

# **Dolphin**

**Medical Services Limited**



**17th ANNUAL REPORT  
2008 - 2009**

**Regd. Office: # 417, Sanali Heavens, Ameerpet, HYDERABAD - 500 073, A.P. India**

**Corp. Office: Ramachandra Rao Road, VIJAYAWADA - 520 002, A.P. India**

**Website : [www.dolphinmedicalindia.com](http://www.dolphinmedicalindia.com)**

**E-mail ID for Investor's Grievances : [dolphincomplianceofficer@gmail.com](mailto:dolphincomplianceofficer@gmail.com)**

## BOARD OF DIRECTORS

Dr. G.V. MOHAN PRASAD	Managing Director
Dr. M. LAKSHMI SUDHA	Director
Mr. VINAY VISHNURAJ NAYAK	Independent Director
Mr. NARENDRA SEENA KARKERA	Independent Director
Mr. M. HEMANTH KUMAR	Independent Director

### REGISTERED OFFICE

# 417, Sanali Heavens  
Ameerpet  
HYDERABAD - 500 073  
Andhra Pradesh  
India

### CORPORATE OFFICE

Ramachandra Rao Road  
Suryaraopet  
VIJAYAWADA - 520 002  
Krishna District  
Andhra Pradesh, India

### AUDITORS

M/s. PINNAMANENI & CO.  
Chartered Accountants  
Moghulrajpuram  
VIJAYAWADA - 520 010  
&  
Ameerpet  
HYDERABAD - 500 073

### SHARE TRANSFER AGENTS

M/s. XL SOFTECH SYSTEMS LTD.  
3, Sagar Society, Road No.2  
Banjara hills  
HYDERABAD - 500 034

### BANKERS

Canara Bank  
The Federal Bank Ltd.  
HDFC Bank Ltd.  
ICICI Bank Ltd.

#### 17th ANNUAL GENERAL MEETING

Date : 30th September, 2009

Time : 10.00 A.M.

Venue : Neni Hi-tech Club  
169, Lal Bungalow  
Old Airport Road  
New Bowenpally  
SECUNDERABAD - 500 001

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**NOTICE**

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the members of **M/s. DOLPHIN MEDICAL SERVICES Limited** will be held on Wednesday, the 30<sup>th</sup> September, 2009 at 10.00 A.M at Neni Hi-tech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad - 500 001 to transact the following Ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Vinay Vishnuraj Nayak, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Pinnamaneni & Co., Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

//By Order of the Board//  
For **DOLPHIN MEDICAL SERVICES LTD**

Sd/-  
**Dr. G.V. MOHAN PRASAD**  
MANAGING DIRECTOR

Date: 21.08.2009  
Place: Hyderabad

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than Forty Eight hours before the commencement of the Meeting.
3. Notice is also given that the Register of Members and Share Transfer books in respect of Equity Shares of the Company will remain closed from 25<sup>th</sup> September to 30<sup>th</sup> September, 2009 (both days inclusive).
4. Share holders are requested to notify change in address if any, immediately to the Company's Transfer Agents.
5. Share holders are requested to bring their copies of Annual Report to the Meeting. Copies of the Annual Report will not be available for distribution to Shareholders at the Hall.
6. Share holders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting place.
7. Share holders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
8. All Shareholders are advised to send their certificates for transfer & DEMAT directly to the Share Transfer Agents.

**DIRECTORS' REPORT**

To  
The Members of  
**M/s. DOLPHIN MEDICAL SERVICES LIMITED.**

Your Directors have pleasure in submitting the Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2009.

**1. FINANCIAL RESULTS:**

The Financial Results for the year ended 31<sup>st</sup> March, 2009 are as under:

(Rs. in Lakhs)

Particulars	2008 - 2009	2007 - 2008
Operating Receipts/ Income	270.23	260.33
Other Receipts/ Income	4.74	13.60
Profit before Depreciation & Tax	59.76	58.61
Depreciation	38.28	31.07
Profit After Tax	12.77	13.87

During the year under review, your Company has shown comfortable results. This was possible because of the timely decisions taken by the Board for business promotion. Your Directors are making their incessant efforts to realize the market opportunities in order to improve the performance of the Company in the coming years.

**2. SUBSIDIARY COMPANIES:**

Your Company has incorporated two subsidiary Private Limited Companies i.e M/s. Bridge Corporate Services Private Limited and M/s. Evum Life Sciences Private Limited during the year 2008-2009 by investing 51% of the total capital of the private limited companies as per the business plan envisaged in the 15<sup>th</sup> Annual General Meeting and with an intention to increase the scope of operations in various activities which will help the company to increase the turnover and profitability of the company. As on date the two subsidiary companies have not commenced their activities.

**3. DIVIDEND:**

As the Company does not generate sufficient profits during the year 2008-09 your directors have not recommended any dividend for the financial year 2008-09.

**4. PUBLIC DEPOSITS:**

The Company has not raised any fixed deposits as on 31<sup>st</sup> March, 2009 in terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time. There are no outstanding or unclaimed deposits as on 31<sup>st</sup> March, 2009.

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

The company had to surrender its 'lease- rights' in respect of the premises taken on lease at Hyderabad. The Company had earlier entered into a long lease with the owner and was planning to start its CRO division there. The (owner) company happened to have over dues of its loan account with a bank and the bank had initiated DRT proceedings against the (owner) company. Your company therefore thought it appropriate to get out of the deal due to the complications and risks involved and ensure to recover the amount paid by it to the (owner) company. The company was able to achieve this goal and ensured that no loss was incurred on it. In addition to this due to global recession, the outsourcing of clinical trials from USA and Europe has slowed down and the company needs to explore local opportunities also to fulfil the business requirements of the CRO venture. The huge monthly rentals for this building will also be a burden to the company in case of any potential problem in getting the Clinical Trails/CRO contracts from the west. As such, to avoid a potential financial loss to the company, your Board took a timely decision to relinquish the lease hold rights of the building by recovering the amounts invested in it. Now your company is in search of another suitable building on lease to continue the operations at Hyderabad and also for MRI equipment installation.

**Outlook**

The Diagnostic business of your Company seems to have been at the same level for the last couple of years. But this year i.e. the current year appears to be more promising with new and sophisticated equipment being installed in the premises at Vijayawada. The revenues are expected to grow up at satisfactory rate over the next couple of years, which will result in increased profits also. In view of the same, your company has decided to go for capacity expansion. Anticipating such a situation your company has been on look out for an appropriate partner having large Diagnostic Service net-work. The idea behind this partnership proposal is to build up a 'brand image' and improve business potential and increase the service reach. To further the business prospects, your Directors decided to tie up with "Dr.Lal Pathlab Pvt. Ltd." which is a leading Diagnostic service provider of repute in India. This partnership is only for pathological lab services in Vijayawada and most of the coastal region of Andhra Pradesh. This partnership would give a reasonable boost to your company's brand image and also sales turn-over in coming years. Your company is also exploring possibilities to have similar partnership in the field of Imaging Services so that your company's top line would increase along with good improvement in company's surpluses. Your company is also in the process of establishing an MRI scanner equipment in the state capital city of Hyderabad or in the nearby areas of the city and is hopeful of installing it before March 2010. Your company is also contemplating to enter into the business of trading materials and goods in the coming year, in order to increase the revenues.

**Risks and Concerns**

Your company was successful in installing a new MRI at its present (leased) premises at Vijayawada. The installation process was unfortunately delayed due to the delay in the supply of the equipment, which is again a consequence of the slow down in the production factory due to the impact of the global economic recession. In addition to this the company had to incur huge expenditure towards renovation so as to make it ready for installation of MRI. Also, the search for a suitable new leased premises in the vicinity of the existing one did not yield results, as the premises was required to be leased out atleast for a period of 10 years. The capital cost was not possible to be recovered in a short period of six years. In view of non availability of other alternatives, the company went ahead and installed the MRI in the same existing premises, the litigation of which is yet to be resolved.

**Internal control systems and their adequacy**

Your Company remains committed to ensure an effective internal control environment that provides assurance on the efficiency of the operations and security of its assets. The Internal Audit process effectively and adequately covers the internal control environment across the company. Planning and conduct of the internal audit is oriented towards a review of controls in identifying, evaluating and managing risks, along with the maintenance of proper accounting records and reliability of financial information used within the business.

**Discussion on financial performance with respect to operational performance**

The company's operational performance and financial performance is reasonably good.

**Material developments in Human Resources / Industrial Relations front**

The company continues to improve the quality of its human resources and relations with them have been cordial.

**6. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:**

The required information as per Sec.217(1) (e) of the Companies Act 1956 is provided hereunder:

**A. CONSERVATION OF ENERGY:**

The Company has taken necessary steps to conserve the energy utilization during the year under review.

