

# Dolphin

Medical Services Limited

(CIN : L24239TG1992PLC014775)



*22<sup>nd</sup> ANNUAL REPORT  
2013 - 2014*

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

Tel No: 040-23738877

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

Website : [www.dolphinmedicalservices.com](http://www.dolphinmedicalservices.com)

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

## BOARD OF DIRECTORS

Dr. G.V. MOHAN PRASAD  
 Dr. M. LAKSHMI SUDHA  
 Mr. VINAY VISHNURAJ NAYAK  
 Mr. NARENDRA SEENA KARKERA

Managing Director  
 Director  
 Independent Director  
 Independent Director

### REGISTERED OFFICE

# 417, Sanali Heavens  
 Ameerpet  
 HYDERABAD - 500 073  
 Telangana  
 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

### REGISTRARS & 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.

#### 22<sup>nd</sup> ANNUAL GENERAL MEETING

Date : 30th September, 2014  
 Time : 10.30 A.M.  
 Venue : Maharaja Function Hall  
 1-54, Beside Andhra Bank  
 Warangal Highway  
 Uppal  
 HYDERABAD - 500 039

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**NOTICE**

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the members of **DOLPHIN MEDICAL SERVICES LIMITED** will be held on Tuesday, 30<sup>th</sup> September, 2014 at 10.30 A.M. at Maharaja Function Hall, 1-54, Beside Andhra Bank, Warangal Highway, Uppal, Hyderabad – 500 039, Telangana to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the statement of Profit and Loss for the year ended on that date and the reports of Auditors and Directors report thereon.
2. To appoint a director in place of Dr. Lakshmi Sudha Madala  
To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
RESOLVED that Dr. Lakshmi Sudha Madala, who retires by rotation at this meeting and being eligible for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation.
3. To appoint M/s. Pinnamaneni & Co., Chartered Accountants as Statutory Auditors of the Company.  
To consider and if thought fit to pass the following resolution with or without modification(s) as an ordinary resolution:  
RESOLVED THAT Pursuant to Section 139 and other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder, M/s. Pinnamaneni & Co, Chartered Accountants, Hyderabad, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of 22<sup>nd</sup> Annual General Meeting to till the conclusion of the 25<sup>th</sup> Annual General Meeting of the Company, subject to the ratification by members at every Annual General Meeting and the board of directors are hereby authorized to fix the remuneration of the Auditors as may be determined by the Audit Committee in consultation with the Auditors.

**Special Business:**

4. Appointment of Mr. Narendra Seena Karkera as an independent Director  
To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
RESOLVED that pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Narendra Seena Karkera, Director of the company who retires by rotation at the AGM and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Narendra Seena Karkera as a candidate for the office of director of the company, be and is hereby appointed as an independent Director of the company to hold office up to 31.03.2019 and not liable to retire by rotation.
5. Appointment of Mr. Vinay Vishnuraj Nayak as an independent Director  
To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
RESOLVED that pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Vinay Vishnuraj Nayak, Director of the company who retires by rotation at the AGM and in respect of whom the company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Vinay Vishnuraj Nayak as a candidate for the office of director of the company, be and is hereby appointed as an independent Director of the company to hold office up to 31.3.2019 and not liable to retire by rotation.

//By Order Of the Board//

For **DOLPHIN MEDICAL SERVICES LIMITED**

Sd/-

**DR. G. V. MOHAN PRASAD**  
**MANAGING DIRECTOR**

Date: 03.09.2014

Place: Hyderabad

**NOTES:**

1. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.
3. The Register of Members and Share Transfer books of the Company will be closed from 26.09.2014 to 29.09.2014 (both days inclusive).
4. The members are requested to –
  - a) Intimate to the Registrars and Transfer Agents of the Company / Depository Participants changes, if any, in their registered addresses at an early date.
  - b) Quote Ledger Folio/Client ID in all the correspondence.
  - c) Bring the copy of the Annual Report and attendance slip with them to the Annual General Meeting.
5. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
6. All the documents referred to in the notice of AGM and Statutory Registers are open for inspection at the registered office of the company during office hours on all working days up to the date of the Annual General Meeting.
7. The Company pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, is extending e-voting facility for its Members to enable them to cast their vote electronically instead of participating and voting physically in the Annual General Meeting. The Company has appointed Mr. A. Venkata Ramappa, Chartered Accountant who in the opinion of the Board is a duly qualified person, as Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
8. Members are requested to note that the e-voting will open on 24th Sept 2014 and shall remain open for 3 days i.e. up to Sept 26th 2014. E-voting shall not be allowed beyond 6P.M. on Sept 26, 2014.
9. The procedure and instructions for e-voting are as follows:

In case of members receiving e-mail:

  - (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (ii) Click on "Shareholders" tab.
  - (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
  - (iv) Now Enter your User ID
    - a. For CDSL : 16 digits beneficiary ID,
    - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins at 10 A.M on 24<sup>th</sup> Sep 2014 and ends at 6 P.M on 26<sup>th</sup> Sept 2014. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 29.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**ANNEXURE TO THE NOTICE**

Statement pursuant to section 102 (1) of the Companies act, 2013

**Item 4 & 5:**

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, every listed company needs to have at least one-third of the total number of directors as independent directors, who shall hold the office for a term up to 5 consecutive years. The said section further provides that any tenure of Independent Director on the date of commencement of the Companies Act, 2013 i.e. 01.04.2014 shall not be counted as term for aforesaid period of 5 years and also lays down additional criteria for becoming Independent Director of the Company.

Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak are earlier appointed as Directors liable to retire by rotation under erstwhile Companies Act, 1956 and holds office as Independent Director of the Company under clause 49 of the listing agreement with stock exchanges (clause 49). They have held the positions as such for more than 5 (five) years.

The Company has received consent to act as directors in form DIR - 2 and intimation in form DIR - 8 to the extent that they are not disqualified under sub section (2) of section 164 of the Companies Act, 2013 from Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak.

The Company has also received declarations from Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak stating that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under Clause 49 of the listing agreement.

The Board of Directors of your Company, after reviewing the declarations submitted by the above Independent Directors, is of the opinion that the said Directors meet the criteria of Independence as per Section 149(6) of the Companies Act, 2013 and the rules made there under and also meet with the requirements of Clause 49 of listing agreements for being Independent Directors on the Board of the Company and are also independent of the management.

The Company has received notices in writing from members along with the requisite deposit amount under Section 160 of the Act proposing the candidatures of Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak for the office of Directors of the Company.

In view of the same, it is proposed to appoint Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years i.e. upto 31.03.2019 and shall not be liable to retire by rotation during the said period.

Brief resume of Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees and shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided hereunder.

**Brief Profile of Mr. Narendra Seena Karkera:**

Mr. Narendra Seena Karkera having 40 years of industry experience of which 26 years has been in Healthcare Industry. After spending approximately 17 years in financial planning and control functions in different industries such as Textile, Electronics and Marine, had started his career in the healthcare industry in 1987 with Hinduja National Hospital and Medical Research Centre, Mumbai was instrumental in introducing various management tools including the concept of activity based Costing & Budgeting for the first time in the Hospital Industry in India. He has also associated with many hospitals and had the responsibility of Finance, Engineering, IT, Personal & General Administration functions.

He is not a director of any other public company and also not a member/chairman of any board committees of other public companies. He does not hold any shares in the Company.

**Brief Profile of 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.

He is not a director of any other public company and also not a member/chairman of any board committees of other public companies. He does not hold any shares in the Company.

