

20th ANNUAL REPORT
2012 - 2013



Medinova
Diagnostic Services Limited

BOARD OF DIRECTORS

A Raghava Reddy
Chairman

P K Reddy
Director

S Basu Thakur
Director

D A Srinivas
Director

A Sailaja
Director

Auditors
M/s J B Reddy & Co.,
Chartered Accountants
206, Srinilaya Estates
Ameerpet
Hyderabad - 500073

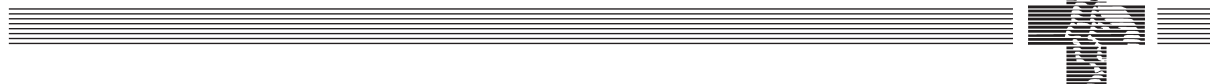
Registrar and Share Transfer Agent :
XL Softech Systems Ltd.
3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad - 500 034
Phone No(s): 040-23545913 / 14 / 15.
Email: xlfield@rediffmail.com.

Chief Operating Officer

N Ravi Kumar

Registered Office

6-3-652, 'Kautilya'
Somajiguda, Hyderabad - 500 082
Ph: 040-23310066, Fax: 23327464
Email: medicorp@medinovaindia.com
Website : www.medinovaindia.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Wednesday, the 25th September, 2013 at 11.30 a.m at The Central Court Hotel, Lakdi-ka-pul, Hyderabad-500004 to transact the following business:

ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2013 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 30.05.2013, upon the terms and conditions set out below and as approved by the Board of Directors of the Company.

SALARY:

Rs.17,000 /- (Rupees Seventeen Thousand only) per month.

PERQUISITES:

- i. Rent Free Residential Accommodation or House Rent Allowance, not exceeding Rs.9,000/-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.8,000/- 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.
06. To Consider and if thought fit, to pass with or without modifications (s) the following resolution as an ordinary resolution.

"RESOLVED THAT, pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions if any of companies Act, 1956 consent of the Members be and is hereby accorded for lease out all or any of the Company's Diagnostic Centers or managing the business of the Diagnostic Centers of the Company depending on the requirements and advantages of each Centre situated at different locations at such terms and conditions as the Board may think fit in the best interest of the company.

RESOLVED Further that the Board of Directors of the Company be and is hereby authorised to do all acts, execute lease deeds or Business Management agreements and things as may be necessary for giving effect to the above resolution".

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 Tuesday the 24th September, 2013 to Wednesday the 25th September, 2013 (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 30.05.2011 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. 30.05.2013. 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. 05 for your approval.

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

ITEM NO. 06

The Company has been in the business of healthcare for more than 25 years and established a good brand image. However in the present market conditions where new establishments are entering into this business in a big way and the competition is severe, it is essential to improvise the strategies. The Company feels it is time to examine various opportunities in line with its objective of increasing the turnover and improve the operational margins and thereby retain its edge in this competitive field. Therefore options are being explored to enter into either lease or business management contracts with the interested parties who can provide the technical and strategic inputs for one or more of the existing business units of the Company subject to the suitable terms which are in the best interest of the company. Hence, the Board of Directors recommends resolution No. 06 for your approval.

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

By order of the Board

Place : Hyderabad
Date : 14th August, 2013

A RAGHAVA REDDY
Chairman



DIRECTORS' REPORT

To
The Members of
Medinova Diagnostic Services Ltd,

Your Directors have pleasure in presenting the Twentieth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2013 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	2012-2013	2011-2012
Total Income	1255.21	1306.05
Total Expenditure	1203.08	1257.68
Interest	7.38	8.97
Depreciation	59.37	58.21
Profit / (Loss) before Exceptional Items and Tax	(14.62)	(18.81)
Exceptional Items	12.11	8.48
Profit / (Loss) before Tax	(26.73)	(27.29)
Provision for Deferred Tax	(2.32)	(0.97)
Profit / (Loss) after Tax	(24.41)	(26.32)

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 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;
- 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, 2013 on a 'going concern' basis.

