

# **11<sup>th</sup>**

## **ANNUAL REPORT**

### **2003 - 2004**

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**Medinova**  
Diagnostic Services Limited

**Board of Directors**

A Raghava Reddy - Chairman

P K Reddy

S Basu Thakur

D A Srinivas

**Chief General Manager**

Lt. Col. (Rtd.) Dr. K Bhaskar Reddy

**Auditors**

M/s. J B Reddy & Co.

Chartered Accountants

**Legal Advisor**

K Krishnamoorthy

**Registered Office**

6-3-652, "Kautilya"

Somajiguda, Hyderabad - 500 082.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Wednesday the 29th September, 2004 at 11.30 am 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, 2004 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 D A Srinivas, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS:

04. Change of Registrars and Share Transfer Agents: To Consider and if thought fit to pass the following resolution, with or without modification(s), as a special resolution:

"Resolved that in suppression of earlier resolution dated 25.09.2003 and pursuant to section 163(1) and other applicable provisions, if any, of the Companies Act, 1956, relevant to SEBI Guidelines, Directions and any modifications / Additions thereof and such other rules and regulations as may be applicable, consent of the Company is hereby accorded for placing the Register of the members, the Index of the members and copies of Annual Returns prepared under section 159 together with the copies of certificates and documents to be annexed there to under section 161 of the said Act and other relevant documents, registers, Certificates etc., and/or one or more of them at the office of the Company's Registrars and Share Transfer Agents as may have already been appointed or in future be appointed by the Board of Directors at its pure discretion and as per the requirements of any law, rules, regulations, guidelines or directions, and / or such other place / premises as the Board of directors may deem fit and appropriate within the twin cities of Hyderabad and Secunderabad where the Register office of the Company is situated, instead of the said Records being kept at the Register office of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all

such acts, deeds and things and to take all such steps necessary and give such directions as it may in its sole and absolute discretion, deem necessary, desirable or expedite for the purpose of giving effect to the above resolution."

By order of the Board

Place : Hyderabad

Date : 31st July, 2004

**A. Raghava Reddy**

Chairman

### 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 28th September, 2004 to Wednesday the 29th September, 2004 (both days inclusive).
03. The Members are requested to send their correspondence, if any, to M/s. XL Softech System Ltd., the Registrar and Share Transfer Agent.

### EXPLANATORY STATEMENT

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

The Board of Directors at their meeting held on 31st July 2004, have approved the appointment of M/s XL Softech Systems Ltd., Hyderabad, as Registrar and Share Transfer Agent of the Company w.e.f 26.07.2004, in place of M/s Sindhu Corporate Services Private Limited, Secunderabad. The Register of Members and other related records can be kept at any place other than the Registered Office of the Company with the approval of the shareholders by way of Special Resolution. The shareholders at the Annual General Meeting held on 25.09.2003 had approved keeping the said records at the office of erstwhile Registrar & Share Transfer Agent, M/s Sindhu Corporate Services Private Ltd. In view of change in Registrar & Share Transfer Agent, shareholders' approval is sought for keeping the said records at the office of M/s XL Softech Systems Ltd.

Your Directors recommend the resolution for approval. None of the Directors is interested or concerned in the said resolution.



## DIRECTORS' REPORT

To

The Members of  
Medinova Diagnostic Services Ltd.

Your Directors have pleasure in presenting the Eleventh Annual Report of your Company together with the audited accounts for the period ended 31st March 2004 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	2003-2004	2002-2003
Total Income	1657.04	1826.20
Total Expenditure	1418.56	1462.14
Depreciation	97.93	94.72
Interest	111.41	222.52
Profit before Extraordinary/ prior period adjustments	29.14	46.82
Prior year adjustments/ extraordinary items	1700.66	3.88
Provision for Income Tax	(198.98)	6.51
Net Profit/(Loss)	(1472.54)	36.43
Add: Balance in Profit & Loss A/c Brought forward From Previous year	409.02	382.58
	—(1063.52)	— 419.01
Transfer to General Reserve	---	10.00
Balance in Profit & Loss Account	(1063.52)	409.01

### DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm that

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

- b) they have selected such accounting policies and applied them consistently and made judgments 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;
- c) 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;
- d) they have prepared the accounts for the financial year ended 31st March 2004 on a 'going concern' basis.

