

# **Dolphin**

## **Medical Services Limited**



**14th ANNUAL REPORT**  
**2005 - 2006**

Regd. Office: Ramachandra Rao Road, VIJAYAWADA - 520 002, A.P. India.  
Website: [www.dolphinmedicalindia.com](http://www.dolphinmedicalindia.com)

## BOARD OF DIRECTORS

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

Managing Director  
 Director  
 Director  
 Independent Director  
 Independent 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.XL SÖFTECH SYSTEMS LTD.  
 3, Sagar Society, Road No.2,  
 Banjara Hills  
 HYDERABAD - 500 034  
 Andhra Pradesh

### **BANKERS**

THE FEDERAL BANK LIMITED  
 ICICI BANK LTD.,  
 HDFC BANK LTD.  
 CANARA BANK  
 HSBC BANK

### **FOURTEENTH ANNUAL GENERAL MEETING**

Date .. Friday, 29th December, 2006

Time .. 9.45 A.M.

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

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## **NOTICE OF 14th ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the Fourteenth Annual General Meeting of Dolphin Medical Services Limited will be held on Friday, the 29<sup>th</sup> day of December 2006 at 9.45 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, 2006 and the Reports of the Directors and Auditors thereon.
2. To appoint a 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 and for this purpose pass the following resolution as ordinary resolution:

**"RESOLVED THAT** M/s. Pinnamaneni & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting to conduct the audit and that the Auditors may be paid such remuneration as may be determined by the Board of Directors of the company."

### **SPECIAL BUSINESS**

4. To appoint Mr. Vinay Vishnuraj Nayak as a non-executive Independent director liable to retire by rotation and in respect of whom a notice under the provisions of Section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose Mr. Vinay Vishnuraj Nayak as a candidate for the office of director.
5. To appoint Mr. Narendra Seena Karkera as a non-executive independent director liable to retire by rotation and in respect of whom a notice under the provisions of Section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose Mr. Narendra Seena Karkera as a candidate for the office of director.
6. **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.**

**"RESOLVED THAT** pursuant to the provisions of Section 198, 309, 310 and Schedule XIII (as amended from time to time) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to insure the life of Dr.G.V. Mohan Prasad, Managing Director of the Company and accordingly pay the necessary premiums in addition to the other terms and conditions contained in the Resolutions passed at the 13<sup>th</sup> Annual General Meeting of the Company."

7. **Preferential Issue of Equity Shares:**

**To consider and if thought fit, to pass with or without modification(s) the following resolution intended to be passed as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and enabling provisions in the Memorandum and Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board to create, offer and issue to the persons specified in the Explanatory Statement, 11,50,448 equity shares of Rs.10/- each aggregating to Rs.1,15,04,480/- on a preferential allotment basis at a price to be approved by the Board of directors of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board/ Committee be and is hereby authorised to do all the things, deeds necessary for the purpose of above issue of equity shares and to take such action or give such directions as may be necessary or desirable and to settle all matters that may arise in regard to the issue and allotment of the equity shares."

8. **Preferential Allotment of Convertible Warrants to the Promoters**

**To consider and if thought fit, to pass with or without modifications, to pass the following resolution as a Special resolution**

**RESOLVED THAT** pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the Memorandum and Articles of

Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and the guidelines for preferential issues issued by the Securities and Exchange Board of India under the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 (as amended from time to time) and subject to such terms and conditions as may be determined by the Board of Directors of the Company ("The Board", which term shall be deemed to include for the purposes of this resolution any Committee of Directors) and subject also to such approvals, consents, permissions or sanctions of the appropriate authorities that may be required and agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer/issue any instruments/warrants convertible into or exchangeable against equity shares or any instruments with or without detachable warrants entitling the warrant holder to equity shares (hereinafter collectively referred to as "Securities") in aggregate not exceeding the nominal value of equity shares of Rs.10/- each or at such price as may be fixed by the board in accordance with the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 (as amended from time to time) and other laws, rules and guidelines applicable in this regard in aggregate not exceeding Rs.2,43,75,600/- which can be converted into equity shares in two or three tranches to the promoters of the Company, their associates on preferential basis and subject, *inter alia* to the following terms and conditions:-

