



**NOTICE**

Notice is hereby given that the **Twenty-Sixth (26<sup>th</sup>)** Annual General Meeting of Medinova Diagnostic Services Limited will be held on Thursday, the 26<sup>th</sup> September, 2019 at 11.00 a.m. at Central Court Hotel, Lakdikapul, Hyderabad-500004, Telangana, to transact the following businesses:

**ORDINARY BUSINESS:**

1. To consider and adopt:

- (a) the audited standalone financial statements of the company for the financial year ended March 31, 2019 together with the reports of the Board of Directors and the Auditors thereon; and
- (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 together with the report of the Auditors thereon.

2. To appoint a Director in place of Dr. Sura Surendranath Reddy (holding DIN 00108599) who retires by rotation and being eligible, offers himself for reappointment.

3. To consider the re-appointment of M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Registration No. 006677S) as the Statutory Auditors of the Company and to fix their remuneration and to pass the following as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby appoints M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Registration No. 006677S) as the Statutory Auditors of the Company for a second term of five(5) consecutive years to hold office from the conclusion of this 26<sup>th</sup> Annual General Meeting of the Company until the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company and on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company."

**SPECIAL BUSINESS:**

**4. To Appoint Mrs. B. Vishnu Priya Reddy as a Director of the Company.**

*To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:*

**"RESOLVED THAT** Mrs. B. Vishnu Priya Reddy (DIN-00108639), who was appointed by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee as an Additional Director of the Company effective from August 14, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013("Act") and the Articles of Association of the Company and who is eligible for appointment and consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**5. To reappoint Mr. Sunil Chandra Kondapally as a Managing Director.**

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

**"RESOLVED THAT** in pursuance of the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Schedule V to the said Act and based on the recommendation of the Nomination and Remuneration Committee and subject to such other approvals, consents as may be required, the consent of the Members of the Company be and is hereby accorded for the reappointment of Mr. Sunil Chandra Kondapally (DIN:01409332), as Managing Director of the Company for a further period of 5 (five) years with effect from September 25, 2019 without any remuneration.



**RESOLVED FURTHER THAT** the Board of Directors of the Company on the recommendations of the Nomination and Remuneration Committee be and is hereby authorized to do all such acts, deeds and things as it may consider necessary or expedient to give effect to this resolution."

**6. To Appoint Dr. Balamba Puranam as an Independent Director of the Company.**

*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 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 including the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Balamba Puranam (DIN:08350028), who was appointed as an Additional Independent Director of the Company w.e.f. February 2, 2019 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and who has already attained the age of 75 years and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for the first term of 5 (five) consecutive years with effect from April 1, 2019 to till 31<sup>st</sup> March, 2024."

**7. To re-appoint Mr. K. V. Ravindra Reddy as an Independent Director of the Company.**

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

**"RESOLVED THAT** pursuant to provisions of Sections 149, 152 and other applicable provisions, if any, of Companies Act, 2013 ('Act') and Companies (Appointment & Qualification of Directors) Rules, 2014 ('Rules'), including any statutory modification(s) or re-enactment thereof read with Schedule IV of the Act and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, ("LODR"), and based on the recommendation of the Nomination and Remuneration Committee, Mr. K. V. Ravindra Reddy (DIN:00083986), who has already attained the age of 75 years and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for the second term of 5 (five) consecutive years with effect from April 1, 2019 to till 31<sup>st</sup> March, 2024 and that he shall not be liable to retire by rotation."

**By the Order of the Board  
For Medinova Diagnostic Services Limited**

**Date: 14.08.2019  
Place: Hyderabad**

**Dr. Sura Surendranath Reddy  
Director  
DIN: 00108599**

Registered Office:  
#7-1-58/A/FF/8, Amrutha Business Complex,  
Ameerpet, Hyderabad: 500016,  
Telangana, India.  
CIN: L85110TG1993PLC015481  
Email: medicorp@medinovaindia.com; www.medinovaindia.com  
Tel:+91 Ph: 040 42604250



**Notes:**

1. 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, in order to be effective, should reach the registered office of the Company at least 48 hours before the time of the meeting.  

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. The holder of proxy shall prove his identity at the time of attending the Meeting.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer books of the Company will remain closed from 19<sup>th</sup> September, 2019 to 26<sup>th</sup> September, 2019 (both days inclusive).
5. Shareholders are requested to bring their folio number/demat account number/DPID-Client ID and are requested to sign at the place provided on the attendance slip and hand it over at the entrance at the venue of the Annual General Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be titled to vote.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. Members who hold shares in the dematerialized form and want to change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR Code of their bank to their Depository Participants. The Company will not entertain any direct request from such members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. While making payment of Dividend, Registrar is obliged to use only the data provided by the Depositories, in case of such demat shares.
10. Members holding shares in physical form are advised to submit particulars of their PAN, Bank Account details viz. name and address of the branch of the Bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, M/s. XL Softech Systems Ltd, Unit: Medinova Diagnostic Services Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.
11. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant provisions of Companies (Management and Administration) Rules, 2014, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company are requested to submit their request with their valid e-mail address to M/s. XL Softech Systems Ltd. Members holding shares in demat form are requested to register/update their e-mail address with their Depository Participant(s) directly. Members of the Company, who have registered their email address, are entitled to receive such communication in physical form upon request.
12. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the 26<sup>th</sup> Annual General Meeting.
13. The annual report of the company circulated to the members of the company will be made available on the company's website: [www.medinovaindia.com-Investors](http://www.medinovaindia.com-Investors) section.
14. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the first term of the appointment of the current Statutory Auditors of the Company, M/s. Ratnam Dhaveji & Co., Chartered Accountants [Firm Registration No. 0066775] expires at the conclusion of this 26<sup>th</sup> Annual General Meeting. They were appointed by the Shareholders at the 21<sup>st</sup> Annual General Meeting held on September 25, 2014, for a period of 5 (Five) Years (i.e. from the conclusion of 21<sup>st</sup> Annual General Meeting to till the conclusion of 26<sup>th</sup> Annual General meeting).



The members are now requested to appoint M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Registration No. 0066775) as Statutory Auditors of the Company for a second term of five (5) consecutive years to hold office from the conclusion of this 26<sup>th</sup> Annual General Meeting of the Company until the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company and on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.

15. Pursuant to Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting of the Company are provided in "Annexure to Notice". The Company has received the consents / declarations for their appointments / re-appointments under the Companies Act, 2013 and the rules there under.

**VOTING THROUGH ELECTRONIC MEANS:**

16. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to Members to exercise their right to vote by electronic means. The complete instructions on e-voting facility provided by the Company are annexed to this notice. Such remote e-voting facility is in addition to voting that may take place at the meeting venue on September 26, 2019.
17. The facility for voting through polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
18. The Company has appointed Mr. C. N. Kranthi Kumar, Practising Company Secretary, as Scrutinizer to scrutinize the e-voting process as well as the Ballot process at the Annual General Meeting in a fair and transparent manner.
19. **The e-voting period begins on 23-09-2019 (9.00 A.M.) and ends on 25-09-2019 (5.00 P.M.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 19-09-2019 (the cut-off date) may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 19-09-2019.**

Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 19-09-2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**INSTRUCTIONS ON E-VOTING FACILITY:**

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

- Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**  
**Step 2: Cast your vote electronically on NSDL e-Voting system.**

Details on Step 1 is mentioned below:

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under "Shareholders" section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eServices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eServices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.



c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
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5. Your password details are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

<p><b>How to cast your vote electronically on NSDL e-Voting system?</b></p> <ol style="list-style-type: none"> <li>1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.</li> <li>2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.</li> <li>3. Select "EVEN" of company for which you wish to cast your vote.</li> <li>4. Now you are ready for e-Voting as the Voting page opens.</li> <li>5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.</li> <li>6. Upon confirmation, the message "Vote cast successfully" will be displayed.</li> <li>7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.</li> <li>8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.</li> </ol>
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<p><b>How to cast your vote electronically on NSDL e-Voting system?</b></p> <p><b>General Guidelines for shareholders</b></p> <ol style="list-style-type: none"> <li>1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to <a href="mailto:kranthi.sankar369@gmail.com">kranthi.sankar369@gmail.com</a> with a copy marked to <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a>.</li> <li>1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "<a href="#">Forgot User Details/Password?</a>" or "<a href="#">Physical User Reset Password?</a>" option available on <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> to reset the password.</li> <li>2. 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 download section of <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or call on toll free no: 1800-222-990 or send a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a></li> </ol>
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20. The Scrutinizer, after scrutinizing the votes cast at the meeting (Poll) and through remote e-voting, will, not later than 48 hours of conclusion of the Annual General Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. Thereafter, the Chairman or any other person authorized by the Chairman shall declare the result of the voting forthwith.
21. The Voting Results on above resolutions along with the Scrutinizer's Report shall be placed on the Company's website [www.medinovaindia.com](http://www.medinovaindia.com) and on the NSDL website and be submitted to the BSE Limited within 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.