### OPERATIONS:

During the year 2003-04 a total Business Income of Rs.1657.04 lacs was achieved and incurred a Net Loss of Rs.1472.54 lacs. In view of the change in the method of accounting, entire unamortised amount of development expenditure has been charged to the Profit & Loss A/c. which has resulted in showing loss.

### DIRECTORS:

Shri D A Srinivas, Director retires by rotation and being eligible, offers himself for re-appointment.

### AUDIT COMMITTEE:

The Audit Committee consisted of Sri A Raghava Reddy, Sri P K Reddy and Sri S Basu Thakur. The Committee met three times till date and reviewed various aspects of accounting, Financial Statements etc.

### AUDITORS:

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

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

Dues to a scheduled bank as observed by the auditors, representing the balance amount of the liability taken over



by the Company from M/s Standard Medical & Pharmaceuticals Limited is outstanding pending clearance of the one time settlement proposal submitted to the Bank as per RBI Guidelines.

#### **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 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.

#### **CORPORATE GOVERNANCE :**

A report on the Corporate Governance together with the Management discussion & Analysis and the Auditor's Certificate on compliance with the conditions of Corporate Governance under clause 49 of listing agreement, is given in the Annexure.

#### **ACKNOWLEDGMENTS :**

Your Directors express their gratitude to all the Banks, 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

Hyderabad  
31st July, 2004

**A Raghava Reddy**  
Chairman

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## ANNEXURE TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION & ANALYSIS

#### Industry Overview :

In today's fast moving world aided by rapid Industrialisation, automation and Globalisation, people the world over have been exposed to an unprecedented communication on the benefits of Healthcare. With various International Organisations propounding HEALTH FOR ALL as their Central theme at various fora, the need to spread qualitative Healthcare is being felt like never before. The Healthcare Industry of India also has made rapid progress by leaps and bound, in terms of numbers as well as quality. The Hospitals and Diagnostic Centres, which are the part of Healthcare Industry are capital intensive with high over-head costs. While it needs substantial capital for its setting up, its upgradation and maintenance cost becomes even higher which in turn make the margins from this business very low. On the other hand the Revenues are not growing at the same pace as the affordability is not within the reach of the common people. It is a major task to balance between the large over-heads cost and the generation of revenue.

#### Company's Performance :

Due to stiff competition in the Diagnosis Services field your Company has been putting more efforts to continue its quality services to the customers. The Management of the Company has been implementing various Health Packages depending on the customers' needs and it has helped the Company to retain the existing customers as well as attracting the New Customers. However, the turnover during the year was Rs.1657.04 lakhs only and on account of change in accounting policy, the Company has charged the entire developmental expenditure to its Profit and Loss Account which has resulted in showing losses.

#### Risk Management :

Risk of Company has been identified, appropriate measures have been initiated to mitigate the adverse impacts on the Company. The Company on a continuous basis scans the environment internal as well as external to deal with various risks and uncertainties coming up of small diagnosis services, corporate hospitals coming with inhouse diagnosis centres. Input material risk and price realization with regard to Corporate Clients are major risk and the Company is taking suitable steps to mitigate them.

#### Future outlook :

Your Company has been putting efforts to explore new areas of business like Corporate business. In Hospital and Diagnostic Service field of business, Corporate business has been emerged out as a big source and your Company plans to get maximum revenues out of this sector. This will also give long term growth in terms of revenue as well as image.

#### SWOT :

1. Efficient infrastructure with upgraded technology in diagnostic services under one roof.
2. Our Marketing philosophy is very strong and the various schemes are being drafted to make the Company reach the doorsteps of customers.
3. The only threat to the business of the Company is the corporate hospitals coming up with their own in house diagnostic centres. However, the Company is planning need based strategies to remain as a leader in this field.

### CORPORATE GOVERNANCE

#### The Company philosophy on Code of Governance :

The Company believes in fair business and Corporate Practices while dealing with all the stakeholders, customers and others. The Company believes in discharging its statutory obligations and duties to its best ability.

