

8th **ANNUAL REPORT**
2000 - 2001

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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

Company Secretary

K Ramakrishna

Auditors

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

Legal Advisor

K Krishnamoorthy

Bankers

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



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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on 26th September, 2001 at 11.30 a.m. at HOTEL GREEN PARK, GREEN LANDS, BEGUMPET, HYDERABAD - 500 016 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, 2001 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 Bana L. Paranjape, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in the place of Shri D A Srinivas 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, Dr. K Bhaskar Reddy be and is hereby appointed as the Manager of the Company, for a period of two years with effect from 30.05.2001, upon the terms and conditions set out below and as approved by the Board of Directors of the Company.

I. Salary

Rs.10,000/- (Rupees Ten thousand only) per month

II. Perquisites

01. Rent Free Resident Accommodation or House Rent Allowance, not exceeding Rs.5000/- per month.
02. Reimbursement of expenditure on Gas, Electricity, Water and Furnishings subject to a ceiling of 10% of the salary.
03. Reimbursement of conveyance expenses upto Rs.2000/- per month.

04. Reimbursement of entertainment expenses actually and properly incurred for the purpose of the business of the Company.

05. Telephone facility at residence.

III. The appointment is contractual.

06. Alteration of Articles of Association

To consider and if thought fit, to pass with or without modification(s) the following as a Special Resolution.

RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered in the following manner:

- a. Insert the following Heading and Article along with the marginal notes as Article 7A after Article 7:

Purchase of its own shares by the Company

The Company may purchase its own shares or other specified securities out of its free reserves or the securities premium account or the proceeds of any shares or other specified securities as may be permitted by Section 77A read with Section 77B of the Companies Act, 1956.

- b. Insert the following Heading and Article in place of Article 46 along with marginal notes:

Restriction on Transfer

1. Subject to the provisions of Section 111A of the Act, the Board may at any time in their absolute discretion and without assigning any reasons decline to register any transfer of or transmission by operation of law of the right to a share, whether fully paid-up or not and whether the transferee is a member of the Company or not and may also decline to register any transfer of shares on which the Company has a lien.

Provided further that the registration of transfer shall not be refused on the ground of the transferor being alone or either jointly with any other person or persons indebted to the Company on any account except a lien on the shares.

2. If the Board refuses to register any transfer or transmission of right, they shall within one month from the date on which the instrument of transfer or the intimation of such transmission was



delivered to the Company send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be.

3. In case of such refusal by the Board, the decision of the Board shall be subject to the right of appeal conferred by Section 111A of the Act.
 4. The provisions of this clause shall apply to transfers of stock also.
- c. Insert the following Heading and Article along with the marginal notes as Article 53A after Article 53:

“Dematerialisation of Securities”

(1) For the purpose of this Article:

Definitions

“Beneficial Owner” means a person whose name is recorded as such with a Depository.

“SEBI” means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

“Depositories Act” means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

“Bye-Laws” means bye-laws made by a Depository under Section 26 of the Depositories Act.

“Depository” means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

“Member” means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

“Debentureholder” means the duly registered holders from time to time of the Debentures of the Company.

“Participant” means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

“Records” includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

“Regulations” means the regulations made by the SEBI.

“Security” means such security as may be specified by the SEBI.

Words importing the singular number only include the plural number and vice versa.

Words importing persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

Company to recognise interest in dematerialised securities under Depositories Act.

- (2) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

Dematerialisation of Securities

- (3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

Options to receive security certificates or hold securities with Depository

- (4) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the Security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

Securities in Depositories to be in fungible form

- (5) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner.



Rights of Depositories and Beneficial Owners

- (6) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.
- (c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

Beneficial Owner deemed as absolute owner

- (7) Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Depository to furnish information

- (8) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Cancellation of certificates upon surrender by a person

- (9) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

Option to opt out in respect of any security

- (10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall in respect of information as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty(30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Service documents

- (11) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or disks.

Provisions of Articles to apply to shares held in Depository

- (12) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

Allotment of securities dealt with in a Depository

- (13) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Distinctive number of securities held in a Depository

- (14) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the



provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

Register and Index of Beneficial Owner

- (15) The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debentureholders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

Register of Transfers

- (16) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form."

- d. Insert the following Heading and Article along with the marginal notes as Article 54C after Article 54B:

Nomination Facility

1. Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
2. Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition,

whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall on the death of the Shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.
5. Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either -
 - i) to be registered himself as holder of the shares or debentures, as the case may be; or
 - ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, as the case may be, could have made.
6. If the person, being a nominee, so becoming entitled, elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder, as the case may be.
7. All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debentureholder, as the case may be.
8. A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled



if he were the registered holder of the shares or debentures, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

- e. Insert the following Heading and Article along with the marginal notes as Article 74A after Article 74:

Postal Ballot

The Company may decide to transact any business by passing the resolution only by postal ballot instead of transacting the business in general meeting of the Company. Further, the Company shall get any resolution passed only by postal ballot relating to such business as may be notified by the Central Government to be conducted only by postal ballot instead of transacting the business in general meeting of the Company. Such postal ballot shall be conducted in accordance with the procedures laid down under Section 192A of the Companies Act, 1956 read with the relevant rules thereunder.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.5

Dr. K Bhaskar Reddy, a Doctor by profession, has been General Manager of Hyderabad Centre of Medinova for the past 9 years. He is appointed as Manager of the Company in compliance of Section 269, Sub-section(1) of the Companies Act, 1956 w.e.f. 30.05.2001. As per the provisions of the Companies Act, 1956, his appointment as Manager and the payment of remuneration, require the approval of the members. Hence, the resolution.

