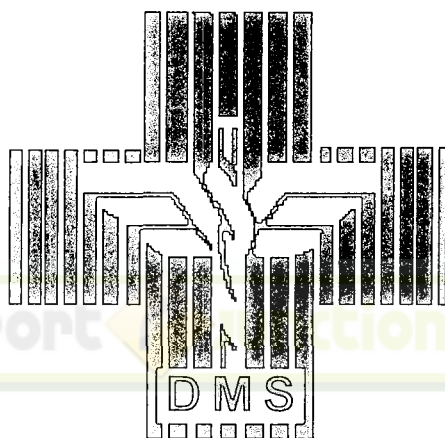


# Dolphin

Medical Services Limited



**16th ANNUAL REPORT**  
**2007 - 2008**

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

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

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

**DOLPHIN MEDICAL SERVICES LIMITED****16th Annual Report****BOARD OF DIRECTORS**

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

Managing Director  
 Director  
 Independent Director  
 Independent Director  
 Independent Director

**AUDITORS**

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

**REGISTERED OFFICE**

Ramachandra Rao Road  
 Suryarao pet  
 VIJAYAWADA – 520 002  
 Krishna District  
 Andhra Pradesh  
 INDIA

**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.

**16<sup>th</sup> Annual General Meeting**

Date : 29<sup>th</sup> December 2008

Time : 09.30 A.M.

Venue : Registered Office of the Company  
 Ramachandra Rao Road  
 Suryaraopet  
 VIJAYAWADA -- 520 002  
 Krishna District  
 Andhra Pradesh, India

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## DOLPHIN MEDICAL SERVICES LIMITED

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**NOTICE OF 16th ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Sixteenth Annual General Meeting of Dolphin Medical Services Limited will be held on Monday, the 29<sup>th</sup> day of December 2008 at 9.30 A.M. at Ramachandra Rao Road, Suryaraopet, Vijayawada - 520 002, Andhra Pradesh, India for transacting the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2008 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Narendra Seena Karkera, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Pinnamaneni & Co., Chartered Accountants, as Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass with or without modifications the following Resolution as an ordinary Resolution:

RESOLVED THAT Mr. M. Hemanth Kumar, who was appointed as Additional Director with effect from 30.04.2008, pursuant to Section 260 of the Companies Act, to hold office up to the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company under the category of retires by rotation.

5. To consider and if thought fit, to pass with or without modifications the following Resolution as an ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any of the Companies Act, 1956, approval of the members be and is hereby given to appoint Dr. G.V. Mohan Prasad as Managing Director of the Company, for a period of 5 years, with effect from 11<sup>th</sup> September 2008 on the salary, allowance and other perquisites which are stated below for a period of 3 years from 11<sup>th</sup> September 2008:

A. Salary : Rs.2,35,000/- per month (excluding perquisites of Rs.15,000/- per month)

B. Perquisites: Perquisites in Part-A will be restricted to amount equivalent to Rs.15,000/- Expenditure incurred by the Company under part-B will not be considered for computation of ceiling on perquisites to the extent they are not taxable under the Income Tax Act. Expenditure incurred by the Company under part-C will not be considered as perquisites. Subject to the above, the Managing Director will be allowed the following.

**PART - A**

- i) Housing including Gas, Electricity, Water and furnishings (Non-interchangeable):
  - a) Expenditure incurred by the company on hiring unfurnished accommodation is limited to 20% of his salary over and above 10% payable by the Managing Director.
  - b) Expenditure incurred by the company on Gas, Electricity, Water and furnishings will be evaluated as per the Income Tax Act Rules and will be subject to a ceiling of 10% of the salary.
  - c) In case, no accommodation is provided, House Rent allowance not exceeding 20% of the salary will be payable. In case the accommodation is in a Company owned House, he shall pay by way of rent an amount equivalent to 10% of his salary.
- ii) **Medical benefits for self and family:** Reimbursement of expenses actually incurred, the total cost per annum of which to the company shall not exceed one month's salary or 3 months' salary in a block of 3 years.
- iii) **Leave Travel Concession:** Leave Travel concession for self and family once in a year in accordance with the rules of the company.
- iv) **Personal Accident Insurance:** Actual premium not to exceed Rs.6,000/-
- v) **Fees of clubs:** Subject to a maximum of 2 clubs. No admission fee or life membership fee is paid by the company.

