

23rd ANNUAL REPORT

2015 - 2016

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Dr. SuraSurendranath Reddy
Mr. Sunil Chandra Kondapally
Mrs. SupritaSura Reddy
Mr. K. V. Ravindra Reddy
Mr. P. KamalakarRao
Dr. G. Ramesh Ramayya

Chairman
Managing Director
Non-Executive Director
Independent Director
Independent Director
Independent Director

COMMITTEES OF THE BOARD:

Audit Committee:

Mr. P. KamalakarRao-Chairman
Mr. K. V. Ravindra Reddy-Member
Dr. SuraSurendranath Reddy-Member

Stakeholders' Relationship Committee:

Dr. SuraSurendranath Reddy-Chairman
Mr. K. V. Ravindra Reddy-Member
Mr. P. KamalakarRao-Member.

Nomination & Remuneration Committee:

Mr. K.V. Ravindra Reddy-Chairman
Mr. P. KamalakarRao-Member
Dr. SuraSurendranath Reddy-Member

Company Secretary

Mr. M. Ramana Reddy

Chief Financial Officer

Mr. N. Ravi Kumar

Statutory Auditors:

M/s. RatnamDhaveji& Co.,
501, Akash Ganga, 6-3-635 & 637,
Khairatabad, Hyderabad – 500004

Internal Auditor

Mr. G S N Raju

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

Registered Office:

6-3-456/C, Flat No.206, 2nd Floor,
MGR Estates, Dw arakapuri Colony
Punjagutta, Hyderabad - 500 082
Ph: 040-23310066
Email: medicorp@medinovaindia.com
Website: www.medinovaindia.com

Corporate Identification Number:

L85110TG1993PLC015481

Bankers:

HDFC BANK LIMITED
VIJAYA BANK
UCO BANK

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Wednesday the 28th day of September, 2016 at 10.30A.M. at The Central Court Hotel, Lakdi-ka-pul , Hyderabad-500004 to transact the following items of business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited Standalone Financial Statement of the Company for the Financial Year ended March 31, 2016, the Reports of the Board of Directors and Auditors thereon.
- 2) To receive, consider and adopt the audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2016 and the Report of Auditors thereon.
- 3) To appoint a Director in the place of Mr. Sunil Chandra Kondapally who retires by rotation and being eligible, offers himself for reappointment:
- 4) To ratify the appointment of M/s Ratnam Dhaveji & Co., Chartered Accountants (Firm Regn. No. 006677S) as Statutory Auditors of the Company, to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time and other applicable rules, if any as may be applicable, and pursuant to the recommendations of the Audit Committee, consent is accorded to ratify the appointment of M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Regn. No. 006677S) as Auditors of the Company, who was appointed at the 21st Annual General Meeting to hold office from the conclusion of 1st Annual General Meeting (21st AGM) till the conclusion of the 5th Annual General Meeting (26th AGM) of the Company to be held in the year 2019, on such remuneration as may be decided by the Board of Directors or any Committee thereof”.

SPECIAL BUSINESS:

- 5) To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015., (including any amendment thereto or re-enactment thereof) and the rules framed there under, the consent of the members of the Company be and is hereby accorded, to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to enter into the contracts/ arrangements/ transactions as the case may be with Related Parties as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, leasing of property of any kind, availing or rendering of any services, or reimbursement of any transaction or any other transaction of whatever nature with related parties in any given financial year on the terms as set out in the Explanatory Statement under Item No. 5 to this Notice.

RESOLVED FURTHER THAT Mr. Sunil Chandra Kondapally, Managing Director or Dr. Sura Surendranath Reddy, Chairman of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company

and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effects to this Resolution."

- 6) To increase the Authorized Share Capital of the Company and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under the consent of the members of the Company be and is hereby accorded to increase the Authorized Share Capital of the Company from existing Rs. 10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each to Rs. 11,00,00,000 (Rupees Eleven Crores) divided into 1,10,00,000 (One Crore Ten Lakh) Equity Shares of Rs. 10/- each by creation of additional 10,00,000 (Ten Lakh) Equity Shares of Rs. 10/- each ranking paripassu in all respect with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT Mr. Sunil Chandra Kondapally, Managing Director or Dr. Sura Surendranath Reddy, Chairman of the Company be and is hereby authorized to file the necessary returns with the Registrar of Companies and to do all such acts and deeds as is necessary for giving effect to this resolution."