**B. TECHNOLOGY ABSORPTION:**

- |   |                |
|---|----------------|
| 1. Research and Development (R&D)                 | Rs. 7.16 lakhs |
| 2. Technology absorption, adoption and innovation | NIL            |

**C. FOREIGN EXCHANGE EARNINGS AND OUT GO:**

- |                           |     |
|---------------------------|-----|
| Foreign Exchange Earnings | NIL |
| Foreign Exchange Outgo    | NIL |

**7. DIRECTORS RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them your directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2009 and of the Profit of the company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

**8. CORPORATE GOVERNANCE:**

- (a) Management Discussion and Analysis Report is enclosed.
- (b) As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditor confirming compliance is set out in the Annexure forming part of this report.

**9. PARTICULARS OF EMPLOYEES:**

During the year under review, except Managing Director no employee of the company was in receipt of remuneration for the whole year which in the aggregate was Rs 24,00,000/- or more per annum nor was any employee in receipt of remuneration Rs.2,00,000/- or more per month for the any part of the year in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

During the year under review, industrial relations of the company continued to be cordial and peaceful.

**10. DIRECTORS:**

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vinay Vishnuraj Nayak, retires by rotation and the Board recommends his reappointment.

**11. AUDITORS:**

M/s. Pinnamaneni & Co, Chartered Accountants, the Company's Auditors, hold office till the conclusion of this Annual General Meeting. They have signified their willingness to accept their re-appointment and have further confirmed their eligibility under section 224 (1-B) of the Companies Act, 1956.

**12. LISTING AT STOCK EXCHANGES:**

The Equity Shares of the company are listed on Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

The listing fee to the Bombay Stock Exchange Limited is up to date.

**13. ACKNOWLEDGEMENTS:**

Your directors thank and appreciate all the executives, staff, Bankers, customers and workers of the Company for their dedicated services.

//By Order of the Board//

For **DOLPHIN MEDICAL SERVICES LIMITED**

Sd/-  
**Dr. G.V. MOHAN PRASAD**  
Managing Director

Sd/-  
**Dr. M. LAKSHMI SUDHA**  
Director

Place: Hyderabad  
Date: 21.08.2009

## CORPORATE GOVERNANCE REPORT

Corporate Governance is the system by which business corporations are directed and controlled. Corporate Governance Structure specifies the relationship, distribution of Rights and responsibilities among different participants in the Organization, such as the Board, Managers and shareholders, spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the Company objectives are set and the means of attaining these objectives and monitoring the performance.

The essence of Corporate Governance revolves around three basic interrelated segments. Integrity and fairness, transparency and disclosures, accountability and responsibility. It is about commitment to values and ethical business conduct, voluntary practices and compliance with laws and regulations leading to effective control and management of the organization in achieving the objectives.

Dolphin believes that good corporate governance brings about sustained corporate growth and long term benefits for share holders. The Company's core values are based on integrity, respect for statutory/regulatory requirements and complaints thereof, emphasis on product quality, effective strategic planning and processes, growth and development of human resources, which entails converting opportunities into achievements.

Dolphin respects the rights of its share holders to information on the performance of the Company and focus on the Trusteeship role of the Board in increasing the wealth and long term shareholders' value creation over a sustained period of time.

Dolphin continues to focus its resources strengths and strategies to achieve highest standards of corporate governance and endeavors to implement the code of corporate governance in its true spirit.

In accordance with clause 49 of the Listing Agreement with Indian Stock Exchanges on corporate governance a report on the practices and compliances by the company is as follows

This Report provides the structure through which the company objectives are set and the means of attaining the overall business objectives and goals.

### A. BOARD OF DIRECTORS:

#### Composition:

The Board of Directors consists of Professionals drawn from diverse fields. All the Directors on the Board consists of Executive and Non- Executive Directors and three of them being independent.

None of the Directors on the Board is a member in more than 10 committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement with Stock Exchanges). The Directors have made the necessary disclosures regarding Committee memberships.

Sl. No.	Name & Category of the Directors	No. of Directorships held in other Public Companies	No. of Memberships/ Chairmanships held in Committees of other Companies
1.	Dr. G.V. Mohan Prasad [Promoter & Executive Director]	2	—
2.	Dr. M. Lakshmi Sudha [Promoter & Executive Director]	2	—
3.	Mr. Vinay Vishnuraj Nayak [Independent Director]	—	—
4.	Mr. Narendra Seena Karkera [Independent Director]	—	—
5.	Mr. Hemanth Kumar Manikyam [Independent Director]	—	—

#### Details of Directors being appointed and reappointed at the ensuing Annual General Meeting:

A brief resume of the Director being re-appointed is as follows:

#### Mr. Vinay Vishnuraj Nayak:

Mr. Vinay Vishnuraj Nayak is a Financial Consultant with rich experience in the Banking Sector. He has worked in the Reserve Bank of India (RBI) as Manager/Assistant General Manager for many years and was also a nominee director from Reserve Bank of India in a private Bank. He has also been associated with auditing of banks and providing financial consultancy services to some of the reputable companies like the Essar group of Companies.

**B. BOARD MEETINGS:**

During the Financial Year 2008-2009 the Board of Directors met 10 (Ten) times on the following dates: 30.04.2008, 27.05.2008, 31.07.2008, 21.08.2008, 25.08.2008, 30.10.2008, 24.11.2008, 29.12.2008, 30.01.2009 and 30.03.2009

The Attendance of Directors at these Board Meetings and at the previous Annual General Meeting was under:

Name of the Director	No. of Board Meetings held during the tenure of the Director	No. of Meetings attended by the Director	Whether Present at the previous AGM
Dr. G.V. Mohan Prasad	10	10	Yes
Dr. M. Lakshmi Sudha	10	10	Yes
Mr. Vinay Vishnuraj Nayak	10	7	No
Mr. Narendra Seena Karkera	10	7	No
Mr. Hemanth Kumar Manikyam	10	7	No

**C. COMMITTEES OF THE BOARD:**

In order to ensure that the functions of the Board are discharged effectively, information disclosed in the financial statements are in order and no material information is left undisclosed, besides ensuring the stricter implementation of the Corporate Governance, the Board has formed the following Three committees.

1. Audit Committee
2. Remuneration Committee
3. Investors/Share holders Grievances Committee

The scope of the said Committees, memberships and the powers delegated is enumerated hereunder:

**1) Audit Committee:****Terms of Reference of Composition, Name of the Members and Chairman:**

The Board has constituted an Audit Committee in accordance with Clause 49 of the listing Agreement as well as Section 292A of the Companies Act, 1956. The audit Committee comprises of 3 directors, 2 of them being non-executive directors. The composition of Audit Committee is as follows:

Mr. Narendra Seena Karkera, Chairman of the committee, Mr. Vinay Vishnuraj Nayak and Dr. M. Lakshmi Sudha are the members of the Committee, all being directors. The Managing Director, along with Statutory Auditors and Accounts Manager are invitees to the meeting. The terms of Reference of this Committee are wide enough covering matters specified for Audit Committees under the Listing Agreement/Companies Act, 1956.

**Meetings and the attendance during the year:**

During the year under review, the total number of meetings held was 5 (five) on the following dates:

1. 30<sup>th</sup> April, 2008
2. 31<sup>st</sup> July, 2008
3. 25<sup>th</sup> August, 2008
4. 30<sup>th</sup> October, 2008 and
5. 30<sup>th</sup> January, 2009

The attendance of the each member of the Committee is given below:

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Narendra Seena Karkera	5	5
Mr. Vinay Vishnuraj Nayak	5	5
Dr. M. Lakshmi Sudha	5	5



The primary objective of the audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

During the year, the Audit Committee met Five times. Executives of Accounts Department, Representative of the Statutory Auditors were invited to attend the Audit Committee Meetings.

## 2) Remuneration Committee

The Remuneration Committee consists of Mr. Hemanth Kumar Manikyam, Mr. Vinay Vishnuraj Nayak and Mr. Narendra Seena Karkera all being Independent non-executive directors. On 25.08.2008 Remuneration Committee held for reappointment of Managing Director and Whole-time Director as detailed and approved in the last Annual General Meeting.

The details of the remuneration paid to Managing Director and Whole-Time Director during the year 2008-09 are given below:

Name & Designation	All elements of remuneration packages i.e., salary benefits, bonuses, pension etc.
Dr. G.V. Mohan Prasad Managing Director	Rs.21,00,000/-
Dr. M. Lakshmi Sudha Director	Rs.11,82,667/-

The above directors did not receive any other benefits like incentives and stock options during the 2008-2009 except the remuneration package.

## 3) Investors / Shareholders Grievance Committee:

The Company has constituted an Investors / Shareholders Grievance Committee under the Chairmanship of Dr. M. Lakshmi Sudha. The other members of the Committee are Mr. Hemanth Kumar Manikyam and Mr. Vinay Vishnuraj Nayak. The Committee looks into the shareholders and investors complaints. The number of shares pending for transfer was NIL as on 31st March, 2009.