**PART - B**

- i) **Company's contribution towards Provident Fund:** As per the rules of the company, but not to exceed 12% of salary or such higher rate as is not taxable under the Income Tax Act, 1961.

**DOLPHIN MEDICAL SERVICES LIMITED****16th Annual Report**

- ii) **Company's Contribution towards Pension/Superannuation Fund:** As per the rules of Company, but it shall not, together with the company's contribution to Provident Fund, exceed 25% of the salary as laid down in the Income Tax Act, 1961 or such higher rate as is not taxable under the Income Tax Act, 1961.
- iii) **Gratuity:** Not to exceed half month's salary for each completed year of Service, subject to a ceiling of Rs.3,50,000/-.
- iv) **Privilege Leave:** On full pay and allowances, as per the rules of the company but not exceeding one months leave for the every 11 months of service subject further to the condition that Leave accumulated but not availed of will not be allowed to be encashed.

**PART - C**

- i) **Car:** Use of Car for Company's business is provided. However, the Managing Director shall pay for use of the Car for personal purpose.
- ii) **Telephone:** Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Managing Director
- iii) **Others:** Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's rules.

**6. To consider and if thought fit, to pass with or without modifications the following Resolution as an ordinary Resolution:**

**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any of the Companies Act, 1956, approval of the members be and is hereby given to appoint Dr. M. Lakshmi Sudha as whole time Director of the Company, for a period of 5 years, with effect from 11<sup>th</sup> September 2008 on the salary, allowance and other perquisites are stated below:

**A. Salary :** Rs.1,15,000/- per month including professional consultancy fee of Rs.15,000/- Per month.

**B. Perquisites:** Perquisites in Part-A will be restricted to amount equivalent to Rs.10,000/- Expenditure incurred by the Company under part-B will not be considered for computation of ceiling on perquisites to the extent they are not taxable under the Income Tax Act. Expenditure incurred by the Company under part-C will not be considered as perquisites. Subject to the above, the Whole Time Director will be allowed the following.

**PART - A**

- i) **Housing including Gas, Electricity, Water and furnishings (Non-interchangeable):**
  - a) Expenditure incurred by the company on hiring unfurnished accommodation is limited to 20% of her salary over and above 10% payable by the Whole Time Director.
  - b) Expenditure incurred by the company on Gas, Electricity, Water and furnishings will be evaluated as per the Income Tax Act Rules and will be subject to a ceiling of 10% of the salary.
  - c) In case, no accommodation is provided, House Rent allowance not exceeding 20% of the salary will be payable. In case the accommodation is in a Company owned House, she shall pay by way of rent an amount equivalent to 10% of her salary.
- ii) **Medical benefits for self and family:** Reimbursement of expenses actually incurred, the total cost per annum of which to the company shall not exceed one month's salary or 3 months' salary in a block of 3 years.
- iii) **Leave Travel Concession:** Leave Travel concession for self and family once in a year in accordance with the rules of the company.
- iv) **Personal Accident Insurance:** Actual premium not to exceed Rs.6,000/-
- v) **Fees of clubs:** Subject to a maximum of 2 clubs. No admission fee or life membership fee is paid by the company.

**PART - B**

- i) **Company's contribution towards Provident Fund:** As per the rules of the company, but not to exceed 12% of salary or such higher rate as is not taxable under the Income Tax Act, 1961.
- ii) **Company's Contribution towards Pension/Superannuation Fund:** As per the rules of Company, but it shall not, together with the company's contribution to Provident Fund, exceed 25% of the salary as laid down in the Income Tax Act, 1961 or such higher rate as is not taxable under the Income Tax Act, 1961.
- iii) **Gratuity:** Not to exceed half month's salary for each completed year of Service, subject to a ceiling of Rs.3,50,000/-.

## DOLPHIN MEDICAL SERVICES LIMITED

## 16th Annual Report

- iv) **Privilege Leave:** On full pay and allowances, as per the rules of the company but not exceeding one months leave for the every 11 months of service subject further to the condition that Leave accumulated but not availed of will not be allowed to be encashed.