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

ITEM NO. 6

Consequent on the Companies Act amendment in December, 2000, passing of the Depositories Act and relevant rules and regulations from SEBI for holding and dealing in the shares, in dematerialised electronic form as notified and as may be further notified the Articles are proposed to be amended to be in consistent with the Acts, rules and regulations. Hence, the resolution.

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

By Order of the Board

Place : Hyderabad
Date : 31st July, 2001

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 25th September, 2001 to Wednesday the 26th September 2001 (both days inclusive).
03. The Members are requested to send in change of Address, if any, immediately to the Company.
04. As per the SEBI's Notification, the shares of Medinova have to be traded only in Demat mode, with effect from October 30, 2000. Those members who intend to get their shares dematerialised are advised to open Demat accounts with Depository participants and surrender for dematerialisation.
05. The shares of Medinova are traded in Hyderabad and Bombay Stock Exchanges. The Listing Fee for the year 2000-2001 has been paid to the Stock Exchange.



DIRECTORS' REPORT

TO

The Members of
Medinova Diagnostic Services Ltd.

Your Directors have pleasure in presenting the Eighth Annual Report of your Company together with the audited accounts for the period ended 31st March 2001 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	2000-2001	1999-2000
Total Income	1859.21	1805.24
Total Expenditure	1338.85	1250.26
Interest	350.69	350.65
Profit Before Depreciation And Taxation	166.35	204.33
Depreciation	91.10	90.19
Provision for Income Tax	6.48	12.78
Net Profit	68.76	101.36
Add : Balance in Profit & Loss A/c. brought forward from Previous year	283.80	192.44
	352.56	293.80
Recommended Dividend	—	—
Transfer to General Reserve	10.00	10.00
Balance in Profit & Loss Account	342.56	283.80

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, 2001, as it was deemed fit to retain the earnings.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm that

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- they have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- they have taken proper and sufficient care 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;
- they have prepared the accounts for the financial year ended 31st March 2001 on a 'going concern' basis.

OPERATIONS & OUTLOOK :

During the year 2000-01, a total business income of Rs.1859.20 lacs and a net profit of Rs.68.76 lacs were achieved. Diagnostic Receipts have shown a growth of Rs. 113 lacs over the previous year. During the year, new CT scan machines were installed at Pune and Calcutta and also certain cardiac equipment were installed at Bangalore. Also, efforts were made to keep the downtime of the machines to the minimum, which have reflected in the business growth. Your company has launched a new Gold Card Plus Scheme which was received well and the subscriptions are adding to the business turnover.

Your Company is making continuous efforts to replace and upgrade the equipment where necessary and thus ensuring quality services to the customers and also at the same time improving the revenues. Your Company plans to continue its efforts to launch new and innovative health schemes for the benefit of the people and also thereby earn revenues for the company.

SUBSIDIARY

The Annual Report, for the year ended 31.03.2001 of the subsidiary of your company M/s.Medimark Health Services Pvt. Ltd., is annexed to the Balance Sheet of your Company as at 31.3.2001. A statement on your company's interest in the subsidiary is also annexed hereto.

**DIRECTORS:**

Shri Bana L Paranjpe and Shri D A Srinivas, Directors of your Company, retire by rotation and being eligible, offer themselves for reappointment.

AUDIT COMMITTEE:

An Audit Committee consisting of Shri Bana L Paranjpe, Shri A Raghava Reddy and Shri P K Reddy, Directors of your Company has been constituted. Shri P K Reddy, an independent Director has been elected as Chairman of the Committee. The Committee met twice till date and reviewed the annual financial statement for the period ended 31.03.2001 and compliance of internal control systems.

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.

Companies Act, 1956 read with 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 Sec.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 appreciation for all the employees of your Company for their contribution.

For and on behalf of the Board

PARTICULARS OF EMPLOYEES

None of the Employees is in receipt of remuneration exceeding the limits as prescribed under Section 217(2A) of the

Hyderabad
31st July, 2001

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	:	31.03.2001	
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 year ended on 31.3.2001	For the 9 months period ended 31.03.2000
	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.29375	Rs.25079

for and on behalf of the Board

Place : Hyderabad
Date : 30th May, 2001

A RAGHAVA REDDY
Chairman