owners:
- i Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial owner.
 - ii Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

- iii Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
 - iv The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
72. Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
73. Transfer of Securities:
- i. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
 - ii. In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.
74. Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities held with a Depository.
75. Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.
76. Provision of Articles to apply to shares held in Depository: Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.
77. Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders for the purposes of these Articles.

X. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this RHP), which are or may be deemed material to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this RHP and have been delivered to the Stock Exchanges and may be inspected at the Registered Office of the Company between 9:30 am to 5:30 pm on any working day from the date of this RHP until the date of closure of the subscription List.

Material contracts

1. Memorandum of Understanding dated 11/01/2008 entered into between the Company and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated 27/02/2008 entered into between the Company and Canara Bank, Co-Lead Manager to the Issue.
3. Memorandum of Understanding dated 12/12/2007 entered into between the Company and S.K.D.C. Consultants Ltd., Registrar to the Issue.
4. Escrow Agreement dated 28/05/2008, between the Company, the BRLM, Co-Lead Manager, the Escrow Collection Banks and the Registrar to the Issue.
5. Syndicate Agreement dated 28/05/2008 between the Company, BRLM, and Syndicate Members.
6. Underwriting Agreement dated [●] between the Company, BRLM, Co-Lead Manager and Syndicate Member.
7. Copy of Tripartite agreement dated 18/01/2008 entered into between the Company, CDSL and Registrar to the Issue.
8. Copy of Tripartite agreement dated 28/12/2007 entered into between the Company, NSDL and Registrar to the Issue.
9. Copy of Share Subscription Agreement dated 22/01/2008 entered into between Bennett Coleman & Co. Ltd. and the Company.
10. Copy of Advertising Agreement dated 22/01/2008 entered into between Bennett Coleman & Co. Ltd. and the Company.

Material Documents

1. Memorandum of Association and Articles of Association of the Company, as amended from time to time.
2. Shareholders' resolutions dated 24/12/2007 in relation to this Issue.
3. Balance Sheets of the Company for the financial years ending on March 31, 2007, 2006, 2005, 2004, and 2003.
4. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
5. Copy of loan agreement dated 10/02/2007 entered with ICICI Bank Ltd.

6. Copy of loan agreements dated 03/07/2006, 25/07/2006 and 06/12/2006 entered with HDFC Bank Ltd.
7. Copy of sanction letter dated 08/12/2007 from Indian Overseas Bank Ltd.
8. Copy of loan agreement dated 29/10/2007 entered with ABN Amro Bank N.V.
9. Copy of certificate dated 22/05/2008 issued by Vekam and Associates, Chartered Accountant and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio.
10. Copy of certificate dated 22/05/2008 issued by Vekam and Associates, Chartered Accountant and Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
11. Copy of certificate dated 22/05/2008 received from Vekam and Associates, Chartered Accountant and Statutory Auditors of the Company regarding sources and deployment of funds.
12. Undertakings by the Company.
13. Copy of Share Subscription Agreement dated 22/01/2008 between the Lotus Eye Care Hospital Limited, Bennett Coleman & Company Limited and the Promoters of Lotus Eye Care Hospital.
14. Advertisement Contract between Lotus Eye Care Hospital and Bennett Coleman & Company Limited dated 22/01/2008.
15. Legal Due Diligence Report dated 12/01/2008 by Ramani & Shankar, Advocates.
16. In-principle approval dated 28/02/2008 and 02/04/2008 from BSE and NSE for listing of the securities offered through this Prospectus.
17. Report of the IPO grading agency, CARE, furnishing the rationale for its grading, disclosed in this Red Herring Prospectus.
18. Copy of Madras High Court Order dated 09/07/2007 regarding amalgamation between Dr. S.K.S. Eye Care Centre Pvt. Ltd. and the Company.
19. Copy of report dated 01/11/2006 prepared by M/S Capstone Engineers & Architects regarding valuation of immovable property of Dr. S.K.S. Eye Care Centre Pvt. Ltd.
20. SEBI Observation Letter No. CFD/DIL/ISSUES/NB/EB/123270/2008 dated 17/04/2008 issued by the Securities and Exchange Board of India & copy of Compliance letter dated 29/05/2008 filed by Keynote Corporate Services Limited with Securities and Exchange Board of India.

Any of the contracts or documents mentioned in the RHP may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

XI. DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this RHP is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this RHP are true and correct.

Signed by all Directors

Sd/-

Dr. S. K. Sundaramoorthy
Chairman & Managing Director

Sd/-

Mr. P. K. Venkatachalam
Alternate Director to Dr. Kaveetha Sundaramoorthy

Sd/-

Ms. Sangeetha Sundaramoorthy

Sd/-

Mr. D. R. Karthikeyan

Sd/-

Mr. G. R. Sundaravadivel

Sd/-

Dr. Yogesh Shah

Sd/-

Dr. S. S. Badrinath

Date: 2nd June 2008

Place: Coimbatore