- (a) In the event of the Company making a bonus issue by way of capitalisation of its profits and/or reserves, prior to the allotment of the equity shares resulting from the exercise of the option in the warrants, the number of shares to be allotted against such warrants shall stand augmented in the same proportion in which the equity shares capital increases as a consequence of such bonus issue and the premium shall stand reduced *pro tanto*;
- (b) That the warrant shall be allotted within a period of 15 days from the date of passing of this special resolution, provided that where the allotment of the warrant is pending on account of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed with a period of 15 days from the date of such approval or such other extended period as may be permitted under the applicable SEBI Preferential Issue Guidelines
- (c) In the event of the Company making a rights offer by issue of new equity shares prior to the allotment of the equity shares resulting from the exercise of the option in the warrants, the entitlement to the equity shares resulting from the exercise of the option in the warrants, the entitlement to the equity shares under the warrants shall stand increased in the same proportion as that's of rights offer and such additional equity shares will be offered to the warrant holders at the same price at which the existing shareholders are offered the equity shares.
- (d) That an amount not exceeding 10% of the conversion price of the warrant shall be payable on or before the date of allotment of warrants, which shall be adjusted against the price payable subsequently for acquiring the equity shares by exercising the option for conversion with the balance amount being payable at the time of conversion, and the said amount per warrant be forfeited in case the option to acquire equity shares is not exercised.
- (e) The equity shares to be issued and allotted by the Company as a consequence of the conversion/exchange of the securities in the manner aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing equity shares of the Company, except that the dividend thereon shall be paid *pro rata* from the date of allotment of such new equity shares.
- (f) The entire pre-preferential allotment shareholding if any, held by the allottees prior this preferential allotment shall be under lock-in from the relevant date upto a period of six months from the date of preferential allotment or such other period as may be applicable;
- (g) The warrants and equity shares allotted upon conversion of such warrants, shall be subject to lock in as per the applicable regulations and guidelines.
- (h) If the equity shares are to be issued, the same shall be issued at the market value which shall be determined on the basis of the average price during the immediately preceding 6 months from the Relevant Date at the Bombay Stock Exchange and shall be calculated on the monthly average of the highest and the lowest prices quoted during the said 6 months or at such lesser price as may be fixed by the Board and permitted by the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 (as amended from time to time) and other laws, rules or guidelines. If however, warrants exchangeable for equity shares are to be issued, the same shall be issued at the market value of the shares as calculated above, or at such lesser price as aforesaid with Relevant

Date being the date thirty days prior to the date of the Annual General Meeting i.e. 29<sup>th</sup> November, 2006.

- (i) If warrants exchangeable for shares are issued, equity shares against such warrants shall be allotted within such time, not exceeding 18 months from the date of the issue, as may be determined by the Board.
- (j) The issue of shares and of warrants as well as exchange of shares against warrants shall be governed by guidelines, if any, issued by the Securities and Exchange Board of India, or any other authority as the case may be, or any modifications thereof.
- (k) In the event of any of the persons/companies holding the warrants not subscribing to the equity shares relatable to the warrants within the time fixed by the Board for the purpose, the Board shall, at its absolute discretion, offer such shares to any other person or a company from amongst the promoters, their associates or associate companies; and in case such offer is declined by such person/company or the equity shares are not subscribed to within the time allowed by the Board, such shares shall lapse. No person or company entitled to accept the offer shall have the right to renounce the equity shares.

**“FURTHER RESOLVED THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respect and in particular to settle any question, difficulty or doubts that may arise with regards to offer, issue, allotment and utilization of the issue proceeds of the warrants and Equity Shares arising on conversion thereof as it may in its absolute discretion deem fit and proper without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this resolution.”

9. **Delisting of Shares from the Hyderabad Stock Exchange Ltd. and Ahmedabad Stock Exchange Ltd.**

**To consider and if thought fit, on the above resolution being passed and effective, to pass with or without modification(s) the following resolution intended to be passed as a Special Resolution:**

**“RESOLVED THAT** subject to the provisions of the Companies Act, 1956 (including any statutory modification(s), or reenactments thereof for the time being in force and as may be enacted hereinafter), Securities Contract (Regulation) Act, 1956 and the rules framed there under, SEBI (Delisting of Securities) Guidelines, 2003 and other guidelines issued by SEBI from time to time, Listing agreements and all other applicable laws, rules, regulations and guidelines and subject to such approval(s), permission(s) and sanction(s), as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) be and is hereby authorised to agree to if acceptable to the Board, the consent of the Company be and is hereby accorded to the Board to get the Securities of the Company delisted from the Hyderabad Stock Exchange Limited and Ahmedabad Stock Exchange Limited.”