- 7) To alter the capital clause of Memorandum of Association and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution.

"RESOLVED THAT in order to reflect the increase in authorised share capital of the Company, pursuant to the provisions of Section 13, 61 and 64 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the consent of the members of the Company be and is hereby accorded, for substituting Clause V (a) of the Memorandum of Association of the Company with the following clause.

"...V (a) The Authorised Share Capital of the Company is Rs. 11,00,00,000 divided into 1,10,00,000 equity shares of Rs. 10/- (Rupees Ten only) each..."

"RESOLVED FURTHER THAT Mr. Sunil Chandra Kondapally, Managing Director or Dr. Sura Surendranath Reddy, Chairman of the Company be and is hereby authorized to file the necessary returns with the Registrar of Companies and to do all such acts and deeds as is necessary for giving effect to this resolution."

- 8) To Approve the Preferential Issue of Equity Shares to Vijaya Diagnostic Centre Pvt. Ltd and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 42, 62 of the Companies Act, 2013 and in compliance with the Companies (Prospectus & Allotment of Securities) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications thereto or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI (ICDR Regulations)"), Foreign Exchange Management Act, 1999 and in accordance with the provisions of Article of Association of the Company, and subject to the approval, consent, permission and/or sanction, as may be required from the Reserve Bank of India, if any, Foreign Investment Promotion Board, Financial institutions and any other appropriate authority, Institution or Body and subject to such terms, conditions alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/or sanction, the consent of the members of the Company be and is hereby accorded to create, offer, issue and allot up to 5,00,000 (Five Lakh only) equity shares of Rs. 20.00 (Rupees Twenty Only) (Including premium of Rs.10.00) as fully paid up equity shares on preferential basis, to Vijaya Diagnostic Centre Pvt. Ltd, promoters of the Company, at such price not less than the price determined in accordance with Chapter VII of SEBI (ICDR) Regulations and on such terms as mentioned in the explanatory statement.

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted pursuant to this resolution shall be subject to the provisions of Memorandum and Articles of Association of the Company and shall rank paripassu with the existing Equity Shares of the Company in all respects and shall remain locked in as per the provisions of SEBI (ICDR Regulations), 2009;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the issue including reduction of the size of the issue, as it may deem expedient.

RESOLVED FURTHER THAT the Relevant Date for the purpose of determining the minimum price of the Equity Shares under SEBI (ICDR) Regulations is 29th August, 2016.

RESOLVED FURTHER THAT for the purpose of giving effect to above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or expedient for the purpose of the issue or allotment of the shares and listing thereof with the Stock Exchanges and to resolve and settle any questions and difficulties that may arise in the proposed issue, offer and allotment of the said securities, utilization of issue proceeds, sign all such documents and undertakings as may be required and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders."

By Order of the Board
For Medinova Diagnostic Services Limited

Date: 01.09. 2016
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN 00108599

NOTES:

- a. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- b. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight (48) hours before the commencement of the Meeting. All alterations/corrections made in the form of Proxy should be initialed by the Member. A blank proxy form (MGT-11) is enclosed.
- c. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- d. Members / Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the Meeting
- e. Shareholders are requested to bring their copy of Annual Report to the Meeting. Any member desirous of having a copy of detailed accounts may apply to the Company and copies thereof will be available for reference at the venue of the Meeting.
- f. Members seeking further information about the accounts are requested to write at least 7 days before the date of the meeting so that it may be convenient to get the information ready at the meeting.
- g. Additional information pursuant Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS - 2 in respect of Director seeking re-appointment as mentioned under items nos. 3 contained in the notice of Annual General Meeting is provided hereunder. The said Director has furnished necessary consents / declarations for his re-appointment.