**PART - C**

- i) **Car:** Use of Car for Company's business is provided. However, the Director shall pay for use of the Car for personal purpose.
- ii) **Telephone:** Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Director
- iii) **Others:** Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's rules.
7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**RESOLVED THAT** pursuant to the provisions of Section 146 of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded to shift the Registered Office of the Company from Ramachandra Rao Road, Suryaraopet, Vijayawada - 520 002, Andhra Pradesh to No.417, Sanali Heavens, Amecrpet, Hyderabad - 500 073, Andhra Pradesh, India with effect from 29.12.2008.

By Order of the Board  
For DOLPHIN MEDICAL SERVICES LTD.  
Sd/-  
Dr. G.V. MOHAN PRASAD  
Managing Director

Date : 24.11.2008  
Place : Vijayawada

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than Forty Eight hours before the commencement of the Meeting.
3. Notice is also given that the Register of Members and Share Transfer books in respect of Equity Shares of the Company will remain closed from 25<sup>th</sup> December 2008 to 29<sup>th</sup> December 2008 (both days inclusive).
4. Share holders are requested to notify change in address if any, immediately to the Company's Transfer Agents.
5. Share holders are requested to bring their copies of Annual Report to the Meeting. Copies of the Annual Report will not be available for distribution to Shareholders at the Hall.
6. Share holders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting place.
7. Share holders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
8. All Shareholders are advised to send their certificates for transfer & DEMAT directly to the Share Transfer Agents.
9. The Explanatory Statement pursuant to Sections 173 (2) of the Companies Act, 1956 which sets out the material facts concerning the special business is annexed hereto.

**STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO: 4**

The Board of Directors has appointed Mr. M. Hemanth Kumar as Additional Director of the Company in the Board meeting held on 30<sup>th</sup> April 2008 as an independent director. The brief resume of Mr. M. Hemanth Kumar is as follows:

He has completed Post Graduation in Bio Chemistry from Periyar University, Salem, Tamilnadu. He is having reasonably good experience in Life Science Division both Technical and Marketing aspects. He worked as an Assistant Professor and Entrepreneur Development Cell Manager for Audisankara Engineering College, Nellore in Biotechnology Division. He is well trained as an Entrepreneur Development Faculty from National Institute Of Small Scale Industrial Extension Training, Hyderabad. He has done research works in the area of Ethnopharmacology specially on anticancer, antiviral, antidiabetic, Drug Isolation and their studies in association with well reputed organisations. Later he worked as an Application Specialist in Biochemistry Clinical Division for Biosystems Private Limited, Bangalore

**DOLPHIN MEDICAL SERVICES LIMITED****16th Annual Report**

Pursuant to the provisions of Section 260, the additional director hold office only up to the ensuing Annual General Meeting and in order to continue as Directors, he need to be appointed as Directors of the Company, in the Annual General Meeting of the Company.

Being eligible for appointment as Directors of the Company he has given his consent for appointment as directors of the Company in the ensuing Annual General Meeting.

Therefore, the Board of directors recommends the resolution for your approval.

None of the directors are interested or concerned in the resolution.

**ITEM NO: 5**

Dr. G.V. Mohan Prasad, Managing Director was reappointed in the Board Meeting held on 31.07.2003 and the same was approved in the Annual General Meeting held on 11<sup>th</sup> September 2003 for a period of 5 years. As the term of 5 years was expiring on 10<sup>th</sup> September 2008, the remuneration committee and Board of directors in their meetings held on 25.08.2008 reappointed Dr. G. V. Mohan Prasad as Managing Director for a further period of 5 years with effect from 11<sup>th</sup> September 2008 with a remuneration specified in the resolution.

As per the provisions of Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956, the appointment of Managing Director and provision for Remuneration has to be approved by the Share Holders in their General Meeting by passing special resolution. Keeping in view the valuable services and developmental activities undertaken by Dr. G. V. Mohan Prasad during the last five years, the Board of Directors recommends his re-appointment for another period of 5 years.

