

Dolphin

Medical Services Limited



17th ANNUAL REPORT 2008 - 2009

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

DOLPHIN MEDICAL SERVICES LIMITED**17th 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

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.

17th ANNUAL GENERAL MEETING

Date : 30th September, 2009
 Time : 10.00 A.M.
 Venue : Neni Hi-tech Club
 169, Lal Bungalow
 Old Airport Road
 New Bowenpally
 SECUNDERABAD - 500 001

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DOLPHIN MEDICAL SERVICES LIMITED**17th Annual Report****NOTICE**

NOTICE is hereby given that the 17th Annual General Meeting of the members of **M/s. DOLPHIN MEDICAL SERVICES Limited** will be held on Wednesday, the 30th September, 2009 at 10.00 A.M at Neni Hi-tech Club, 169, Lal Bungalow, Old Airport Road, New Bowenpally, Secunderabad - 500 001 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, 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Vinay Vishnuraj Nayak, 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: 21.08.2009
Place: Hyderabad

Report Junction.com

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 25th September to 30th September, 2009 (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.

DOLPHIN MEDICAL SERVICES LIMITED**17th Annual Report****DIRECTORS' REPORT**

To
The Members of
M/s. DOLPHIN MEDICAL SERVICES LIMITED.

Your Directors have pleasure in submitting the Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS:

The Financial Results for the year ended 31st March, 2009 are as under:

(Rs. in Lakhs)

Particulars	2008 - 2009	2007 - 2008
Operating Receipts/ Income	270.23	260.33
Other Receipts/ Income	4.74	13.60
Profit before Depreciation & Tax	59.76	58.61
Depreciation	38.28	31.07
Profit After Tax	12.77	13.87

During the year under review, your Company has shown comfortable results. This was possible because of the timely decisions taken by the Board for business promotion. Your Directors are making their incessant efforts to realize the market opportunities in order to improve the performance of the Company in the coming years.

2. SUBSIDIARY COMPANIES:

Your Company has incorporated two subsidiary Private Limited Companies i.e M/s. Bridge Corporate Services Private Limited and M/s. Evum Life Sciences Private Limited during the year 2008-2009 by investing 51% of the total capital of the private limited companies as per the business plan envisaged in the 15th Annual General Meeting and with an intention to increase the scope of operations in various activities which will help the company to increase the turnover and profitability of the company. As on date the two subsidiary companies have not commenced their activities.

3. DIVIDEND:

As the Company does not generate sufficient profits during the year 2008-09 your directors have not recommended any dividend for the financial year 2008-09.

4. PUBLIC DEPOSITS:

The Company has not raised any fixed deposits as on 31st March, 2009 in terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time. There are no outstanding or unclaimed deposits as on 31st March, 2009.

5. MANAGEMENT DISCUSSION AND ANALYSIS

The company had to surrender its 'lease- rights' in respect of the premises taken on lease at Hyderabad. The Company had earlier entered into a long lease with the owner and was planning to start its CRO division there. The (owner) company happened to have over dues of its loan account with a bank and the bank had initiated DRT proceedings against the (owner) company. Your company therefore thought it appropriate to get out of the deal due to the complications and risks involved and ensure to recover the amount paid by it to the (owner) company. The company was able to achieve this goal and ensured that no loss was incurred on it. In addition to this due to global recession, the outsourcing of clinical trials from USA and Europe has slowed down and the company needs to explore local opportunities also to fulfil the business requirements of the CRO venture. The huge monthly rentals for this building will also be a burden to the company in case of any potential problem in getting the Clinical Trials/CRO contracts from the west. As such, to avoid a potential financial loss to the company, your Board took a timely decision to relinquish the lease hold rights of the building by recovering the amounts invested in it. Now your company is in search of another suitable building on lease to continue the operations at Hyderabad and also for MRI equipment installation.

DOLPHIN MEDICAL SERVICES LIMITED**17th Annual Report****Outlook**

The Diagnostic business of your Company seems to have been at the same level for the last couple of years. But this year i.e. the current year appears to be more promising with new and sophisticated equipment being installed in the premises at Vijayawada. The revenues are expected to grow up at satisfactory rate over the next couple of years, which will result in increased profits also. In view of the same, your company has decided to go for capacity expansion. Anticipating such a situation your company has been on look out for an appropriate partner having large Diagnostic Service net-work. The idea behind this partnership proposal is to build up a 'brand image' and improve business potential and increase the service reach. To further the business prospects, your Directors decided to tie up with "Dr.Lal Pathlab Pvt. Ltd." which is a leading Diagnostic service provider of repute in India. This partnership is only for pathological lab services in Vijayawada and most of the coastal region of Andhra Pradesh. This partnership would give a reasonable boost to your company's brand image and also sales turn-over in coming years. Your company is also exploring possibilities to have similar partnership in the field of Imaging Services so that your company's top line would increase along with good improvement in company's surpluses. Your company is also in the process of establishing an MRI scanner equipment in the state capital city of Hyderabad or in the nearby areas of the city and is hopeful of installing it before March 2010. Your company is also contemplating to enter into the business of trading materials and goods in the coming year, in order to increase the revenues.