Name of the Director	Mr. Sunil Chandra Kondapally
Date of Birth	20-07-1975
Date of Appointment	25-09-2014
Relationship with Directors of the company	Nil
Expertise in specific functional areas	Rich experience in the field of operations, Strategic Administration, promotions of Medical Diagnostic Services and client relationship of over 15 years
Qualification	B.Sc (Electrical Engineering) from Florida State University, USA
Board Membership of other companies as on March 31, 2016	5
Chairman / Member of the Committees of the Board of Directors as on March 31, 2016	NIL
Chairman / Member of the Committee of Directors of other Companies in which he is a Director as on March 31, 2016	NIL
Audit Committee	NIL
Stakeholders' Relationship Committee	NIL
Nomination and Remuneration Committee	NIL
CSR Committee	NIL
No. of shares held in the company as on 31.03.2016	NIL

- h. The Register of Members and Share Transfer Books will remain closed from 22nd day of September, 2016 to 28th day of September, 2016 (both days inclusive).
- i. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- j. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members may contact the Company or

Registrar and Share Transfer Agent of the Company, for assistance in this regard.

- k. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company
- l. The members who are holding shares in physical form are requested to intimate their e-mail ids and any change in their address with pin code immediately either to the Company or to the Registrar & Share Transfer Agent.
- m. Members are requested to furnish or update their e-mail IDs with the Registrar for sending the soft copies of the Annual Report of the Company as required vide circular no. 17/2011 dated April 21, 2011 and circular no. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs and to avail remote e-voting facility in respect of the resolutions which would be passed at the General Meetings of the Company.
- n. Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by the ICSI and the MCA circular, no gifts/coupons shall be distributed at the Meeting.***
- o. The members who are holding shares in demat form are requested to intimate any change in their address with pin code immediately to their Depository Participants.
- p. Non-Resident Indian Members are requested to inform the Registrar and Share Transfer Agent, immediately of:
 - i) Change in their residential status on return to India for permanent settlement.
 - ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

As part of the "Green Initiative", the Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participants unless the Members have registered their request for a hard copy of the same.

- q. Members may also note that the Notice of 23rd Annual General Meeting and Annual Report for the year 2015-2016 is also available on the website of the Company www.medinovaindia.com for their download.
- r. The Company has appointed M/s DVM Gopal & Associates, Practicing Company Secretaries, Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
- s. In compliance with provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide the members' the facility to exercise their right to vote at the 23rd AGM by electronic means and the business shall be transacted through e-voting services provided by NSDL. The e-voting facility will be available at the link www.evoting.nsdl.com during the below mentioned voting period.

The voting period is from 9.00 A.M. on 25th September, 2016 to 5.00 P.M. on 27th. September, 2016. During this period shareholders' of the Company, holding shares either in physical form or in Dematerialized form, as on the cut-off date of 21st September, 2016, may cast their vote electronically.

The e-voting module shall be disabled by NSDL for voting thereafter.

- t. At the venue of AGM, voting shall be done through ballot papers and the members attending AGM who have not casted their vote by remote e-voting shall be entitled to cast their vote through Ballot papers.

Voting through electronic means

The instructions for Shareholders for e-voting are as under:

(a) In case of Shareholders' receiving e-mail from NSDL

- (i) Open e-mail and open PDF file viz; "remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Medinova Diagnostic Services Limited
- (viii) Now you are ready for e-Voting as Cast Vote page opens
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail dvm@dvmgopalandassociates.in with a copy marked to evoting@nsdl.co.in.

(b) In case of Shareholders' receiving Postal Ballot Form by Post:

- (i) Initial password is provided as below at the bottom of the Address slip pasted on the Annual Report.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN
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- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- (c) In case of any queries, you may refer the frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
 - (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No 5

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also prescribed seeking of shareholders' approval for material related party transactions.

The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis. All the proposed transactions put up for approval are in ordinary course of business and at arm's length.