## D. Annual General Meetings:

Particulars about the last three Annual General Meetings (AGMs) of the Company are as under:

Sl. No.	Particulars	Date	Venue
1	14 <sup>th</sup> AGM	29.12.2006	Ramachandra Rao Road, Vijayawada - 520 002, A.P.
2	15 <sup>th</sup> AGM	27.12.2007	-do-
3	16 <sup>th</sup> AGM	29.12.2008	-do-

There was no Extra-ordinary General Meeting held during the year 2008 - 2009.

No resolution was passed through postal ballot during the year 2008-09.

No Special resolution is proposed through postal ballot at the ensuing Annual General Meeting.

## E. Disclosures

- There is no materially significant related party transaction made by the company with its promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- The Company had complied with the requirement of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No pecuniary penalties have been imposed on the company by any of the above mentioned authorities.
- The company has already put in place a system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of companies Code of Conduct and access have been provided up to the higher level of supervision including the Audit Committee.
- The Company has complied with all the mandatory requirements and has also disclosed information relating to non mandatory requirements.

**F. Means of Communication**

- |  |   |
|--|---|
| * Half yearly report sent to Each household of the shareholder     | No, as the results of the Company are published in the newspapers.          |
| * Quarterly Results  | -do-  |
| * Any website where displayed                                      | -do-  |
| * Whether it is also displayed in Official newspapers              | -do-  |
| * The presentations made to Institutional investors or to analysts | -No-  |
| * News papers in which results are Normally published in           | 1) Deccan Chronicle/The Financial Express<br>2) Andhra Bhoomi/Andhra Prabha |

The crux of the Corporate Governance is the transparency in disclosure of the timely, reliable and relevant information pertaining to the Organization. A good Corporate Governance is one in which all the stakeholders have access to the similar information in quality and quantity which enables them to take an informed decision at the right time.

Recognizing this prominent feature, the quarterly results of the Company for each quarter, the audited/ unaudited annual results, are announced within the statutory time frame and published in Deccan Chronicle/The Financial Express and Andhra Bhoomi/Andhra Prabha etc.

Management discussion and analysis forms part of the Annual Report, which is mailed to the shareholders of the Company individually.

**G. General Shareholder Information:**

Annual general Meeting																
Date	30.09.2009															
Time	10.00 A.M															
Venue	Neni Hitech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad – 500 011, Andhra Pradesh.															
Financial Calendar	The following is the tentative financial calendar of the Company which is subject to change.  <table border="0"> <thead> <tr> <th>Quarter</th> <th>Period</th> <th>Declaration of results</th> </tr> </thead> <tbody> <tr> <td>First</td> <td>Apr-June</td> <td>Held on 31<sup>st</sup> July 2009</td> </tr> <tr> <td>Second</td> <td>July-Sep</td> <td>Last week of Oct 2009</td> </tr> <tr> <td>Third</td> <td>Oct-Dec</td> <td>Last week of Jan 2010</td> </tr> <tr> <td>Fourth</td> <td>Jan-Mar</td> <td>Last week of April 2010</td> </tr> </tbody> </table>	Quarter	Period	Declaration of results	First	Apr-June	Held on 31 <sup>st</sup> July 2009	Second	July-Sep	Last week of Oct 2009	Third	Oct-Dec	Last week of Jan 2010	Fourth	Jan-Mar	Last week of April 2010
Quarter	Period	Declaration of results														
First	Apr-June	Held on 31 <sup>st</sup> July 2009														
Second	July-Sep	Last week of Oct 2009														
Third	Oct-Dec	Last week of Jan 2010														
Fourth	Jan-Mar	Last week of April 2010														
Date of Book Closure	25 <sup>th</sup> September 2009 to 30 <sup>th</sup> September 2009															
Dividend Payment dates	-NIL-															
Listing on Stock Exchanges	Bombay Stock Exchange Limited															
Listing Fees	Paid for the year 2009-2010															
Stock Code - BSE	526504															
ISIN Number for NSDL & CDSL	INE 796 B 01013															
Market Price Data: high & Low during each month for the financial year 2008-09.	As per Annexure I															
Registrar and Share Transfer Agents	M/s. XL Softech Systems Ltd., 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034.															
Share Transfer System	Share Transfers would be registered and returned within a period of four weeks from the date of receipt, if the documents are clear in all respects.															

	The Share Transfer Committee, which normally meets twice in a month, or at more frequency depending on the volume of transfers aims at ensuing registration and return of transferred shares promptly on receipt of completed documents.
Distribution of shareholding and share holding pattern as on 31 <sup>st</sup> March, 2009	As per Annexure - II
Dematerialization of Shares and Liquidity	The equity shares of the company are being traded in electronic mode from 22 <sup>nd</sup> February 2002 as per SEBI Circular. This facilitates faster and efficient Transfer system and also reduce investors risks of bad delivery/loss in transit of documents besides having the advantage of exemption from stamp duty. 96.14% of the Equity Share Capital has been dematerialized as on 31.03.2009.  As per the directions of Securities and Exchange Board of India, trading in the company shares shall compulsorily be in dematerialized form by all classes of investors and facilities for dematerialization are fully operational. The company shares are regularly traded on BSE.
Outstanding GDRs/ ADRs/ Warrants or any convertible instruments conversion date and likely impact on Equity	-NIL-
Plant Location	#29-12-13A, Ramachandra Rao Road, Vijayawada, Andhra Pradesh.
Address for Correspondence	Share holders correspondence should be addressed to XL Softech Systems Ltd., #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh.

Your Company has a website by name [www.dolphinmedicalindia.com](http://www.dolphinmedicalindia.com)  
Email Id for investor's grievances: [dolphincomplianceofficer@gmail.com](mailto:dolphincomplianceofficer@gmail.com)

**Address of Registrar and Transfer Agents:**

M/s. XL Softech Systems Ltd,  
3, Sagar Society, Road No.2, Banjara Hills  
Hyderabad - 500 034. Andhra Pradesh.

**NON-MANDATORY REQUIREMENTS:**

The Company has not adopted the clauses specified in the non mandatory requirements of the Listing agreement except constituting of the remuneration committee.

**ANNEXURE I:**

High / Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai during the financial year 2008-09:

Month	Highest	Lowest	Month	Highest	Lowest
April, 08	6.10	4.07	October	3.49	2.00
May	5.80	4.50	November	3.60	2.33
June	5.00	3.60	December	3.22	2.07
July	4.10	3.06	January, 09	3.15	2.26
August	4.44	3.42	February	2.68	1.70
September	4.50	2.86	March	2.24	1.41

**ANNEXURE II:****The distribution of shareholding as on 31<sup>st</sup> March, 2009:**

No. of Equity Shares held	No. of Folios	%	No. of shares	%
Up to 5000	3,749	57.86	9,04,118	5.99
5001 - 10000	1,129	17.42	9,95,218	6.59
10001 - 20000	698	10.78	11,40,395	7.55
20001 - 30000	257	3.97	6,87,804	4.56
30001 - 40000	127	1.96	4,77,895	3.16
40001 - 50000	153	2.36	7,37,720	4.89
50001 - 100000	218	3.37	16,56,440	10.97
100001 and above	148	2.28	85,00,362	56.29
Grand Total	6,479	100.00	1,50,99,952	100.00
No. of Shares in Physical Mode			5,82,611	3.86
No. of Shares in Electronic Mode			1,45,17,341	96.14

**Shareholding Pattern as on 31<sup>st</sup> March, 2009:**

Category	No. of Shareholders	No. of Shares	%
Promoters	46	41,43,801	27.44
Foreign Collaborators	--	--	--
Mutual Funds	--	--	--
Fls./Banks	1	100	0.01
FIIs/NRIs	20	86,454	0.57
Domestic Companies	158	10,77,945	7.14
Public	6,232	97,47,846	64.55
Others	22	43,806	0.29
Total	6,479	1,50,99,952	100.00

**DECLARATION BY CEO OF THE COMPANY ON CODE OF CONDUCT**

As per the revised clause 49 of the listing agreement of the Stock Exchanges the Board shall lay down a code of conduct for all board members and senior management of the Company. The code of conduct shall be posted on the website of the Company and all the members and senior management personnel shall affirm compliance with the code on annual basis. The annual report of the Company shall contain a declaration to this effect signed by CEO of the Company.

I hereby declare that:

1. Code of conduct prepared for the Board Members and senior management of the Company was approved by the Board of Directors and the same was adopted by the Company.
2. Code of Conduct adopted by the Company was circulated to the members of the Board and senior management of the Company and also posted in the website of the Company.
3. All the members of the Board and senior management of the Company have complied with all the provisions of the code of conduct.

**For DOLPHIN MEDICAL SERVICES LIMITED**

Sd/-

**Dr.G.V.Mohan Prasad**  
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of Dolphin Medical Services Limited

We have examined the compliance of conditions of Corporate Governance by Dolphin Medical Services Limited, for the year ended on 31<sup>st</sup> March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee except one issue, which was brought to the light later. The issue is pertaining to the transfer of shares. We understand that every effort is made to resolve this issue by discussing with the concerned party by verification of the facts.