Risks and Concerns

Your company was successful in installing a new MRI at its present (leased) premises at Vijayawada. The installation process was unfortunately delayed due to the delay in the supply of the equipment, which is again a consequence of the slow down in the production factory due to the impact of the global economic recession. In addition to this the company had to incur huge expenditure towards renovation so as to make it ready for installation of MRI. Also, the search for a suitable new leased premises in the vicinity of the existing one did not yield results, as the premises was required to be leased out atleast for a period of 10 years. The capital cost was not possible to be recovered in a short period of six years. In view of non availability of other alternatives, the company went ahead and installed the MRI in the same existing premises, the litigation of which is yet to be resolved.

Internal control systems and their adequacy

Your Company remains committed to ensure an effective internal control environment that provides assurance on the efficiency of the operations and security of its assets. The Internal Audit process effectively and adequately covers the internal control environment across the company. Planning and conduct of the internal audit is oriented towards a review of controls in identifying, evaluating and managing risks, along with the maintenance of proper accounting records and reliability of financial information used within the business.

Discussion on financial performance with respect to operational performance

The company's operational performance and financial performance is reasonably good.

Material developments in Human Resources / Industrial Relations front

The company continues to improve the quality of its human resources and relations with them have been cordial.

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. 7.16 lakhs |
| 2. Technology absorption, adoption and innovation | NIL |

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

- | | |
|---------------------------|-----|
| Foreign Exchange Earnings | NIL |
| Foreign Exchange Outgo | NIL |

DOLPHIN MEDICAL SERVICES LIMITED**17th Annual Report****7. DIRECTORS RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them your directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (ii) Appropriate accounting policies have been selected and applied consistently and have 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 as at March 31, 2009 and of the Profit of the company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

8. CORPORATE GOVERNANCE:

- (a) Management Discussion and Analysis 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 from the Company's Auditor confirming compliance is set out in the Annexure forming part of this report.

9. 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 the 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.

10. DIRECTORS:

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vinay Vishnuraj Nayak, retires by rotation and the Board recommends his reappointment.

11. AUDITORS:

M/s. Pinnamaneni & Co, Chartered Accountants, the Company's Auditors, hold office till the conclusion of this Annual General Meeting. They have signified their willingness to accept their re-appointment and have further confirmed their eligibility under section 224 (1-B) of the Companies Act, 1956.

12. 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 Bombay Stock Exchange Limited is up to date.

13. 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: Hyderabad
Date: 21.08.2009

DOLPHIN MEDICAL SERVICES LIMITED**17th Annual Report****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. Vinay Vishnuraj Nayak:

Mr. Vinay Vishnuraj Nayak 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.

DOLPHIN MEDICAL SERVICES LIMITED**17th Annual Report****B. BOARD MEETINGS:**

During the Financial Year 2008-2009 the Board of Directors met 10 (Ten) times on the following dates: 30.04.2008, 27.05.2008, 31.07.2008, 21.08.2008, 25.08.2008, 30.10.2008, 24.11.2008, 29.12.2008, 30.01.2009 and 30.03.2009

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	10	10	Yes
Dr. M. Lakshmi Sudha	10	10	Yes
Mr. Vinay Vishnuraj Nayak	10	7	No
Mr. Narendra Seena Karkera	10	7	No
Mr. Hemanth Kumar Manikyam	10	7	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. 30th April, 2008
2. 31st July, 2008
3. 25th August, 2008
4. 30th October, 2008 and
5. 30th January, 2009

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

DOLPHIN MEDICAL SERVICES LIMITED**17th Annual Report**

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. On 25.08.2008 Remuneration Committee held for reappointment of Managing Director and Whole-time Director as detailed and approved in the last Annual General Meeting.

The details of the remuneration paid to Managing Director and Whole-Time Director during the year 2008-09 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.21,00,000/-
Dr. M. Lakshmi Sudha Director	Rs.11,82,667/-

The above directors did not receive any other benefits like incentives and stock options during the 2008-2009 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, 2009.

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	14 th AGM	29.12.2006	Ramachandra Rao Road, Vijayawada - 520 002, A.P.
2	15 th AGM	27.12.2007	-do-
3	16 th AGM	29.12.2008	-do-

There was no Extra-ordinary General Meeting held during the year 2008 - 2009.

No resolution was passed through postal ballot during the year 2008-09.

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.