

7th ANNUAL REPORT
1999 - 2000



Medinova
Diagnostic Services Limited

Board of Directors

A Raghava Reddy - Chairman
Bana L Paranjape
C Satyanarayana
P K Reddy
S Basu Thakur
D A Srinivas

Vice President

Satish Gautam

Auditors

M/s. J B Reddy & Co.
Chartered Accountants

Company Secretary

K Ramakrishna

Legal Advisor

K Krishnamoorthy

Bankers

Andhra Bank
Canara Bank
State Bank of India
State Bank of Mysore

Financial Institution

The Industrial Credit &
Investment Corporation
of India Limited

Registered Office

6-3-652, "Kautilya"
Somajiguda, Hyderabad - 500 082.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventh Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on 29th September, 2000 at 11.30 A.M. at Hotel Green Park, Green Lands, Begumpet, Hyderabad to transact the following business.

ORDINARY BUSINESS :

01. To receive, consider and adopt the audited Profit and Loss Account for the period ended 31st March, 2000 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
02. To appoint a Director in the place of Shri. P.K.Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in the place of Shri. C.Satyanarayana, who retires by rotation and being eligible, offers himself for re-appointment.
04. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

05. To consider and if thought fit, to pass the following resolution, with or without modifications, as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Sections 198, 269, 387, 388, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Satish Gautam, designated as "Vice President" be and is hereby appointed as the Manager of the Company, for a period of one year with effect from 25.11.1999, upon the terms and conditions set out below and as approved by the Board of Directors of the Company.

I. Salary

Rs.11,000/- (Rupees Eleven Thousand only) per month.

II. Perquisites

01. Rent Free Resident Accommodation or House Rent Allowance, not exceeding Rs.5,060/- p.m. Expenditure on Gas, Electricity, Water and Furnishings will be borne by the Company and the same will be valued as per the Income Tax Rules, 1962, however, subject to a ceiling of 10% of the salary.
02. Reimbursement of Medical expenditure for self and his family subject to a ceiling of one month's salary over a period of two years.
03. Leave Travel Concession for self and his family once in a year in accordance with the Rules of the Company.
04. Personal Accident Insurance and/or such other Medical/Healthcare Insurance(s) at a premium not exceeding Rs.2,000/- per annum.
05. Company's contribution to the PF, and Superannuation Fund, if any, will be allowed as per the Rules of the Company and to the extent not taxable under the Income Tax Act/Rules.
06. Gratuity as per the Rules of the Company not exceeding half a month salary for each completed year of service.
07. Reimbursement of Fuel, Maintenance and other expenses for the use of his own Car for official purposes.
08. Reimbursement of entertainment expenses actually and properly incurred for the purpose of the business of the Company.
09. Telephone facility at residence.
10. Encashment of Leave at the end of the tenure as per the Leave Rules of the Company.

By Order of the Board

Place : Hyderabad
Date : 31st July, 2000

K Ramakrishna
Company Secretary

**EXPLANATORY STATEMENT**

(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

ITEM NO : 5

Mr. Satish Gautam, who is designated as Vice President of the Company, has also been a Manager, appointed in compliance of Section 269(1) of the Companies Act, 1956, for the past five years. The period of two years of his previous appointment as Manager has expired on 24.11.1999. In compliance with the provisions of the Companies Act, 1956, he has since been re-appointed as Manager of the Company for a further period of one year with effect from 25.11.99, on the terms and conditions set out in the resolution. As per the provisions of the Companies Act, 1956, his appointment as Manager and payment of remuneration, require the approval of the Shareholders, hence the resolution.

None of the Directors is concerned or interested in the said Resolution.

By Order of the Board

Place : Hyderabad
Date : 31st July, 2000

K Ramakrishna
Company Secretary

NOTES :

01. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll in his stead and the Proxy need not be a Member. The Proxy Forms should be lodged with the Company not less than 48 hours before the time for holding the meeting.
02. The Register of Member and the Share Transfer Books of the Company will be closed from Tuesday the 26th September, 2000 to Friday the 29th September, 2000 (both days inclusive).
03. The Members are requested to send in change of Address, if any, immediately to the Company.
04. As per SEBI's notification, the shares of Medinova have to be traded in stock exchanges, compulsorily in Demat mode, with effect from October 30, 2000. In view of this, the company is entering into agreements with the Depositories. Members are requested to note this and open Demat accounts with the registered Depository Participants and surrender their shares for dematerialisation. The members may note that share transfers, otherwise than through stock exchanges, in physical mode, will have to be sent to the Company's Registered Office directly for processing. The members may contact the Registered Office of the company (Ph: 040-3311080/3310066) for any further clarification in this regard.
05. The Shares of Medinova are listed in Hyderabad and Bombay Stock Exchanges. The Listing Fee for the year 1999-2000 has been paid to the Stock Exchanges.