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

**For M/s. PINNAMANENI & CO.,  
Chartered Accountants**

Sd/-

**P.V.V. Satyanarayana**

Partner

Place : Hyderabad  
Date : 21.08.2009

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To  
The Board of Directors of M/s. Dolphin Medical Services Ltd.

1. We have audited the attached Consolidated Balance Sheet of M/s. Dolphin Medical Services Ltd. and its subsidiaries M/s. Bridge Corporate Services Private Limited and M/s. Evum Life Sciences Private Limited (hereinafter together referred to as 'consolidated entities') as at 31<sup>st</sup> March, 2009, the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statement based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and on the basis of the separate audited financial statements of the company and its subsidiaries included in the Consolidated Financial Statements.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the company and its aforesaid consolidated entities, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the company and its consolidated entities as at 31<sup>st</sup> March, 2009.
  - b. in the case of the consolidated Profit and Loss Account, of the consolidated results of operations of company and its consolidated entities for the year ended 31<sup>st</sup> March, 2009 and
  - c. in the case of the consolidated cash flow statement, of the consolidated cash flows of the company and its consolidated entities for the year ended 31<sup>st</sup> March, 2009.

Place : Hyderabad  
Date : 21.08.2009

**for PINNAMANENI & Co.,  
Chartered Accountants**

Sd/-

**P.V.V. SATYANARAYANA**

Partner

## CONSOLIDATED BALANCE SHEET AS ON 31.03.2009

PARTICULARS	Schedule	AS ON 31.03.2009 AMOUNT (Rs.)	AS ON 31.03.2008 AMOUNT (Rs.)
<b>I. SOURCE OF FUNDS</b>			
1. Share Holder's Funds			
a) Share Capital	1	150,999,520.00	150,999,520.00
b) Share Premium		23,689,704.00	23,689,704.00
c) Convertible Share Warrants	2	3,225,000.00	3,225,000.00
d) Reserves and Surplus	3	81,475.57	(1,196,058.98)
2. Minority Interest		200,000.00	--
3. Loan Funds			
a) Secured Loans			
- Canara Bank Loan		54,046,810.00	--
- HDFC Vehicle Loans		821,278.22	1,365,603.27
b) Unsecured Loans		--	299,260.57
4. Deferred Tax Liabilities (Net)	4	3,314,262.00	3,178,692.00
<b>TOTAL</b>		<b>236,378,049.79</b>	<b>181,561,720.86</b>
<b>II. APPLICATION OF FUNDS</b>			
1. FIXED ASSETS			
a) Gross Block	11	113,280,720.16	109,324,944.66
b) Less: Depreciation		28,320,382.50	34,652,643.00
c) Net Block		84,960,337.66	74,672,301.66
d) Capital Work in Progress (including capital advances)		70,952,166.00	--
		155,912,503.66	74,672,301.66
2. Expenditure during construction period, pending allocation (Net)		10,458,550.00	--
3. Investments	5	4,100,000.00	4,100,000.00
4. CURRENT ASSETS, LOANS & ADVANCES			
a) Cash and Bank Balances	6	1,982,884.96	734,110.06
b) Deposits with Banks		4,091,185.00	29,095,187.50
c) Deposits	7	3,185,453.00	1,085,453.00
d) Loans & Advances	8	26,798,525.00	42,676,397.00
e) Other Current Assets		795,454.96	1,938,897.79
f) Inventory		326,790.00	341,240.60
		37,180,292.92	75,871,285.35
Less: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities & Provisions	9	988,471.79	1,310,826.15
Net Current Assets		36,191,821.13	74,560,459.20
5. Research & Development Expenditure		7,923,470.00	7,207,470.00
6. Miscellaneous Expenditure (to the extent not written off or adjusted)		21,791,705.00	21,021,490.00
<b>TOTAL</b>		<b>236,378,049.79</b>	<b>181,561,720.86</b>
7. Significant Accounting Policies and Notes to the Consolidated Accounts	12		

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G. V. MOHAN PRASAD

Managing Director

Sd/-

Dr. M. LAKSHMI SUDHA

Director

Place : Hyderabad

Date : 21.08.2009

As per our report of even date

for PINNAMANENI &amp; CO.,

CHARTERED ACCOUNTANTS

Sd/-

P.V.V.SATYANARAYANA

Partner

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009**

PARTICULARS	FOR THE YEAR 2008-2009 (Rs.)	FOR THE YEAR 2007-2008 (Rs.)
<b>INCOME</b>		
<u>Medical Division :</u>		
Diagnostic Services	23,470,535.00	22,415,470.00
Ophthalmology Services	2,669,640.00	2,612,470.00
Biotech & Herbal Services	452,050.00	389,140.00
<u>Software Division:</u>		
Software Operations	430,300.00	615,700.00
Other Income	474,586.16	1,360,056.00
<b>TOTAL</b>	<b>27,497,111.16</b>	<b>27,392,836.00</b>
<b>EXPENDITURE - SCHEDULE 10</b>		
Profit before Depreciation & Income Tax	21,521,414.23	21,532,121.19
Provision for Depreciation	5,975,696.93	5,860,714.81
Interest & Finance charges	3,827,952.00	3,107,191.00
	128,984.38	241,018.10
<b>Profit before Tax</b>	<b>2,018,760.55</b>	<b>2,512,505.71</b>
Provision for Tax	530,076.00	1,107,280.00
Provision for FBT	75,580.00	91,211.00
Provision for Deferred Tax	135,570.00	(73,310.00)
<b>Profit after Tax</b>	<b>1,277,534.55</b>	<b>1,387,324.71</b>

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

**Dr. G. V. MOHAN PRASAD**

Managing Director

Sd/-

**Dr. M. LAKSHMI SUDHA**

Director

Place : Hyderabad

Date : 21.08.2009

As per our report of even date

for PINNAMANENI &amp; CO.,

CHARTERED ACCOUNTANTS

Sd/-

**P.V.V.SATYANARAYANA**

Partner

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - 1</b> <b>AUTHORISED SHARE CAPITAL</b> 2,50,00,000 Equity Shares of Rs.10/- each	250,000,000.00	250,000,000.00
<b>ISSUED CAPITAL</b> 1,62,75,300 Equity Shares of Rs.10/- each	162,753,000.00	162,753,000.00
<b>SUBSCRIBED &amp; PAIDUP CAPITAL</b> Subscribed & Paid up Capital	<b>150,999,520.00</b>	<b>150,999,520.00</b>
<b>SCHEDULE - 2</b> Convertible Share Warrants 32,25,000 Share Warrants of Rs.10/- each Less: Amounts Receivable	32,250,000.00 29,025,000.00	32,250,000.00 29,025,000.00
<b>TOTAL</b>	<b>3,225,000.00</b>	<b>3,225,000.00</b>
<b>SCHEDULE - 3</b> <b>RESERVES &amp; SURPLUS</b> Profit & Loss Account Opening Balance Add: Profit during the year	(1,196,058.98) 1,277,534.55	(2,583,383.69) 1,387,324.71
<b>Transferred to Balance Sheet</b>	<b>81,475.57</b>	<b>(1,196,058.98)</b>
<b>SCHEDULE - 4</b> <b>DEFERRED TAX LIABILITY</b> Opening Balance Add: Current Year (Asset)/Liability	3,178,692.00 135,570.00	3,252,002.00 (73,310.00)
<b>TOTAL</b>	<b>3,314,262.00</b>	<b>3,178,692.00</b>
<b>SCHEDULE - 5</b> <b>INVESTMENTS</b> Meridian Projects Limited Cosmic Fortunes India Ltd	3,200,000.00 900,000.00	3,200,000.00 900,000.00
<b>TOTAL</b>	<b>4,100,000.00</b>	<b>4,100,000.00</b>
<b>SCHEDULE - 6</b> <b>CASH &amp; BANK BALANCE</b> Cash in Hand Cash at Banks	208,864.00 1,774,020.96	148,890.00 585,220.06
<b>TOTAL</b>	<b>1,982,884.96</b>	<b>734,110.06</b>
<b>SCHEDULE - 7</b> <b>DEPOSITS</b> Rent Deposit Rent Deposit for Hyderabad premises Telephone Deposit Electricity Deposit PF Deposit	575,920.00 2,350,000.00 53,000.00 103,502.00 103,031.00	575,920.00 250,000.00 53,000.00 103,502.00 103,031.00
<b>TOTAL</b>	<b>3,185,453.00</b>	<b>1,085,453.00</b>



PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - 8</b>		
<b>LOANS &amp; ADVANCES</b>		
(Advances recoverable in cash or kind or for value to be received)		
a) To Directors	---	---
b) To others	26,798,525.00	42,676,397.00
<b>TOTAL</b>	<b>26,798,525.00</b>	<b>42,676,397.00</b>
<b>SCHEDULE - 9</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Liabilities	84,320.68	138,063.70
Provisions	904,151.11	1,172,762.45
<b>TOTAL</b>	<b>988,471.79</b>	<b>1,310,826.15</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT**

