

Dolphin

Medical Services Limited



12th ANNUAL REPORT
2003 - 2004

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

BOARD OF DIRECTORS

Dr. G. V. MOHAN PRASAD
Dr. M. LAKSHMI SUDHA
Mr. G. MALLIKHARJUNA RAO

Managing Director
Executive Director
Director

AUDITORS

M/s. PINNAMANENI & CO.
Chartered Accountants
3 & 4 Ground Floor
Ram's VSR Apartments
Near P.B. Siddhartha Public School
Moghulraj Puram
VIJAYAWADA - 520 010

REGISTERED OFFICE

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

SHARE TRANSFER AGENTS

M/s. IKON VISIONS (P) LTD.
Flat No.33, Ground Floor
Sanali Heavens, 8-3-948
Ameerpet
HYDERABAD - 500 073

BANKERS

THE FEDERAL BANK LIMITED
ANDHRA BANK
CANARA BANK

TWELTH ANNUAL GENERAL MEETING

Date	.. Thursday, 30th September, 2004
Time	.. 11.00 A.M.
Venue	.. Registered Office of the Company Ramachandra Rao Road Suryaraopet VIJAYAWADA - 520 002

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NOTICE OF 12th ANNUAL GENERAL MEETING

Notice is hereby given that the Twelfth Annual General Meeting of DOLPHIN MEDICAL SERVICES LIMITED will be held on Thursday the 30th September 2004 at 11 00 A.M. at the Registered Office of the Company at Ramachandra Rao Road, Suryarao pet, Vijayawada - 520 002, A.P., INDIA to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2004 and Reports of the Directors and Auditors thereon.
- 2 To appoint director in place of Mr. G. Mallikharjuna Rao, who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint Auditors and fix their remuneration
- 4 To consider and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution.
 "RESOLVED THAT, pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, subject to the regulations, if any, of the Reserve Bank of India, consent of the Company be and is hereby accorded to the Board of Directors, to borrow from time to time such sum or sums of money from the Company's Bankers and/or from any one or more persons, Companies, bodies Corporate or Financial Institutions, whether by way of Cash Credit, advance or loans or by issue of debentures or otherwise and whether unsecured by mortgage, charge, hypothecation, lien, or pledge of all or any assets or properties of the Company, whether movable or immovable whether existing or future, notwithstanding that the moneys borrowed together with the money already borrowed by the company apart from the temporary Loans obtained from company's Bankers in the ordinary course of business, may exceed the aggregate of paid up Capital and Free Reserves of the Company, that is to say reserves not set apart for any specific purpose, provided that the total amount to be borrowed by the Board of Directors shall not at any time exceed Rs 50 crores (Rupees Fifty Crores only)".
- 5 To consider and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution.
 "RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a), and other applicable provisions, if any, of the Companies Act, 1956, subject to the regulations, if any, of the Reserve Bank of India, to the Board of Directors of the Company to mortgage/charge/hypothecate/pledge, from time to time on such terms and conditions as it may be deemed fit, the assets and properties of the Company, whether movable or immovable and both present and future, in favour of Banks, financial institutions and others under loan agreement(s) and/or hypothecation deed(s) to be executed by the Company in their favour towards loans already availed or to be availed from them or offer corporate guarantee to Banks, Financial Institutions and others for the Asset Management/other purposes subject however that the aggregate value of such loans outstanding at any one time shall not exceed a sum of Rs 50 crores (Rupees Fifty crores only)".

NOTES FOR MEMBERS ATTENTION

1. Notice is also given that the Register of Members and Share Transfer books in respect of Equity Shares of the Company will remain closed from 27.09.2004 to 28.09.2004 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than Forty Eight hours before the commencement of the Meeting.
4. Share holders are requested to notify change in address if any, immediately to the Company's Registrars.
5. Share holders are requested to bring their copies of Annual Report to the Meeting. Copies of the Annual Report will not be available for distribution to Shareholders at the Hall.
6. Share holders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting place.
7. Share holders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
8. All Shareholders are advised to send their certificates for transfer & DEMAT directly to the Share Transfer Agents M/S. IKON VISIONS (P) LTD., Flat No 33, Ground Floor, Sanali Heavens, 8-3-948, AMEERPET, HYDERABAD - 500 073.

Place : Vijayawada
Date : 01.09.2004

BY ORDER OF THE BOARD
for DOLPHIN MEDICAL SERVICES LIMITED
Sd/-
Dr.G.V.MOHAN PRASAD
MANAGING DIRECTOR

ANNEXURE TO NOTICE OF ANNUAL GENERAL MEETING

Explanatory Statements (Under Section 173(2) of the Companies Act, 1956)

ITEM NO 4

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors shall not except with the consent of the Company in General Meeting, borrow monies apart from temporary loans obtained from the Bankers / Financial Institutions in the ordinary course of business, in excess of the aggregate paid up capital and Free Reserves of the Company. According to Explanation 1 to the Section, every resolution passed in the General Meeting of the Company in resolution to the exercise of the above powers shall specify the total amount upto which monies may be borrowed by the Board of Directors over and above the Paid Up Capital and Free Reserve. Hence, Resolution as set out in the item No.4 is recommended for your approval.

None of the Directors of the Company is concerned or interested in this resolution

ITEM NO 5

The borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the Lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the Lender(s), with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956 requiring the approval of the members under that Section. Hence, the resolution as set out in item No.5 is proposed for your approval.

None of the Directors of the Company is concerned or interested in this resolution.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting the Twelfth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2004.