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the following contracts / arrangements / transactions are material in nature and require the approval of the unrelated shareholders of the Company by a special resolution:

The other related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto and the Company's Related Party Transaction Policy are furnished hereunder:

Name of the Company with whom transactions are being undertaken	Relationship	Nature of Business	Total amount of Transactions in each of the Financial Year with effect from 01.04.2016	Name of the Director or Key Managerial personnel who is related	Whether the transaction is done at Arm's length (Yes/No)*
M/s.Vijaya Diagnostic Centre Private Limited., Promoter	Holding Company	Medical diagnostic services, Business Management and Revenue sharing		Dr Sura Surendranath Reddy Mr. Sunil Chandra Kondapally Mrs. Suprita Sura Reddy	
Medinova Millennium MRI Services LLP	Subsidiary/LLP	Medical diagnostic services, rendering Infrastructure Services	Up to Rs 3.00 Crores per Year	Mr. Sunil Chandra Kondapally - Designated Partner representing Medinova Diagnostic Services Ltd.	Yes

As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 all entities / persons that are directly / indirectly related parties of the Company shall abstain from voting on resolution(s) wherein approval of material Related Party Transactions is sought.

Accordingly, all related parties of the Company, i.e. Dr. Sura Surendranath Reddy, Mr. Sunil Chandra Kondapally and Mrs. Suprita Sura Reddy will not vote on this resolution.

Except the above, none of the Directors or any of the Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution

Item No 6

To meet the business requirements, the Company is in urgent need of equity infusion, and is therefore proposing to raise further capital. However, since the paid-up capital of the Company has already reached at par with the Authorized Share Capital of the Company; in order to issue further shares, the Company must first increase its authorized share capital. Hence the board of directors of the Company (Board), vide its resolution dated 08/08/2016 has proposed to increase the authorised share capital of the Company. Pursuant to Sections 61 and 64 of the Companies Act, 2013, the shareholders of the Company must accord their consent to the proposed increase in the authorised share capital. The Board therefore seeks approval for the same.

None of the Directors or any of the Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution

Item No 7

In order to reflect the increase authorised share capital of the Company, and in order to conform to the requirements of the Companies Act, 2013, Clause V (a) of the Memorandum of Association of the Company must be amended.

"...V (a). The Authorised Share Capital of the Company is Rs.11,00,00,000 (Rupees Eleven Crores) divided into 1,10,00,000(One Crore Ten Lakh) Equity Shares of face value of Rs.10/- (Rupees Ten) each".

As Per section 13 of Companies Act, 2013, the alteration of the memorandum of association of the Company requires the approval of shareholders. The Board now seeks the approval of shareholders for the same.

None of the Directors or any of the Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 8

To meet the business requirements, the Company is in urgent need of equity infusion, and is therefore proposing to raise further capital through preferential issue.

The Company has approached M/s. Vijaya Diagnostic Centre Private Limited to infuse fresh funds in the Company.

Board of Directors at its meeting held on 1st September, 2016, after considering the various sources for raising funds and at the same time maintaining public shareholding at 25% of post issue, deemed it appropriate to create issue, offer and allot equity shares on preferential basis:

Pursuant to provisions of Section 62 (1) (c) of Companies Act, 2013, any preferential allotment of securities needs to be approved by the shareholders by way of Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all securities for subscription pro-rata to the shareholders unless the shareholders in a general meeting decide otherwise. The proposed issue of shares is in accordance with the provisions of SEBI (ICDR Regulations) and other applicable regulations, if any. In terms of the provisions of the Companies Act, 2013 read with SEBI (ICDR Regulations), the relevant disclosures are given below :

The object of the issue through preferential offer:

The proceeds will be utilized for meeting working capital requirements and repayment of debt by the company and for other corporate purposes.

Issue Size, number of Equity Shares to be issued:

Issuance of 5,00,000 (Five Lakh only) equity shares of Rs. 20.00 (Rupees Twenty Only) (Including premium of Rs.10.00) fully paid up amounting to Rs. 1,00,00,000 (Rupees One Crore only) to M/s. Vijaya Diagnostic Centre Private Limited

The Proposal of the Promoters / PAC / Directors / Key Management Persons to subscribe to the offer:

M/s. Vijaya Diagnostic Centre Private Limited who will be subscribing to 5,00,000 (Five Lakh only) equity shares belonging to the Promoter. Accordingly, all related parties of the Company, i.e. Dr.SuraSurendranath Reddy, Mr. Sunil Chandra Kondapally and Mrs. Suprita Sura Reddy will not vote on this resolution.

Except the above, none of the Directors or any of the Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.