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - 10</b>		
<b>EXPENDITURE</b>		
Chemicals, Films, kits, consumables, disposables & Herbals etc.	5,250,310.00	4,987,450.00
Salaries	1,668,620.00	1,372,400.00
Directors Remuneration	3,166,667.00	2,100,000.00
Consultancy Charges	461,216.00	909,647.00
Incentives to Staff	378,300.00	399,300.00
Laboratory Maintenance	324,794.00	402,610.00
Repairs & Maintenance	3,480,716.00	3,347,500.00
Medical Expenses	337,472.00	356,440.00
Provident Fund to Staff	39,905.00	26,292.00
Rent	724,944.00	600,957.60
Misc. Amenities	203,500.00	151,500.00
Printing & Stationery	316,047.00	342,147.00
Postage & Telegrams	159,686.00	167,139.00
Staff Welfare	69,911.00	79,348.00
Conveyance	89,381.00	90,340.00
Travelling Expenses	1,479,906.47	1,474,657.94
Hospital Maintenance	297,844.00	287,851.00
Vehicle Maintenance	137,775.00	186,609.00
Books & Subscriptions	131,207.62	156,254.37
Advertisement	157,348.00	92,471.00
Rates, Taxes & Fees	66,431.09	112,205.00
Interest on Income Tax	94,539.00	833,678.00
Bank Charges	20,624.01	20,275.71
Computers Maintenance	191,362.13	187,486.93
Software Development	347,100.00	602,470.00
Share Transfer Expenses	46,048.00	41,257.00
Listing Fees	78,195.00	126,477.00
Generators Maintenance	142,800.00	139,480.00
Marketing Expenses	608,274.50	600,319.00
Telephone Charges	183,554.00	233,392.00
Electricity Charges	305,056.00	376,736.00
Insurance	75,761.36	209,510.64
Educational Updates	253,920.00	231,420.00
Seminars	171,304.05	271,500.00
Loss on Ambulance	40,895.00	--
Audit Fees	20,000.00	15,000.00
<b>TOTAL</b>	<b>21,521,414.23</b>	<b>21,532,121.19</b>

**SCHEDULE - 11 - FIXED ASSETS AND DEPRECIATION SCHEDULE FOR THE PERIOD ENDED 31.03.2009**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING BALANCE	ADDITIONS	DEDUCTIONS	TOTAL	OPENING BALANCE	CURRENT PERIOD	ADJUSTMENT	TOTAL	CURRENT YEAR	PREVIOUS YEAR
Land & Land Development Expenditure	43,980,420.00	1,215,800.00	--	45,196,220.00	--	--	--	--	45,196,220.00	43,980,420.00
Furniture & Fittings	3,019,742.76	40,000.00	--	3,059,742.76	2,279,402.00	188,338.00	--	2,467,740.00	592,002.76	740,340.76
Plant & Machinery	46,043,490.87	10,295,500.00	10,056,107.50	46,282,883.37	21,964,655.00	2,612,309.00	10,056,107.50	14,520,856.50	31,762,026.87	24,078,835.87
Computers	4,572,675.00	422,437.00	--	4,995,112.00	2,730,001.00	119,844.00	--	2,849,845.00	2,145,267.00	1,842,674.00
Fax, Copier & EPABX	63,900.00	33,990.00	--	97,890.00	33,209.00	4,718.00	--	37,927.00	59,963.00	30,691.00
Fans & ACs	172,753.00	435,000.00	--	607,753.00	51,095.00	12,214.00	--	63,309.00	544,444.00	121,658.00
Fixtures on Leasehold Buildings including Electrical Equipment and Accessories	8,353,602.03	--	--	8,353,602.03	7,078,151.00	590,600.00	--	7,668,751.00	684,851.03	1,275,451.03
Pagers	54,000.00	--	--	54,000.00	40,648.00	3,364.00	--	44,012.00	9,988.00	13,352.00
Laminator	13,000.00	--	--	13,000.00	9,802.00	919.00	--	10,721.00	2,279.00	3,198.00
Cellular Phone	27,475.00	20,000.00	--	47,475.00	18,688.00	1,816.00	--	20,504.00	26,971.00	8,787.00
Ambulance	155,000.00	256,856.00	155,000.00	256,856.00	95,888.00	12,759.00	104,105.00	4,542.00	252,314.00	59,112.00
Electrical Equipments	--	1,447,300.00	--	1,447,300.00	--	8,527.00	--	8,527.00	1,438,773.00	--
Vehicles	2,868,886.00	--	--	2,868,886.00	351,104.00	272,544.00	--	623,648.00	2,245,238.00	2,517,782.00
<b>TOTAL</b>	<b>109,324,944.66</b>	<b>14,166,883.00</b>	<b>10,211,107.50</b>	<b>113,280,720.16</b>	<b>34,652,643.00</b>	<b>3,827,952.00</b>	<b>10,160,212.50</b>	<b>28,320,382.50</b>	<b>84,960,337.66</b>	<b>74,672,301.66</b>

**SCHEDULE 12: SIGNIFICANT ACCOUNTING POLICIES and NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

**I. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED ACCOUNTS.**

**a. Basis of Preparation of Consolidated Financial Statements:**

The Consolidated Financial Statements include accounts of Dolphin Medical Services Limited ('the company') and its subsidiaries Bridge Corporate Services Private Ltd. and Evum Life Sciences Private Ltd. The Consolidated financial statements have been prepared under historical cost convention and in conformity with the generally accepted accounting principles in India, the Accounting Standards notified under Sub-section 3(C) of Section 211 of the Companies Act, 1956 of India and other relevant provisions of the Act. All inter company transactions between subsidiary companies are eliminated.

**b. Income and Expenditure:**

All items and expenditure shown in the statement having material bearing on the accounts are accounted on accrual basis.

**c. Fixed Assets:**

Fixed Assets are stated at cost of acquisition. Cost of acquisition is inclusive of freight, duties, levies, preparatory works, erection, installation and all incidentals attributable to bringing the asset to its working condition.

**d. Capital Work in Progress:**

The assets under installation or under construction and related advances as at the Balance Sheet date are shown as Capital Work in Progress.

**e. Depreciation :**

Depreciation is computed on Straight Line method basis in accordance with the provision of Schedule XIV of the Companies Act, 1956.

**f. Investments**

Investments are stated at cost of acquisition and the same are considered as long term investments

**g. Provision for Tax**

Provision for tax has been computed on the basis of Profits in accordance with the Income Tax Act, 1961.

**h. Deferred Income Tax**

The Company has accounted for Deferred Tax in accordance with the Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

Deferred tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

The deferred Tax Liability for the current year amounting to Rs.1.35 Lakhs is shown in the Profit and Loss account under provision for Deferred tax. As at the year end, Deferred Tax liability aggregates to Rs.33.14 Lakhs.

**i. Employee Benefits**

Provident fund: The Company makes contribution to Provident Fund administered by the Central Government under the Provident Fund Act, 1952.

**j. Contingent Liabilities**

Contingent Liabilities are generally not provided for in the accounts and are shown separately if any in the notes on accounts.

**II. NOTES ON ACCOUNTS TO THE CONSOLIDATED ACCOUNTS.**

Notes to the accounts forming part of Consolidated Balance Sheet as on 31<sup>st</sup> March 2009 and Consolidated Profit and Loss account for the year ended on that date.

1. The company is a holding company with investments in subsidiary companies.
2. All the fixed assets are located in India and are as detailed in Schedule.11
3. Provision for Fringe Benefit Taxes are made in accordance with the provisions of the Income Tax Act, 1961
4. The stocks are valued at cost or market value whichever is less.
5. Contingent liabilities not provided for.
6. Figures have been re-grouped wherever necessary.
7. Confirmation of balances are not obtained for sundry creditors and advances made.

Signatures to Schedules 1 to 12

**for DOLPHIN MEDICAL SERVICES LIMITED**

Sd/-

**Dr. G. V. MOHAN PRASAD**

Managing Director

Sd/-

**Dr. M. LAKSHMI SUDHA**

Director

As per our report of even date

**for PINNAMANENI & CO.,**

CHARTERED ACCOUNTANTS

Sd/-

**P.V.V.SATYANARAYANA**

Partner

Place : Hyderabad

Date : 21.08.2009

**AUDITORS' CERTIFICATE ON CONSOLIDATED CASH FLOW STATEMENT**

We have examined the attached Consolidated Cash Flow Statement of M/s. Dolphin Medical Services Limited for the year ended 31.03.2009. The statement has been prepared by the company in accordance with the requirements of listing agreement Clause 32 read with the annexure attached thereto with Bombay Stock Exchange Limited and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 21.08.2009 to the members of the Company.