#### Board of Directors :

The Board of the Company consists of 4 Directors. Composition of Directors is as follows :-

Sri A Raghava Reddy	: Chairman
Sri P K Reddy	: Director
Sri S Basu Thakur	: Director
Sri D A Srinivas	: Director

#### Board Procedure :

During the Financial Year 2003-04 4 meetings of the Board were held. The maximum time gap between any two meetings was not more than three months. The details of Board, Audit Committee and Share Transfer Committee Meetings held during the year 2003-04 are given below:

	Date of the Meeting	Total Members	Total Members Attended
1. Board Meeting	30.06.2003 }	4	3
	31.07.2003 }	4	3
	31.10.2003 }	4	3
	30.01.2004 }	4	3
2. Audit Committee	20.06.2003 }	3	3
	26.10.2003 }	3	3
	28.01.2004 }	3	3



3. Share Transfer	19.04.2003 } 07.05.2003 } 22.05.2003 } 10.06.2003 } 05.09.2003 } 25.09.2003 } 30.10.2003 } 28.11.2003 } 13.12.2003 } 29.12.2003 } 16.01.2004 } 30.01.2004 } 16.02.2004 } 25.02.2004 } 08.03.2004 } 25.03.2004 }			Year	Location	Date	Time
				2000-2001	Hotel Green Park, Greenlands, Begumpet, Hyderabad.	26th Sept., 2001	11.30 A.M.
	2	2		2001-2002	Hotel Green Park, Greenlands, Begumpet, Hyderabad.	25th Sept., 2002	11.30 A.M.
				2002-2003	Hotel Green Park, Greenlands, Begumpet, Hyderabad.	25th Sept., 2003	11.30 A.M.

There was no special resolution put through postal ballot.

The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2003-04 are given below :

Name of the Director	Attendance at Board Meetings	AGM Yes/No
A Raghava Reddy	4	Yes
P K Reddy	4	Yes
S Basu Thakur	4	Yes
D A Srinivas	0	No

#### Audit Committee :

The Committee consisted of Sri A Raghava Reddy, Chairman, Sri P K Reddy, Director and Sri S Basu Thakur, Director. Sri P K Reddy is the chairman of the Committee.

The Audit Committee met three times during the year.

#### Remuneration Committee :

No separate remuneration committee was formed. None of the Directors is paid any remuneration other than sitting fees for the Board meetings attended.

#### Share Transfer Committee :

The Share Transfer Committee consists of Sri A Raghava Reddy, Chairman and Sri S Basu Thakur, Director. The Committee met 16 number of times during the year. There are no complaints and outstandings as on 31.03.2004. Lt. Col. (Retd.) Dr. K.Bhaskar Reddy, Chief General Manager is the compliance officer.

#### Share Transfer System :

The Share transfer Committee attends to share transfer formalities once in a 15/20 days.

#### General Body Meetings :

The details of location and time of last 3 Annual General Meetings are given below :

#### Disclosures :

- No transaction of material nature has been entered into by the Company with its promoters, Directors or the Management, their successors, relatives etc., that may have potential conflict with the interest of the Company at large. For the details of other transactions and past transactions with deemed related parties, the members attention is invited to note No.8 in the notes on accounts.
- The details of Non-compliance by the Company :- There were no instances of Non-compliance or penalty, structures passed on the Company by the Stock Exchange or SEBI or any Statutory Authority on any matter related to the Capital Markets during the last 3 years.

#### Means of Communication :

The quarterly and six months results of the Company were published during the Financial Year under review in the News Papers namely Business Standard & Andhra Bhoomi.

#### General Shareholders Information :

The Eleventh Annual General Meeting will be held on Wednesday the 29th September, 2004 at HOTEL GREEN PARK, GREEN LANDS, BEGUMPET, HYDERABAD - 500 016.

#### The Financial Calendar for the year 2004-05 (Provisional)

- Results for the first quarter ending 30th June, 2004  
31.07.2004
- Results for the second quarter ending 30th Sept., 2004  
By end of October, 2004
- Results for the third quarter ending 31st Dec., 2004  
By end of January, 2005
- Results (Audited) for the fourth quarter ending 31st Mar., 2005  
By end of June, 2005
- Annual General Meeting for the year ending March, 2005  
By end of September, 2005