

Dolphin

Medical Services Limited



18th ANNUAL REPORT 2009 - 2010

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

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

Website : www.dolphinmedicalindia.com

E-mail ID for Investor's Grievances : dolphincomplianceofficer@gmail.com

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

AUDITORS

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

SHARE TRANSFER AGENTS

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

BANKERS

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

18th ANNUAL GENERAL MEETING

Date : 30th September, 2010
 Time : 09.45 A.M.
 Venue : Neni Hi-tech Club
 169, Lal Bungalow
 Old Airport Road
 New Bowenpally
 SECUNDERABAD - 500 011

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of **M/s. DOLPHIN MEDICAL SERVICES LIMITED** will be held on Thursday, the 30th September, 2010 at 9.45 A.M at Neni Hi-tech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad – 500 011 to transact the following Ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. M. Hemanth Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Pinnamaneni & Co., Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

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

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

Date: 13.08.2010
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 29th September to 30th September, 2010 (both days inclusive).
4. Share holders are requested to notify change in address if any, immediately to the Company's Transfer Agents.
5. Share holders are requested to bring their copies of Annual Report to the Meeting. Copies of the Annual Report will not be available for distribution to Shareholders at the Hall.
6. Share holders attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting place.
7. Share holders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
8. All Shareholders are advised to send their certificates for transfer & DEMAT directly to the Share Transfer Agents.

Directors' Report

To,
The Members of Dolphin Medical Services Ltd.

Your Directors have pleasure in submitting to you this Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2010.

1. FINANCIAL RESULTS:

The Financial Results for the year ended 31st March 2010 are furnished below:

(Rs. In Lakhs)

Particulars	2008-09	2009-10
Operating Income	270.23	334.38
Other Income	4.74	7.28
Profit before Depreciation & Tax	59.76	116.71
Depreciation	38.28	56.70
Cash Profit	52.42	62.77

During the year under review your company has recorded a 23.7% growth in its gross income, but also incurred higher expenses due to inception stage of some activities. The growth in the business was possible with steps initiated by the Board members. The Directors are further determined to take your company on to a path of substantial growth during years to come by undertaking new projects and improve the bottom line.

2. SUBSIDIARY COMPANIES:

During the year under review the Subsidiary Companies incorporated were not able to record progress since activities undertaken are in the initial phase. The Directors have taken a conscious decision to concentrate on the growth of parent company first and thereafter attend to other business plan/s of these companies.

3. DIVIDEND:

The Directors have taken a decision not to recommend any dividend for the year 2009-10. While taking such decision the Directors have taken into account to strengthen Financials of the company by retaining earned profits.

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 2010.

5. MANAGEMENT PERCEPTION:

After reviewing performance of the Company during completed year and also taking into account the difficulties faced by the company in marketing its Diagnostic services, Directors have taken a decision to go in for diversification of Companies activities. The Board has decided that instead of concentrating on only 'Diagnostic Services' the Company should engage in many allied activities such as 'medical and non medical supplies' to various hospitals and other organisations, 'medical audit' and 'providing of training of operating staff at various 'diagnostic units'. One more decision which has been taken by the Board is to expand the area of operation of the Company from Vijayawada/ Hyderabad to India level. For this purpose the Company may open up office at other centers such as Bangalore/Mumbai. The Board is working out a detailed plans for this purpose including taking up other non medical project and will finalise it very soon in order to implement it in second half of current financial year.

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

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

A: CONSERVATION OF ENERGY:

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

B. TECHNOLOGY ABSORPTION:

1. Research and Development (R&D)	:	Rs.2.83 lakhs
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. The judgments and estimates made are reasonable and prudent so as to present a true and fair picture of state of affairs of the Company.
- (iii) Proper and Adequate care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.
- (iv) The Annual Accounts of the Company have been prepared on basis of a 'going concern'.

9. CORPORATE GOVERNANCE:

- a) A note on Management Discussion and Analysis of Report is enclosed.
- b) As per clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance Practices followed by the Company together with a certificate 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, except Managing Director no employee of the company was in receipt of remuneration for the whole year which in the aggregate was Rs 24,00,000/- or more per annum nor was any employee in receipt of remuneration Rs.2,00,000/- or more per month for 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. DIRECTORS:

In accordance with requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. M. Hemanth Kumar, retires by rotation and Board recommends his reappointment.

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 on one more year. They have also confirmed their eligibility for such an appointment under Section 224(1-B) of the Companies Act, 1956.

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.

The listing fee to the Exchange has been paid up to date.

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**

Sd/-

Dr. G.V. MOHAN PRASAD
Managing Director

Sd/-

Dr. M. LAKSHMI SUDHA
Director

Place: Vijayawada
Date: 13.08.2010

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

A. BOARD OF DIRECTORS:

Composition:

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

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

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

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

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

Mr. M. Hemanth Kumar:

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.

B. BOARD MEETINGS:

During the Financial Year 2009-2010 the Board of Directors met 8 (Eight) times on the following dates: 26.04.2009, 22.06.2009, 31.07.2009, 21.08.2009, 30.09.2009, 30.10.2009, 27.01.2010 & 09.03.2010.

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

Name of the Director	No.of Board Meetings held during the tenure of the Director	No.of Meetings attended by the Director	Whether Present at the previous AGM
Dr. G.V. Mohan Prasad	8	8	Yes
Dr. M. Lakshmi Sudha	8	8	Yes
Mr. Vinay Vishnuraj Nayak	8	6	No
Mr. Narendra Seena Karkera	8	6	No
Mr. Hemanth Kumar Manikyam	8	5	No

C. COMMITTEES OF THE BOARD:

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

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

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

1) Audit Committee:

Terms of Reference of Composition, Name of the Members and Chairman:

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

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

Meetings and the attendance during the year:

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

1. 26th April, 2009
2. 31st July, 2009
3. 21st August, 2009
4. 30th October, 2009 and
5. 27th January, 2010

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

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

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

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

2) Remuneration Committee

The Remuneration Committee consists of Mr. Hemanth Kumar Manikyam, Mr. Vinay Vishnuraj Nayak and Mr. Narendra Seena Karkera all being Independent non-executive directors. No remuneration committee meetings were held during the year.

The details of the remuneration paid to Managing Director and Whole-Time Director during the year 2009-10 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.28,20,000/-
Dr. M. Lakshmi Sudha Director	Rs.13,80,000/-

The above directors did not receive any other benefits like incentives and stock options during the 2009-2010 except the remuneration package.

3) Investors / Shareholders Grievance Committee:

The Company has constituted an Investors / Shareholders Grievance Committee under the Chairmanship of Dr. M. Lakshmi Sudha. The other members of the Committee are Mr. Hemanth Kumar Manikyam and Mr. Vinay Vishnuraj Nayak. The Committee looks into the shareholders and investors complaints. The number of shares pending for transfer was NIL as on 31st March, 2010.

D. Annual General Meetings:

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

Sl. No.	Particulars	Date	Venue
1	15 th AGM	27.12.2007	Ramachandra Rao Road, Vijayawada – 520 002, A.P.
2	16 th AGM	29.12.2008	-do-
3	17 th AGM	30.09.2009	Neni Hi-tech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad - 500 011

There was no Extra-ordinary General Meeting held during the year 2009 – 2010.

One Special resolution regarding change of other objects in the memorandum of Association was passed through postal ballot during the year 2009-10.

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

E. Disclosures

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