OPERATIONS:

During the year the total turnover was Rs. 1255.21 lacs and Net loss after taxes was Rs. 24.41 lacs. Despite stiff Competition in the Diagnostic market with new entrants each year in this field, we could manage to keep our business in goodstead. However, effective steps were initiated to reduce the expenditure at all levels so as to minimise the losses.

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 2012-13 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 : 14th August, 2013

A RAGHAVA REDDY
Chairman

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS

Industry Overview:

The Healthcare Industry in India has shown a massive spurt in healthcare spend and is expected to grow at a CAGR of 20% a year and at this rate by 2015, it is estimated to touch a figure of around Rs.50,000/- Crores approximately. Diagnostic Services market is relatively a smaller contributor in the whole Healthcare Industry. However, at present, chains of diagnostic centres are also witnessing significant growth opportunities. Actually, the diagnostic services market has gained momentum in the last 20 years and is significantly dependent on Physician referrals.

The Diagnostic Services sector is mostly attracting the private players and it needs a significant amount of capital from the investors.

In the present market scenario, high level of fragmentation is observed in this sector and the cut throat competition mandates that diagnostic chains offer a value proposition similar to the standalone centres.

As the growth opportunity exists in this sector, several private equity players are getting attracted and trying to play a significant role in various strategies of Indian diagnostic centres including organic and in-organic growth.

However, proper care should be taken to ensure ethical operation and faster growth should not be achieved at the cost of quality.

Company's Performance:

Many more Diagnostic Centres have come into existence during last few years. It is a big challenge to compete with the new entrants. Your company always takes up that challenge because it believes that competition can only make the services perfect.

The turnover during the year 2012-13 was Rs 1255.21 lakhs. The loss after tax was Rs. 24.41 lakhs during the year.

Risk Management:

Taking risk is the challenge. However, your company has gained so much experience in this field over the past so many years and with this gained expertise it is in a position to evaluate and analyse the risks from time to time. Corrective measures are also being taken wherever it is required.

Future Outlook:

Your Company is already having presence in different parts of the Country. With its varied experience in different locations, it can expand further with more and more outfits of various degrees. However, while doing so it will adhere to the 'Quality', which is of prime importance to your company.

S W O T:

1. Pan India presence; Brand image is quite strong.
2. Retention of Human Resources with less attrition rate; a strong relationship.
3. 'Quality' is the key word which is being followed by the company religiously; strong bonding with the patients.
4. New entrants with huge investment posing threats.

CORPORATE GOVERNANCE

The Company's 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 2012-13, four meetings of the Board were held. The details of Board, Audit Committee and Shareholders/Investors Grievance Committee Meetings held during the year 2012-13 are given below:

Date of the Meeting	Total Members	Total Members Attended
1. Board Meeting		
15.05.2012	5	3
14.08.2012	5	3
08.11.2012	5	4
13.02.2013	5	3
2. Audit Committee		
15.05.2012	3	2
14.08.2012	3	2
08.11.2012	3	3
13.02.2013	3	2
3. Shareholders / Investors Grievance Committee		
30.04.2012, 15.06.2012, 31.08.2012}		
20.11.2012, 30.11.2012, 21.01.2013}	2	2
31.01.2013, 11.02.2013, 29.03.2013}		



The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2012-13 are given below:

Name of the Director	Attendance at Board Meeting	AGM Yes/No
Sri A Raghava Reddy	1	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 nine times during the year. There were no complaints outstanding as on 31.03.2013. 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
2009-2010	Hotel Green Park, Greenlands, Begumpet, Hyderabad	28th Sept., 2010	11.30 A.M
2010-2011	Hotel Green Park, Greenlands, Begumpet, Hyderabad	28th Sept., 2011	11.30 A.M
2011-2012	Hotel Green Park, Greenlands, Begumpet, Hyderabad	28th Sept., 2012	11.30 A.M

There was no special resolution put through postal ballot.