For M/s. PINNAMANENI & CO.,  
Chartered Accountants  
Sd/-  
P.V.V. Satyanarayana  
Partner

Place : Hyderabad  
Date : 21.08.2009

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2009**

	AMOUNT Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit After Tax	1,277,534.55
<b>Adjustment for</b>	
Depreciation	3,827,952.00
Profit / Loss on sale of asset	40,895.00
Interest & Finance Charges	128,984.38
<b>Operating Profit/(Loss) before Working Capital charges</b>	<b>5,275,365.93</b>
<b>Adjustment for</b>	
Increase / Decrease in Inventory	14,450.00
Increase / Decrease in Loans & Advances	15,877,872.00
Increase / Decrease in Deposits	(2,100,000.00)
Increase / Decrease in Other Current Assets	1,143,442.83
Increase / Decrease in Trade payables	(53,743.02)
Increase / Decrease in Provisions	(268,611.34)
Provision for Deferred Tax	135,570.00
<b>Cash Generated from Operations (A)</b>	<b>20,024,346.40</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(95,577,599.00)
Sale of Fixed Assets	10,000.00
Finance Charges paid	(128,984.38)
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(95,696,583.38)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	
Increase / Decrease in Minority Interest	200,000.00
Proceeds from Borrowings	54,046,810.00
Payment of Borrowings	(843,585.62)
Misc. Expenditure	(1,486,215.00)
<b>Net Cash used in Financing Activities (C)</b>	<b>51,917,009.38</b>
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(23,755,227.60)
Cash and Cash equivalents as at previous year	29,829,297.56
Cash and Cash equivalents as at current year	6,074,069.96

**AUDITORS' REPORT**

To

The Members of M/s. Dolphin Medical Services Ltd.

1. We have audited the attached Balance Sheet of M/s. Dolphin Medical Services Limited, as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) Order (Amendment) 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;.
  - c) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
    - ii) in the case of the Profit and Loss Accounts, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For M/s. PINNAMANENI & CO.,**  
**Chartered Accountants**

Sd/-

**P.V.V. Satyanarayana**

Partner

Place : Hyderabad

Date : 21.08.2009

**ANNEXURE TO THE REPORT OF THE AUDITORS**

Referred to in Paragraph 1 of our report of even date.

- 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2 The fixed assets have been physically verified by the management during the period and no serious discrepancies have been noticed on such verification.
- 1.3 The Company not disposed substantial part of the fixed assets during the period and hence do not effect going concern status of the company.
- 2.1 The stock of inventory have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 2.2 In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate considering the size of the Company and the nature of its business.
- 2.3 No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as appears from our examination of the books.
03. According to the information and the explanations given to us, the Company has not granted any loans secured or

- unsecured to companies, firms or other parties to be listed in the Register to be maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), 4(iii)(c) & 4(iii)(d) order are not applicable.
04. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
  05. According to the information and explanations given to us, we are of the opinion that the company has not purchased any goods, materials and had not sold goods, materials and services in pursuance of contracts or arrangements to be entered in the register to be maintained U/S 301 of the Companies Act, 1956. Accordingly clause 4(v)(b) is not applicable.
  06. In our opinion and according to the information and explanations given to us and as shown by the books of accounts, the Company has not accepted deposits within the meaning Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Hence compliance of provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 does not arise.
  07. In our opinion that the Company has an Internal Audit system commensurate with its size and nature of its Business.
  08. We have been informed by the Company that the Central Government had not prescribed any cost records U/s. 209(1)(d) of the Companies Act, 1956 and hence the Company did not maintain any cost records.
  - 9.1 According to the books and records examined by us and the information and explanations given to us, the company is regular in depositing with appropriate authorities the undisputed statutory dues payable in respect of Income-tax, Wealth-tax, Sales-tax, Service-tax, customs duty and excise duty which have remained outstanding as at 31st March, 2009 for a period exceeding six months from the date they became payable.
  - 9.2 According to the books and records examined by us and the information and explanations given to us, there were no disputed amounts which are not deposited payable in respect of Income-tax, Wealth-tax, Sales-tax, Services-tax, customs duty and excise duty which have remained outstanding as at 31st March, 2009 for a period exceeding six months from the date they became payable.
  10. The Company has no accumulated losses at the end of the financial year. Further the Company has not incurred any cash losses during the financial year and in the immediately preceding financial year.
  11. In our opinion and according to the information and explanations furnished to us by the Company, there were no defaults in repayment of its dues to financial institution during the year. The Company has not issued any debentures.
  12. According to the books and accounts examined by us and the information and explanations given to us, the Company has not granted any loans and advances against security by way pledge of shares, debentures and other securities.
  13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, the provisions of clause 4(xiii) of the Order is not applicable.
  14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, is not applicable.
  15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
  16. According to the books and records examined by us, and information and explanations given to us, the company has obtained term loan of Rs.530.36 lakhs from Canara Bank, Hyderabad and the same was utilised for the purpose for which they have been sanctioned.
  17. According to the information and explanations given to us, and books and records examined by us, no funds raised on short-term basis have been utilised for long-term investment.
  18. According to the information and explanations given to us, and books and records examined by us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
  19. According to the information and explanations given to us, the company has not issued debentures during the period under audit. Accordingly, the provisions of clause 4(xix) of the Order, is not applicable.
  20. The company has not issued any money by public issues during the year.
  21. During the course of our examination of the accounts of the Company in accordance with generally accepted auditing practices, we have not come across any instances of fraud on or by the Company, nor we have been informed by the management, of any such instance being the noticed or reported during the year.

**For M/s. PINNAMANENI & CO.,**  
**Chartered Accountants**

Sd/-

**P.V.V. Satyanarayana**

Partner

Place : Hyderabad

Date : 21.08.2009 .

**BALANCE SHEET AS ON 31.03.2009**

PARTICULARS	Schedule	AS ON 31.03.2009 AMOUNT (Rs.)	AS ON 31.03.2008 AMOUNT (Rs.)
<b>I. SOURCE OF FUNDS</b>			
1. Share Holder's Funds			
a) Share Capital	1	150,999,520.00	150,999,520.00
b) Share Premium		23,689,704.00	23,689,704.00
c) Convertible Share Warrants	2	3,225,000.00	3,225,000.00
d) Reserves and Surplus	3	81,475.57	(1,196,058.98)
2. Loan Funds			
a) Secured Loans			
- Canara Bank Loan		54,046,810.00	--
- HDFC Vehicle Loans		821,278.22	1,365,603.27
b) Unsecured Loans		--	299,260.57
3. Deferred Tax Liability	4	3,314,262.00	3,178,692.00
<b>TOTAL</b>		<b>236,178,049.79</b>	<b>181,561,720.86</b>
<b>II. APPLICATION OF FUNDS</b>			
1. FIXED ASSETS			
a) Gross Block	11	113,280,720.16	109,324,944.66
b) Less: Depreciation		28,320,382.50	34,652,643.00
c) Net Block		84,960,337.66	74,672,301.66
d) Capital Work in Progress (including capital advances)		70,952,166.00	--
2. Expenditure during construction period, pending allocation (Net)		155,912,503.66	74,672,301.66
3. Investments	5	10,458,550.00	--
4. CURRENT ASSETS, LOANS & ADVANCES		4,161,500.00	4,100,000.00
a) Cash and Bank Balances	6	1,965,384.96	734,110.06
b) Deposits with Banks		4,091,185.00	29,095,187.50
c) Deposits	7	3,185,453.00	1,085,453.00
d) Loans & Advances	8	26,798,525.00	42,676,397.00
e) Other Current Assets		795,454.96	1,938,897.79
f) Inventory		326,790.00	341,240.00
Less: CURRENT LIABILITIES & PROVISIONS		37,162,792.92	75,871,285.35
Current Liabilities & Provisions	9	988,471.79	1,310,326.15
Net Current Assets		36,174,321.13	74,560,459.20
5. Research & Development Expenditure		7,923,470.00	7,207,470.00
6. Miscellaneous Expenditure (to the extent not written off or adjusted)		21,547,705.00	21,021,490.00
<b>TOTAL</b>		<b>236,178,049.79</b>	<b>181,561,720.86</b>
7. Significant Accounting Policies and Notes to Accounts	12		

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

**Dr. G. V. MOHAN PRASAD**

Managing Director

Sd/-

**Dr. M. LAKSHMI SUDHA**

Director

Place : Hyderabad

Date : 21.08.2009

As per our report of even date

for PINNAMANENI &amp; CO.,

CHARTERED ACCOUNTANTS

Sd/-

**P.V.V.SATYANARAYANA**

Partner

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009**

PARTICULARS	FOR THE YEAR 2008-2009 (Rs.)	FOR THE YEAR 2007-2008 (Rs.)
<b>INCOME</b>		
<u>Medical Division :</u>		
Diagnostic Services	23,470,535.00	22,415,470.00
Ophthalmology Services	2,669,640.00	2,612,470.00
Biotech & Herbal Services	452,050.00	389,140.00
<u>Software Division:</u>		
Software Operations	430,300.00	615,700.00
Other Income	474,586.16	1,360,056.00
<b>TOTAL</b>	<b>27,497,111.16</b>	<b>27,392,836.00</b>
<b>EXPENDITURE - SCHEDULE 10</b>	21,521,414.23	21,532,121.19
Profit before Depreciation & Income Tax	5,975,696.93	5,860,714.81
Provision for Depreciation	3,827,952.00	3,107,191.00
Interest & Finance charges	128,984.38	241,018.10
<b>Profit before Tax</b>	<b>2,018,760.55</b>	<b>2,512,505.71</b>
Provision for Tax	530,076.00	1,107,280.00
Provision for FBT	75,580.00	91,211.00
Provision for Deferred Tax	135,570.00	(73,310.00)
<b>Profit after Tax</b>	<b>1,277,534.55</b>	<b>1,387,324.71</b>