**Annexure to Notice**

Information provided pursuant to requirements given under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard in respect of individuals proposed to be appointed/ re-appointed as Director(s):

Name of Director	Dr. Sura Surendranath Reddy	Mr. Sunil Chandra Kondapally	Mr. K. V. Ravindra Reddy	Dr. Balamba Puranam	B. Vishnu Priya Reddy
Director Identification Number	00108599	01409332	00083986	08350028	00108639
Date of Birth	29.10.1948	20.07.1975	19.04.1942	23.07.1944	30.06.1979
Date of first Appointment	25.09.2014	25.09.2014	10.11.2014	02.02.2019	14.08.2019
Qualification	MD (Radiology)	B.Sc. (Electrical Engineering)	B.Sc., LLB	MD(Obstetrics & Gynecology)	Graduate in Computer Science
Category	Non-Executive Director	Executive Director	Non-Executive Independent Director	Non-Executive Independent Director	Non-Executive Director
Terms & Conditions of Re-Appointment along with Remuneration sought to be paid	Being reappointed as a Director (Non-Executive) liable to retire by rotation. No remuneration is being paid except sitting fee for attending Board and Committee meetings.	Being reappointed as a Managing Director for a term of 5 years. No remuneration is paid.	Being reappointed as an Independent Director not liable to retire by rotation for a second term of 5 years. No remuneration is being paid except sitting fee for attending Board and Committee meetings.	Being reappointed as an Independent Director not liable to retire by rotation for the first term of 5 years. No remuneration is being paid except sitting fee for attending Board and Committee meetings.	Being reappointed as a Director liable to retire by rotation. No remuneration is being paid except sitting fee for attending Board and Committee meetings.
The Directors have been appointed in terms of the provisions of Companies Act, 2013 and are responsible to undertake the roles and responsibilities prescribed under the provisions of the Companies Act, 2013 and other laws for the time being in force. In addition, the Directors are also responsible to undertake the roles and responsibilities assigned by the Board from time to time.					
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Dr. Surendranath Reddy is related to Mr. K. Sunil Chandra, and Mrs. B. Vishnu Priya Reddy	Mr. Sunil Chandra Kondapally is related to Dr. Surendranath Reddy and Mrs. B. Vishnu Priya Reddy	There is no inter-se relationship between Mr. K. V. Ravindra Reddy and other directors.	There is no inter-se relationship between Dr. P. Balamba and other directors.	Mrs. B. Vishnu Priya Reddy is related to Dr. Surendranath Reddy and Mr. K. Sunil Chandra.
Brief Resume and expertise in specific functional area	A doctor by profession and has experience in providing comprehensive range of diagnostic services spanning radiology and imaging, nuclear medicine, conventional and specialist lab services through the companies established by him.	He has vast experience in medical field. Engineer by qualification he has been closely involved in the operations, strategy administration at Vijaya Diagnostic Centre Private Limited since 1998. Also established a well-recognized contract research pharmaceuticals company in 2004, which became a joint venture with QPS LLC, USA in 2011.	He is an expert in Corporate Legal affairs. He retired as Chief General Manager (Legal) in Andhra Pradesh Industrial Development Corporation and has rich experience in Corporate Business, Administration and Management.	She is a Gynecologist and Obstetrician and has an experience of more than 53 years in these fields.	She has vast experience of working in various positions in diagnostic service sector, in hospitality industry and uplifting children along with women.
*Directorships held in other Companies and Bodies Corporate as on March 31, 2019	2	NIL	6	NIL	NIL
Chairman / Member of the Committee of the Board of Directors of the Company	Member of the Audit Committee, Nomination and Remuneration Committee and Chairman of Stakeholders Relationship Committee.	NIL	Member of the Audit Committee and Stakeholders Relationship Committee & Chairman of the Nomination and Remuneration Committee.	NIL	NIL
No. of Board Meetings attended during the year	As mentioned in the Corporate Governance Report	As mentioned in the Corporate Governance Report	As mentioned in the Corporate Governance Report	As mentioned in the Corporate Governance Report	NA



Chairman/Member of the Committee of the Board of Directors in other Companies as on March 31, 2019	NIL	NIL	3	NIL	NA
No. of Equity Shares of Rs.10/- held in the Company as on 31.03.2019	NIL	NIL	NIL	NIL	NIL

\*(Excluding Private, Section 8 Companies & Foreign Companies)

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

**Item No. 4**

The Board of Directors ("Board") upon recommendation of the Nomination and Remuneration Committee, appointed Mrs. B. Vishnu Priya Reddy as an Additional (Non-Executive) Director of the Company effective from August 14, 2019. Pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company, Mrs. B. Vishnu Priya Reddy will hold office up to the date of the ensuing Annual General Meeting ("AGM") and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a notice from a Member proposing the candidature of Mrs. B. Vishnu Priya Reddy for the office of Director. Mrs. B. Vishnu Priya Reddy, once appointed, will be liable to retire by rotation.

The Company has received from Mrs. B. Vishnu Priya Reddy Consent in writing to act as Director and intimation in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act. The profile and specific areas of expertise of Mrs. B. Vishnu Priya Reddy are provided as annexure to this Notice.

Mrs. B. Vishnu Priya Reddy is related to Dr. Surendranath Reddy, Director and Mr. K. Sunil Chandra, Managing Director of the Company.

Other than the aforesaid Directors and her relatives none of the other Directors, Key Managerial Personnel of the Company and their relatives are interested or concerned whether financially or otherwise in the Resolution set out at Item No. 4 of the Notice convening the meeting.

The Board of Directors recommends the resolution set out at item No.4 of the Notice for your approval.

**Item No. 5**

As per the provisions of the Companies Act, 2013 the present term of appointment of Mr. Sunil Chandra Kondapally (DIN 01409332), as a Managing Director of the Company expires on September 24, 2019. The Board of Directors of the Company on the recommendations of the Nomination and Remuneration Committee of the Board at its meeting held on August 14, 2019 subject to the approval of the members, accorded their approval for re-appointment of Mr. Sunil Chandra Kondapally as a Managing Director for a further period of 5 (five) years with effect from September 25, 2019 without any remuneration/perquisites payable to him.

However, the Board is authorised to pay remuneration and also vary the terms and conditions of his appointment and/or remuneration as it may deem fit and as may be acceptable to Mr. Sunil Chandra Kondapally subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

Mr. Sunil Chandra Kondapally is a B.Sc. (Electrical Engineering) from Florida State University, USA. He has vast experience in medical field. Engineer by qualification he has been closely involved in the operations, strategy administration at Vijaya Diagnostic Centre Private Limited since 1998. He also established a well-recognized contract research pharmaceuticals Company in 2004 which became a joint venture with QPS LLC, USA in 2011.

Mr. K. Sunil Chandra is related to Dr. Surendranath Reddy and Mrs. B. Vishnu Priya Reddy, Directors of the Company.



Other than the aforesaid Directors and his relatives none of the other Directors, Key Managerial Personnel of the Company and their relatives are interested or concerned whether financially or otherwise in the Resolution set out at Item No. 5 of the Notice convening the meeting.

The Board of Directors recommends the resolutions set out at item Nos. 5 of the Notice for the consideration and approval of the Members of the Company.

**Item No.6**

Based on the recommendations of the Nomination & Remuneration Committee ("NRC"), the Board of Directors of the Company have appointed Dr. Balamba Puranam (DIN: 08350028) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

In terms of section 149 and any other applicable provisions of the Companies Act, 2013, Dr. Balamba Puranam being eligible and having given her consent, is proposed to be appointed as a Non-Executive Independent Director for a term of five years. The Company has received declaration from Dr. Balamba Puranam that she meets the criteria of independence as prescribed both under Section 149 read with schedule IV of the Companies Act, 2013 and applicable Regulations of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Dr. Balamba Puranam for the office of Independent Director, to be appointed as such under the provisions of Section 149(6) of the Companies Act, 2013.

In the opinion of the Board of Directors, Dr. Balamba Puranam the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the rules made thereunder and she is independent of the Management. A copy of the letter for the appointment of Dr. Balamba Puranam as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the registered office of the company during normal business hours on working days up to the date of AGM.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, ("Amendment Regulations, 2018"), inter alia, provides that "no listed company shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of 75 (seventy five) years unless it is approved by the members by passing a special resolution to that effect". Dr. Balamba Puranam already attained the age of 75 years and hence continuation beyond 75 years requires the approval of members by way of a special resolution.

Accordingly, special resolution is proposed to take shareholders' approval for appointment of Dr. Balamba Puranam as a Non-Executive Independent Director for the first term of five years w.e.f. 01.04.2019 to 31.03.2024.

Dr. Balamba Puranam is a Gynecologist and Obstetrician and has an experience of more than 53 years in these fields. The Board considers that her continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Dr. Balamba Puranam as an Independent Director.

The Board of Directors accordingly recommends the Special Resolution as mentioned at item No. 6 of this Notice for approval of the Members of the Company.

Save and except Dr. Balamba Puranam and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the special resolutions set out at Item No.6 of the Notice.



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**Item No. 7**

Mr. K. V. Ravindra Reddy was appointed as Non-Executive Director in the category of Independent Directors for a period of five years, not liable to retire by rotation, as approved by the shareholders in the Annual General Meeting held on 25.09.2015.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, ("Amendment Regulations, 2018"), inter alia, provides that "no listed company shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of 75 (seventy five) years unless it is approved by the members by passing a special resolution to that effect". Mr. K. V. Ravindra Reddy already attained the age of 75 years and hence continuation beyond 75 years requires the approval of members by way of a special resolution.

Accordingly, special resolution is proposed to take shareholders' approval for re-appointment of Mr. K. V. Ravindra Reddy as a Non-Executive Independent Director for the second term of five years w.e.f. 01.04.2019 to 31.03.2024.

Mr. K. V. Ravindra Reddy aged 77 years is an expert in Corporate Legal affairs. He retired as Chief General Manager (Legal) in Andhra Pradesh Industrial Development Corporation and has rich experience in Corporate Business, Administration and Management.

The Company has received from Mr. K. V. Ravindra Reddy requisite disclosures as required under the Companies Act, 2013 and declaration to the effect that he meets the criteria of independence as provided the Companies Act and SEBI (LODR) Regulations, 2015. Necessary notices in writing under the provisions of section 160 of the Act have also been received from the members proposing the candidatures of Mr. K. V. Ravindra Reddy for the office of Independent Director.

Mr. K. V. Ravindra Reddy is a person of integrity, possess relevant expertise and vast experience. In the opinion of the Board, he fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder as also under the SEBI (LODR) Regulations, 2015 for reappointment as Independent Director and he is independent of the management.

Based on the professional skills, knowledge, expertise and the contributions made by Mr. K. V. Ravindra Reddy, during his association with the Company and also on the basis of his performance evaluation, the Board of Directors of the Company have, on the recommendation of the Nomination and Remuneration Committee, considered it desirable that it will be in the interest of the Company to continue to avail the services of Mr. K. V. Ravindra Reddy as Independent Director.

The Board of Directors accordingly recommends the Special Resolution as mentioned at item No. 7 of this Notice for approval of the Members of the Company.

Save and except Mr. K. V. Ravindra Reddy and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the special resolutions set out at Item No.7 of the Notice.

The brief resume of the said Directors, nature of their expertise in specific functional areas, disclosure of relationships between directors, chairmanships/directorships/memberships of the committees of the Board of listed entities, their shareholding etc., are set-out in Annexure of this Notice.

**By Order of the Board  
For Medinova Diagnostic Services Limited**

**Date: 14.08.2019  
Place: Hyderabad**

**Dr. Sura Surendranath Reddy  
Director  
DIN: 00108599**



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty-Sixth (26<sup>th</sup>) Annual Report of the Company along with Company's audited Financial Statements (Standalone and Consolidated) for the Financial Year ended on March 31, 2019.