10. **Keeping of Registers/Returns/ Documents at a place other than the Registered Office**

**To consider and if thought fit, on the above resolution being passed and effective, to pass with or without modification(s) the following resolution intended to be passed as a Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 163 (1) of the Companies Act, 1956, the Register and Index of Members of the Company under Section 159 of the Companies Act, 1956 together with copies of all certificates and documents required to be annexed or attached thereto under Section 161 or any one or more of them shall be kept at the office of XL Softech Systems Limited, the Registrars and Share Transfer Agents of the Company, at 3, Sagar Society, Road No 2, Banjara Hills, Hyderabad 500 034 instead of being kept at the Registered Office of the Company. However, the copies of Annual Reports shall be kept at the Registered office of the Company itself at Vijayawada.

11. **Alteration of the Memorandum of Association**

**To consider and if thought fit, on the above resolution being passed and effective, to pass with or without modification(s) the following resolution intended to be passed as a Special Resolution:**



**"RESOLVED THAT** pursuant to the provisions of section 17 and all other applicable provisions of the Companies Act, 1956 and the provisions of the Memorandum and Articles of Association of the Company, Clause III (A) of the Memorandum of Association of the Company be and is hereby altered by insertion of the under mentioned sub-clause (7) after sub-clause (6) and Clause III (B) of the Memorandum of Association of the Company be and is hereby altered by insertion of the under mentioned sub-clause (1A) after sub-clause (1) and Clause III(C) of the Memorandum of Association of the Company be and is hereby altered by insertion of the undermentioned sub clauses (4), (5) after sub clause (3)."

(7) To set-up laboratories, manufacture/contract manufacturing, produce, process, compound, mix, refine, extract etc., and to deal in all types of organic, inorganic, industrial, laboratory, medicinal and pharmaceutical preparations, drug development and other chemicals, drugs and acids and to provide services for clinical testing of new chemical entities and drugs for clinical trials, Research activities not restricted to but including Clinical Research activities/Contract research Activities covering the total spectrum, businesses such as manufacture, distributors, private labelers, contracts, export, import purchase, sale, market, distribute, develop or otherwise deal in and trading of medical & radiographic consumables (including pharmaceuticals but not limited to radio pharmaceuticals). Bio-Neutraceuticals, Neutraceuticals, preventive medicines, Medicinal & Process Chemistry, Anti-oxidants herbals & vitamins, bulk, Active pharmaceutical ingredients, Chemo Pharma, Opto Electronics etc., biotechnology, nanotechnology products (including but not limited to vaccines), nuclear medicine items, diagnostic kits etc., Bio informatics, Bio-IT, Primer Selection, Chem & Pharma Informatics, Toxicoinformatics. Gene matrix, Gene Analysis, Genetic products, life science activities, stem cells activities, genome genetic, proprietary therapeutics and therapeutics, protein moieties, protein structure optimisation, cell & molecular biology, Biostatistics, Medical Writers, Gene therapy, centres of Genetic Research and genetic Diagnostic, photonics and therapeutics, R & D labs, Diagnostics & laboratory reagents etc., health foods, vitamin supplements, nutritional supplements etc.

(1A) To import, export, purchase, sale, market, distribute or otherwise deal in all types of medicinal and pharmaceutical preparations, herbal and other medical, para medical products trade or sell all kinds of medical and non-medical equipments both indigenous and foreign, machines, plants, tools, establishment of wellness centres, data mining, nature cure and other alternative systems of medicine, comprehensive health care & wellness services in all systems of medicines, medical & paramedical education, training in medical technology, training and Consultancy, training to nurses, paramedical staff etc., DNB and other graduate, post graduate education and research, establishment of wholly owned subsidiaries, investment in other companies strategic or otherwise, partnerships with Universities, Medical Sectors and Government Sectors, acquisitions, taking equity partnerships in any company, acquiring and trading, sharing of IPR including but not restricted to patents and other exclusive rights, public/private ventures in all its facets for the benefit of the company.