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

**Dr. G. V. MOHAN PRASAD**

Managing Director

Sd/-

**Dr. M. LAKSHMI SUDHA**

Director

Place : Hyderabad

Date : 21.08.2009

As per our report of even date

for **PINNAMANENI & CO.,**

CHARTERED ACCOUNTANTS

Sd/-

**P.V.V.SATYANARAYANA**

Partner



## SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - I</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
2,50,00,000 Equity Shares of Rs.10/- each	250,000,000.00	250,000,000.00
<b>ISSUED CAPITAL</b>		
1,62,75,300 Equity Shares of Rs.10/- each	162,753,000.00	162,753,000.00
<b>SUBSCRIBED &amp; PAIDUP CAPITAL</b>		
Subscribed & Paid up Capital	<b>150,999,520.00</b>	<b>150,999,520.00</b>
<b>SCHEDULE - 2</b>		
Convertible Share Warrants		
32,25,000 Share Warrants of Rs.10/- each	32,250,000.00	32,250,000.00
Less: Amounts Receivable	29,025,000.00	29,025,000.00
<b>TOTAL</b>	<b>3,225,000.00</b>	<b>3,225,000.00</b>
<b>SCHEDULE - 3</b>		
<b>RESERVES &amp; SURPLUS</b>		
Profit & Loss Account		
Opening Balance	(1,196,058.98)	(2,583,383.69)
Add: Profit during the year	1,277,534.55	1,387,324.71
<b>Transferred to Balance Sheet</b>	<b>81,475.57</b>	<b>(1,196,058.98)</b>
<b>SCHEDULE - 4</b>		
<b>DEFERRED TAX LIABILITY</b>		
Opening Balance	3,178,692.00	3,252,002.00
Add: Current Year (Asset)/Liability	135,570.00	(73,310.00)
<b>TOTAL</b>	<b>3,314,262.00</b>	<b>3,178,692.00</b>
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS</b>		
Meridian Projects Limited	3,200,000.00	3,200,000.00
Cosmic Fortunes India Ltd	900,000.00	900,000.00
Bridge Corporate Services Pvt. Ltd.	29,000.00	--
Evum Life Sciences Pvt. Ltd.	32,500.00	--
<b>TOTAL</b>	<b>4,161,500.00</b>	<b>4,100,000.00</b>
<b>SCHEDULE - 6</b>		
<b>CASH &amp; BANK BALANCE</b>		
Cash in Hand	191,364.00	148,890.00
Cash at Banks	1,774,020.96	585,220.06
<b>TOTAL</b>	<b>1,965,384.96</b>	<b>734,110.06</b>
<b>SCHEDULE - 7</b>		
<b>DEPOSITS</b>		
Rent Deposit	575,920.00	575,920.00
Rent Deposit for Hyderabad premises	2,350,000.00	250,000.00
Telephone Deposit	53,000.00	53,000.00
Electricity Deposit	103,502.00	103,502.00
PF Deposit	103,031.00	103,031.00
<b>TOTAL</b>	<b>3,185,453.00</b>	<b>1,085,453.00</b>

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - 8 LOANS &amp; ADVANCES</b> (Advances recoverable in cash or kind or for value to be received)		
a) To Directors	---	---
b) To others	26,798,525.00	42,676,397.00
<b>TOTAL</b>	<b>26,798,525.00</b>	<b>42,676,397.00</b>
<b>SCHEDULE - 9 CURRENT LIABILITIES &amp; PROVISIONS</b>		
Liabilities	84,320.68	138,063.70
Provisions	904,151.11	1,172,762.45
<b>TOTAL</b>	<b>988,471.79</b>	<b>1,310,826.15</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - 10 EXPENDITURE</b>		
Chemicals, Films, kits consumables, disposables & Herbals etc.	5,250,310.00	4,987,450.00
Salaries	1,668,620.00	1,372,400.00
Directors Remuneration	3,166,667.00	2,100,000.00
Consultancy Charges	461,216.00	909,647.00
Incentives to Staff	378,300.00	399,300.00
Laboratory Maintenance	324,794.00	402,610.00
Repairs & Maintenance	3,480,716.00	3,347,500.00
Medical Expenses	337,472.00	356,440.00
Provident Fund to Staff	39,905.00	26,292.00
Rent	724,944.00	600,957.60
Misc. Amenities	203,500.00	151,500.00
Printing & Stationery	316,047.00	342,147.00
Postage & Telegrams	159,686.00	167,139.00
Staff Welfare	69,911.00	79,348.00
Conveyance	89,381.00	90,340.00
Travelling Expenses	1,479,906.47	1,474,657.94
Hospital Maintenance	297,844.00	287,851.00
Vehicle Maintenance	137,775.00	186,609.00
Books & Subscriptions	131,207.62	156,254.37
Advertisement	157,348.00	92,471.00
Rates, Taxes & Fees	66,431.09	112,205.00
Interest on Income Tax	94,539.00	833,678.00
Bank Charges	20,624.01	20,275.71
Computers Maintenance	191,362.13	187,486.93
Software Development	347,100.00	602,470.00
Share Transfer Expenses	46,048.00	41,257.00
Listing Fees	78,195.00	126,477.00
Generators Maintenance	142,800.00	139,480.00
Marketing Expenses	608,274.50	600,319.00
Telephone Charges	183,554.00	233,392.00
Electricity Charges	305,056.00	376,736.00
Insurance	75,761.36	209,510.64
Educational Updates	253,920.00	231,420.00
Seminars	171,304.05	271,500.00
Loss on Ambulance	40,895.00	--
Audit Fees	20,000.00	15,000.00
<b>TOTAL</b>	<b>21,521,414.23</b>	<b>21,532,121.19</b>

## SCHEDULE - 11 - FIXED ASSETS AND DEPRECIATION SCHEDULE FOR THE PERIOD ENDED 31.03.2009

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING BALANCE	ADDITIONS	DEDUCTIONS	TOTAL	OPENING BALANCE	CURRENT PERIOD	ADJUSTMENT	TOTAL	CURRENT YEAR	PREVIOUS YEAR
Land & Land Development Expenditure	43,980,420.00	1,215,800.00	--	45,196,220.00	--	--	--	--	45,196,220.00	43,980,420.00
Furniture & Fittings	3,019,742.76	40,000.00	--	3,059,742.76	2,279,402.00	188,338.00	--	2,467,740.00	592,002.76	740,340.76
Plant & Machinery	46,043,490.87	10,295,500.00	10,056,107.50	46,282,883.37	21,964,655.00	2,612,309.00	10,056,107.50	14,520,856.50	31,762,026.87	24,078,835.87
Computers	4,572,675.00	422,437.00	--	4,995,112.00	2,730,001.00	119,844.00	--	2,849,845.00	2,145,267.00	1,842,674.00
Fax, Copier & EPABX	63,900.00	33,990.00	--	97,890.00	33,209.00	4,718.00	--	37,927.00	59,963.00	30,691.00
Fans & ACs	172,753.00	435,000.00	--	607,753.00	51,095.00	12,214.00	--	63,309.00	544,444.00	121,658.00
Fixtures on Leasehold Buildings including Electrical Equipment and Accessories	8,353,602.03	--	--	8,353,602.03	7,078,151.00	590,600.00	--	7,668,751.00	684,851.03	1,275,451.03
Pagers	54,000.00	--	--	54,000.00	40,648.00	3,364.00	--	44,012.00	9,988.00	13,352.00
Laminator	13,000.00	--	--	13,000.00	9,802.00	919.00	--	10,721.00	2,279.00	3,198.00
Cellular Phone	27,475.00	20,000.00	--	47,475.00	18,688.00	1,816.00	--	20,504.00	26,971.00	8,787.00
Ambulance	155,000.00	256,856.00	155,000.00	256,856.00	95,888.00	12,759.00	104,105.00	4,542.00	252,314.00	59,112.00
Electrical Equipments	--	1,447,300.00	--	1,447,300.00	--	8,527.00	--	8,527.00	1,438,773.00	--
Vehicles	2,868,886.00	--	--	2,868,886.00	351,104.00	272,544.00	--	623,648.00	2,245,238.00	2,517,782.00
<b>TOTAL</b>	<b>109,324,944.66</b>	<b>14,166,883.00</b>	<b>10,211,107.50</b>	<b>113,280,720.16</b>	<b>34,652,643.00</b>	<b>3,827,952.00</b>	<b>10,160,212.50</b>	<b>28,320,382.50</b>	<b>84,960,337.66</b>	<b>74,672,301.66</b>