DIRECTORS' REPORT

TO

The Members of
Medinova Diagnostic Services Ltd.

Your Directors take pleasure in presenting the Seventh Annual Report of your Company together with the audited accounts for the period ended 31st March 2000 and Report of the Auditors thereon.

FINANCIAL & OPERATIONAL RESULTS

A statement of the financial and operational results of your Company for the year under review is furnished hereunder:

(Rupees in Lakhs)		
Particulars	1999-2000	1998-99
Total Income	1805.24	1642.40
Total Expenditure	1250.26	1140.34
Interest	350.65	305.43
Profit Before Depreciation and Taxation	204.33	196.66
Depreciation	90.19	89.07
Provision for Income Tax	12.78	11.63
Net Profit	101.36	95.97
Add : Balance in Profit & Loss A/c. brought forward from Previous year	192.44	134.44
	293.80	230.41
Recommended Dividend	--	--
Provision for Gratuity	--	27.97
Prior period adjustment	---	---
Transfer to General Reserve	10.00	10.00
Balance in Profit & Loss Account	283.80	192.44

APPROPRIATIONS FROM PROFITS :

A sum of Rs. 10 lacs is transferred to General Reserve. Your Directors do not recommend any Dividend for the financial year ended 31st March, 2000, as it was deemed fit to retain the earnings.

OPERATIONS :

During the year 1999-2000, a total business income of Rs.1805.25 lacs and a net profit of Rs.101.36 lacs were achieved. A revenue growth of Rs.162.81 lacs over the previous year could be achieved mainly on account of the revenue generation from MRI Unit of Hyderabad, for the full year of operation. During the previous year 1998-99, the revenue of MRI operations was for a part of the year since the machine was installed only in November 1998. The revenue from other centres has also shown improvement during the year under review. The revenue growth would have been higher had it not been for the high downtime of the CT Scan machine at Pune and Calcutta and Cardiac equipment at Bangalore.

In view to improve revenue generation by providing better service to the customers, new CT machines (Spiral) have been installed at Pune and Calcutta Centres and the latest Cardiac equipment, such as Color Doppler and Cardiac Stress machine, have been installed at Bangalore Centre.

As the Members are aware, both Hyderabad and Bangalore Centres are already ISO 9002 certified Centres. Pune Centre has also achieved the ISO 9002 Certification during the year and the process of obtaining the Certification for Calcutta Centre is at an advanced stage.

During the year under review, three Franchise Centres have been opened. In respect of two other Franchise Centres, the Agreements have been signed and are expected to be opened very shortly.

In order to provide additional facility to the customers visiting Medinova, 24 hours Pharmacy Outlets have been opened now at Bangalore and Pune Centres also and the process is on to open one such Outlet at Calcutta Centre shortly.

SUBSIDIARY :

Medimark Health Services Pvt Ltd, incorporated in the year 1998, became a subsidiary of your Company in



that year. The MRI unit at Hyderabad Centre was procured under sub-lease from the subsidiary company. The Annual Report for the period ended 31.03.2000 of the subsidiary is annexed to the Balance Sheet of your Company as at 31.03.2000. A statement on your company's interest in the subsidiary is also annexed hereto.

DIRECTORS :

Shri P K Reddy and Shri C Satyanarayana, Directors of your Company, retire by rotation and being eligible offer themselves for reappointment.

AUDITORS :

M/s. J B Reddy & Co., Auditors of your Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

A part of the Income Tax dues, as observed by the Auditors, has already been cleared and necessary steps are being taken to pay off the balance dues.

PARTICULARS OF EMPLOYEES

None of the Employees is in receipt of remuneration exceeding the limits as prescribed under Section

217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PARTICULARS RELATING TO CONSERVATION OF ENERGY, ETC.

The particulars of conservation of energy and technology absorption as required to be furnished under Section 217(1)(e) of the Companies Act, 1956 read with relevant rules thereunder, are not applicable to your Company.

The Company has not earned any foreign exchange during the year. Also, during the year, there was no foreign exchange used.

ACKNOWLEDGEMENTS :

Your Directors express their gratitude to all the Banks, Financial Institutions, various Government Agencies and the Investors of the Company, for their support and cooperation. Your Directors also place on record their appreciation for all the employees of your Company for their contribution.