OPERATIONS :

The Operating results for the year under review are as follows:

(Rs. in Lakhs)

Particulars	2003-2004	2002-2003
Operating Receipts	123.78	117.76
Other Receipts	8.92	40.00
Profit before Interest, Depreciation & Tax	49.76	51.12
Interest & Finance Charges	—	3.21
Depreciation	24.52	30.72
Public & Prel. Exps. written off	7.09	7.09
Profit After Tax	13.36	9.30

During the year the Company has received Gross Receipts of Rs.132.70 lakhs resulting to a Gross Profit of Rs.49.76 Lakhs and Profit after Income Tax of Rs.16.76 lakhs. In view of the compliance of the Accounting Standard 'AS - 22 - Accounting for taxes on Income' issued by the Institute of Chartered Accountants of India, a further provision of Rs.3.39 lakhs was needed for the deferred tax, which is not an ascertained liability, thus reducing the profit to Rs.13.36 lakhs.

Though the CT Scan Equipment suffered a break down and did not function for a few months in the year, other diagnostic services received extraordinary patronage from the doctors and the public. In addition, during the period of functioning, the CT Scan services also performed extraordinarily well. This has resulted in a compensatory and proportionate increase in the income obtained through the diagnostic services of the company. This is evident from the increase in the profit margin of the Company. The other units of the company like biotech and herbal unit and software unit have also performed better than the previous year. This is more evident in the case of biotech and herbal unit.

Keeping in view the excellent patronage being received from the doctors and public of this region, the Directors propose to increase the scope and operations of the Company by way of expansion in this sector. The Board of Directors propose to establish new and sophisticated equipment like MRI and PET Scan in suitable places in the country while updating the existing equipment. This will enhance the profitability of the Company further, much to the benefit of the share holders of the Company. To achieve this vision, the Directors propose to raise the required funds by way of borrowing from National/International funding organizations and also explore any other possibilities to meet this requirement.

DIRECTORS:

The Director of the Company Sri G. Mallikharjuna Rao will retire by rotation at the ensuing General Meeting and being eligible, offers himself for re-appointment.

AUDITORS:

M/s. PINNAMANENI & CO., Chartered Accountants, Auditors of the Company retire at this Annual General Meeting and being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE:

Your company has complied with the provision of Clause 49 of the listing agreement relating to Corporate Governance and belief that the initiatives on Corporate Governance will assist the management in the efficient conduct of the Business and in meeting this obligation to all its shareholders. A detailed report is attached.

EMPLOYEES:

It is to report that U/S 217 (2A) of the Companies Act, 1956 that there are no employees drawing salary of Rs.2,00,000/- or more per month or Rs.24,00,000/- or more per year or part thereof. Your directors also place on record their deep sense of appreciation of the services of the staff of the company, who have contributed for the administration of the company's affairs.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant Section 217(2AA) of the Act, your Directors confirm the following:

- that in the preparation of the Annual Accounts for the year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the Directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit or loss of the company for that period.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS :

Your directors wish to express their sincere thanks to The Federal Bank Limited for their support and encouragement.

Place : Vijayawada
Date : 31.07.2004

FOR AND ON BEHALF OF THE BOARD
for DOLPHIN MEDICAL SERVICES LIMITED
Sd/-
Dr.G.V.MOHAN PRASAD
MANAGING DIRECTOR

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below.

MANDATORY REQUIREMENTS**1) Company's philosophy on code of Governance**

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the company in the efficient conduct of its business and in meeting its obligations to shareholders.

2) Board of Directors**Composition**

The present strength of the Board is three Directors. The Board comprises of Executive and Non-Executive directors. The Non-Executive Directors being independent judgment in the Boards deliberations and decisions. Two Directors including Managing Director & Executive director are Whole-time Directors. There is one non-executive director.

Dolphin Medical Services Limited have certain rights enshrined in the Articles of Association pertaining to appointment of directors.

Physical attendance of each director at the Board Meetings and the latest AGM.

Name of the Director	Category of Directorship	No. of Board Meetings attended	% of total Meetings attended	Attendance at the last AGM
Dr. G.V. Mohan Prasad	Managing Director	4	100%	Yes
Dr. M. Lakshmi Sudha	Executive Director	4	100%	Yes
Mr. G. Mallikharjuna Rao	Director	4	100%	Yes

Number of other Companies or committees the Director (being a director as on the date of Director's Report) is a Director/Chairman

Name of the Director(s)	No. of other Companies which Director	No. of Committees (other than DMSL in which Member)
Dr. G.V. Mohan Prasad	3	--
Dr. M. Lakshmi Sudha	3	--
Mr. G. Mallikharjuna Rao	1	--

Number of Board Meetings held and the dates of the Board Meetings.

Four Board Meetings were held during the year 2003-04, on the following dates: 30.04.2003, 31.07.2003, 31.10.2003, 23.01.2004.

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

The Audit Committee comprises of Dr. M. Lakshmi Sudha, Chairman of the committee, Mr. G. Mallikharjuna Rao all being Directors. The Managing Director, along with Statutory Auditors and Accounts Officer 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

Meetings of the Audit Committee were held during the year 2003-04. The attendance of the each member of the Committee is given below:

Name of the Director	No. of Meetings attended	% of Total Meetings attended
Dr. M. Lakshmi Sudha	4	100%
Mr. G. Mallikharjuna Rao	4	100%

4) Remuneration to the Directors

a) The details of the remuneration paid to Whole-Time Directors during the year 2003-04 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.4,92,000/-
Dr. M. Lakshmi Sudha - Executive Director	Rs.4,32,000/-