The Resolution as setout in Item No. 5 is recommended for your approval.

None of the Directors except Dr. M. Lakshmi Sudha are interested in this Resolution.

The notice and Explanatory Statement may also be treated as an abstract of the terms of appointment and payment of remuneration to the above named Managing Director as required to be circulated under section 302 of the Companies Act, 1956.

**Statement containing the general information about the Company and the appointee as required under schedule XIII of the Companies Act, 1956.**

**I. General Information:**

- (1) Nature of industry : Service Industry
- (2) Date or expected date of commencement of commercial production: Commercial operations commenced in the year 1993
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Not Applicable
- (4) Financial performance based on given indicators

(Rs. in Lakhs)

Particulars	2007-2008	2006-2007	2005-2006
Operating Receipts/ Income	260.33	246.99	213.43
Other Receipts/ Income	13.60	22.55	3.88
Profit before Depreciation & Tax	58.61	69.00	63.79

(5) Export performance and net foreign exchange collaborations: NIL

(6) Foreign investments or collaborators, if any. : NIL

**II. Information about the appointee:****(1) Background details**

Dr. G. V. Mohan Prasad is a medical graduate with post graduation in ENT and Radiology. He was well trained in various radiological and imaging modalities and also Radio Physics in the Nizam's Institute of Medical Sciences (NIMS), Hyderabad. He has attended and participated in many scientific programmes, various national and international conferences and Continuing Medical Education Programmes in Clinical Research, Radiology and Imaging. He is also associated with many associations and organisations.

(2) Past remuneration: Rs.1,00,000/- per month plus Rent accommodation provided by the company.

(3) Recognition or awards: He has received many awards and recognitions in Social and Service activities.



**DOLPHIN MEDICAL SERVICES LIMITED****16th Annual Report****(4) Job profile and his suitability**

Dr. G. V. Mohan Prasad has been associated with operations of medical, health care and diagnostic activities for the past 14 years. He got rich experience in the above areas and also as a Managing Director of the company.

**(5) Remuneration proposed: Rs.2,50,000/- per month.****(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).**

We do not have the remuneration profile of the executive directors of other companies which are similar in type and size for comparison.

**(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

He does not have any other pecuniary relationship except as a promoter shareholder and Dr. M. Lakshmi Sudha, another Whole Time Director of the company is a relative of Dr. G.V. Mohan Prasad.

**III. Other information:****(1) Reasons of loss or inadequate profits**

The company could not timely complete the envisaged project at the time of public issue during the year 1994 due to the unavailability of adequate funds. This affected its plans and it could not generate adequate profits at initial stages. In the year 2006 the Rights issue was successfully subscribed. Now the company has registered sustainable growth and the company is in profits for the past six years almost offsetting all the previous losses and the financial performances during this year are also good.

**(2) Steps taken or proposed to be taken for improvement**

While the company has purchased some medical equipments during this year 2007-08, it has also ordered some more equipments like MRI Scanner, CT Scan Equipment, Digital Radiography unit etc. during the year 2008-09, which will further increase the revenues of the company and also the profitability of company in the year 2009-10.

**(3) Expected increase in productivity and profits in measurable terms.**

After Expansion of the existing centre at Vijayawada and commencement of commercial operations, there will be more than 70% - 75% increase in revenues of the company and also more than 30% - 35% increase in profitability of the company. Your company also proposes to establish Clinical Research/CRO Operations at a later date at Hyderabad which will help the company to increase the profitability thereafter in the coming years.

**ITEM No.6**

Dr. M. Lakshmi Sudha, Director was reappointed as Whole Time Director in the Board Meeting held on 31.07.2003 and the same was approved in the Annual General Meeting held on 11<sup>th</sup> September 2003 for a period of 5 years. As the term of 5 years was expiring on 10<sup>th</sup> September 2008, the remuneration committee and Board of directors in their meetings held on 25.08.2008 reappointed Dr. M. Lakshmi Sudha as Whole Time Director for further period of 5 years with effect from 11<sup>th</sup> September 2008 with a remuneration specified in the resolution.

