

# **16<sup>th</sup>** ANNUAL REPORT **2008 - 2009**

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**Medinova**  
Diagnostic Services Limited

**Board of Directors**

A Raghava Reddy - Chairman

P K Reddy

S Basu Thakur

D A Srinivas

A Sailaja

**Chief Operating Officer**

N Ravi Kumar

**Auditors**

M/s. J B Reddy & Co.,

Chartered Accountants

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



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Tuesday 29th September, 2009 at 11.30 A.M at Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016 to transact the following business:

### ORDINARY BUSINESS:

01. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2009 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 Sri S Basu Thakur, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in the place of Smt. A Sailaja, who retires by rotation and being eligible, offers herself 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 any modification(s) 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 Sri N Ravi Kumar be and is hereby appointed as the Manager of the Company, for a period of two years with effect from 30.05.2009, upon the terms and conditions set out below and as approved by the Board of Directors of the Company.

### SALARY:

Rs. 13,500/- (Rupees Thirteen Thousand Five Hundred only) per month

### PERQUISITES:

- i. Rent Free Residential Accommodation or House Rent Allowance, not exceeding Rs.6,500/- per month. 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.
- ii. Reimbursement of Medical expenditure for self and his family subject to a ceiling of one month's salary per annum.
- iii. Leave Travel Concession for self and his family once in a year in accordance with the rules of the Company.
- iv. Personal Accident Insurance and/or such other Medical/ Healthcare Insurance(s) at a premium not exceeding Rs.6,000/- per annum.

- v. 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.
- vi. Gratuity as per the Rules of the Company not exceeding half a month salary for each completed year of service.
- vii. Reimbursement of Fuel, Maintenance and other expenses for the use of Car for official purposes.
- viii. Reimbursement of Entertainment expenses actually and properly incurred for the purpose of the Business of the Company.
- ix. Reimbursement of expenses incurred on account of Telephone facilities at residence and Mobile for official purpose.
- x. Encashment of leave at the end of the year as per the leave rules of the Company."

### 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 Members and the Share Transfer Books of the Company will be closed from Saturday the 26th September, 2009 to Tuesday the 29th September, 2009 (both days inclusive).
03. The Members are requested to send their correspondence, if any, to M/s. XL Softech Systems Limited, the Registrar and Share Transfer Agent.

### EXPLANATORY STATEMENT

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

#### ITEM NO.05

Sri N Ravi Kumar, an MBA(Finance) with adequate experience, was appointed as Manager of the Company in compliance of Section 269(1) of the Companies Act, 1956 w.e.f 30.05.2007 for a period of two years. The Board of Directors vide a resolution, has renewed his appointment and reappointed him as Manager of the Company for further period of Two Years w.e.f. 30.05.2009. As per the provisions of Companies Act, 1956, his appointment as Manager and the payment of remuneration, require the approval of members. Hence, the resolution.

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

By order of the Board

Place : Hyderabad  
Date : 30th July, 2009

A. Raghava Reddy  
Chairman



## DIRECTORS' REPORT

To

The Members of  
Medinova Diagnostic Services Ltd,

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company together with the audited accounts for the period ended 31st March 2009 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	2008-2009	2007-2008
Total Income	1240.50	1336.88
Total Expenditure	1198.28	1213.38
Interest	30.19	29.71
Depreciation	55.51	60.20
Profit / (Loss) before Extraordinary/		
Prior period adjustments	(43.48)	33.59
Prior year adjustments/		
Extraordinary items	1.09	3.59
Profit / (Loss) before Tax:	(44.57)	30.00
Less: Provision for Current Taxes:		
Income Tax	0.00	3.72
Fringe Benefit Tax	2.24	2.19
MAT Credit	0.00	(3.72)
Profit / (Loss ) before Deferred Tax	(46.81)	27.81
Provision for Deferred Tax	26.07	138.34
Profit / (Loss) after Tax	( 72.88)	(110.53)

### 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 2009 on a 'going concern' basis.

### OPERATIONS:

During the year 2008-09 the total Business Income was Rs.1240.50 lacs and a net loss (before prior year's adjustments and tax) of Rs.43.48 lacs was incurred. The total revenue came down by Rs.96.38 lacs in the year 2008-09 and the decrease is mainly on account of less corporate business which had been impacted due to recession in the market. Further, the entire operations of the Pune Center were shifted to new premises. However, it is felt that the scenario will change soon. To upgrade the centers and to start the new center, some equipment have been purchased namely Ultrasound System, Digital Color Doppler and X-ray.