None of the Directors, Key Managerial Personnel or their relatives have concern or interest in the above said resolution.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail the advices/services of Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak as independent directors, hence recommends the resolution set forth in item number 4 and 5 for the approval of the members.

Date: 03.09.2014  
Place: Hyderabad

**//By Order Of the Board//  
For DOLPHIN MEDICAL SERVICES LIMITED**

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

## DIRECTORS REPORT TO THE SHARE HOLDERS

Your Directors are pleased to present the 22<sup>nd</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March 2014.

**1. FINANCIAL RESULTS:**

(Rs. In Lakhs)

Particulars	2013 - 14	2012 - 13
Operating Income	95.86	114.14
Other Income	-----	0.22
Profit / (Loss) before Int. Depreciation & Tax	(10.12)	(59.72)
Depreciation	71.39	64.67
Cash Profit / (Loss)	(14.70)	(129.92)

During the year under review your company has got an income of Rs.95.86 lakhs and recorded a cash loss of Rs.14.70 lakhs.

**2. SUBSIDIARY COMPANIES:**

M/s. Bridge Corporate Services Pvt. Ltd. and M/s. Evum Life Sciences Pvt. Ltd. are the subsidiaries of the Company. During the year under review the Subsidiary Companies were not able to record any progress due to lack of financial resources. The Statement pursuant to Section 212 of the Companies Act, 1956, highlighting the summary of the financial performance of our subsidiaries is annexed to this report.

**3. DIVIDEND:**

As the Company is in financial losses, the Directors have not recommended any dividend for the year 2013-14.

**4. PUBLIC DEPOSITS:**

During the year under review the company has not accepted any 'public deposit' as in defined in provision of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 as amended from time to time. There are no outstanding unclaimed deposits as on 31st March 2014.

**5. MANAGEMENT DISCUSSION AND ANALYSIS:**

The company has suffered operational losses over the past few years due to many intrinsic & extrinsic reasons. Some of the reasons are, requirement of comprehensiveness of services i.e., the need for add full-fledged services, updating the equipment which was out dated, non functioning of some of the major medical equipments leading to incurring huge cost of repairs etc., The company was not able to update the medical equipments due to shortage of funds. In addition to this, heavy marketing expenditure, heavy competition in the stand alone diagnostic centres and heavy establishment expenditure are also some of the causes for the losses. Many hospitals are now establishing their own diagnostic centres in their own premises and referrals from these hospitals also decreased substantially.

From the beginning and more so since 2001, the lessor of the premises has been causing troubles to the company relating to Vijayawada premises and obtained lower court order to vacate the premises, but your company made an appeal in the High Court and it is awaiting disposal. Your company had spent so much time for fighting against this litigation. The CSITA, the first lessors and M/s. Tilak Enterprises, the second lessors now colluded together and created a hostile atmosphere for your company's operations. As there is the fear of losing further investment on modifications and renovations of the existing premises, the company was not able to take further steps for more expansion and updation. The uncertainty being faced on the outcome of the court cases on the existing lease hold premises is also adding to the troubles of the company. These issues are clearly explained in the previous Annual General Meetings also.



The term Loan with Canara Bank has become NPA in November 2011 due to many reasons clearly mentioned in the earlier Annual Reports. The OTS proposal submitted by your Company is accepted by Canara Bank for Rs.630 lakhs with various terms and conditions. Your company requested Canara Bank for altering the Terms of OTS, but the bank has not responded. Hence we could not go ahead with the OTS. In spite of this, the company has paid some amount during this period as a matter of showing its commitment towards OTS. Now, Canara Bank assigned the total debt due from your company to M/s. Edelweiss Asset Reconstruction Company Ltd. Discussions by your company with Edelweiss to settle the debt issues started and they are in process. Your directors are putting all their efforts and trying to arrive at a mutually acceptable proposition with Edelweiss as early as possible.

Your directors wish to inform you that the company is trying to find new investors by tying up with other organizations, individuals, entities etc., for fulfilling the following objectives.

1. To meet the settlement amount with Edelweiss Asset Reconstruction Company Ltd.
2. To infuse the required funds for the renewal and bringing the present activity to the optimum level.
3. Bringing in new avenues of activity and operations to increase the revenue base and profitability of the company. Efforts are being made towards attaining these objectives and the management is hopeful of fructification of its efforts in the coming months.

Efforts are being made towards attaining these objectives and the management is hopeful of fructification of its efforts in the coming months.

#### 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)                 | : | NIL |
| 2. Technology absorption, adoption and innovation | : | NIL |

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

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

#### 7. INTERNAL CONTROL AND ITS ADEQUACY:

The Board is committed to ensure that the Company's 'internal control' system remains effective and efficient in areas such as operations and Security. For this purpose proper planning and effective conduct of the 'internal audit' is given top-most attention.

#### 8. DIRECTORS' RESPONSIBILITY:

To best of their knowledge and belief and on the basis of information furnished to them the Directors make following statement, which is required to be made in terms of Section 217 (2AA) of the Companies Act, 1956:

- (i) While preparing Annual Accounts, the applicable accounting standards have been followed along with proper explanations
- (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, 2014 and of the losses 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 of the Company have been prepared on basis of a 'going concern'.

**9. CORPORATE GOVERNANCE:**

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 obtained from the auditors of the Company is set out in Annexure, forming part of this report.

**10. PARTICULARS OF EMPLOYEES:**

During the year under review, no employee of the company was in receipt of remuneration for the whole year which in the aggregate was Rs.60,00,000/- or more per annum nor was any employee in receipt of remuneration Rs.5,00,000/- or more per month for 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.

**11. BOARD OF DIRECTORS:****Resignation of Mr. M Hemanth Kumar from directorship:**

Mr. M Hemanth Kumar, director of the company submitted his resignation on 24.05.2014 and the Board accepted the resignation of Mr. Hemanth Kumar with effect from 24.05.2014

**Resignation of Dr. Lakshmi Sudha Madala as Whole Time Director**

Dr. Lakshmi Sudha Madala resigned from whole time Director of the Company with effect from 03.09.2014 and continues as Director, liable to retire by rotation.

**Appointment of Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak as Independent directions.**

The Board recommends the re-appointment of Mr. Narendra Seena Karkera and Mr. Vinay Vishnuraj Nayak as Independent Directors of the Company in the ensuing Annual General Meeting for a period of 5 years, not liable to retire by rotation.

**12. AUDITORS:**

M/s. Pinnamaneni & Co, Chartered Accountants, the Company's auditors term office will conclude with this Annual General Meeting. They have expressed willingness to accept the assignment for a further period of three years as per the new Companies Act, 2013. They have also confirmed their eligibility for such an appointment under Section 139 of the Companies Act, 2013. The Board recommends the firms re-appointment as Company's auditors.

**13. 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 and the Company has not paid the listing fee for the year 2014-15.

**14. 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

Date: 03.09.2014  
Place: Hyderabad

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

Sd/-  
**DR. M. LAKSHMI SUDHA**  
DIRECTOR

Statement pursuant to section 212 of the companies act, 1956 relating to the Subsidiary Companies.