As per the provisions of Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956, the appointment of Director and provision for Remuneration has to be approved by the Share Holders in their General Meeting. Keeping in view the valuable services and developmental activities undertaken by Dr. M. Lakshmi Sudha during the last five years, the Board of Directors recommends her re-appointment for another period of 5 years.

The Resolution as setout in Item No. 6 is recommended for your approval.

None of the Directors except Dr. G.V. Mohan Prasad are interested in this Resolution.

The above may be treated as the disclosure required under Section 302 of the Companies Act, 1956.

**ITEM No.7**

The management of the company is proposed to change the registered office from existing location to No.417, Sanali Heavens, Ameerpet, Hyderabad - 500 073. This premises is owned by Dr. M. Lakshmi Sudha Director of the company, and was taken by the company on lease basis at the prevailing market rates. This is with regard to increase in the operational efficiency and effective supervision of the operations and also to carry on the business more economically.

As per Section 146 of the Companies Act, 1956, approval of shareholders is required by way of special resolution for shifting registered office from Ramachandra Rao Road, Suryaraopet, Vijayawada - 520 002, Andhra Pradesh to No.417, Sanali Heavens, Ameerpet, Hyderabad - 500 073, Andhra Pradesh, India within the State of Andhra Pradesh.

In view of above, the Directors recommend the resolution for your adoption in the interest of the Company.

None of the Directors of the Company except Dr.G.V. Mohan Prasad, Managing Director and Dr. M. Lakshmi Sudha, Director are in any way concerned or interested in the subject resolution.

By Order of the Board  
For DOLPHIN MEDICAL SERVICES LTD.  
Sd/-  
Dr. G.V. MOHAN PRASAD  
Managing Director

Date : 24.11.2008  
Place : Vijayawada

**DOLPHIN MEDICAL SERVICES LIMITED****16th Annual Report****DIRECTORS' REPORT**

To  
The Members of  
DOLPHIN MEDICAL SERVICES LIMITED.

Your Directors have pleasure in submitting the Sixteenth Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2008.

**FINANCIAL HIGHLIGHTS**

The Financial Results for the year ended 31<sup>st</sup> March, 2008 are as under:

(Rs. in Lakhs)

Particulars	2007-2008	2006-2007
Operating Receipts/ Income	260.33	246.99
Other Receipts/ Income	13.60	22.55
Profit before Depreciation & Tax	58.61	69.00
Depreciation	31.07	27.50
Profit After Tax	13.87	32.67

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The following Management Discussion and Analysis Section should be read in conjunction with the financial statements and notes to accounts for the period ended 31<sup>st</sup> March 2008. This discussion contains certain forward looking statements based on current expectations, which entail various risks and uncertainties that could cause the actually results to differ materially from those reflected in them.

**A. Overview**

During the year under review the Company has recorded a good growth in terms of Operating receipts and maintained reasonably good profitability. The Company has registered sustainable growth and the overall Financial Performance during the year 2007-08 was quite satisfactory.

**B. Internal Control System and their adequacy**

The Company has a proper and adequate system of internal controls to ensure that all the assets are safeguarded, protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly. The Company conducts audit of various departments based on an annual audit plan through an independent internal auditor and reports significant observations to the Audit Committee from time to time. The views of the statutory auditors are also considered to ascertain the adequacy of the internal control system. The Internal Control System is designed to ensure that all financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

**C. Human Resource Development**

Industrial relations with employees at all levels continue to be warm and cordial. The overall Employee Relations environment was healthy and worked well towards aligning colleagues across the organization with the Company's business goals and mission.

**D. Segment-wise or Product-wise performance**

The Company is engaged in the business *inter-alia* of establishing, providing and maintaining diagnostic laboratories and equipments for testing and setting up laboratories for medical investigations and research. The Company has registered significant and sustainable growth and the overall Performance during the year 2007-08 was quite satisfactory.

**E. Analysis of financial condition and results of operation**

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956, The Indian Generally Accepted Accounting Principles (Indian GAAP) and the Accounting Standards as prescribed by the Institute of Chartered Accountants of India.

The Board believes that it has been objective and prudent in making estimates and judgments relating to the financial statements and confirms that these financial statements are a true and fair presentation of the Company's operations and profit for the year.