### DIVIDEND:

In view of the loss, your directors have not recommended any dividend on the paid up equity share capital of the company, for the year.

### DIRECTORS:

Sri S Basu Thakur and Smt. A Sailaja, Directors retire by rotation and being eligible, offer themselves for re-appointment.

### AUDIT COMMITTEE:

The Audit Committee consists of Sri A Raghava Reddy, Sri P K Reddy and Smt. A. Sailaja. The Committee met



five times during the financial year 2008-09 and reviewed the financial results and statements, internal control procedures, accounting procedures etc. Sri P K Reddy is the Chairman of the Audit Committee.

#### 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.

With regard to the Auditors' observation on delays in making payments towards Income Tax dues, ESI and Provident Fund contributions, necessary corrective steps have been taken to remit the amount regularly. Part of statutory dues, as observed by the Auditors, have already been cleared.

With regard to the Auditors' observation on dues to a Scheduled Bank representing the balance amount of the liability taken over by the company from M/s Standard Medical & Pharmaceuticals Ltd., a one time settlement proposal is pending for clearance with the said Bank.

#### PUBLIC DEPOSITS :

During the year, the company has not accepted any deposits in the nature of public deposits.

#### 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 the 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  
30th July, 2009

A Raghava Reddy  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION & ANALYSIS

#### Industry Overview :

'Healthcare sector happens to be least impacted by the recessionary trends'. The thinking is that people get sick no matter what's happening to the economy. That premise holds true to an extent for the Pharmaceutical and Biotechnology industries, whose drugs are always in demand. But healthcare providers are far more vulnerable to economic malady. It is a myth to think healthcare providers like Hospitals and Diagnostic Centers are recession resistant. It has been experienced in the past that demand for hospital services came down substantially during the period of recession.

Healthcare service providers in India especially the Diagnostic Centers are now largely depending on the Corporate Sectors for the business and as this sector has been affected by the global recession, the Healthcare Service providers also have got the heat of the same. It may be inferred from the analysis that there are three likely impacts from a recession. Primary and preventive care will be postponed, people under the tight economic conditions will look for more credit and there will be an increase in the number of non affordable patients.

However, according to the experts the economy will recover soon and once it comes back to the rail, the growth opportunity in Healthcare business in India is enormous. According to one estimate, India's Healthcare Sector is expected to touch US \$40 billions by 2012 including US \$ 2.2 billions from Health tourists. An increase in the disposable income of Indian middle class has further fuelled India's wellness industry.

#### Company's Performance:

Your company is giving its efforts to keep pace with the changes happening in this Healthcare industry. As per the concept of reaching more people at their door steps, one more Center has been opened in Kolkata at its southern part. Necessary up-gradation of the facilities and equipment at all the centers are being made as per the requirement. Despite slowness in the Corporate Sector, opportunities are being explored to increase business of this Sector. Health Packages are being made for the patients to suit their needs.

With all these efforts, your company has been able to remain in the competition of Diagnostic Services business as a quality player. The turnover during the year 2008-09 was Rs.1240.50 lacs and a loss before prior year adjustment & taxes was Rs.43.48 lacs.

#### Risk Management:

It is the continuous practice of the Company to always identify and analyse the risks of its business. Necessary measures are being taken in time to combat the growing competition in this field. Innovative ideas are being put into action to make your

Company's products more useful and competitive. However, 'quality service' is your Company's ideology and it is being always kept in the front and it is always felt that maintaining quality is the strongest marketing tool for any business.

#### Future outlook:

Identification of the new areas in the diagnostic related fields are being tried to stand out as a specialised Diagnostic Center. There is enormous scope to expand the activities and your Company is trying to create niche area for itself.