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. 29 in the Notes Forming Part of Financial Statements.
- 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. However, the said suspension of the trading in the shares was lifted by the Bombay Stock Exchange Limited in November, 2012.

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 Twentieth Annual General Meeting will be held on Wednesday, the 25th September, 2013 at 11.30 a.m at The Central Court Hotel, Lakdi-ka-pul, Hyderabad.

Date of Book Closure:

The Company's Share Transfer Books will remain closed from Tuesday, the 24th September, 2013 to Wednesday, the 25th September, 2013 (both days inclusive) for purpose of Annual General Meeting for the Financial Year ended 31st March, 2013.

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:

526301

Address

The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

Market Price Data :

After the lifting of the suspension of the trading in the shares by the Bombay Stock Exchange Ltd, the shares are being traded since January, 2013. The Monthly high and low share quotation on Bombay Stock Exchange are as follows:

Month-wise	Month's high Price (Rs.)	Month's low Price (Rs.)
January, 2013	5.15	3.03
February, 2013	5.14	4.02
March, 2013	4.03	3.27

Distribution of Shareholdings as on 31.03.2013 (Including Dematerialized Shares):

No. of equity Shares held	% of share capital
upto 500	18.21
501 - 1000	2.61
1001 - 2000	1.63
2001 - 3000	0.56
3001 - 4000	0.39
4001 - 5000	0.40
5001 - 10000	1.45
10001 and above	74.75
TOTAL	100.00

**Dematerialization of Shares:**

The Company's equity shares are included in the list of Companies whose scrips have been mandated by SEBI for settlement only in dematerialized form by all investors.

Registrar and Transfer Agents:

The Company has appointed M/s XL Softech Systems Ltd. as a Common Transfer Agent for demat of shares. Address: M/s XL Softech Systems Ltd., 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034.

Investor Correspondence:

Any query relating to shares and requests for transactions such as transfers, transmissions and nomination facilities, duplicate share certificates, change of address, non-receipt of dividend/ Annual Report, as also regarding dematerialization of shares may please be taken up with the Company's Registrar and Share Transfer Agent :

Address: XL Softech Systems Ltd. 3, Sagar Society,
Road No.2, Banjara Hills, Hyderabad - 500 034
Phone No(s): 040-23545913 / 14 / 15.
Email: xlfield@rediffmail.com.

Medinova Centres :

Hyderabad : 6-3-652, Anand Chambers,
Somajiguda, Hyderabad - 500 082
Phone Nos: 040-23311122 / 33.
Email: medinova@medinovaindia.com

Bangalore : 55, Infantry Road, Bangalore - 560 001
Phone Nos: 080-22868423 / 22860513.
Email: medinovadsc@hotmail.com

Pune : 1319, Junglee Maharaj Road, Shivajinagar,
Pune - 411 005.
Ph.Nos: 020-25534987 / 25533731
Email: medinova@pn3.vsnl.net.in

Kolkata : 1, Sarat Chatterjee Avenue, Kolkata - 700 029
Phone Nos: 033-24660780 / 24661780.
Email: medinova.kolkata@gmail.com

Auditors' Certificate on Corporate Governance:

As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given as an annexure to the Directors' Report.

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Directors and Senior Management Personnel of the Company. It is further confirmed that all Directors and Senior Management Personnel of the company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2013 as envisaged in clause 49 of the Listing Agreement with Stock Exchange.

Place : Hyderabad
Date : 28th May, 2013

A RAGHAV REDDY
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Medinova Diagnostic Services Limited.

We have examined the compliance of conditions of Corporate Governance by Medinova Diagnostic Services Limited, for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, except for the suspension of the trading in the shares of the Company by the Bombay Stock Exchange Ltd, Mumbai till 27th November, 2012 due to delay in payment of listing fees, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **J B REDDY & CO.,**
Chartered Accountants
Firm Regn. No. 003256S

Place : Hyderabad
Date : 28th May, 2013

A V REDDY
Partner
M.No. 23983