### 1. Financial Highlights - Standalone

Particulars	F.Y.	
	2018-19	2017-18
Revenue from Operations	674.33	668.43
Other Income	16.96	7.43
<b>Expenses:</b>		
Operating Expenses	643.87	702.40
Finance Cost	43.21	47.92
Depreciation	55.15	86.47
<b>Profit before Tax</b>	<b>-50.94</b>	<b>-160.93</b>
<b>Tax Expenses:</b>		
Current tax	0.0	0.0
Exceptional Items	161.32	162.57
Taxes of earlier years	32.50	3.72
Deferred tax charge/(credit)	1.08	-4.92
<b>Total Tax expense</b>	<b>33.58</b>	<b>(1.20)</b>
<b>Profit after Tax</b>	<b>76.80</b>	<b>2.84</b>
Other Comprehensive Income	-1.57	-18.07
<b>Total Comprehensive Income</b>	<b>75.23</b>	<b>-15.23</b>
Transfer to General Reserve	NIL	NIL

### Performance Review

During the year under review, your Company achieved revenue of Rs. 674.33 lakhs as against Rs. 668.43 lakhs in the previous year. Your Company has earned a gross profit of Rs. 47.42 Lakhs before interest, depreciation and tax as against a loss of Rs. 26.54 lakhs in the previous year. The operations resulted in a net profit of Rs. 76.80 lakhs as against Rs. 2.84 lakhs in the previous year.

There is no change in the nature of business carried on by the Company during the year under review.

There are no Material Changes and Commitments affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this Report.

### Dividend

With a view to conserve the resources in long run, your Directors have not recommended any dividend for the year ended 31st March, 2019.

### Transfer to General Reserves:

During the year under review, no amount has been transferred to the General Reserve of the Company.

### Deposits

During the year, the Company has not accepted any public deposits.

### Loans, Guarantees or Investments

During the period under review, your Company has not given any loans.

During the financial year the Company has not made any investments.



#### **Subsidiary Companies**

Your Company does not have any subsidiary Companies. However, as per explanation given to Section 2(87) of Companies Act, 2013 which defines Subsidiary Company, the Medinova Millennium MRI Services LLP is a subsidiary being a body corporate.

Pursuant to Proviso to Section 129(3) of the Act, a statement containing the brief details of performance and financials of the Subsidiary Companies for the financial year ended March 31, 2019 is attached as Annexure-A and forms part of this Report.

#### **Management's discussion and analysis**

Business Overview and Outlook and the state of the affairs of the Company and the Industry in which it operates, is discussed in detail in the section relating to Management Discussion & Analysis.

#### **Related Party Transactions**

All related party transactions that were entered into during the financial year were in the ordinary course of the business of the Company and were on an arm's length basis. There were no materially significant related party transactions entered by the Company during the year with the Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

The policy on related party transactions as approved by the Audit Committee and the Board of Directors is hosted on the website of the Company [www.medinovaindia.com](http://www.medinovaindia.com). Prior omnibus approvals from the Audit Committee are obtained for transactions which are repetitive and also normal in nature. Further, disclosures are made to the Committee and the Board on a quarterly basis.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, the requirement of furnishing the requisite details in Form AOC-2 is not applicable to the Company.

Details of the transactions with Related Parties are provided in the accompanying financial statements.

#### **Corporate Governance**

Pursuant to the provisions of Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance has been incorporated in the Annual Report for the information of the shareholders. A certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under the said Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Annual Report.

#### **Directors and key Managerial Personnel**

Dr. G. Ramesh Ramayya resigned as a Director of the Company w.e.f. October 04, 2018. Your Board places on record the valuable services rendered by Dr. G. Ramesh Ramayya during his tenure as Director of the Company.


Mrs. Sura Suprita Reddy who is liable to retire by rotation and eligible for re-appointment expressed her intention not to seek re-appointment at the ensuing AGM due to preoccupation. The Board of Directors records its sincere appreciation and recognition of the valuable contribution and services rendered by Mrs. Sura Suprita Reddy during her long association with the Company.

In accordance with Section 152 of Companies Act, 2013, Dr Sura Surendranath Reddy, retires by rotation at the ensuing Annual General Meeting and being eligible offered himself for re-appointment. The Board recommends his re-appointment.

The Board of Directors on the recommendation of Nomination and Remuneration Committee in their meeting held on August 14, 2019 appointed Mrs. B. Vishnu Priya Reddy as an Additional Director and holds office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013. The Company has received notice under Section 160 of the Act proposing the appointment of Mrs. B. Vishnu Priya Reddy as a Non-Executive Director of the Company.

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An ordinary resolution seeking approval of the Members for the appointment of Mrs. B. Vishnu Priya Reddy as a Non-Executive Director liable to retire by rotation have been incorporated in the notice of the Annual General Meeting of the Company.

The Board of Directors on the recommendation of Nomination and Remuneration Committee in their meeting held on August 14, 2019 subject to the approval of the Members of the Company at the ensuing Annual General Meeting considered and approved the reappointment of Mr. Sunil Chandra Kondapally (DIN No. 01409332) as a Managing Director of the Company for a further period of Five (5) Years commencing from 25.09.2019 to 24.09.2024 without any remuneration.

Dr. Balamba Puranam appointed as an Additional Director (Independent) on February 02, 2019. The Company has received notice under Section 160 of the Act proposing the appointment of Dr. Balamba Puranam as a Non-Executive Independent Director.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'), as amended vide SEBI LODR (Amendment) Regulations, 2018 w.e.f. April 1, 2019, no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five (75) years unless a special resolution is passed to that effect.

And further as per the provisions of Section 149 (10) of the Companies Act, 2013 (the 'Act'), an Independent Director shall hold office for a term up to five consecutive years on the Board of the company and shall be eligible for reappointment for the second term on passing of a special resolution.

A special resolution seeking approval of the Members for the appointment of Dr. Balamba Puranam who has attained the age of seventy five (75) years as a Non-Executive Independent Director for a first term of five years w.e.f. 01.04.2019 to 31.03.2024 have been incorporated in the notice of the Annual General Meeting of the Company.

Accordingly, special resolution is proposed to take shareholders' approval at the ensuing AGM for re-appointment of Mr. K. V. Ravindra Reddy who attained the age of 75 years as a Non-Executive Independent Director for the second term of five years w.e.f. 01.04.2019 to 31.03.2024.

The brief resumes and other disclosures relating to the Directors who are proposed to be appointed/ re-appointed, as required to be disclosed pursuant to the provisions of the SEBI Listing Regulations and the Secretarial Standards are given in the Annexure to the Notice of the 26<sup>th</sup> AGM.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under Regulation 16(1)(b) of SEBI Listing Regulations.

During the year under review, Ms. Priyadarshini resigned as a Company Secretary and Compliance Officer w.e.f. 30.06.2018 and Mr. Vijay Gupta was appointed as a Company Secretary and Compliance Officer of the Company w.e.f. 22.10.2018.

#### **Evaluation of performance of the Board, Members of the Board and the Committees of the Board of Directors**


Pursuant to the corporate governance requirements as prescribed in the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees and of individual directors. In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole, performance of the Committee(s) of the Board and performance of the Chairman was evaluated, taking into account the views of other directors. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

#### **Policy on Directors' Appointment and remuneration and other Details**

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is hosted on the Company's website [www.medinovaindia.com](http://www.medinovaindia.com).

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The details of the familiarization programme formulated for Independent Directors is hosted on the Company's website at [www.medinovaindia.com](http://www.medinovaindia.com).

**Meetings of Board of Directors**

During the Financial Year Six (6) meetings of the Board of Directors were held. The details of the meetings of the Board are given under the Corporate Governance Report which forms part of this Report.

**Audit Committee**

The Company has in place an Audit Committee in terms of the requirements of the Companies Act, 2013 read with the Rules made thereunder and Regulation 18 of the SEBI (LODR) Regulations, 2015. The details relating to the Audit Committee are given in the section relating to Corporate Governance forming part of the Board Report.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are as follows:

**A. Details of Conservation of Energy**

The operations of your company do not consume high levels of energy. The Company uses electric energy for its equipment such as computer terminals, air conditioners, lighting and utilities in the work premises. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipment with the latest technologies.

However, the requirement of disclosure of particulars with respect to conservation of energy as prescribed in the Section 134(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014 are not applicable to the Company and hence not provided.

**B. Technology Absorption**

- i. The efforts made towards technology absorption: Not Applicable since the company is engaged in providing diagnostic services.
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution: The Company is engaged in health care services, usage of better technological equipment has resulted in improved efficiency and savings of cost.
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable
- iv. The expenditure incurred on Research and development: No specific allocation has been made.

**C. Foreign Exchange Earnings and outgo: NIL**

**Statutory Auditors**

M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Registration No. 006677S) are the Statutory Auditors of the Company. They were appointed by the Shareholders at the 21<sup>st</sup> Annual General Meeting for a period of 5 (Five) Years till the conclusion of 26<sup>th</sup> Annual General meeting.

The Independent Auditors' Report(s) to the Members of the Company in respect of the Standalone Financial Statements and the Consolidated Financial Statements for the Financial Year ended March 31, 2019 form part of this Annual Report and do not contain any qualification(s) or adverse observations.

There have been no instances of fraud reported by the Auditors, including the Statutory of the Company under Section 143(12) of the Companies Act, 2013 and the Rules framed there under either to the Company or to the Central Government.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the first term of the appointment of the current Statutory Auditors of the Company, M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Registration No. 006677S) expires at the conclusion of this 26<sup>th</sup> Annual General Meeting.



The resolution seeking the approval of the members to appoint M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Registration No. 006677S) as Statutory Auditors of the Company for a second term of five (5) consecutive years to hold office from the conclusion of this 26<sup>th</sup> Annual General Meeting of the Company until the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company and on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company is included in the notice of ensuing AGM.

#### **Secretarial Audit Report**

In compliance with the provisions of Section 204(1) of the Companies Act, 2013, the Company has appointed DVM Gopal & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the records and documents of the Company for the Financial Year 2018-19. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2019 in Form MR-3 is annexed to the Directors' Report as Annexure-B and forms part of this Report.

With regard to the observations made in the Secretarial Audit Report, the statutory auditors stated that they have submitted the request to the peer review committee and peer reviewer. However, the peer review is awaited. The Secretarial Auditors' Report to the Members of the Company for the Financial Year ended March 31, 2019 does not contain any other qualification(s) or adverse observations.

#### **Compliance with Secretarial Standards**

The Company has complied with applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under Section 118(10) of the Companies Act, 2013.

#### **Extract of Annual Return**

The extract of the Annual Return of the Company in Form MGT-9 for the Financial Year ended 31<sup>st</sup> March, 2019 is given in Annexure- C and forms part of the Directors' Report.

#### **Risk Management**

The details relating to Risk Management is included in the Management Discussion and Analysis Report.

#### **Internal Financial Controls and their adequacy**

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

#### **Vigil Mechanism/ Whistle Blower Policy**

The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

#### **Particulars of Employees and related disclosures:**

No Salary is being paid to Directors of the Company including Managing Director other than sitting fee to Non- Executive Directors and Non- Executive Independent Directors and hence the details as required to be disclosed under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration to Key Managerial Personnel) Rules, 2014 is not applicable.

The information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request by any Member of the Company. In terms of Section 136 of the Companies Act, 2013, the Annual Report including the Directors' Report and the Audited Accounts are being sent to the Members excluding the same. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company.



#### **Corporate Social Responsibility**

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company as it ceased to be a Company covered under subsection (1) of Section 135 of the Companies Act, 2013 in the reporting financial year; hence disclosure in this regard is not provided.

#### **Significant and material orders**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

#### **Protection of Women at Work Place**

The Company has formulated a policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31st March, 2019, the Company has not received any complaints pertaining to Sexual Harassment.

#### **Directors' Responsibility Statement:**

Pursuant to the requirement under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, your Directors, to the best of their knowledge and ability, 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) we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit and loss of the Company for the year ended on that date;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Acknowledgment:**

Your Directors place on record their sincere appreciation and thanks for the valuable cooperation and support received from the employees of the Company at all levels, Company's Bankers, Associates, partners, clients, vendors, and Members of the Company and look forward for the same in equal measure in the coming years.

**By the Order of the Board  
For Medinova Diagnostic Services Limited**

**Date: 14.08.2019  
Place: Hyderabad**

**Dr. Sura Surendranath Reddy  
Director & Chairman of the Board  
DIN: 00108599**



**ANNEXURE - A**

**FORM NO. AOC-1**

Statement containing salient features of the financial statements of subsidiaries as on March 31, 2019

<b>Name of the Subsidiary</b>	<b>Medinova Millennium MRI Services LLP</b>
Details	<b>(Amount in Rs.)</b>
Capital	2,30,27,221
Reserves	-2,78,77,857
Total Assets	2,14,56,597
Total Liabilities	2,63,07,233*
Turnover	2,38,21,782
Profit before taxation/(Loss)	-1,44,384
Deferred tax(credit)	-6,93,438
Profit/ (Loss) after taxation	5,49,054
Proposed dividend	Nil
No. of Shares	Nil
Investment	1,26,82,221

\*Total liabilities are exclusive of Capital and Reserves





**ANNEXURE - B**  
**SECRETARIAL AUDIT REPORT**  
**For The Financial Year Ended 31<sup>st</sup> March, 2019**

**FORM NO MR 3**

*Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*

**To**  
**The Members,**  
M/s. Medinova Diagnostic Services Limited  
Hyderabad.

We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Medinova Diagnostic Services Limited** (hereinafter called as "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on **31<sup>st</sup> March 2019** generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31<sup>st</sup> March, 2019** ("Audit Period") according to the provisions of:
  - 1.1. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made thereunder;
  - 1.2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
  - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - 1.4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"); -
    - 1.4.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - 1.4.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - 1.4.3. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - 1.4.4. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - 1.5. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.
2. We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards thereunder, *except the following:*
  - 2.1 *The Secretarial Standards pertaining to Board & Committee Meetings were substantially complied.*
  - 2.2 *In accordance with provisions of Regulation 33 of LODR, the Statutory Auditors have not complied with the requirement of Peer Review Certificate of the ICAI;*
3. The Company is engaged in the Business of Medical/clinical services. Accordingly, the following Industry Specific Acts are applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI. Based on the explanation given, there are adequate system and process in the company to monitor and ensure the compliance of following sector specific law, rule, regulation and guidelines:



- i. Pre-conception and Pre-natal Diagnostic Techniques Act 1994 read with the relevant rules and amendments.
  - ii. The West Bengal Clinical Establishments Act 1950.
  - iii. Indian Atomic Energy Act 1962 & Atomic Energy (Radiation Protection) Rules 2004.
  - iv. Environment (Protection) Act 1986 – Biomedical Wastes (Management and Handling) Rules 2011.
4. We further report that:
- 4.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There were appointment and resignation of independent director and Company Secretary during the period under review.
  - 4.2 Mr. Gurijala Ramesh Ramayya, Independent director have resigned as director w.e.f. 04.10.2018 and the Company passed the board resolution on 12.11.2018 for proposing the appointment of Dr. Balamba Puranam as an Additional Independent Director after obtaining the DIN Number. Dr. Balamba Puranam obtained DIN on 01.02.2019 and was inducted her on the board on 02.02.2019.
  - 4.3 Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors electronically and in certain cases physically to schedule the Board/ committee Meetings.
  - 4.4 With regard to circular resolution, the Company has served electronically with all the requisite information and got the confirmation physically.
  - 4.5 There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
  - 4.6 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken by majority. It is to be noted that for the Audit Period the following acts are not applicable:
    - i. SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
    - ii. SEBI (Delisting of Equity Shares) Regulations, 2009.
    - iii. SEBI (Buyback of Securities) Regulations, 1998.
    - iv. SEBI (Share Based Employee Benefits) Regulations, 2014
    - v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
  - 4.7 There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, except as reported in the audit report etc.

For **DVM & Associates LLP**  
Company Secretaries  
L2017KR002100

Place: Hyderabad  
Date: 14.08.2019

**B Venkatesh Babu**  
Partner  
M No: F 6708  
CP No: 5103

**Note:** This letter is to be read with our letter of even date, which is annexed, and form an integral part of this report.



**Annexure**

**To**  
**The Members,**  
M/s. Medinova Diagnostic Services Limited  
Hyderabad.

Our Report of even date is to be read along with this letter

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **DVM & Associates LLP**  
Company Secretaries  
L2017KR002100

Place: Hyderabad  
Date: 14.08.2019

**B Venkatesh Babu**  
Partner  
M No: F 6708  
CP No: 5103

**ANNEXURE -C**

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
As on the financial year ended on 31st March, 2019**

**[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L85110TG1993PLC015481
ii.	Registration Date	11-Mar-1993
iii.	Name of the Company	MEDINOVA DIAGNOSTIC SERVICES LIMITED
iv.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-government Company
v.	Address of the Registered office and contact details	7-1-58/A/FF/8, Amrutha Business Complex , Ameerpet, Hyderabad: 500016 Phone : 040 42604250 Email : <a href="mailto:medicorp@medinovaindia.com">medicorp@medinovaindia.com</a> Website : <a href="http://www.medinovaindia.com">www.medinovaindia.com</a>
vi.	Whether listed company Yes/No	Yes BSE Limited
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Ltd # 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

**All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Medical Diagnostic Services	85195	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S. No.	Name of the company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.	Vijaya Diagnostic Centre Private Limited	U85195TG2002PTC039075	Holding Company	62.14	2 (46)
2.	Medinova Millennium MRI Services LLP	AAC-9556	Subsidiary	55.50	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(I) Category-wise Shareholding</b>									
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	6202220	-	6202220	62.14	6202220	-	6202220	62.14	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):-</b>	<b>6202220</b>	<b>-</b>	<b>6202220</b>	<b>62.14</b>	<b>6202220</b>	<b>-</b>	<b>6202220</b>	<b>62.14</b>	<b>0</b>
<b>2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Overseas corporate bodies	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(2):-</b>	<b>6202220</b>	<b>-</b>	<b>6202220</b>	<b>62.14</b>	<b>6202220</b>	<b>-</b>	<b>6202220</b>	<b>62.14</b>	<b>0</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6202220</b>	<b>-</b>	<b>6202220</b>	<b>62.14</b>	<b>6202220</b>	<b>-</b>	<b>6202220</b>	<b>62.14</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	143947	13500	157447	1.58	157763	13500	171263	1.72	8.78
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	1077853	1324789	2402642	24.07	1036107	1282189	2318296	23.23	-3.51
(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	437931	776500	1214431	12.17	511911	776500	1288411	12.91	6.09
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
b) Others (Specify)	-	-	-	-	-	-	-	-	-
NIFCs Registered with RBI	-	-	-	-	-	-	-	-	-
Non Resident Individuals	4900	0	4900	0.05	1450	0	1450	0.01	-75.82
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Employees	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(2)</b>	<b>1664631</b>	<b>2114789</b>	<b>3779420</b>	<b>37.86</b>	<b>1707231</b>	<b>2072189</b>	<b>3779420</b>	<b>37.86</b>	<b>12.09</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>1664631</b>	<b>2114789</b>	<b>3779420</b>	<b>37.86</b>	<b>1707231</b>	<b>2072189</b>	<b>3779420</b>	<b>37.86</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; DRs</b>									
Grand Total (A+B+C)	7866851	2114789	9981640	100	7909451	2072189	9981640	100	-

**(ii) Shareholding of Promoters/Promoters Group**

S. No.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in shareholding during the year
1.	VIJAYA DIAGNOSTIC CENTRE PVT LTD	6202220	62.14	62.14	6202220	62.14	0	0
	<b>Total</b>	<b>6202220</b>	<b>62.14</b>	<b>62.14</b>	<b>6202220</b>	<b>62.14</b>	<b>0</b>	<b>0</b>

**(iii) Change in Promoters'/Promoters' Group Shareholding (please specify, if there is no change)**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the company
1.	VIJAYA DIAGNOSTIC CENTRE PVT LTD	6202220	62.14	0	0		No change during the year

**(iv) Shareholding Pattern of top ten Shareholders**

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	SHANKAR LAL SARAF	326500	3.27	0	0	326500	3.27
2.	BAPI RAJU CHAMPATI	69124	0.69	85428	0	153552	1.54
3.	KATTAMREDDY LAKSHMINARAYANA REDDY	125000	1.25	0	0	125000	1.25
4.	PADARTHI HARINADHA REDDY	125000	1.25	0	0	125000	1.25
5.	DUVVURU JALANDHAR REDDY	100000	1.00	0	0	100000	1.00
6.	MUDDU KRISHNA REDDY ODURU	100000	1.00	0	0	100000	1.00
7.	3A CAPITAL SERVICES LIMITED	86001	0.86	0	0	86001	0.86
8.	ARVIND C JAIN	72079	0.72	0	7010	65069	0.65
9.	VISHRAM MORESHWAR NANIWADDEKAR	64240	0.64	0	0	64240	0.64
10.	RAJENDRA NANIWADDEKAR.	58990	0.59	0	438	58552	0.59

**(v) Shareholding of Directors and Key Managerial Personnel: NIL**

S. No.	Name of the Director and KMP	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the Company
<b>Directors</b>							
1.	Dr. Sura Surendranath Reddy	0	0	0	0	0	0
2.	Mrs. Suprita Sura Reddy	0	0	0	0	0	0
3.	Mr. K.V.Ravindra Reddy	0	0	0	0	0	0
4.	Mr. Kamalakar Rao Ponnappalli	0	0	0	0	0	0
5.	Dr. Balamba Puranam						
6.	Dr. G. Ramesh Ramayya	0	0	0	0	0	0
<b>KMPs</b>							
1.	Mr. K.Sunil Chandra	0	0	0	0	0	0
2.	Mr. N.Ravi Kumar	0	0	0	0	0	0
3.	Ms. Priyadarshini	0	0	0	0	0	0
4.	Mr. Vijay Gupta	0	0	0	0	0	0

Dr. G. Ramesh Ramayya resigned as a Director of the Company w.e.f. October 04, 2018.

Dr. Balamba Puranam appointed as an Additional Director (Independent) on February 02, 2019.

During the year under review, Ms. Priyadarshini resigned as a Company Secretary and Compliance Officer w.e.f. 30.06.2018 and Mr. Vijay Gupta was appointed as a Company Secretary and Compliance Officer of the Company w.e.f. 22.10.2018.

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,39,29,898	3,35,45,000	0	4,74,74,898
ii) Interest due but not paid	0	74,30,803	0	74,30,803
iii) Interest accrued but not due	1,20,392	0	0	1,20,392
Total(i+ii+iii)	<b>1,40,50,290</b>	<b>4,09,75,803</b>	<b>0</b>	<b>5,50,26,093</b>
Change in Indebtedness during the financial year				
- Addition	0	44,77,197	0	44,77,197
- Reduction	47,26,759	0	0	47,26,759
Net Change	<b>-47,26,759</b>	<b>44,77,197</b>	<b>0</b>	<b>-2,49,562</b>
Indebtedness at the end of the financial year				
i) Principal Amount	9,253,440	3,55,45,000	0	4,47,98,440
ii) Interest due but not paid	0	99,08,000	0	99,08,000
iii) Interest accrued but not due	70,091	0	0	70,091
Total(i+ii+iii)	<b>93,23,531</b>	<b>4,54,53,000</b>	<b>0</b>	<b>5,47,76,531</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/ of Manager: (Amount in Rs.)

No remuneration is paid to Mr. Sunil Chandra Kondapally, Managing Director of the Company.

### B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors						Total Amount (Rs.)
		Dr. Sura Surendranath Reddy	Mrs. Supriya Sura Reddy	Mr. K. V. Ravindra Reddy	Mr. P. Kamalakar Rao	Dr. Ramesh Ramayya	Dr. Balamba Puranam	
1	<i>Independent Directors</i>							
2	Fee for attending board and committee meetings	12,000	8,000	12,000	12,000	0	2,000	46,000
3	Commission	-	-	-	-	-	-	-
4	Others, please specify	-	-	-	-	-	-	-
5	Total (1)	12,000	8,000	12,000	12,000	0	2,000	46,000
6	<i>Other Non-Executive Directors</i>							
7	Fee for attending board and committee meetings	-	-	-	-	-	-	-
8	Commission	-	-	-	-	-	-	-
9	Others, please specify	-	-	-	-	-	-	-
10	Total (2)	-	-	-	-	-	-	-
11	Total (B) = (1+2)	12,000	8,000	12,000	12,000	0	2,000	46,000
12	Total Managerial Remuneration	12,000	8,000	12,000	12,000	0	2,000	46,000
13	Overall Ceiling as per the Act	-	-	-	-	-	-	-

Dr. G. Ramesh Ramayya resigned as a Director of the Company w.e.f. October 04, 2018.

Dr. Balamba Puranam appointed as an Additional Director (Independent) on February 02, 2019.

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(Rs.)

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Company Secretary		CFO	
1.	Gross Salary	Priyadarshini	Vijay Gupta	N. Ravi Kumar	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	7,22,417/-	7,22,417/-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission	0	0	0	0
	As % of profit	0	0	0	0
	Others, specify	0	0	0	0
5.	Others, please specify	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>7,22,417/-</b>	<b>7,22,417/-</b>

Note: As per the provisions of Section 203 of the Companies Act, 2013, a Whole Time Company Secretary of a Holding Company can also be appointed as a Whole Time Company Secretary of the one Subsidiary of the Holding Company as such Salary of Company Secretary is paid by the Holding Company Vijaya Diagnostic Centre Pvt. Ltd.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2019.





## MANAGEMENT DISCUSSION & ANALYSIS

Your Company with its qualitative services for more than two decades and with innovative marketing efforts has created a brand name for itself and is the pioneer in Medical Diagnostics in the Country. Medinova has one centre offering services at Kolkatta. Also there are 3 Franchise Centers. The Company registered office is located in Hyderabad, Telangana.

### Industry structure and developments:

The Indian diagnostic industry is highly fragmented and dominated by un-organized players. Standalone labs constitute 48% of the market and hospital-based labs make up for 37%, thereby amounting to a combined cover of 85% of the entire diagnostic market. Diagnostic chains cover close to 15% of the overall diagnostic market, of which, PAN-India chains cover 35-40%, with the balance 60-65% managed by regional chains. This low regional penetration in the Indian market provides ample scope for growth for large organized players.

Clinical diagnostics is a large market in India that continues to grow in lower double digits, with the growth in economy and public increasing health care awareness and access to healthcare infrastructure. Sophisticated technologies are constantly brought into the market by global vendors. Competition is very high and local, further this is a very price sensitive one. The service providers in this business are highly fragmented and of varying sizes offering either routine or specialized or combination services.

The addressable market for diagnostic services is expected to grow at a healthy 10% CAGR (source: Indian Healthcare Report by Goldman Sachs, June 2018) until FY23, while the market share growth for top PAN-India chains is expected to grow at 10% - 14% revenue CAGR.

### Opportunities and Threats

Given the scope of requirement for diagnostic services in an underserved country, the natural opportunity for business growth is encouraging. However, the industry being largely fragmented has potential for aggregation of smaller, uneconomical outlets under national brands. Regional brands are also graduating to national scale and will be competing with the Company. Also, like in many other consumer facing industries, e-commerce based offerings are also getting established. These aggregators primarily focus on building a digital platform and engaging with patients. These developments could impact the Company in terms of the pricing flexibility and could potentially impact margins in the short term.

### Outlook

Your Company keeps pace with the ever changing medical technology by upgrading its existing and also installing equipment/ new equipment. Also, the Company is expanding itself by setting up more Franchise Centers. The Company also has plans to expand its reach overseas and give consultancy and undertake turnkey projects. Apart from Diagnostic Services, the Company plans to enter into other related Health Care lines and expand its brand name.

### Risk and concerns:

The Company has adequate internal control systems and procedures to combat the risk. The Risk Management procedure will be reviewed periodically by the Audit Committee and the Board.

Risks are inherent to any business. They are managed by your Company through a risk management process of risk identification and risk mitigation, through risk reduction strategies & plans and continuous monitoring of the effectiveness of the risk mitigation measures to control them.

The intensity of competition in the diagnostics industry has abated in the past years however structurally the sector lends itself to regular outreach initiatives from the established players both in the unorganized and organized space. From time to time, both the Central and State Governments mandate capped pricing for specified test/panels.

The Company gives emphasis on providing quality services and is equipped with the latest state of the art diagnostic equipment procured from World renowned suppliers like GE, Marquette, Siemens, Hitachi etc. The quality of the tests done by Centre's of the Company meets international standards. The Company has upgraded its equipment to make best use of latest technology.

**Company's Performance:**

During the year under review, your Company achieved revenue of Rs. 674.33 lakhs as against Rs. 668.43 lakhs in the previous year. Your Company has earned a gross profit of Rs. 47.42 Lakhs before interest, depreciation and tax as against a loss of Rs. 26.54 lakhs in the previous year. The operations resulted in a net profit of Rs. 76.80 lakhs as against Rs. 2.84 lakhs in the previous year.

The Company's operations predominantly related to providing Medical Diagnostic Services and related business services. During the year ended March 31, 2019, there are no other reportable business segments as per AS 17 "Segment reporting".

Despite the severe competition in this sector, your company has always been able to keep its place as one of the front runners in terms of its service and quality. It is also taking necessary steps and measures to further uplift its image and improve the foot falls.

**Internal Control System and their adequacy**

The Company has adequate internal control systems and procedures designed to effectively control the operations at its Corporate Office and Branch. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard Operating Procedures considering the essential components of internal control as stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Internal Auditor conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out by Internal Audit. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

The Audit Committee periodically reviews the findings and recommendations of the Auditors and takes corrective action as deemed necessary.

**Human Resource**

'Human Resources' are recognized as a key pillar of any successful organization and so is for Medinova. The company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the company places high emphasis on professional etiquette required of every employee. As on 31.03.2019 numbers of employees employed are 88.

**Disclosure of Accounting Treatment**

During the year, there was no treatment of any transaction different from that as prescribed in the Accounting Standards as required under Section 133 of the Companies Act, 2013.

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance:

The Company implements and practices the principles of Corporate Governance based on fairness, transparency, integrity, honesty and accountability consistently being followed in all its business practices and dealings.

The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit.

### Board of Directors

#### Composition of the Board

The composition of the Board of Directors is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations.

The Chairman of the Board of Directors is a Non-Executive Director.

The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and experience. The Non-Executive Directors including Independent Directors bring statutory and wider perspective in the Board's deliberations and decisions.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration under Section 149(7) of the Act that he/she meets the criteria of independence as required under Section 149(6) of the Act and as per Regulation 16(1)(b) of the SEBI Listing Regulations.

The Composition of the Board of Directors as on March 31, 2019 with their attendance at the Six Board Meetings held during the year 2018-19 and at the last Annual General Meeting are as detailed below:

Name of the Director	Category	Number of Board meetings attended during the year 2018-19	Attendance at the last AGM held on September 28, 2018	Number of directorships in other public companies #		Number of committee Positions held in this & other public companies ##	
				Director	Chairman	Member	Chairman
Dr. Sura Surendranath Reddy	Promoter & Non-Executive	6	Yes	NIL	NIL	1	1
Mr. K. Sunil Chandra	Promoter & Executive	6	Yes	NIL	NIL	NIL	NIL
Mrs. Supriya Sura Reddy	Promoter Non-Executive	4	No	NIL	NIL	NIL	NIL
Mr. K. V. Ravindra Reddy	Independent Non-Executive	6	No	6	NIL	5	NIL
Mr. Kamalakhar Rao Pommapalli	Independent Non-Executive	6	Yes	NIL	NIL	1	1
*Dr. G. Ramesh Ramayya	Independent Non-Executive	0	No	NA	NA	NA	NA
**Dr. Balamba Puranam	Independent Non-Executive	1	NA	NIL	NIL	NIL	NIL

#excludes directorships in Indian private limited companies, foreign companies, companies under Section 8 of the Companies Act, 2013 and Alternate Directorships.


## Membership/ Chairmanship in Audit and Stakeholders Relationship Committees of public limited companies (including Medinova Diagnostic Services Limited) have been considered.

\* Dr. G. Ramesh Ramayya resigned as a Director of the Company w.e.f. October 04, 2018. Two meetings were held during his tenure.

\*\*Dr. Balamba Puranam appointed as an Additional Director (Independent) on February 02, 2019.

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Dr. Sura Surendranath Reddy, Chairman, Mr. K. Sunil Chandra, Managing Director, Mrs. Suprita Sura Reddy, Director are related to each other. Except these, none of the other directors are related to any other director on the Board.

None of the Directors of the Company are on the Boards of more than Ten Public Companies /overall Twenty Companies (including Private Limited Companies but excluding Companies incorporated outside India and Companies incorporated under Section 8 of the Companies Act, 2013).

There were no shares held by Non- Executive Directors as on March 31, 2019.

#### **Board Meetings**

The Company convened minimum one Board Meeting in each quarter as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company ensured the gap between two Board Meetings has not exceeded One Hundred and Twenty Days.

The Board of Directors met Six times during the financial year 2018-19.

May 22, 2018	November 12, 2018
August 14, 2018	February 02, 2019
October 22, 2018	February 11, 2019

#### **Independent Directors Meeting**

During the year 2018-19, Independent Directors of the Company met separately on February 11, 2019 without the presence of other Directors or Management representatives, to review the performance of the Non-Independent Directors, the Board and the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Management and the Board.

#### **Code of Conduct**

The Board of Directors of the Company laid a Code of Conduct for Directors and senior management personnel. The Code of Conduct is posted on the Company's website [www.medinovaindia.com](http://www.medinovaindia.com). All Directors and designated personnel in the senior management affirmed compliance with the Code for the year under review. The declaration to this effect furnished by Mr. K. Sunil Chandra, Managing Director is annexed to this report.

#### **BOARD COMMITTEES:**

The Company has three Board level Committees, namely Audit Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee.

##### **I. Audit Committee:**

The terms of reference of the Audit Committee are in conformity with the requirements of SEBI Listing Regulations and Section 177(4) of the Companies Act, 2013. Further, the Audit Committee has powers which are in line with the SEBI Listing Regulations. The responsibilities of the Committee include review of the quarterly and annual financial statements before submission to Board, review and approval of related party transactions, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements, statement of deviations, if any, etc. The Committee also reviews the functioning of whistle blower & Vigil mechanism.

The Audit Committee looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Act.



The Audit Committee comprises of two Non-Executive Independent Directors and one Non-Executive Director having financial management expertise. The Chairman of the committee is an Independent Director, elected by the Members of the Committee.

Four meetings of the Audit Committee were held during the year viz. on May 22, 2018; August 14, 2018; November 12, 2018 and February 11, 2019 respectively. The Company Secretary acts as the Secretary to the Audit Committee.

The composition of the Audit Committee and details of their attendance at the meetings as at March 31, 2019 are as follows:

Name	Position	Category	No of Meetings Attended
Mr. P. Kamalakar Rao	Chairman	Non-Executive & Independent	4 of 4
Mr. K. V. Ravindra Reddy	Member	Non-Executive & Independent	4 of 4
Dr. Sura Surendranath Reddy	Member	Non-Executive & Non-Independent	4 of 4

#### II. Nomination and Remuneration Committee:

The terms of references of the Nomination & Remuneration Committee includes recommendation to the Board about appointment of Directors, remuneration to Managing Director(s) and Executive Director(s), approval of stock options to employees, evaluation of the performance of the Directors and such other functions as may be delegated by the Board, from time to time.

During the year two meeting of the Committee were held on October 22, 2018 and February 02, 2019.

The composition of the Committee and the attendance details of the members as at March 31, 2019 are given below:

Name	Status	Category	No of Meetings Attended
Mr. K. V. Ravindra Reddy	Chairman	Non-Executive & Independent	2 of 2
Mr. P. Kamalakar Rao	Member	Non-Executive & Independent	2 of 2
Dr. Sura Surendranath Reddy	Member	Non-Executive & Non-Independent	2 of 2

#### Board Evaluation

Pursuant to provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, annual performance evaluation of the Directors including Chairman, Board and its Committees viz, the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee has been carried out. The Nomination and Remuneration Committee reviews the said Performance Evaluation on annual basis. The Performance evaluation of Independent Directors was carried out by the entire Board of Directors without participation of the Directors who are subject to the evaluation.

#### Remuneration of Directors

There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2018-2019.

The role of Non-Executive/Independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters from time to time.

Payment criteria of Non-Executive Directors are given in the Nomination and Remuneration Policy. The same is displayed in the 'Investors' section of Company's website [www.medinovaindia.com](http://www.medinovaindia.com).

The details of remuneration covering salary and other benefits paid for the year ended March 31, 2019 to the Managing Director and the details of the sitting fee paid to the Non-Executive Directors are as follows:

**REMUNERATION OF DIRECTORS AND OTHER DETAILS**

Name of the Director	Relationship with other director	Business relationship with the company	Loans and advances from the company	No. of Shares held as on 31.03.2019	Remuneration paid during the year 2018-19 (in Lakhs)			
					Sitting Fee	Salary	Commission	Total
Dr. Sura Surendranath Reddy	Related to Mr. Sunil Chandra Kondapally and Mrs. Supriya Sura Reddy	Promoter - Director of Holding Company	Nil	Nil	12000	0	0	12000
Mr. Sunil Chandra Kondapally	Related to Dr. Sura Surendranath Reddy and Mrs. Supriya Sura Reddy	Promoter - Director of Holding Company	Nil	Nil	0	0	0	0
Mrs. Supriya Sura Reddy	Related to Dr. Sura Surendranath Reddy and Mr. Sunil Chandra Kondapally	Promoter - Managing Director of Holding Company	Nil	Nil	8000	0	0	8000
Mr. K. V. Ravindra Reddy	None	Nil	Nil	Nil	12000	0	0	12000
Mr. P. Kamalakar Rao	None	Nil	Nil	Nil	12000	0	0	12000
Dr. Ramesh Ramayya	None	Nil	Nil	Nil	0	0	0	0
Dr. Balamba Puranam	None	Nil	Nil	Nil	2000			2000

\* Dr. G. Ramesh Ramayya resigned as a Director of the Company w.e.f. October 04, 2018.

\*\*Dr. Balamba Puranam appointed as an Additional Director (Independent) on February 02, 2019.

**III. Stakeholders Relationship Committee:**

The Committee regularly reviews with the noting of transfer/transmission of shares, review of dematerialized/rematerialized shares and all other matters related to shares.

The Chairperson of the Committee Dr. Sura Surendranath Reddy is a Non-Executive Director and the Company Secretary is the Secretary of the Committee and was designated as the Compliance Officer.

The Committee met six times during the Financial Year i.e. on May 22, 2018, August 14 2018, October 22, 2018, November 12, 2018, February 02, 2019 and February 11, 2019.

Attendance of Members at the Stakeholders Relationship Committee Meetings held during the year is as follows:

Name	Designation	Category	No. of Meetings Attended
Dr. Sura Surendranath Reddy	Chairman	Non-Executive & Non-Independent	6 of 6
Mr. K. V. Ravindra Reddy	Member	Non-Executive & Independent	6 of 6
Mr. P. Kamalakar Rao	Member	Non-Executive & Independent	6 of 6

During the year under review two shareholders' complaints of general nature were received by the RTA/ Company and one complaint was resolved. One complaint was pending at the close of the financial year.



**General Body Meetings:**

Location and time of last three Annual General Meetings

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

F.Y.	Date & Time	Location	Special Resolution Passed
2017-18	September 28, 2018 11.00 a.m.	The Central Court Hotel, Lakdikapul, Hyderabad.	Approval for Related party transaction.
2016-17	September 25, 2017 11:00 A.M.	Same location as above	Approval for Related party transaction.
2015-16	September 28, 2016 10:30 A.M.	Same location as above	<ul style="list-style-type: none"> <li>•Approval for Related party transaction.</li> <li>•Alteration of Capital Clause of Memorandum of Association of the Company.</li> <li>•Approval for the Preferential Issue of Equity Shares to Vijaya Diagnostic Centre Pvt. Ltd.</li> </ul>

All the special resolutions were passed with requisite majority by e-voting & poll.

No Extra Ordinary General Meeting (EGM) was held during the last financial year i.e 2018-2019.