#### S W O T:

1. Efficient infrastructure, experienced man power with upgraded technology in Diagnostic Services under one roof.
2. Suitable health schemes under different packages are being designed to suit the people of different categories and segments.
3. The threat to the business of the Company is that many more Diagnostic Centers and the Hospitals attached with Diagnostic Services are coming up. However, the Company is having its own plans and strategies to combat the same.

### CORPORATE GOVERNANCE

#### The Company's philosophy on Code of Governance :-

The Company believes in fair business and Corporate Practices while dealing with all the shareholders, 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 five 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
Smt. A Sailaja	: Director

#### Board Procedure :

During the Financial Year 2008-09, five 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 Shareholders/Investors Grievance Committee Meetings held during the year 2008-09 are given below :

Date of the Meeting	Total Members	Total Members Attended
1. Board Meeting		
30.04.2008, 30.06.2008 }		
31.07.2008, 31.10.2008 }	5	4
30.01.2009. }		





2. Audit Committee			
30.04.2008, 30.06.2008	}		
31.07.2008, 31.10.2008	}	3	3
30.01.2009.	}		

3. Shareholders / Investors Grievance Committee			
30.04.2008, 15.05.2008	}		
16.06.2008, 15.09.2008	}		
15.10.2008, 31.10.2008	}	2	2
01.12.2008, 15.01.2009	}		
16.03.2009.	}		

The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2008-09 are given below :

Name of the Director	Attendance at Board Meeting	AGM Yes/No
Sri A Raghava Reddy	5	Yes
Sri P K Reddy	5	Yes
Sri S Basu Thakur	5	Yes
Sri D A Srinivas	Nil	No
Smt. A Sailaja	5	No

#### Audit Committee :

The Committee consists of Sri A Raghava Reddy, Director, Sri P K Reddy, Director and Smt. A Sailaja, Director. Sri P K Reddy is the chairman of the Committee.

The Audit Committee met five 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.

#### Shareholders/ Investors Grievance Committee :

The Shareholders/ Investors Grievance Committee consists of Sri A Raghava Reddy, Chairman and Sri S Basu Thakur, Director. The Committee met nine times during the year. There were no complaints outstanding as on 31.03.2009. Sri N. Ravi Kumar, Chief Operating Officer is the compliance officer.

#### General Body Meeting :

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

Year	Location	Date	Time
2005-2006	Hotel Green Park, Greenlands, Begumpet, Hyderabad.	28th Sept., 2006	11.30 A.M.

2006-2007 Hotel Green Park, 28th Sept., 11.30 A.M.  
Greenlands, 2007  
Begumpet, Hyderabad.

2007-2008 Hotel Green Park, 22nd Sept., 11.30 A.M.  
Greenlands, 2008  
Begumpet, Hyderabad.

There was no special resolution put through postal ballot.

#### Disclosures :

a) 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.

b) The details of Non-compliance by the Company :- Except for suspension of the trading in the shares of the Company by the Bombay Stock Exchange Ltd, Mumbai due to delay in payment of Annual Listing Fees, there were no instances of Non-compliance or penalty, strictures passed on the Company by any Stock Exchange or SEBI or any Statutory Authority on any matter related to the Capital Markets during the last three years.

#### CEO/CFO Certification :

In accordance with the provisions of clause 49(v) of the listing agreement, the Chief Operating Officer of the Company has furnished the requisite certificate to the Board of Directors, the Audit committee and the Auditors.

#### Means of Communication :

The quarterly and half yearly results of the Company were published during the Financial Year under review in the News Papers namely, Financial Express & Andhra Prabha.

#### General Shareholders Information :

The Sixteenth Annual General Meeting will be held on Tuesday, the 29th September, 2009 at HOTEL GREEN PARK, GREEN LANDS, BEGUMPET, HYDERABAD - 500 016.

#### Date of Book Closure :

The Company's Share Transfer Books will remain closed from Saturday, the 26th September, 2009 to Tuesday, the 29th September, 2009 (both days inclusive) for the purpose of Annual General Meeting for the Financial Year ended 31st March, 2009.

#### Listing on Stock Exchanges :

The Company's shares are presently listed on the Stock Exchange at Mumbai. The address of the Stock Exchange is given below: