

**18<sup>th</sup>** ANNUAL REPORT  
2010 - 2011



**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](mailto:medicorp@medinovaindia.com)



Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Wednesday, the 28th September, 2011 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, 2011 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 with or without any modification(s) the following resolution, 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 30.05.2011, upon the terms and conditions set out below and as approved by the Board of Directors of the Company.

**SALARY:**

Rs.15,000 /- (Rupees Fifteen Thousand only) per month.

**PERQUISITES:**

- i. Rent Free Residential Accommodation or House Rent Allowance, not exceeding Rs.7,500/-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 including driver's 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 24th September, 2011 to Wednesday the 28th September, 2011 (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 30.05.2009 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. 30.05.2011. As per the provisions of Companies Act, 1956, his appointment as Manager and the payment of remuneration, require the approval of members. Hence, the Board of Directors recommends resolution No. 5 for your approval.

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

By order of the Board

Place : Hyderabad  
Date : 12th August, 2011

**A. Raghava Reddy**  
Chairman



## DIRECTORS' REPORT

To

The Members of  
Medinova Diagnostic Services Ltd,

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2011 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	2010-2011	2009-2010
Total Income	<b>1329.15</b>	1221.95
Total Expenditure	<b>1298.87</b>	1250.81
Interest	<b>20.94</b>	25.59
Depreciation	<b>56.44</b>	58.39
Profit / (Loss) before		
Prior period adjustments	<b>(47.10)</b>	(112.84)
Prior year adjustments	<b>0.24</b>	0.49
Profit / (Loss) before Tax	<b>(47.34)</b>	(113.33)
Provision for Deferred Tax	<b>(24.96)</b>	(21.02)
Profit / (Loss) after Tax	<b>(22.38)</b>	(92.31)

### 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, 2011 on a 'going concern' basis.

### OPERATIONS:

During the year 2010-11 the total Business Income was Rs.1329.15 lacs and a net loss after Taxes was Rs.22.38 lacs. During the year the company had strived hard and could achieve an increase in the turnover and thereby brought down the net loss after taxes. The business operations of the Pune centre were shifted to a new premises and we expect an increased level of revenues in the coming years. To upgrade the centres, new equipment namely Colour Doppler, Ultra Sound and Stress Test Machines were acquired.

### 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. Sri P K Reddy is the Chairman of the Audit Committee. The Committee met four times during the financial year 2010-11 and reviewed the financial results and statements, internal control procedures, accounting procedures 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.

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.

**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 : 12th August, 2011

**A Raghava Reddy**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION & ANALYSIS

#### Industry Overview :

With the invention of latest technological developments, the 'Healthcare Industry' is catching up with other leading industries. The growth rate of the healthcare industry in India is almost at par with the pharmaceutical industry and the software industry of the country. The scope offered by the healthcare industry in India has not been fully tapped so far. Considering the large potential, the healthcare industry in India is reckoned to be the engine of the economy in the years to come.

India has already become an attractive global destination for medical tourism, clinical studies and research and development programmes. During the past few years, large number of domestic as well as international players have entered into this field in India. The players have seen massive growth potential and a chance to capitalize on their expansions plans, especially as the country experiences a rise in the incidence of life-style related diseases. A growing elderly population coupled with a rise in income levels also increases the demand for better medical facilities in the country. The rural healthcare sector is also on an upsurge.

As per the statistics released by the Department of Industrial Policy and promotion, the hospitals and diagnostic centres have received FDI worth US \$1.03 billion between April 2000 and April 2011.

It is quite evident from the above that Healthcare Industry trends manifest an upward growth but several areas need to be attended to, for enhancing healthcare services for the common man.

#### Company's Performance:

With the changes in the scenarios in the healthcare industry, strategies of marketing also need to be changed. Your Company's alert approach has always helped to remain unshaken as far as brand image is concerned. 'Quality' is a word, your Company always believes in and the same has never been compromised even when it was under margin pressure.

The turnover during the year 2010-11 has been better than the same of the previous year. During the year 2010-11 the total income was Rs. 1329.15 lacs and the loss after tax was Rs.22.38 lacs.

#### Risk Management:

No business can run without risk but it is very important to evaluate the risks periodically and constantly to remain conscious on the subject. Your company is quite vigilant and takes immediate and appropriate remedial action to overcome any shortcomings detected on the analysis of risks and uncertainties.

#### Future Outlook:

Diagnostic Services business is a niche in the healthcare market. Hospital business is different from diagnostic business and they do not fall in the same category. Your Company with past

more than two decade's experience understand this principle much ahead of others and that is the very reason that your company has remained bracketed in the top diagnostic centres' category for last quarter century and it will continue to do so.

#### S W O T:

1. Brand image is getting stronger every year.
2. Never die attitude, Strong and Quality marketing strategies, Need based upgradation of the equipment and other infrastructures and keeping pace with the changes are the strong points of your Company.
3. More new players without much experience and background are making the market crowded. Under pricing of the products in the market are pushing your Company to work under margin pressure.

#### CORPORATE GOVERNANCE

##### The Company philosophy on Code of Corporate 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 2010-11, four meetings of the Board were held. The details of Board, Audit Committee and Shareholders/Investors Grievance Committee Meetings held during the year 2010-11 are given below:

Date of the Meeting	Total Members	Total Members Attended
1. Board Meeting		
14.05.2010, 03.08.2010}		
11.11.2010, 07.02.2011}	5	4
2. Audit Committee		
14.05.2010, 03.08.2010}		
11.11.2010, 07.02.2011}	3	3
3. Shareholders / Investors Grievance Committee		
30.06.2010, 16.08.2010}		
15.10.2010, 15.12.2010}	2	2
17.01.2011}		



The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2010-11 are given below:

Name of the Director	Attendance at Board Meeting	AGM Yes/No
Sri A Raghava Reddy	4	Yes
Sri P K Reddy	4	Yes
Sri S Basu Thakur	4	Yes
Sri D A Srinivas	Nil	No
Smt. A Sailaja	4	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 four 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 five times during the year. There were no complaints outstanding as on 31.03.2011. 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
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
2009-2010	Hotel Green Park, Greenlands, Begumpet, Hyderabad	28th Sept., 2010	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 the 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 Eighteenth Annual General Meeting will be held on Wednesday, the 28th September, 2011 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 24th September, 2011 to Wednesday, the 28th September, 2011 (both days inclusive) for purpose of Annual General Meeting for the Financial Year ended 31st March, 2011.

#### 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 31.03.2011 (Including Dematerialized Shares):

No. of equity Shares held	% of share capital
upto 500	18.28
501 - 1000	2.55
1001 - 2000	1.62
2001 - 3000	0.53
3001 - 4000	0.42
4001 - 5000	0.29
5001 - 10000	1.45
10001 and above	74.86
<b>TOTAL</b>	<b>100.00</b>