1.	Name of the Subsidiary	Bridge Corporate Services Pvt. Ltd	Evum Life Sciences Pvt. Ltd
2.	Financial year of the Subsidiary ended	31.03.2014	31.03.2014
3.	Share of Subsidiary held by Dolphin Medical Services Limited a) Number of shares and face Value b) Extent of holding	5,100 equity shares of Rs.10/- each 51% in Equity Shares	5,100 equity shares of Rs.10/- each 51% in Equity Shares
4.	Net aggregate amount of profit/ (Loss) of the Subsidiary so far as they concern the members of Dolphin Medical Services Limited a) Dealt with in the Accounts of Dolphin Medical Services Limited for the year ended 31 <sup>st</sup> March, 2014.  b) Not dealt with in the accounts of Dolphin Medical Services Limited for the year ended 31 <sup>st</sup> March, 2014.	N.A.  N.A.	N.A.  N.A.
5.	Net aggregate amount of profit/ (Loss) for previous financial years of the Subsidiary so far they concern members of Dolphin Medical Services Limited a) Dealt within the accounts of Dolphin Medical Services Limited for the year ended 31 <sup>st</sup> March, 2013  b)Not dealt within the accounts of Dolphin Medical Services Limited for the year ended 31 <sup>st</sup> March,2013	N.A.  N.A.	N.A.  N.A.

## 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.

DMSL 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.

DMSL 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.

DMSL 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:****1. Composition:**

The Board of Directors consists of Professionals drawn from diverse fields. All the Directors on the Board consist 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 & Director]	2	—
3.	Mr. Vinay Vishnuraj Nayak [Independent Director]	—	—
4.	Mr. Narendra Seena Karkera [Independent Director]	—	—
5.	Mr. Hemanth Kumar Manikyam [Independent Director]	—	—

## 2. Details of Directors being appointed and re-appointed at the ensuing Annual General Meeting:

- i) Dr. Lakshmi Sudha Madala, is being re-appointed as the Director of the Company, as a Director liable to retire by rotation. A brief resume of the Director is as follows:

Dr. Lakshmi Sudha Madala did her M.B.B.S in J.S.S. Medical College, Mysore which is one of the reputable medical colleges in the state of Karnataka. After successfully completing M.B.B.S in 1991, she did her internship as a house surgeon in the famous King George Hospital at Visakhapatnam. She had the guidance and training from the eminent medical professors like Dr.Ramsetty and Dr.Madan Gopal. Dr. Lakshmi Sudha Madala is a qualified Doctor with an MBBS and extensive experience as Consulting Physician. Currently she is handling all operation, Finance, administrative work in the Company along with provided the needed consultancy services for the organisation. She has a thorough exposure to Medical Technology especially in diagnostic services. Dr. Lakshmi Sudha Madala is looking after the administrative and technical aspects of the organization. She attended many-a-medical conference organized at the state and national levels. Her participation in these conferences enriched her medical knowledge as well as administrative capabilities.

- ii) Mr. Narendra Seena Karkera, independent director retires at the ensuing Annual General Meeting and is being re-appointed for a term of 5 years till 31<sup>st</sup> March, 2019. A brief resume of the Director is as follows:

Mr. Narendra Seena Karkera having 40 years of industry experience of which 26 years has been in Healthcare Industry. After spending approximately 17 years in financial planning and control functions in different industries such as Textile, Electronics and Marine, had started his career in the healthcare industry in 1987 with Hinduja National Hospital and Medical Research Centre, Mumbai was instrumental in introducing various management tools including the concept of activity based Costing & Budgeting for the first time in the Hospital Industry in India. He has also associated with many hospitals and had the responsibility of Finance, Engineering, IT, Personal & General Administration functions.

- iii) Mr. Vinay Vishnuraj Nayak, independent director retires at the ensuing Annual General Meeting and is being re-appointed for a term of 5 years till 31<sup>st</sup> March, 2019. A brief resume of the Director is as follows:

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.

## 3. Non-Executive Directors' compensation and disclosures:

No fees/compensation is being paid to the Non-Executive Directors of the Company.

## 4. Board Meetings:

During the Financial Year 2013-2014 the Board of Directors met 6 (Six) times on the following dates: 30.05.2013, 12.08.2013, 19.08.2013, 30.09.2013, 15.11.2013 and 15.02.2014

The Attendance of Directors at these Board Meetings and at the previous Annual General Meeting was as 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	6	6	Yes
Dr. M. Lakshmi Sudha	6	6	Yes
Mr. Vinay Vishnuraj Nayak	6	5	No
Mr. Narendra Seena Karkera	6	5	No
Mr. Hemanth Kumar Manikyam	6	4	Yes

**5. 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.

- i) Audit Committee
- ii) Remuneration Committee
- iii) Investors / Share holders Grievances Committee

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

**i) 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 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> May, 2013
2. 12<sup>th</sup> August, 2013
3. 19<sup>th</sup> August, 2013
4. 15<sup>th</sup> November, 2013 and
5. 15<sup>th</sup> February, 2014

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.

**ii) 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. No Remuneration Committee meeting was held during the year.

The details of the remuneration paid to Managing Director and Whole-Time Director during the year 2013-14 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. 11,75,000/-
Dr. M. Lakshmi Sudha Director	Rs. 1,00,000/-

The above directors did not receive any other benefits like incentives and stock options during the 2013-2014 except the remuneration.

**iii) 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, 2014.

**B. Annual General Meetings:**

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

Sl. No.	Particulars	Date	Venue
1	19 <sup>th</sup> AGM	29.09.2011	Neni Hi-tech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad – 500 011
2	20 <sup>th</sup> AGM	29.09.2012	Neni Hi-tech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad – 500 011
3	21 <sup>st</sup> AGM	30.09.2013	Maharaja Function Hall, 1-54, Beside Andhra Bank, Warangal Highway, Uppal, Hyderabad-500039

There was no Extra-ordinary General Meeting held during the year 2013 – 2014.

No resolution was passed through postal ballot during the year 2013-14.

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

**C. 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.

**D. Means of Communication**

The Quarterly Un-audited Financial Results of the Company are announced within forty five days of the end of the quarter. Un-audited/Audited Financial results are sent to the Bombay Stock Exchange Ltd., where the Company's shares are listed.

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

## E. General Shareholder Information:

Annual General Meeting																
Date	30.09.2014															
Time	10.30 A.M															
Venue	Maharaja Function Hall, 1-54, Beside Andhra Bank, Warangal Highway, Uppal, Hyderabad-500 039,															
Financial Calendar	The following is the tentative financial calendar of the Company which is subject to change. <table border="0"> <tr> <td>Quarter</td> <td>Period</td> <td>Declaration of results</td> </tr> <tr> <td>First</td> <td>Apr-June</td> <td>Held on 12<sup>th</sup> Aug 2014</td> </tr> <tr> <td>Second</td> <td>July-Sep</td> <td>2<sup>nd</sup> week of Nov 2014</td> </tr> <tr> <td>Third</td> <td>Oct-Dec</td> <td>2<sup>nd</sup> week of Feb 2015</td> </tr> <tr> <td>Fourth</td> <td>Jan-Mar</td> <td>4<sup>th</sup> week of May 2015</td> </tr> </table>	Quarter	Period	Declaration of results	First	Apr-June	Held on 12 <sup>th</sup> Aug 2014	Second	July-Sep	2 <sup>nd</sup> week of Nov 2014	Third	Oct-Dec	2 <sup>nd</sup> week of Feb 2015	Fourth	Jan-Mar	4 <sup>th</sup> week of May 2015
Quarter	Period	Declaration of results														
First	Apr-June	Held on 12 <sup>th</sup> Aug 2014														
Second	July-Sep	2 <sup>nd</sup> week of Nov 2014														
Third	Oct-Dec	2 <sup>nd</sup> week of Feb 2015														
Fourth	Jan-Mar	4 <sup>th</sup> week of May 2015														
Date of Book Closure	26 <sup>th</sup> September 2014 to 29 <sup>th</sup> September 2014															
Dividend Payment dates	-NIL-															
Listing on Stock Exchanges	Bombay Stock Exchange Limited															
Listing Fees	Not Paid for the year 2014-2015															
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 2013-14.	Appended below.															
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 15 days 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 ensuring 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, 2013	Appended below.															
Dematerialization of Shares and Liquidity	96.42% of the Equity Share Capital has been dematerialized as on 31.03.2014.															
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, Telangana.															