(4) To purchase, sell, involve, develop, take in exchange or on lease, hire or otherwise acquire whether for investment or sale or working the same, any real or personal estate including but not limited to lands, mines, business, building, factories, mill, houses, cottages, shops, depots, warehouses, machinery, plant, stock in trade, mineral rights, concessions, privileges, licenses, easement or interest in or with respect to any property whatsoever for the purpose of the company in consideration for a gross sum or rent or partly in one way and partly in the other or for any consideration and to carry on business as proprietors of flats and buildings and to let on lease or otherwise apartments therein and to provide for the conveniences commonly provided in flats, suites and residential and business quarters and to involve, develop, participate in infrastructure and related projects either on its own or in association with other companies/individuals/firms etc. for the benefits of the company.

(5) To promote, initiate, float, participate, acquire, invest in, subscribe, hold, underwrite, buy, sell or otherwise deal in shares, stocks, debentures, bonds, negotiable instruments securities of any company, fund, entity, private, Government, NGO, public body or authority, Municipal and local bodies whether in India or abroad benefitting the Company.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or expedient."

Dated: 29<sup>th</sup> November, 2006  
Registered Office:  
Ramachandra Rao Road  
Suryarao pet  
Vijayawada - 520 002  
Krishna District  
Andhra Pradesh

By Order of the Board  
for DOLPHIN MEDICAL SERVICES LIMITED

Sd/-  
Dr. G.V. MOHAN PRASAD  
Managing Director

## 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 be remain closed from 27<sup>th</sup> December 2006 to 28<sup>th</sup> December 2006 (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

Annexed to the Notice convening the Annual General Meeting of Members of Dolphin Medical Services Limited to be held on Friday, the 29<sup>th</sup> day of December, 2006

### ITEM No.4

With a view to strengthen the Board and to comply with Clause 49 of the listing agreement, the Board appointed Mr.Vinay Vishnuraj Nayak as an independent director. He 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.

None of the Directors except Mr.Vinay Vishnuraj Nayak are interested in this resolution.

### ITEM No.5

With a view to strengthen the Board and to comply with Clause 49 of the listing agreement, the Board appointed Mr. Narendra Seena Karkera as an independent director. He is Sr. Advisor for Hosmac India Pvt. Ltd. which is a Hospital Management Consultancy company. He is also associated with many hospitals and has professional experience in Finance & Administration of hospitals like Welcare Hospital LLC – Dubai, SDM Educational Society, Karnataka etc.

None of the Directors except Mr.Narendra Seena Karkera are interested in this resolution.

### ITEM No.6

Keeping in view the valuable services rendered by Dr. G.V. Mohan Prasad, Managing Director of the Company, the Board of Directors at its meeting held on 29<sup>th</sup> November 2006 has decided to insure the life of Dr. G.V. Mohan Prasad, Managing Director of the Company, being a key managerial personnel of the Company and accordingly, subject to the consent of the members and shareholders in general meeting the Company has decided to pay the necessary insurance premiums. Except this, other terms and conditions contained in the resolution passed in the 13th Annual General Meeting held on 29.09.2005 shall remain unchanged.

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

### ITEM No.7

The Company had made a Rights issue of equity shares aggregating to Rs.1445.43 lacs on rights basis to the equity shareholders of the Company and the said equity shares were allotted to the equity shareholders of the Company on 22<sup>nd</sup> March 2006.

Out of the total rights issue of 1,20,45,300 equity shares, 9.55% portion of the Rights Issue remained unsubscribed. The Promoters of the Company had undertaken to subscribe to the unsubscribed portion of the rights issue. Since these shares remained unsubscribed up to date, the Company now proposes to issue and allot 11,50,448 equity shares of Rs.10/- each to the promoters of the Company by way of preferential allotment in accordance with the provisions of applicable guidelines and regulations of the Securities & Exchange Board of India and other regulatory authorities.

As per Section 81 (1A) of the Companies Act, 1956 and the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the Company is required to obtain the consent of the members and shareholders of the Company in a general meeting for making any preferential allotment to a selected group of persons.

