

17th ANNUAL REPORT
2009 - 2010



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

Registered Office

6-3-652, 'Kautilya'

Somajiguda, Hyderabad - 500 082

Ph: 040-23310066, Fax: 23327464

Email: medicorp@medinovaindia.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Tuesday, the 28th September, 2010 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, 2010 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 P K Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in the place of Sri D A Srinivas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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 25th September, 2010 to Tuesday, the 28th September, 2010 (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.

By order of the Board

Place : Hyderabad
Date : 3rd August, 2010

A. Raghava Reddy
Chairman



DIRECTORS' REPORT

To

The Members of
Medinova Diagnostic Services Ltd,

Your Directors have pleasure in presenting the Seventeenth Annual Report of your Company together with the audited accounts for the period ended 31st March, 2010 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	2009-2010	2008-2009
Total Income	1221.95	1240.50
Total Expenditure	1250.81	1198.28
Interest	25.59	30.19
Depreciation	58.39	55.51
Profit / (Loss) before		
Prior period adjustments	(112.84)	(43.48)
Prior year adjustments	0.49	1.09
Profit / (Loss) before Tax:	(113.33)	(44.57)
Provision for Taxes:		
Fringe Benefit Tax	0.00	2.24
Deferred Tax	(21.02)	26.07
Profit / (Loss) after Tax	(92.31)	(72.88)

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, 2010 on a 'going concern' basis.

OPERATIONS:

During the year 2009-10 the total Business Income was Rs.1221.95 lacs and a net loss after taxes was Rs.92.31 lacs. During the year the company had put in efforts to remain competitive and could achieve a very marginal increase in Diagnostic Receipts Income. The revenue generation from the Pune centre is yet to pick up after the shifting of the premises to a new location. The marketing teams are strengthened at Hyderabad and Pune to improve the reach of our services. To upgrade the centers, some equipment have been added namely Computed Radiography System and Semi Auto Analyzers.

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 P K Reddy and Sri D A Srinivas, 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 2009-10 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 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

Place : Hyderabad
Date : 3rd August, 2010

A Raghava Reddy
Chairman



ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS

Industry Overview :

The Indian healthcare industry is seen to be growing at a rapid pace and is expected to become a US \$280 billion industry by 2020. The Healthcare market in India is expected to reach over US \$70 billion by 2012. It is observed that the healthcare sector in India has experienced a substantial growth of 12% per annum in the last 4 years. The reasons behind this growth rate are mainly on account of 'Rising Income levels and a growing elder by population'. The changing demographics, disease profile and the shift from chronic to lifestyle diseases in the country are also the added factors for increased spending on healthcare delivery.

The majority of the Indian population is unable to access high quality healthcare provided by private players as a result of high costs. Many are now looking towards Insurance Companies for providing alternative financing options to seek better quality healthcare. Unfortunately, in India Diagnostic facilities are not coming under the cover of Insurance. However, this subject is being discussed at all levels and it is expected that very soon diagnostic services also will be covered through Insurance and a big size of Indian population will be able to access quality diagnostic services.

Company's Performance:

Your company is quite alive with the changes happening in the healthcare industry. To give more emphasis on the quality healthcare, efforts are on to get "NABL's" (National Accreditation Board for Testing and Calibration Laboratories) accreditation for our Centres. Kolkata Centre has already been awarded with NABL's accreditation. Efforts are also on to introduce more diagnostic tests in our all the Centres.

However, although tremendous competition has restricted the growth rate, the quality of service is getting perfected. The turnover during the year 2009-10 was Rs.1221.95 lacs and the loss after tax was Rs.92.31 lacs.

Risk Management:

Every business goes through some uncertainties and the same are required to be analyzed for smooth functioning of business. The same practice is in vogue in your company also and necessary steps are being taken to improve the performance of the Company by taking remedial measures to overcome those uncertainties or risks. However, enormous goodwill has been earned in the Company on account of its uncompromising approach towards maintaining quality. 'Quality services' alone can protect the image of the Company and enhance the brand value.

Future Outlook:

Over the years, Diagnostic services business is becoming specialized one. New areas are getting involved in the Diagnostic Services field. Your company with huge experience on its back is trying to explore those areas and remain as a Trend setter as always it is.

S W O T:

1. Strong Brand Name.
2. Adequate infrastructure, experienced manpower with upgraded technology in Diagnostic Services under one roof.
3. Suitable health schemes under different packages are being designed to suit the people of different categories and segments.
4. 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 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 2009-10, 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 2009-10 are given below:

Date of the Meeting	Total Members	Total Members Attended
1. Board Meeting		
30.04.2009, 30.06.2009}		
30.07.2009, 30.10.2009}	5	4
29.01.2010}		
2. Audit Committee		
30.04.2009, 30.06.2009}		
30.07.2009, 30.10.2009}	3	3
29.01.2010}		
3. Shareholders / Investors Grievance Committee		
15.04.2009, 15.05.2009}		
20.07.2009, 14.08.2009}	2	2
30.01.2010, 15.03.2010}		
30.03.2010}		



The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2009-10 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 seven times during the year. There were no complaints outstanding as on 31.03.2010. 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
2006-2007	Hotel Green Park, Greenlands, Begumpet, Hyderabad	28th Sept., 2007	11.30 A.M
2007-2008	Hotel Green Park, Greenlands, Begumpet, Hyderabad	22nd Sept., 2008	11.30 A.M
2008-2009	Hotel Green Park, Greenlands, Begumpet, Hyderabad	29th Sept., 2009	11.30 A.M

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 Seventeenth Annual General Meeting will be held on Tuesday, the 28th September, 2010 at 11.30 a.m 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 25th September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive) for purpose of Annual General Meeting for the Financial Year ended 31st March, 2010.

Listing on Stock Exchanges:

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

Stock Code:

(In BSE)	526301
Address	
The Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

Market Price Data : Not available

Distribution of Shareholdings as on 31.03.2010 (Including Dematerialized Shares):

No. of equity Shares held	% of share capital
upto 500	18.28
501 - 1000	2.55
1001 - 2000	1.60
2001 - 3000	0.55
3001 - 4000	0.42
4001 - 5000	0.29
5001 - 10000	1.45
10001 and above	74.86
TOTAL	100.00