High/Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai during the financial year 2013-14:

Month	Highest	Lowest	Month	Highest	Lowest
April, 13	1.39	0.99	October	0.97	0.63
May	1.72	1.36	November	1.07	0.80
June	1.42	0.96	December	1.94	1.00
July	1.06	0.88	January, 14	1.93	1.71
August	0.99	0.87	February	1.68	1.53
September	0.97	0.60	March	1.54	1.06

Your Company has a website by name [www.dolphinmedicalsolutions.com](http://www.dolphinmedicalsolutions.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  
Telangana

**The distribution of shareholding as on 31<sup>st</sup> March, 2014:**

No. of Equity Shares held	No. of Folios	% age	No. of shares	% age
Up to 500	3,605	58.26	8,36,317	5.54
501 – 1000	1,050	16.97	9,28,681	6.15
1001 – 2000	650	10.51	10,71,653	7.10
2001 – 3000	241	3.90	6,43,945	4.26
3001 – 4000	135	2.18	5,04,538	3.34
4001 – 5000	149	2.41	7,12,352	4.72
5001 – 10000	205	3.31	15,82,294	10.48
10001 and above	152	2.46	88,20,172	58.41
Grand Total	6,187	100.00	150,99,952	100.00
No. of Shares in Physical Mode			5,41,211	3.58
No. of Shares in Electronic Mode			145,58,741	96.42

Shareholding Pattern as on 31<sup>st</sup> March, 2014

Category	No. of Shareholders	No. of Shares	% age
Promoters	45	41,43,801	27.44
Foreign Collaborators	—	—	—
Mutual Funds	—	—	—
FIs./Banks	1	200	0.00
FIIIs/NRIs	27	86,820	0.57
Domestic Companies	97	5,07,237	3.36
Public	6,006	103,30,530	68.42
Others	11	31,364	0.21
Total	6,187	150,99,952	100.00

## 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.

**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.

Date: 03.09.2014

Place: Hyderabad

**//By Order Of the Board//**  
**For DOLPHIN MEDICAL SERVICES LIMITED**

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

**AUDITOR'S 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, 2014, 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.  
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date : 03.09.2014

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

**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 Pvt. Ltd. and M/s. Evum Life Sciences Pvt. Ltd. (hereinafter together referred to as 'consolidated entities') as at 31<sup>st</sup> March, 2014, 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 statements 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, 2014.  
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, 2014 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, 2014.

Place: Hyderabad  
Date : 03.09.2014

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

# Consolidated Balance Sheet as at 31st March, 2014

Amount in Rupees

PARTICULARS	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	150,999,520.00	150,999,520.00
(b) Reserves and Surplus	2	-17,218,968.39	-8,570,054.59
(c) Minority Interest		745,000.00	650,000.00
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings			
Term Loan from Canara Bank		80,958,265.00	82,208,265.00
(b) Deferred tax liabilities (Net)	3	6,604,625.00	6,565,217.00
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings			
Vehicle Loans		0.00	163,188.09
(b) Trade payables		58,942.05	19,634.05
(c) Other current liabilities		887,670.60	933,317.37
<b>Total</b>		<b>223,035,054.26</b>	<b>232,969,086.92</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<i>(a) Fixed assets</i>			
(i) Tangible assets	4	112,295,383.35	119,434,310.35
(ii) Intangible assets under development	5	39,712,314.00	39,599,758.00
(iii) Capital work-in-progress		21,426,627.00	21,426,627.00
(b) Non-current investments	6	4,100,000.00	4,100,000.00
(c) Long term loans and advances		28,195,000.00	28,195,000.00
(d) Other non-current assets	7	835,453.00	835,453.00
<b>(2) Current assets</b>			
(a) Inventories		284,790.00	397,520.00
(b) Cash and cash equivalents	8	97,080.91	137,498.57
(c) Short - term loans and advances	9	15,878,406.00	18,632,920.00
(d) Other non current assets		210,000.00	210,000.00
<b>Total</b>		<b>223,035,054.26</b>	<b>232,969,086.92</b>
Significant Accounting Policies			
Notes on Accounts	1to14		

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G. V. MOHAN PRASAD

Managing Director

Dr. M. LAKSHMI SUDHA

Director

Place : Hyderabad

Date : 22.05.2014

As per our report of even date

for PINNAMANENI & CO.,

CHARTERED ACCOUNTANTS

Sd/-

P. V. V. SATYANARAYANA

Partner

## Consolidated Profit and Loss statement for the year ended 31st March, 2014

Amount in Rupees

PARTICULARS	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. Revenue from operations	10	9,586,400.00	11,414,410.00
II. Other Income		0.00	22,490.00
<b>III. Total Revenue (I +II)</b>		<b>9,586,400.00</b>	<b>11,436,900.00</b>
<i>IV. Expenses:</i>			
Cost of materials consumed	11	2,980,650.00	3,212,230.00
Employee benefit expense	12	2,596,930.00	3,519,060.00
Financial costs	13	458,577.36	7,020,079.44
Depreciation and amortization expense	4	7,138,927.00	6,467,226.00
Other expenses	14	5,020,821.44	10,677,850.65
<b>Total Expenses</b>		<b>18,195,905.80</b>	<b>30,896,446.09</b>
V. Profit/(Loss) before exceptional and extraordinary items and tax	(III - IV)	-8,609,505.80	-19,459,546.09
VI. Profit/(Loss) before tax		<b>-8,609,505.80</b>	<b>-19,459,546.09</b>
VII. Tax expense:			
Income Tax		—	—
Deferred tax		39,408.00	319,834.00
VIII. Profit/(Loss) for the period from continuing operations	(V -VII)	-8,648,913.80	-19,779,380.09
IX. Profit/(Loss) for the period		<b>-8,648,913.80</b>	<b>-19,779,380.09</b>
X. Earning per equity share:			
(1) Basic		-0.57	-1.31
(2) Diluted		-0.57	-1.31

for DOLPHIN MEDICAL SERVICES LIMITED  
Sd/-

Dr. G. V. MOHAN PRASAD  
Managing Director

Dr. M. LAKSHMI SUDHA  
Director

Place : Hyderabad  
Date : 22.05.2014

As per our report of even date  
for PINNAMANENI & CO.,  
CHARTERED ACCOUNTANTS

Sd/-  
P. V. V. SATYANARAYANA  
Partner

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2014

CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/(Loss) after tax	-8,648,913.80
<b>Adjustment For</b>	
Depreciation	7,138,927.00
Proposed Dividend	---
Profit/Loss on Fixed Assets	0.00
Interest & Finance Charges	458,577.36
Prel. Exp.W/o	---
<b>Operating Profit/(Loss) before working capital charges</b>	<b>-1,051,409.44</b>
<b>Adjustment For</b>	
Increase/ Decrease in inventory	112,730.00
Increase/ Decrease in Loans & Advances	2,754,514.00
Increase/ Decrease in Deposits	---
Increase/ Decrease in Other Current Assets	---
Increase/ Decrease in Trade payables	39,308.00
Increase/ Decrease in Trade Receivables	0.00
Increase/ Decrease in Current Liabilities	-45,646.77
Provision for Deferred tax	39,408.00
<b>Cash generated from operations (A)</b>	<b>1,848,903.79</b>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	0.00
Increase/Decrease in Capital Work in progress	0.00
Sale of Fixed Assets	0.00
Purchase of Investment	—
Sale of Investment	—
Interest received	—
Dividend received	—
Finance Charges paid	-1,708,577.36
<b>Net cash flow from investing activities (B)</b>	<b>-1,708,577.36</b>
CASH FLOW FROM FINANCIAL ACTIVITIES	
Increase/Decrease in Minority Interest	95,000.00
Proceeds from Borrowings	—
Payment of Borrowings	-163,188.09
Dividend paid	—
Increase/Decrease in Intangible Assets	-112,556.00
<b>Net cash used in Financing Activities (C)</b>	<b>-180,744.09</b>
Net Increase /(Decrease) incash and cash equivalents (A+B+C)	-40,417.66
Cash and Cash equivalents as at previous year	137,498.57
Cash and Cash equivalents as at current year	97,080.91

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G. V. MOHAN PRASAD

Managing Director

Sd/-

Dr. M. LAKSHMI SUDHA

Director

Place : Hyderabad

Date : 22.05.2014

As per our report of even date

for PINNAMANENI &amp; CO.,

CHARTERED ACCOUNTANTS

Sd/-

P. V. V. SATYANARAYANA

Partner

**SIGNIFICANT ACCOUNTING POLICIES and NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014****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, related advances and pending allocations 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.0.39 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.66.04 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 2014 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 Notes.
3. The stocks are valued at cost or market value whichever is less.
4. Contingent liabilities not provided for.
5. Figures have been re-grouped wherever necessary.
6. Confirmation of balances are not obtained for sundry creditors and advances made.

As per our report of even date  
for PINNAMANENI & CO.,  
CHARTERED ACCOUNTANTS  
Sd/-

P.V.V.SATYANARAYANA

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G. V. MOHAN PRASAD  
Managing Director Partner

Sd/-

Dr. M. LAKSHMI SUDHA  
Director

Place: Hyderabad

Date: 22.05.2014

## Notes on Accounts

	PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
1	<b>Share Capital</b>		
a	<b>Authorised</b>		
	2,50,00,000 Equity Shares of Rs.10/- each	250,000,000.00	250,000,000.00
b	<b>ISSUED CAPITAL</b>		
	1,62,75,300 Equity Shares of Rs.10/- each	162,753,000.00	162,753,000.00
c	<b>SUBSCRIBED &amp; PAID UP CAPITAL</b>		
	1,50,99,952 Equity Shares of Rs.10/- each	<b>150,999,520.00</b>	<b>150,999,520.00</b>
2	<b>Reserves and Surplus</b>		
a	Capital Reserve	3,225,000.00	3,225,000.00
b	Share Premium	23,689,704.00	23,689,704.00
c	Profit & Loss Account Profit/Loss(-)		
	Opening Balance	-35,484,758.59	-15,705,378.50
	Add: Profit/Loss (-) during the year	-8,648,913.80	-19,779,380.09
		<b>-44,133,672.39</b>	<b>-35,484,758.59</b>
	<b>Total</b>	<b>-17,218,968.39</b>	<b>-8,570,054.59</b>
3	<b>Deferred tax liabilities (Net)</b>		
	Opening Balance	6,565,217.00	6,245,383.00
	Add: Current year (Asset)/Liability	39,408.00	319,834.00
	<b>Total</b>	<b>6,604,625.00</b>	<b>6,565,217.00</b>
5	<b>Intangible Assets under development</b>		
	Research & Development Expenditure	16,300,662.00	16,300,662.00
	Miscellaneous Expenditure (to the extent not written off or adjusted)	23,411,652.00	23,299,096.00
	<b>Total</b>	<b>39,712,314.00</b>	<b>39,599,758.00</b>
6	<b>Non-current investments</b>		
	Meridian Projects Limited	3,200,000.00	3,200,000.00
	Cosmic Fortunes India Ltd.	900,000.00	900,000.00
	<b>Total</b>	<b>4,100,000.00</b>	<b>4,100,000.00</b>
7.	<b>Other non-current assets</b>		
	Rent Deposit	575,920.00	575,920.00
	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>835,453.00</b>	<b>835,453.00</b>
8	<b>Cash and cash equivalents</b>		
	Cash in Hand	66,172.00	96,042.00
	Balance with Banks	30,908.91	41,456.57
	<b>Total</b>	<b>97,080.91</b>	<b>137,498.57</b>
9	<b>Short-term loans and advances</b>		
	Advances recoverable in cash or kind or for value to be received		
	Income Tax deducted at source	35,701.00	105,135.00
	Loans and Advances-Considered Good unsecured	6,578,174.00	6,578,174.00
	Loans and Advances-Considered Doubtful	8,764,531.00	11,449,611.00
	Other Loans and Advances	500,000.00	500,000.00
	<b>Total</b>	<b>15,878,406.00</b>	<b>18,632,920.00</b>



## Notes on Accounts

	PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
10	<b>Revenue from Operations</b>		
	Medical Division:		
	Diagnostics & Other Allied Services	9,066,100.00	11,175,140.00
	Biotech & Herbal Services	207,300.00	100,270.00
	Software Division:		
	Software Operations	313,000.00	139,000.00
	<b>Total</b>	<b>9,586,400.00</b>	<b>11,414,410.00</b>
11	<b>Cost of Materials Consumed</b>		
	Opening Stock	397,520.00	464,010.00
	Purchases	2,867,920.00	3,145,740.00
	Closing Stock	284,790.00	397,520.00
	<b>Cost of Materials Consumed</b>	<b>2,980,650.00</b>	<b>3,212,230.00</b>
12	<b>Employee Benefit Expense</b>		
	Salaries	1,134,600.00	1,712,900.00
	Staff Welfare Expenses	97,820.00	129,760.00
	Incentives to Staff	89,510.00	401,400.00
	Directors Remuneration	1,275,000.00	1,275,000.00
	<b>Total</b>	<b>2,596,930.00</b>	<b>3,519,060.00</b>
13	<b>Financial Costs</b>		
	Interest on Canara Bank Term Loan	---	6,563,263.00
	Interest on Vehicle Loans	458,577.36	456,816.44
	<b>Total</b>	<b>458,577.36</b>	<b>7,020,079.44</b>
14	<b>Other Expenses</b>		
	Consultancy Charges	197,200.00	674,870.00
	Laboratory Maintenance	79,420.00	135,970.00
	Repairs & Maintenance	539,700.00	1,564,000.00
	Medical Expenses	197,904.00	322,723.00
	Rent	737,088.00	737,088.00
	Misc. Amenities	147,800.00	295,400.00
	Printing & Stationery	126,478.00	340,314.00
	Postage & Telegrams	139,470.00	247,849.00
	Conveyance	76,512.00	145,870.00
	Travelling Exps.	550,820.00	1,647,510.00
	Hospital Maintenance	154,780.00	363,274.00
	Vehicle Maintenance	235,473.00	401,247.00
	Books & Subscriptions	97,480.00	142,014.00
	Advertisement	54,790.00	94,750.00
	Rates, Taxes & Fees	87,393.46	55,759.94
	Interest on Income Tax	30,760.00	619.00
	Bank Charges	40,216.98	17,199.45
	Computers Maintenance	102,740.00	374,826.26
	Software Development	267,500.00	164,000.00
	Share Transfer Expenses	43,596.00	32,715.00
	Listing Fees	112,360.00	115,182.00
	Generators Maintenance	157,810.00	214,790.00
	Marketing Expenses	215,730.00	847,540.00
	Telephone Charges	124,906.00	329,471.00
	Electricity Charges	215,129.00	352,736.00
	Loss on Fixed Assets	---	51,109.00
	Insurance	22,175.00	49,794.00
	Educational Updates	125,740.00	390,760.00
	Seminars	119,850.00	548,470.00
	Audit Fees	20,000.00	20,000.00
	<b>Total</b>	<b>5,020,821.44</b>	<b>10,677,850.65</b>

**4. TANGIBLE ASSETS AND DEPRECIATION SCHEDULE FOR THE PERIOD ENDED 31.03.2014**

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	OPENING BALANCE	TOTAL	OPENING BALANCE	CURRENT PERIOD	TOTAL	CURRENT PERIOD	PREVIOUS YEARS
Land & Land development Expenditure	45,685,720.00	45,685,720.00	---	---	---	45,685,720.00	45,685,720.00
Furniture & Fittings	461,514.15	461,514.15	316,247.39	28,752.00	344,999.39	116,514.76	145,266.76
Steel Furniture	229,400.00	229,400.00	42,876.00	14,292.00	57,168.00	172,232.00	186,524.00
Plant & Machinery	90,670,393.00	90,670,393.00	20,963,234.13	6,410,397.00	27,373,631.13	63,296,761.87	69,707,158.87
Computers, Printers & Accessories	1,102,269.72	1,102,269.72	923,242.00	178,678.00	1,101,920.00	349.72	179,027.72
Fax, Copier & EPABX	376,001.00	376,001.00	95,798.00	26,583.00	122,381.00	253,620.00	280,203.00
Fans & ACs	703,095.00	703,095.00	216,406.00	49,709.00	266,115.00	436,980.00	486,689.00
Fixtures on Leasehold Buildings including Electrical Equipment & accessories	8,353,602.03	8,353,602.03	8,353,602.03	---	8,353,602.03	---	---
Cellular Phones	67,975.00	67,975.00	36,273.00	4,235.00	40,508.00	27,467.00	31,702.00
Ambulance	256,856.00	256,856.00	77,182.00	18,160.00	95,342.00	161,514.00	179,674.00
Electrical Equipments	1,917,640.00	1,917,640.00	520,357.00	135,577.00	655,934.00	1,261,706.00	1,397,283.00
Vehicles	2,868,886.00	2,868,886.00	1,713,824.00	272,544.00	1,986,368.00	882,518.00	1,155,062.00
<b>TOTAL</b>	<b>152,693,351.90</b>	<b>152,693,351.90</b>	<b>33,259,041.55</b>	<b>7,138,927.00</b>	<b>40,397,968.55</b>	<b>112,295,383.35</b>	<b>119,434,310.35</b>

## AUDITORS' REPORT

To the Members of Dolphin Medical Services Limited

### Report on the financial statements

We have audited the accompanying financial statements of Dolphin Medical Services Limited ("Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purposes 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;

- e) On the basis of written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

for PINNAMANENI & Co.,  
Chartered Accountants,

Place: Hyderabad  
Date : 22.05.2014

Sd/-  
P.V.V.SATYANARAYANA  
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

**The Annexure referred to in our report to the members of Dolphin Medical Services Limited ("Company") for the year ended March 31, 2014, we report that:**

1. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) According to the information and explanations furnished to us, the Company has physically verified its fixed assets during the year. The Company has adopted a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No serious discrepancies have been noticed on such verification.
  - c) According to the information and explanations furnished to us, the Company has not disposed off any substantial part of its fixed assets during the year.
2. In respect of its inventories:
  - a) According to the information and explanations furnished to us, the Company has physically verified its inventories. The frequency of verification is reasonable.
  - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii) (f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction.
5. In our opinion and according to the information and explanations given to us, 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.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable. According to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of sections 58A and 58AA of the Act.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. 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. a) According to the information furnished to us, the Company is regular in depositing with appropriate authorities, the undisputed statutory dues including Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues applicable to it. There were no undisputed statutory dues in arrears as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.
- b) According to the information furnished 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 the date of the Balance Sheet under report for a period exceeding six months from the date they became payable.
10. According to the information and explanations furnished to us, the Company has accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. According to the books and records examined by us, and information and explanations given to us, the company has defaulted the repayment of the term loan of Rs.665.45 lakhs availed from Canara Bank, Industrial Finance Branch, Hyderabad. The said bank has recalled the entire debt vide its notice No.CR 97/573/2011/IFBHYD dated 30<sup>th</sup> November 2011 and therefore the total outstanding amount as per the books of account is overdue. The company has not issued any debentures.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations furnished to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society and hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the Company during the year under report.
14. According to the information furnished to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Hence the requirements of clause (xv) of paragraph 4 of the Order are not applicable to the Company.
16. During the year the company has not taken any term loans and therefore the application thereof does not arise.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment or other investments during the year under report.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, the Company has not issued any debentures. Hence the clause (xix) of paragraph 4 of the Order is not applicable.
20. The Company has not raised any money through public issues during the year. Accordingly, the provisions of clause (xx) of paragraph 4 of the Order are not applicable to the Company during the year under report.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

for PINNAMANENI & Co.,  
Chartered Accountants,

Place: Hyderabad  
Date : 22.05.2014

Sd/-  
P.V.V.SATYANARAYANA  
Partner

## Balance Sheet as at 31st March, 2014

Amount in Rupees

PARTICULARS	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	150,999,520.00	150,999,520.00
(b) Reserves and Surplus	2	-17,218,968.39	-8,570,054.59
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings			
Term Loan from Canara Bank		80,958,265.00	82,208,265.00
(b) Deferred tax liabilities (Net)	3	6,604,625.00	6,565,217.00
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings			
Vehicle Loans		0.00	163,188.09
(b) Trade payables		58,942.05	19,634.05
(c) Other current liabilities		887,670.60	933,317.37
<b>Total</b>		<b>222,290,054.26</b>	<b>232,319,086.92</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	4	112,295,383.35	119,434,310.35
(ii) Intangible assets under development	5	37,848,367.00	37,848,367.00
(iii) Capital work-in-progress		21,426,627.00	21,426,627.00
(b) Non-current investments	6	5,225,000.00	5,225,000.00
(c) Long term loans and advances		28,195,000.00	28,195,000.00
(d) Other non-current assets	7	835,453.00	835,453.00
<b>(2) Current assets</b>			
(a) Inventories		284,790.00	397,520.00
(b) Cash and cash equivalents	8	91,027.91	113,889.57
(c) Short-term loans and advances	9	15,878,406.00	18,632,920.00
(d) Other current assets		210,000.00	210,000.00
<b>Total</b>		<b>222,290,054.26</b>	<b>232,319,086.92</b>
Significant Accounting Policies			
Notes on Accounts	1 to 14		

for DOLPHIN MEDICAL SERVICES LIMITED  
Sd/-

Dr. G. V. MOHAN PRASAD  
Managing Director

Sd/-  
Dr. M. LAKSHMI SUDHA  
Director

Place : Hyderabad  
Date : 22.05.2014

As per our report of even date  
for PINNAMANENI & CO.,  
CHARTERED ACCOUNTANTS

Sd/-  
P. V. V. SATYANARAYANA  
Partner

## Profit and Loss statement for the year ended 31st March, 2014

Amount in Rupees

PARTICULARS	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. Revenue from operations	10	9,586,400.00	11,414,410.00
II. Other Income		0.00	22,490.00
<b>III. Total Revenue (I + II)</b>		<b>9,586,400.00</b>	<b>11,436,900.00</b>
<i>IV. Expenses:</i>			
Cost of materials consumed	11	2,980,650.00	3,212,230.00
Employee benefit expense	12	2,596,930.00	3,519,060.00
Financial costs	13	458,577.36	7,020,079.44
Depreciation and amortization expense	4	7,138,927.00	6,467,226.00
Other expenses	14	5,020,821.44	10,677,850.65
<b>Total Expenses</b>		<b>18,195,905.80</b>	<b>30,896,446.09</b>
V. Profit/(Loss) before exceptional and extraordinary items and tax	(III - IV)	-8,609,505.80	-19,459,546.09
VI. Profit/(Loss) before tax		<b>-8,609,505.80</b>	<b>-19,459,546.09</b>
VII. Tax expense:			
Income Tax		—	—
Deferred tax		39,408.00	319,834.00
VIII. Profit/(Loss) for the period from continuing operations	(V - VII)	-8,648,913.80	-19,779,380.09
IX. Profit/(Loss) for the period		<b>-8,648,913.80</b>	<b>-19,779,380.09</b>
X. Earning per equity share:			
(1) Basic		-0.57	-1.31
(2) Diluted		-0.57	-1.31

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G. V. MOHAN PRASAD  
Managing Director

Sd/-

Dr. M. LAKSHMI SUDHA  
DirectorPlace : Hyderabad  
Date : 22.05.2014As per our report of even date  
for PINNAMANENI & CO.,  
CHARTERED ACCOUNTANTS

Sd/-

P.V.V. SATYANARAYANA  
Partner

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2014

CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/(Loss) after tax	-8,648,913.80
<b>Adjustment For</b>	
Depreciation	7,138,927.00
Proposed Dividend	---
Profit/Loss on Fixed Assets	0.00
Interest & Finance Charges	458,577.36
Prel. Exp.W/o	---
<b>Operating Profit/(Loss) before working capital charges</b>	<b>-1,051,409.44</b>
<b>Adjustment For</b>	
Increase/ Decrease in inventory	112,730.00
Increase/ Decrease in Loans & Advances	2,754,514.00
Increase/ Decrease in Deposits	---
Increase/ Decrease in Other Current Assets	---
Increase/ Decrease in Trade payables	39,308.00
Increase/ Decrease in Trade Receivables	0.00
Increase/ Decrease in Current Liabilities	-45,646.77
Provision for Deferred tax	39,408.00
<b>Cash generated from operations (A)</b>	<b>1,848,903.79</b>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	0.00
Increase/Decrease in Capital Work in progress	0.00
Sale of Fixed Assets	0.00
Purchase of Investment	—
Sale of Investment	—
Interest received	—
Dividend received	—
Finance Charges paid	-1,708,577.36
<b>Net cash flow from investing activities (B)</b>	<b>-1,708,577.36</b>
CASH FLOW FROM FINANCIAL ACTIVITIES	
Increase/Decrease in Minority Interest	—
Proceeds from Borrowings	—
Payment of Borrowings	-163,188.09
Dividend paid	—
Increase/Decrease in Intangible Assets	—
<b>Net cash used in Financing Activities (C)</b>	<b>-163,188.09</b>
Net Increase /(Decrease) incash and cash equivalents (A+B+C)	-22,861.66
Cash and Cash equivalents as at previous year	113,889.57
Cash and Cash equivalents as at current year	91,027.91

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G. V. MOHAN PRASAD

Managing Director

Sd/-

Dr. M. LAKSHMI SUDHA

Director

Place : Hyderabad

Date : 22.05.2014

As per our report of even date

for PINNAMANENI &amp; CO.,

CHARTERED ACCOUNTANTS

Sd/-

P. V. V. SATYANARAYANA

Partner



NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

## I. 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.0.39 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.66.04 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**

Notes to the accounts forming part of Balance Sheet as on 31<sup>st</sup> March 2014 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 Notes.

3. Remuneration to Auditors. Audit Fees: Rs.20,000/-

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.

for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-

Dr. G. V. MOHAN PRASAD  
Managing Director

Sd/-

Dr. M. LAKSHMI SUDHA  
Director

Place : Hyderabad  
Date : 22.05.2014

As per our report of even date  
for PINNAMANENI & CO.,  
CHARTERED ACCOUNTANTS  
Sd/-

P.V.V.SATYANARAYANA  
Partner

DOLPHIN MEDICAL SERVICES LIMITED, HYDERABAD - 500 073

## Notes on Accounts

Amount in Rupees

	PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
1	<b>Share Capital</b>		
a	<b>Authorised</b>		
	2,50,00,000 Equity Shares of Rs.10/- each	250,000,000.00	250,000,000.00
b	<b>ISSUED CAPITAL</b>		
	1,62,75,300 Equity Shares of Rs.10/- each	162,753,000.00	162,753,000.00
c	<b>SUBSCRIBED &amp; PAID UP CAPITAL</b>		
	1,50,99,952 Equity Shares of Rs.10/- each	<b>150,999,520.00</b>	<b>150,999,520.00</b>
2	<b>Reserves and Surplus</b>		
a	Capital Reserve	3,225,000.00	3,225,000.00
b	Share Premium	23,689,704.00	23,689,704.00
c	Profit & Loss Account Profit/Loss(-)		
	Opening Balance	-35,484,758.59	-15,705,378.50
	Add: Profit/Loss (-) during the year	-8,648,913.80	-19,779,380.09
		<b>-44,133,672.39</b>	<b>-35,484,758.59</b>
	<b>Total</b>	<b>-17,218,968.39</b>	<b>-8,570,054.59</b>
3	<b>Deferred tax liabilities (Net)</b>		
	Opening Balance	6,565,217.00	6,245,383.00
	Add: Current year (Asset)/Liability	39,408.00	319,834.00
	<b>Total</b>	<b>6,604,625.00</b>	<b>6,565,217.00</b>
5	<b>Intangible Assets under development</b>		
	Research & Development Expenditure	16,300,662.00	16,300,662.00
	Miscellaneous Expenditure	21,547,705.00	21,547,705.00
	(to the extent not written off or adjusted)		
	<b>Total</b>	<b>37,848,367.00</b>	<b>37,848,367.00</b>
6	<b>Non-current 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.	575,000.00	575,000.00
	Evum Life Sciences Pvt. Ltd.	550,000.00	550,000.00
	<b>Total</b>	<b>5,225,000.00</b>	<b>5,225,000.00</b>
7.	<b>Other non-current assets</b>		
	Rent Deposit	575,920.00	575,920.00
	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>835,453.00</b>	<b>835,453.00</b>
8	<b>Cash and cash equivalents</b>		
	Cash in Hand	60,119.00	72,433.00
	Balance with Banks	30,908.91	41,456.57
	<b>Total</b>	<b>91,027.91</b>	<b>113,889.57</b>
9	<b>Short-term loans and advances</b>		
	Advances recoverable in cash or kind or for value to be received		
	Income Tax deducted at source	35,701.00	105,135.00
	Loans and Advances-Considered Good unsecured	6,578,174.00	6,578,174.00
	Loans and Advances-Considered Doubtful	8,764,531.00	11,449,611.00
	Other Loans and Advances	500,000.00	500,000.00
	<b>Total</b>	<b>15,878,406.00</b>	<b>18,632,920.00</b>

