

PINNAMANENI & CO.
Chartered Accountants

3 & 4 RAM'S VSR APARTMENTS
Mogulrajpuram
VIJAYAWADA - 520 010

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of M/s. *Dolphin Medical Services Limited*, as at 31st March, 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) Order (Amendment) 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the directors, as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



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f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007;

ii) in the case of the Profit and Loss Accounts, of the profit for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place : Vijayawada
Date : 28.09.2007



for PINNAMANENI & Co.,
Chartered Accountants,

P.V.V. Satyanarayana

P.V.V.SATYANARAYANA
Partner

ANNEXURE TO THE REPORT OF THE AUDITORS

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

1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

1.2 The fixed assets have been physically verified by the management during the period and no serious discrepancies have been noticed on such verification.

1.3 The Company not disposed substantial part of the fixed assets during the period and hence do not effect going concern status of the company.

2.1 The stock of inventory have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

2.2 In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate considering the size of the Company and the nature of its business.

2.3 No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as appears from our examination of the books.

03. According to the information and the explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties to be listed in the Register to be maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), 4(iii)(c) & 4(iii)(d) order are not applicable.



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04. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
05. According to the information and explanations given to us, we are of the opinion that the company has not purchased any goods, materials and had not sold goods, materials and services in pursuance of contracts or arrangements to be entered in the register to be maintained U/S 301 of the Companies Act, 1956. Accordingly clause 4(v)(b) is not applicable.
06. In our opinion and according to the information and explanations given to us and as shown by the books of accounts, the Company has not accepted deposits within the meaning Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Hence compliance of provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 does not arise.
07. In our opinion that the Company has an Internal Audit system commensurate with its size and nature of its Business.
08. We have been informed by the Company that the Central Government had not prescribed any cost records U/s. 209(1)(d) of the Companies Act, 1956 and hence the Company did not maintained any cost records.
- 9.1 According to the books and records examined by us and the information and explanations given to us, the company is regular in depositing with appropriate authorities the undisputed statutory dues payable in respect of Income-tax, Wealth-tax, Sales-tax, Service-tax, customs duty and excise duty which have remained outstanding as at 31st March, 2007 for a period exceeding six months from the date they became payable.
- 9.2 According to the books and records examined by us and the information and explanations given to us, there were no disputed amounts which are not deposited payable in respect of Income-tax, Wealth-tax, Sales-tax, Services-tax, customs duty and excise duty which have remained outstanding as at 31st March, 2007 for a period exceeding six months from the date they became payable.
10. The Company has been registered for a period exceeding 14 years, its accumulated losses at the end of the financial year are less than five percent of its net worth. Further the Company has not incurred any cash losses during the financial year and in the immediately preceeding financial year.



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