The proposed preferential issue of 11,50,448 equity shares of Rs.10/- each shall be made to the following persons:

| S.No. | Name of the Allottee     | No. of Equity Shares of Rs.10/- each |
|-------|--------------------------|--------------------------------------|
| 01.   | Dr. G.V. Mohan Prasad    | 3,50,448                             |
| 02.   | Dr. M. Lakshmi Sudha     | 3,00,000                             |
| 03.   | Mrs. G. Vimala Kumari    | 50,000                               |
| 04.   | Mr. G. Mallikharjuna Rao | 50,000                               |
| 05.   | Mr. G. Eswar Chand       | 2,30,000                             |
| 06.   | Mrs. M. Sessa Ratnam     | 1,00,000                             |
| 07.   | Mrs. M. Manjusha         | 45,000                               |
| 08.   | Mr. V. Srinivas          | 25,000                               |
|       | <b>Total</b>             | <b>11,50,448</b>                     |

The Board recommends passing of the Special Resolution set out at Item No. 7 of the accompanying Notice.

#### EXISTING SHARE HOLDING PATTERN

| Particulars   | No. of Shares Held | % of total paidup capital |
|---|--------------------|---------------------------|
| Promoters-Individuals   | 41,88,401          | 27.74                     |
| Promoters-Bodies Corporate  | --                 | --                        |
| Public-Institutions   | 100                | --                        |
| Public-Body Corporates  | 24,44,352          | 16.19                     |
| Public-Individuals holding share Capital upto Rs.1,00,000/-         | 51,35,964          | 34.01                     |
| Public-Individuals holding share Capital in excess of Rs.1,00,000/- | 30,95,308          | 20.50                     |
| Public-NRIs   | 34,881             | 0.23                      |
| Public-Clearing Members   | 2,00,946           | 1.33                      |
| <b>TOTAL</b>  | <b>1,50,99,952</b> | <b>100.00</b>             |



Assuming full subscription and allotment of 11,50,448 equity shares to the above persons, the shareholding pattern of the Company after such preferential allotment shall be as follows:

| Particulars   | No. of Shares Held | % of total paidup capital |
|---|--------------------|---------------------------|
| Promoters-Individuals   | 53,38,849          | 32.85                     |
| Promoters-Bodies Corporate  | --                 | --                        |
| Public-Institutions   | 100                | --                        |
| Public-Body Corporates  | 24,44,352          | 15.04                     |
| Public-Individuals holding share Capital upto Rs.1,00,000/-         | 51,35,964          | 31.61                     |
| Public-Individuals holding share Capital in excess of Rs.1,00,000/- | 30,95,308          | 19.05                     |
| Public-NRIs   | 34,881             | 0.21                      |
| Public-Clearing Members   | 2,00,946           | 1.24                      |
| <b>TOTAL</b>  | <b>1,62,50,400</b> | <b>100.00</b>             |

None of the Directors of the Company except Dr G.V. Mohan Prasad and Dr M. Lakshmi Sudha, Mr. G. Mallikharjuna Rao may be considered to be concerned or interested in passing of the Resolution.

#### Item No 8

The Authorised share capital of the Company is Rs 25,00,00,000/- divided into 2,50,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid up share capital of the Company is Rs.15,09,99,520/- divided into 1,50,99,952 equity shares of Rs.10/- each fully paid up. For implementing the projects of the Company, the Company will require substantial capital infusion over next few years. The Company had made a Rights Issue in December 2005 for 1,20,45,300 equity shares of Rs.10/- each at a premium of Rs.2/- per share. The response to the Rights Issue of the Company was only to the extent of [91.45%]. During the Rights Issue made by the Company, the Company had to extend the subscription period to enable the Company to garner the requisite capital. The Promoters of the Company have committed to bring in additional capital to the extent of Rs.1,15,04,480/- by way of a preferential allotment to bridge the gap in the capital requirements under the Rights Issue. The Board of Directors believes that with the Company's foray into the business of clinical trials which requires intensive capital infusion. The Promoters of the Company acknowledge and honour the sentiments of the non-promoter shareholders in being very cautious in responding to the capital infusion requests made by the Company in the past. However, in view of the proposed business plan of the Company, the Company would require substantial funds. The Promoters have, in addition to the proposed preferential allotment of 11,50,448 equity shares of the Company, undertaken to contribute further funds in a phased manner to enable the Company to implement its business plans and new projects. The Company therefore proposes to issue convertible warrants on a preferential basis to the Promoters of the Company which would entitle the Promoters to subscribe upto 24,37,560 which will be converted into corresponding equity shares over a period of next 18 months. As stated in the proposed resolution, the price at which the Promoters would be entitled to subscribe to the equity shares of the Company would be determined by the Board in accordance with the requirement of the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The shareholding pattern of the Company prior to the issue of warrants by the Company is as follows:

Assuming full subscription and allotment of 11,50,448 equity shares to the above persons, the shareholding pattern of the Company after such preferential allotment shall be as follows:

| Particulars   | No. of Shares Held | % of total paidup capital |
|---|--------------------|---------------------------|
| Promoters-Individuals   | 53,38,849          | 32.85                     |
| Promoters-Bodies Corporate  | --                 | --                        |
| Public-Institutions   | 100                | --                        |
| Public-Body Corporates  | 24,44,352          | 15.04                     |
| Public-Individuals holding share Capital upto Rs.1,00,000/-         | 51,35,964          | 31.61                     |
| Public-Individuals holding share Capital in excess of Rs.1,00,000/- | 30,95,308          | 19.05                     |
| Public-NRIs   | 34,881             | 0.21                      |
| Public-Clearing Members   | 2,00,946           | 1.24                      |
| <b>TOTAL</b>  | <b>1,62,50,400</b> | <b>100.00</b>             |

Assuming full subscription to the equity shares by the Promoters under the warrants allotted on a preferential basis, the shareholding pattern of the Company at each stage of subscription by the Promoters would be as follows:

After the proposed preferential issue of convertible warrants and 1/3<sup>rd</sup> of them converted into equity shares

| Particulars   | No. of Shares Held | % of total paidup capital |
|---|--------------------|---------------------------|
| Promoters-Individuals   | 61,51,369          | 36.05                     |
| Promoters-Bodies Corporate  | --                 | --                        |
| Public-Institutions   | 100                | --                        |
| Public-Body Corporates  | 24,44,352          | 14.33                     |
| Public-Individuals holding share Capital upto Rs.1,00,000/-         | 51,35,964          | 30.10                     |
| Public-Individuals holding share Capital in excess of Rs.1,00,000/- | 30,95,308          | 18.14                     |
| Public-NRIs   | 34,881             | 0.20                      |
| Public-Clearing Members   | 2,00,946           | 1.18                      |
| <b>TOTAL</b>  | <b>1,70,62,920</b> | <b>100.00</b>             |

After the proposed preferential issue of convertible warrants and 2/3<sup>rd</sup> of them converted into equity shares

| Particulars   | No. of Shares Held | % of total paidup capital |
|---|--------------------|---------------------------|
| Promoters-Individuals   | 69,63,889          | 38.96                     |
| Promoters-Bodies Corporate  | --                 | --                        |
| Public-Institutions   | 100                | --                        |
| Public-Body Corporates  | 24,44,352          | 13.67                     |
| Public-Individuals holding share Capital upto Rs.1,00,000/-         | 51,35,964          | 28.73                     |
| Public-Individuals holding share Capital in excess of Rs.1,00,000/- | 30,95,308          | 17.32                     |
| Public-NRIs   | 34,881             | 0.20                      |
| Public-Clearing Members   | 2,00,946           | 1.12                      |
| <b>TOTAL</b>  | <b>1,78,75,440</b> | <b>100.00</b>             |

After the proposed preferential issue of convertible warrants and total warrants converted into equity shares

| Particulars   | No. of Shares Held | % of total paidup capital |
|---|--------------------|---------------------------|
| Promoters-Individuals   | 77,76,409          | 41.61                     |
| Promoters-Bodies Corporate  | --                 | --                        |
| Public-Institutions   | 100                | --                        |
| Public-Body Corporates  | 24,44,352          | 13.08                     |
| Public-Individuals holding share Capital upto Rs.1,00,000/-         | 51,35,964          | 27.48                     |
| Public-Individuals holding share Capital in excess of Rs.1,00,000/- | 30,95,308          | 16.56                     |
| Public-NRIs   | 34,881             | 0.19                      |
| Public-Clearing Members   | 2,00,946           | 1.08                      |
| <b>TOTAL</b>  | <b>1,86,87,960</b> | <b>100.00</b>             |