For and on behalf of the Board

Hyderabad
31st July, 2000

A Raghava Reddy
Chairman

Statement Pursuant to section 212 of the Companies Act, 1956 Relating to subsidiary company

Name of the Subsidiary : **MEDIMARK HEALTH SERVICES PRIVATE LIMITED**

1.	Financial Year of the Subsidiary ended on	:	31.03.2000	
2.	a) Shares of the subsidiary held by Medinova Diagnostic Services Ltd.	:	10,100 equity shares of Rs.10/- each	
	b) Extent of holding	:	75.37%	
3.	Net aggregate of profits of the subsidiary for the current/previous financial year/s of the subsidiary so far as they concern members of Medinova Diagnostic Service Ltd.		For the 9 months period ended on 31.3.2000	Period ended 30.6.99 since incorporation
	a) Dealt with in the accounts of Medinova Diagnostic Services Ltd.		NIL	NIL
	b) Not dealt with in the accounts of Medinova Diagnostic Services Ltd.		Rs.25079	Rs.29063

for and on behalf of the Board

Place : Hyderabad
Date : 31st July, 2000

A RAGHAVA REDDY
Chairman

AUDITORS' REPORT

To

The Members of
Medinova Diagnostic Services Limited

We have audited the attached Balance Sheet of Medinova Diagnostic Services Limited as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by Law have been kept by the

Company so far it appears from our examination of books.

- c) The Balance Sheet and the Profit & Loss Account referred in our report are in agreement with the books of accounts.
- d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the mandatory accounting standards referred to in Sub Section 3(c) of Section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required give a true and fair view in case of Balance Sheet, the State of affairs of the Company as at 31st March, 2000 and in case of Profit & Loss Account the Profit of the Company for the year ended on that date.

for **J B REDDY & CO**
Chartered Accountants

Place : Hyderabad
Date : 31st July 2000

A V REDDY
Partner



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph (1) of our report of even date.

01. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management periodically and no discrepancies have been noticed on such verification.
02. None of the fixed assets have been revalued during the year under audit.
03. The stocks of Stores, Spare Parts and Chemicals have been physically verified by the management at reasonable intervals.
04. In our opinion, the procedures followed by the Management for physical verification of the aforesaid stocks are reasonable and adequate in relation to the size of the Company and the nature of its business.
05. No material discrepancies have been noticed on physical verification between the physical stocks and the stocks as per the book records.

In our opinion the valuation of aforesaid stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.

06. The terms and conditions on which unsecured loans have been obtained by the Company listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.

There are no Companies under the same management as defined under Sub-Section (1-B) of Section 370 of the Companies Act, 1956.

07. In our opinion, the rate of interest and the terms and conditions on which loans and advances in the nature of loans given to Companies listed in

the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company. There are no Companies under the same management as defined under Sub-Section(1-B) of Section 370 of the Companies Act, 1956.

08. In respect of Loans and Advances in the nature of loans given to the parties including employees, the interest wherever fixed has been received or accounted on accrual basis and repayment of principal amount is regular as stipulated.
09. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, chemicals, plant & machinery, equipment and other assets.
10. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores and chemicals. However, no unserviceable or damaged stores and chemicals have been determined by the Company during the year under audit.
11. In our opinion and according to the information and explanations given to us, during the year under Audit, the Company has not accepted any Deposits in the nature of Public Deposits. However, the Deposits accepted by the Company in the earlier years under the 'Gold Card Scheme' to the extent not claimed, are continuing.
12. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
13. As per the information and explanations given to us the provisions of Employees State Insurance Act are not applicable to the Company. The employees of the Company are members in a separate Provident Fund Trust started by Standard Medical & Pharmaceuticals Ltd. As per the records, the Company is regular in remitting the Provident Fund dues to Standard Medical &

Pharamaceuticals Ltd. for depositing the same with the Trust Account.

by it, does not necessitate allocation of materials and man-power to relative services.

14. As at the last day of the Financial Year excepting an amount of Rs.17,39,561/- representing income tax dues, there were no other undisputed statutory dues outstanding for a period of more than six months from the day they became payable.
15. During the course of our examination of books of accounts of the Company carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to revenue account other than those payable to employees or Directors under contractual obligations or in accordance with the generally accepted business practice.
16. In our opinion there is a reasonable system for recording receipts, issue and consumption of materials and stores commensurate with the size of the Company and the nature of its business. As per the information and explanations given to us, the nature of business of the Company and its mode of charging for services rendered
17. In our opinion, there is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and nature of business as per the information and explanations given to us, the nature of business of the company and its mode of charging for services rendered by it does not necessitate allocation of stores and labour to relative services.
18. As per the information and explanations given to us and taking into consideration the nature of business of the Company, matters specified in item No 4(A)(XI)(XIV)(XVI)(XX) and Item No.4 (D)(III)(IV) of the said order are not applicable to the Company for the year under audit.

for **J B REDDY & CO**
Chartered Accountants

Place : Hyderabad
Date : 31st July 2000

A V REDDY
Partner

Report  junction.com