**SCHEDULE 12: NOTES ANNEXED TO AND FORMING PART OF  
ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

III. SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation of financial statements:**

The financial statements have been prepared under historical cost convention and in conformity with the generally accepted accounting principles, applicable provisions of the Companies Act, 1956 and as per the Accounting Standards issued by the Institute of Chartered Accountants of India.

b. **Income and Expenditure :**

All items and expenditure shown in the statement having material bearing on the accounts are accounted on accrual basis.

c. **Fixed Assets:**

Fixed Assets are stated at cost of acquisition. Cost of acquisition is inclusive of freight, duties, levies, preparatory works, erection, installation and all incidentals attributable to bringing the asset to its working condition.

d. **Capital Work in Progress:**

The assets under installation or under construction and related advances as at the Balance Sheet date are shown as Capital Work in Progress.

e. **Depreciation :**

Depreciation is computed on Straight Line method basis in accordance with the provision of Schedule XIV of the Companies Act, 1956.

f. **Investments**

Investments are stated at cost of acquisition and the same are considered as long term investments.

g. **Provision for Tax**

Provision for tax has been computed on the basis of Profits in accordance with the Income Tax Act, 1961

h. **Deferred Income Tax**

The Company has accounted for Deferred Tax in accordance with the Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

Deferred tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

The deferred Tax Liability for the current year amounting to Rs.1.35 Lakhs is shown in the Profit and Loss account under provision for Deferred tax. As at the year end, Deferred Tax liability aggregates to Rs.33.14 Lakhs.

i. **Employee Benefits**

Provident fund: The Company makes contribution to Provident Fund administered by the Central Government under the Provident Fund Act, 1952.

j. **Contingent Liabilities**

Contingent Liabilities are generally not provided for in the accounts and are shown separately if any in the notes on accounts.

IV. **NOTES ON ACCOUNTS**

Notes to the accounts forming part of Balance Sheet as on 31<sup>st</sup> March 2009 and Profit and Loss account for the year ended on that date.

1. The company is a holding company with investments in subsidiary companies.
2. All the fixed assets are located in India and are as detailed in Schedule.11
3. Remuneration to Auditors. Audit Fees : Rs.20,000/-
4. Provision for Fringe Benefit Taxes are made in accordance with the provisions of the Income Tax Act, 1961
5. The stocks are valued at cost or market value whichever is less.
6. Contingent liabilities not provided for.
7. Figures have been re-grouped wherever necessary.
8. Confirmation of balances are not obtained for sundry creditors and advances made

Signatures to Schedules 1 to 12

**for DOLPHIN MEDICAL SERVICES LIMITED**

Sd/-

**Dr. G. V. MOHAN PRASAD**

Managing Director

Sd/-

**Dr. M. LAKSHMI SUDHA**

Director

As per our report of even date

**for PINNAMANENI & CO.,**  
CHARTERED ACCOUNTANTS

Sd/-

**P.V.V.SATYANARAYANA**

Partner

Place : Hyderabad

Date : 21.08.2009

**AUDITORS' CERTIFICATE ON CASH FLOW STATEMENT**

We have examined the attached Cash Flow Statement of M/s. Dolphin Medical Services Limited for the year ended 31.03.2009. The statement has been prepared by the company in accordance with the requirements of listing agreement Clause 32 read with the annexure attached thereto with Bombay Stock Exchange Limited and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 21.08.2009 to the members of the Company.

Place : Hyderabad  
Date : 21.08.2009

**For M/s. PINNAMANENI & CO.,**  
**Chartered Accountants**  
Sd/-  
**P.V.V. Satyanarayana**  
Partner

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2009**

	AMOUNT Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit After Tax	1,277,534.55
<b>Adjustment for</b>	
Depreciation	3,827,952.00
Profit / Loss on sale of asset	40,895.00
Interest & Finance Charges	128,984.38
<b>Operating Profit/(Loss) before Working Capital charges</b>	<b>5,275,365.93</b>
<b>Adjustment for</b>	
Increase / Decrease in Inventory	14,450.00
Increase / Decrease in Loans & Advances	15,877,872.00
Increase / Decrease in Deposits	(2,100,000.00)
Increase / Decrease in Other Current Assets	1,143,442.83
Increase / Decrease in Trade payables	(53,743.02)
Increase / Decrease in Provisions	(268,611.34)
Provision for Deferred Tax	135,570.00
<b>Cash Generated from Operations (A)</b>	<b>20,024,346.40</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(95,577,599.00)
Sale of Fixed Assets	10,000.00
Purchase of Investments	61,500.00
Finance Charges paid	(128,984.38)
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(95,758,083.38)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	
Proceeds from Borrowings	54,046,810.00
Payment of Borrowings	(843,585.62)
Misc. Expenditure	(1,242,215.00)
<b>Net Cash used in Financing Activities (C)</b>	<b>51,961,009.38</b>
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(23,772,727.60)
Cash and Cash equivalents as at previous year	29,829,297.56
Cash and Cash equivalents as at current year	6,056,569.96

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

i. Registration Details

Registration No.

1 4 7 7 5

State Code 0 1

Balance Sheet Date

3 1 0 3 2 0 0 9

(Amount in Rs. Thousands)

ii. Capital Raised during the year Public Issue

N I L

Rights Issue

N I L

iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

2 3 6 1 7 8

Total Assets

2 3 6 1 7 8

Source of Funds

Paidup Capital

1 5 4 2 2 4

Share Premium

2 3 6 9 0

Reserves & Surplus

8 2

Secured Loans

5 4 8 6 8

Deferred Tax Liability

3 3 1 4

Application of Funds

Net Fixed Assets

1 5 5 9 1 3

Expenditure during construction period

1 0 4 5 9

Investments

4 1 6 1

Net Current Assets

3 6 1 7 4

Misc. Expenditure

2 9 4 7 1

Accumulated Losses

N I L

iv. Performance of Company (Amount in Rs.Thousands)

Gross Income

2 7 4 9 7

Total Expenditure

2 5 4 7 8

Profit Before Tax

2 0 1 9

Profit after Tax

1 2 7 7

Earning Per Share in Rs.

0. 0 9

v. Generic Names of Three Principal Products/Services of the Company (as per Monetary terms)

DIAGNOSTIC, OPHTHALMIC & SOFTWARE SERVICES

For DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G.V. MOHAN PRASAD

Managing Director

Sd/-

Dr. M. LAKSHMI SUDHA

Director

Place : Hyderabad

Date : 21.08.2009

ATTENDANCE SLIP

**DOLPHIN MEDICAL SERVICES LIMITED**

Regd. Office: # 417, Sanali Heavens, Ameerpet, HYDERABAD - 500 073, A.P. India

Please complete this attendance slip and hand it over at the entrance of the hall.

- \* Only members or their proxies are entitled to be present at the meeting.
- \* Please note that children will not be allowed inside the meeting hall.

FOLIO NO.	NO.OF SHARES
NAME & ADDRESS	

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company at Neni Hi-tech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad - 500 001, A.P. India on Wednesday, the 30<sup>th</sup> September, 2009 at 10.00 A.M

SIGNATURE OF THE * SHAREHOLDER / PROXY
--

\* Strike whichever is not applicable

Note :- If you are attending the meeting in person or by proxy, the Balance Sheet of your Company may please be brought with you for your reference at this meeting.

-----CUT HERE-----

ATTENDANCE SLIP

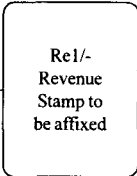
**DOLPHIN MEDICAL SERVICES LIMITED**

Regd. Office: # 417, Sanali Heavens, Ameerpet, HYDERABAD - 500 073, A.P. India

I/We \_\_\_\_\_ being  
a Member / Members of DOLPHIN MEDICAL SERVICES LIMITED hereby appoint \_\_\_\_\_  
\_\_\_\_\_ son of \_\_\_\_\_ or fail-  
ing him \_\_\_\_\_ son of \_\_\_\_\_ or failing  
him \_\_\_\_\_ son of \_\_\_\_\_ as my  
/ our proxy to attend and vote for me / us and on my / our behalf at the SEVENTEENTH ANNUAL GENERAL MEETING of the  
Company to be held on Wednesday, the 30<sup>th</sup> September, 2009 and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signed by the said \_\_\_\_\_



NOTE The proxy form duly signed by the member(s) across Re. 1/- revenue stamp should reach the Company's Share Department at the Registered Office of the Company atleast 48 hours before the time fixed for the meeting.

**BOOK - POST  
PRINTED MATTER**

*If Undelivered Please return to :*



**Regd. Office: # 417, Sanali Heavens, Ameerpet, HYDERABAD - 500 073, A.P. India**