## Notes on Accounts

	PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
10	<b>Revenue from Operations</b>		
	Medical Division:		
	Diagnostics & Other Allied Services	9,066,100.00	11,175,140.00
	Biotech & Herbal Services	207,300.00	100,270.00
	Software Division:		
	Software Operations	313,000.00	139,000.00
	<b>Total</b>	<b>9,586,400.00</b>	<b>11,414,410.00</b>
11	<b>Cost of Materials Consumed</b>		
	Opening Stock	397,520.00	464,010.00
	Purchases	2,867,920.00	3,145,740.00
	Closing Stock	284,790.00	397,520.00
	<b>Cost of Materials Consumed</b>	<b>2,980,650.00</b>	<b>3,212,230.00</b>
12	<b>Employee Benefit Expense</b>		
	Salaries	1,134,600.00	1,712,900.00
	Staff Welfare Expenses	97,820.00	129,760.00
	Incentives to Staff	89,510.00	401,400.00
	Directors Remuneration	1,275,000.00	1,275,000.00
	<b>Total</b>	<b>2,596,930.00</b>	<b>3,519,060.00</b>
13	<b>Financial Costs</b>		
	Interest on Canara Bank Term Loan	---	6,563,263.00
	Interest on Vehicle Loans	458,577.36	456,816.44
	<b>Total</b>	<b>458,577.36</b>	<b>7,020,079.44</b>
14	<b>Other Expenses</b>		
	Consultancy Charges	197,200.00	674,870.00
	Laboratory Maintenance	79,420.00	135,970.00
	Repairs & Maintenance	539,700.00	1,564,000.00
	Medical Expenses	197,904.00	322,723.00
	Rent	737,088.00	737,088.00
	Misc. Amenities	147,800.00	295,400.00
	Printing & Stationery	126,478.00	340,314.00
	Postage & Telegrams	139,470.00	247,849.00
	Conveyance	76,512.00	145,870.00
	Travelling Exps.	550,820.00	1,647,510.00
	Hospital Maintenance	154,780.00	363,274.00
	Vehicle Maintenance	235,473.00	401,247.00
	Books & Subscriptions	97,480.00	142,014.00
	Advertisement	54,790.00	94,750.00
	Rates, Taxes & Fees	87,393.46	55,759.94
	Interest on Income Tax	30,760.00	619.00
	Bank Charges	40,216.98	17,199.45
	Computers Maintenance	102,740.00	374,826.26
	Software Development	267,500.00	164,000.00
	Share Transfer Expenses	43,596.00	32,715.00
	Listing Fees	112,360.00	115,182.00
	Generators Maintenance	157,810.00	214,790.00
	Marketing Expenses	215,730.00	847,540.00
	Telephone Charges	124,906.00	329,471.00
	Electricity Charges	215,129.00	352,736.00
	Loss on Fixed Assets	---	51,109.00
	Insurance	22,175.00	49,794.00
	Educational Updates	125,740.00	390,760.00
	Seminars	119,850.00	548,470.00
	Audit Fees	20,000.00	20,000.00
	<b>Total</b>	<b>5,020,821.44</b>	<b>10,677,850.65</b>

**4. TANGIBLE ASSETS AND DEPRECIATION SCHEDULE FOR THE PERIOD ENDED 31.03.2014**

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	OPENING BALANCE	TOTAL	OPENING BALANCE	CURRENT PERIOD	TOTAL	CURRENT PERIOD	PREVIOUS YEARS
Land & Land development Expenditure	45,685,720.00	45,685,720.00	---	---	---	45,685,720.00	45,685,720.00
Furniture & Fittings	461,514.15	461,514.15	316,247.39	28,752.00	344,999.39	116,514.76	145,266.76
Steel Furniture	229,400.00	229,400.00	42,876.00	14,292.00	57,168.00	172,232.00	186,524.00
Plant & Machinery	90,670,393.00	90,670,393.00	20,963,234.13	6,410,397.00	27,373,631.13	63,296,761.87	69,707,158.87
Computers, Printers & Accessories	1,102,269.72	1,102,269.72	923,242.00	178,678.00	1,101,920.00	349.72	179,027.72
Fax, Copier & EPABX	376,001.00	376,001.00	95,798.00	26,583.00	122,381.00	253,620.00	280,203.00
Fans & ACs	703,095.00	703,095.00	216,406.00	49,709.00	266,115.00	436,980.00	486,689.00
Fixtures on Leasehold Buildings including Electrical Equipment & accessories	8,353,602.03	8,353,602.03	8,353,602.03	---	8,353,602.03	---	---
Cellular Phones	67,975.00	67,975.00	36,273.00	4,235.00	40,508.00	27,467.00	31,702.00
Ambulance	256,856.00	256,856.00	77,182.00	18,160.00	95,342.00	161,514.00	179,674.00
Electrical Equipments	1,917,640.00	1,917,640.00	520,357.00	135,577.00	655,934.00	1,261,706.00	1,397,283.00
Vehicles	2,868,886.00	2,868,886.00	1,713,824.00	272,544.00	1,986,368.00	882,518.00	1,155,062.00
<b>TOTAL</b>	<b>152,693,351.90</b>	<b>152,693,351.90</b>	<b>33,259,041.55</b>	<b>7,138,927.00</b>	<b>40,397,968.55</b>	<b>112,295,383.35</b>	<b>119,434,310.35</b>

## PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company	
Registered Office	

Name of the Member (s)	
Registered Address	
E-mail Id	
Folio No. / Client ID	
DP ID	

I/We, being the member (s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:  
 1 ..... of ..... having e-mail id ..... of failing him  
 2 ..... of ..... having e-mail id ..... of failing him  
 3 ..... of ..... having e-mail id .....  
 and whose signature (s) are appended below as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company, to be held on Tuesday, the 30<sup>th</sup> September, 2014 at 10:30 A.M. at Maharaja Function Hall, 1-54, Beside Andhra Bank, Warangal Highway, Uppal, Hyderabad- 500 039, Telangana, and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution	Vote	
Ordinary Business		For	Against
1.	To Consider and adopt audited Financial Statements, Reports of the Board of Directors, and Auditor's thereon.		
2.	Re-appointment of Dr. Lakshmi Sudha Madala as Director		
3.	Appointment of Auditors		
Special Business			
4.	Re-appointment of Mr. Narendra Seena Karkera as an Independent Director.		
5.	Re-Appointment of Mr. Vinay Vishnuraj Nayak as an Independent Director.		

Signed this ..... day of ..... 2014.

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder (s) \_\_\_\_\_

Affix Rs. 1/- Revenue Stamp
--------------------------------------

Notes :

- The proxy duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before time fixed for holding the meeting.

## ATTENDANCE SLIP

I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting of the Company being held on Tuesday, 30<sup>th</sup> September, 2014 at 10.30 a.m. at Maharaja Function Hall, 1-54, Beside Andhra Bank, Warangal High Way, Uppal, Hyderabad - 500 039, Telangana.

Name of the Shareholder :

Name of the Proxy :

Signature of Member / Proxy :

Regd. folio / \*Client ID :

\*Applicable for members holding shares in electronic form.

Note : To be signed and handed over at the entrance of the venue of the Annual General Meeting.

BOOK - POST  
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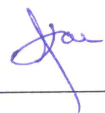
If Undelivered Please return to :



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

## FORM A

Pursuant to Clause 31(a) of the Listing Agreement Covering letter of  
Annual Audit Report to be filed with the Stock Exchanges  
(SEBI Circular No.CIR/CFD/DIL/7/2012 dated 13 August 2012)

1	Name of the Company	DOLPHIN MEDICAL SERVICES LIMITED
2	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable
5	Signed by	
	G. V. MOHAN PRASAD CEO - Managing Director	
	M. LAKSHMI SUDHA CFO - Director	
	P. V. V. SATYANARAYANA Statutory Auditor	
	NARENDRA SEENA KARKERA Chairman - Audit Committee	

Place : Hyderabad

Date : 03.09.2014