During the financial year 2018-19, Company has not passed any resolution through postal ballot.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

**Means of Communication:**

The quarterly, half-yearly and annual financial results are sent to the Stock Exchanges immediately after the Board approves the same. These results are published in English newspaper and vernacular newspaper shortly after its submission to the Stock Exchanges. The results along with presentations (if any) made by the Company to Analysts are also posted on the website of the Company viz. [www.medinovaindia.com](http://www.medinovaindia.com). The Company's website also displays all official news releases from time to time.

The Company's website [www.medinovaindia.com](http://www.medinovaindia.com) contains a separate dedicated section 'Investors' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of the Listing Regulations.

**Certificate by Practicing Company Secretary**

The Company has received certificate from Mr. C. N. Kranthi Kumar, Practicing Company Secretary, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate of Affairs or any such authority. The certificate forms part of this Annual Report.

**General Shareholder Information:**

i.	Annual General Meeting (Day, Date, Time and Venue):	26 <sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Thursday 26 <sup>th</sup> September, 2019 at 11.00 a.m. at Central Court Hotel, Lakdikapul, Hyderabad-500 004, Telangana.
ii.	Financial Year:	April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Regulations.
iii.	Date of Book Closure:	19 <sup>th</sup> September, 2019 to 26 <sup>th</sup> September, 2019 (Both days inclusive).
iv.	Listing on stock exchanges:	BSE Limited (Bombay Stock Exchange). Annual listing fee has been duly paid to the Stock Exchanges.
v.	Stock codes:	BSE - Scrip Code: 526301; Scrip Id: MEDINOV
vi.	Company's ISIN:	INE047C01019

**vii. Market price data**

The monthly high and low stock quotations during the reporting financial year in BSE Limited is given below:

Month	BSE Limited	
	Month's High Price	Month's Low Price
April 2018	No trade	No trade
May 2018	No trade	No trade
June 2018	20.65	20.65
July 2018	19.65	15.35
August 2018	22.40	17.20
September 2018	20.45	16.75
October 2018	17.00	13.55
November 2018	18.20	13.70
December 2018	19.05	15.60
January 2019	19.80	15.60
February 2019	30.15	15.20
March 2019	31.35	26.05

**viii. Registrars and Transfer Agents**

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

**Share transfer system**

In accordance with the proviso to Regulation 40(1) of the Listing Regulations, effective from April 1, 2019, transfers of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.

Company's share transfer and related operations is operated through its Registrar and Share Transfer Agents M/s. XL Softech Systems Ltd, Hyderabad.

**ix. Distribution of Shareholding as on March 31, 2019**

Nominal Value of Shareholding (in Rs.)	No. of Shareholders		Share Amount	
	Nos.	%	(Rs.)	%
Up to 5000	9221	95.38	14819620	14.85
5001 - 10000	236	2.44	2048050	2.05
10001 - 20000	92	0.95	1469550	1.47
20001 - 30000	39	0.40	1017060	1.02
30001 - 40000	18	0.19	636380	0.64
40001 - 50000	12	0.12	580170	0.58
50001 - 100000	22	0.23	1509500	1.51
100001 & Above	28	0.29	77736070	77.88
<b>TOTAL</b>	<b>9668</b>	<b>100</b>	<b>99816400</b>	<b>100</b>

**x. Dematerialization of shares:**

The Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to handle dematerialization of shares.

As on March 31, 2019, a total of 7909451 equity shares which form 79.24% of the share capital stand dematerialized. Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.







**Declaration of compliance with the Code of Conduct**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended March 31, 2019.

Date: 14.08.2019  
Place: Hyderabad

Sunil Chandra Kondapally  
Managing Director

**Corporate Governance Compliance Certificate**

To  
The Members of  
Medinova Diagnostic Services Limited

We have examined all the relevant records of **Medinova Diagnostic Services Limited** ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2019. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended March 31, 2019.

For Ratnam Dhaveji & Co  
Chartered Accountants  
Firm Regn No 006677S

C. V. Ratnam Dhaveji  
Partner  
M. No 203479

Date: 14.08.2019  
Place: Hyderabad



**Certificate of Non-Disqualification of Directors**

To  
The Members of  
Medinova Diagnostic Services Limited

I have examined the relevant registers, records, forms, returns and disclosures received from Medinova Diagnostic Services Limited having CIN: L851107G1993PLC015481 and having registered office at H.No.7-1-58/A/FF/8, Amrutha Business Complex, Ameerpet, Hyderabad -500 016, Telangana (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 14/08/2019  
Place: Hyderabad

C. N. Kranthi Kumar  
Company Secretary in Practice  
FCS No.9255 CP No.13889



**COMPLIANCE CERTIFICATE**

(Pursuant to Regulation 17 (8) of the SEBI (LODR) Regulations, 2015)

To

The Board of Directors  
Medinova Diagnostic Services Limited

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Medinova Diagnostic Services Limited ("the Company"), to the best of our knowledge and belief certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2019 and based on our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (C) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Sd/  
**Sunil Chandra Kondapally**  
Managing Director

Sd/-  
**N. Ravi Kumar**  
Chief Financial Officer

Date : 22.05.2019  
Place : Hyderabad



## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
M/s Medinova Diagnostic Services Limited**

**Report on the standalone Financial Statements**

### **Opinion**

We have audited the accompanying Standalone financial statements of Medinova Diagnostic Services Limited ("the Company") which comprises the Balance Sheet as at March 31<sup>st</sup> 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, the Profit and total comprehensive income, changes in equity) and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Acts and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

### **Key Audit Matters**

Key Audit matters are those matters that, in our professional judgement, were most of significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

### **Information other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of Other Information. The other Information comprises the information included in the Management Discussion and Analysis, Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditors Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- v. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- i. Planning the scope of our audit work and in evaluating the results of our work; and
- ii. To evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal & Regulatory Requirement**

- 1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - a. The Company has disclosed impact of pending litigations in Notes on IND AS Standalone Financial Statements under "Contingent liabilities and Commitments to the extent not provided for"
    - b. The Company does not have any long-term contracts including derivative contracts.
    - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Ratnam Dhaveji & Co  
Chartered Accountants  
Firm Regn No 006677S

Place: Hyderabad  
Date: 22.05.2019

C V Ratnam Dhaveji  
Partner  
M. No 203479





#### **Annexure "A" to the Independent Auditor's Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Medinova Diagnostic Services Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Medinova Diagnostic Services Limited ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.



#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ratnam Dhaveji & Co  
Chartered Accountants  
Firm Regn No 006677S

Place: Hyderabad  
Date: 22.05.2019

C V Ratnam Dhaveji  
Partner  
M. No 203479



#### Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Medinova Diagnostic Services Limited of even date)

- i. In respect of the Company's fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a program of verification to cover all the items of fixed assets in a phased manner over a period of Three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the records examined by us, as the company owns no immovable properties, the requirement on reporting whether title deeds of immovable properties held in the name of the company is not applicable.
- ii. In respect of Inventories
  - a. Stocks of Diagnostic kits, Lab Chemicals, Consumables, Medicare items, house-keeping items, stationery have been physically verified by the management during the year at reasonable intervals, the frequency of which in our opinion is reasonable.
  - b. As stated by the management, no material discrepancies were observed on physical verification of stock as compared to book stocks.
- iii. The Company has not granted any loans, advances in nature of loans to parties covered in the register maintained under Section of the Companies Act, 2013. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interests of the company, whether reasonable steps for recovery of overdues of such loans are taken does not arise.
- iv. In our opinion and according to the information and explanations given to us, the company has not given any loan or guarantees or made any reportable investments as contemplated under Section 185 and 186 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public and therefore, the provisions of the Clause 3(v) of the Order are not applicable to the Company.
- vi. Reporting under Clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable except in the following cases:

Name of the Statute	Nature of Dues	Amount (Rs.)
Customs Act, 1962	Due including Interest & Penalty	2,93,848
Income Tax Act, 1961	Interest on Delay Payment of TDS	1,84,510



- c. There were no amounts of applicable statutory dues which have not been deposited as at 31<sup>st</sup> March 2019 on account of dispute.
- viii. Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion, that the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or has not issued any debentures.
- ix. According to the records of the Company, The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) Nor has the company obtained any term loans hence, comments under clause 3(ix) of the Order are not called for.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Ratnam Dhaveji & Co  
Chartered Accountants  
Firm Regn No 006677S

Place: Hyderabad  
Date: 22.05.2019

C V Ratnam Dhaveji  
Partner  
M. No 203479

**STANDALONE BALANCE SHEET AS AT MARCH 31, 2019**

Sl No.	Particulars	Note No	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>I</b>	<b>ASSETS</b>			
1	<b>Non Current assets</b>			
	(a) Property plant and equipment	1	144.29	183.92
	(b) Financial assets			
	(i) Investments	2	126.82	129.00
	(ii) Trade receivables	3	3.94	4.21
	(iii) Other financial assets	4	14.32	15.47
	(c) Deferred Tax Assets (net)	5	43.75	44.83
	(d) Other Non Current Assets	6	0.43	0.43
2	<b>Current assets</b>			
	(a) Inventories	7	6.77	6.93
	(b) Financial assets			
	(i) Trade receivables	8	39.53	17.26
	(ii) Cash and cash equivalents	9	5.41	9.73
	(c) Current Tax Assets	10	31.11	76.71
	(d) Other current assets	11	3.59	1.77
	<b>TOTAL ASSETS</b>		<b>419.96</b>	<b>490.26</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>			
	(a) Equity share capital	12	995.68	995.68
	(b) Other equity	13	-1733.43	-1808.65
2	<b>Liabilities</b>			
A	<b>Non current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	14	391.46	421.52
	(b) Provisions	15	35.90	40.11
B	<b>Current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	16	0.00	4.05
	(ii) Trade payables	17	468.58	424.58
	(iii) Other financial liabilities	18	156.30	286.20
	(b) Other current liabilities	19	82.49	113.27
	(c) Provisions	20	22.98	13.50
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	<b>29 - 39</b>		
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>419.96</b>	<b>490.26</b>

As per our report of even date

for **Ratnam Dhaveji & Co.**,  
Chartered Accountants  
Firm Regn No.006677S

for and on behalf of the Board of Directors

**C V Ratnam Dhaveji**  
Partner  
M.NO.203479

Place : Hyderabad  
Date : 22nd May, 2019

**Dr. Sura Surendranath Reddy**      **Sunil Chandra Kondapally**  
Chairman                                      Managing Director

**N Ravikumar**                                      **Vijay Gupta**  
Chief Financial Officer                      Company Secretary



**STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019**

Sl No.	Particulars	Note No.	Year ended 31.03.2019 (Rs. in Lakhs)	Year ended 31.03.2018 (Rs. in Lakhs)
1	<b>Income:</b>			
	(a) Revenue from operations	21	674.33	668.43
	(b) Other Income	22	16.96	7.43
	<b>Total Income</b>		<b>691.29</b>	<b>675.86</b>
2	<b>Expenses:</b>			
	(a) Cost of Material Consumed	23	112.11	122.65
	(b) Employees benefit Expense	24	206.55	207.43
	(c) Finance Costs	25	43.21	47.92
	(d) Depreciation & Amortisation Expenses	1	55.15	86.47
	(e) Other Expenses	26	325.21	372.32
	<b>Total Expenses</b>		<b>742.23</b>	<b>836.79</b>
3	Profit / (Loss) Before Exceptional Items and Tax (1-2)		-50.94	-160.93
4	Exceptional Items	27	161.32	162.57
5	Profit / (Loss) before Tax (3-4)		110.38	1.64
6	Tax Expenses:			
	Current Tax		0.00	0.00
	Deferred Tax Charge / (Credit)		1.08	-4.92
	Taxes of earlier years		32.50	3.72
7	Profit / (Loss) after Taxes (5-6)		76.80	2.84
8	Other Comprehensive Income		-1.57	-18.07
9	Total Comprehensive income for the period (7+8)		75.23	-15.23
10	Earnings per Equity Share: Basic & Diluted	28	0.75	-0.15
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	<b>29 - 39</b>		

As per our report of even date

for **Ratnam Dhaveji & Co.,**  
Chartered Accountants  
Firm Regn No.006677S

for and on behalf of the Board of Directors

**C V Ratnam Dhaveji**  
Partner  
M.NO.203479

Place : Hyderabad  
Date : 22nd May, 2019

**Dr. Sura Surendranath Reddy**  
Chairman

**Sunil Chandra Kondapally**  
Managing Director

**N Ravikumar**  
Chief Financial Officer

**Vijay Gupta**  
Company Secretary



**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	Year ended 31.03.2019 (Rs. in Lakhs)	Year ended 31.03.2018 (Rs. in Lakhs)
<b>A. Cash flows from operating activities</b>		
Profit/ (Loss) before tax	110.38	1.64
Adjustments to reconcile Profit before tax to net cash flows:		
- Depreciation	55.15	86.47
- Loss on sale of fixed assets	0.10	7.47
- Loss on discard of assets	0.00	7.33
- Finance cost on borrowings	40.31	45.28
- Provision for gratuity and compensated absences	5.27	28.21
- Liabilities written back	-161.32	-162.57
- Provision for Employee Benefits	-1.57	-18.07
Operating Profit before working capital changes	48.32	-4.24
<i>Changes in working capital:</i>		
Decrease/(Increase) in inventories	0.16	1.53
Decrease/(Increase) in trade receivables	-21.99	12.67
Decrease/(Increase) in long-term loans and advances	1.14	13.86
Decrease/(Increase) in current assets	45.59	-5.15
Decrease/(Increase) in other current assets	-1.82	1.75
Increase/(decrease) in trade payables	43.99	18.67
Increase/(decrease) in other current liabilities	-30.78	-3.40
<b>Cash generated from Operating Activities</b>	84.61	35.69
Taxes paid	32.50	0.00
<b>Net cash flow from operating activities (A)</b>	52.11	35.69
<b>B. Cash flows from investing activities</b>		
Purchase Value of fixed assets	-15.74	-13.29
Sale Value of fixed assets	0.13	50.38
Decrease/(Increase) in Non-current investments	2.18	-14.25
<b>Net cash used in investing activities (B)</b>	-13.43	22.84
<b>C. Cash flows from financing activities</b>		
Loans received from directors	0.00	21.45
Loans from Holding Company	20.00	8.00
Repayment of long-term borrowings	-43.41	-63.66
Repayment of short-term borrowings	-4.05	0.22
Finance cost paid on borrowings	-15.54	-22.13
<b>Net cash generated from financing activities (C)</b>	-43.00	-56.12
Net increase in cash and cash equivalent (A+B+C)	-4.32	2.41
Opening balance of cash and cash equivalents	9.73	7.32
<b>Closing balance of cash and cash equivalents</b>	5.41	9.73
<i>Cash and cash equivalents comprise :</i>		
Cash on hand	0.69	1.49
Balances with banks, Current Accounts	4.72	8.24
<b>Total cash and cash equivalents</b>	5.41	9.73

As per our report of even date

for and on behalf of the Board of Directors

for **Ratnam Dhaveji & Co.,**  
Chartered Accountants  
Firm Regn No.006677S

**Dr. Sura Surendranath Reddy**      **Sunil Chandra Kondapally**  
Chairman      Managing Director

**C V Ratnam Dhaveji**  
Partner  
M.No.203479

Place : Hyderabad  
Date : 22nd May, 2019

**N Ravikumar**  
Chief Financial Officer

**Vijay Gupta**  
Company Secretary

(Rs. in Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01-04-2018	Additions	Sale/ Adjustment	As at 31-03-2019	For the Year	on a/c of sale/ adjusted	As at 31-03-2019	As at 31-03-2018
Computers	28.14	1.76	2.2	27.69	2.74	1.98	22.08	5.61
Furniture & Fixtures	48.03	2.61	0.00	50.64	6.90	0.00	38.34	12.31
Civil Works on Leased Buildings	39.44	0.00	0.00	39.44	4.13	0.00	23.47	15.97
Plant & Machinery	361.52	11.37	0.00	372.89	41.27	0.00	262.49	110.40
<b>TOTAL</b>	<b>477.13</b>	<b>15.74</b>	<b>2.2</b>	<b>490.56</b>	<b>55.20</b>	<b>1.98</b>	<b>346.38</b>	<b>183.92</b>





Note No.	Particulars	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>2</b>	<b>Investments</b>		
	Investment in subsidiary (Deemed Cost or Cost)		
	Investments in Medinova Millennium MRI Services LLP	126.82	129.00
	<b>Total:</b>	<b>126.82</b>	<b>129.00</b>
<b>3</b>	<b>Trade receivables</b>		
	-Unsecured, Considered Good	3.94	4.21
	<b>Total:</b>	<b>3.94</b>	<b>4.21</b>
<b>4</b>	<b>Other financial assets</b>		
	Rent Deposits	5.73	5.73
	Other Deposits	8.59	9.74
	<b>Total</b>	<b>14.32</b>	<b>15.47</b>
<b>5</b>	<b>Deferred Tax Asset (Net)</b>		
	Deferred Tax Asset on account of Depreciation	43.75	44.83
	Closing Balance	43.75	44.83
<b>6</b>	<b>Other Non-current Assets</b>		
	Mat Credit Entitlement	0.43	0.43
	<b>Total:</b>	<b>0.43</b>	<b>0.43</b>
<b>7</b>	<b>Inventories</b>		
	Films	0.89	0.90
	Chemicals	1.35	2.38
	Medicines	0.26	0.19
	Consumables, Spares & Others	4.27	3.46
	<b>Total:</b>	<b>6.77</b>	<b>6.93</b>
<b>8</b>	<b>Trade Receivables</b>		
	Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment		
	-Unsecured, Considered Good	37.07	17.09
	Trade Receivables outstanding for a period more than six months from the date they are due for payment		
	-Unsecured, Considered Good	2.46	0.17
	<b>Total:</b>	<b>39.53</b>	<b>17.26</b>
<b>9</b>	<b>Cash and cash equivalents</b>		
	a. Balances with Banks		
	- Current Accounts	4.72	8.24
	b. Cash on Hand	0.69	1.49
	<b>Total:</b>	<b>5.41</b>	<b>9.73</b>
<b>10</b>	<b>Current Tax Assets (net)</b>		
	TDS Receivables	31.11	76.71
	<b>Total:</b>	<b>31.11</b>	<b>76.71</b>
<b>11</b>	<b>Other Current Assets</b>		
	Pre-paid Expenses	3.21	1.46
	Others	0.36	0.31
	<b>Total:</b>	<b>3.59</b>	<b>1.77</b>

Note No.	Particulars	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>12</b>	<b>Equity share capital</b>		
	<b>a) Authorised Share Capital</b>		
	1,10,00,000 Equity Shares of Rs.10/- each	1,100.00	1,100.00
	<b>Total:</b>	<b>1,100.00</b>	<b>1,100.00</b>
	<b>b) Issued Capital, Subscribed and Paid-up Capital</b>		
	99,81,640 Equity Shares of Rs.10/- each	998.16	998.16
	<b>Less : Allotment Money Arrears</b>	<b>2.48</b>	<b>2.48</b>
	<b>Total:</b>	<b>995.68</b>	<b>995.68</b>
<b>13</b>	<b>Other equity</b>		
	<b>a) General Reserve</b>	62.46	62.46
	Add: Transfers during the year	0.00	0.00
	Less: Utilised during the year	0.00	0.00
	Closing Balance	62.46	62.46
	<b>b) Share Premium</b>		
	Opening Balance	51.55	51.55
	Add: Additions during the year	0.00	0.00
	Less: Utilised during the year	0.00	0.00
	Closing Balance	51.55	51.55
	<b>c) Surplus / (Deficit) in Statement of Profit &amp; Loss</b>		
	Opening Balance	-1,922.66	-1,907.43
	Add: Profit / (Loss) for the year	75.23	-15.23
	Closing Balance	-1,847.43	-1,922.66
	<b>Total :</b>	<b>-1,733.43</b>	<b>-1,808.65</b>
	<b>Non current liabilities</b>		
<b>14</b>	<b>Borrowings</b>		
	<b>Term Loans</b>		
	<b>From Banks</b>	36.01	86.07
	(Secured By Hypothecation of Assets Created out of the Loans, personal guarantees by Dr S Surendranath Reddy, K Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Private Ltd.)		
	<b>Loans &amp; Advances from Related Parties</b>		
	Unsecured Loans		
	from Vijaya Diagnostic Centre Pvt Ltd (Holding Company)	28.00	8.00
	from Directors	327.45	327.45
	<b>Total:</b>	<b>391.46</b>	<b>421.52</b>
<b>15</b>	<b>Provisions</b>		
	Gratuity	32.52	34.20
	(Refer Note No.36)		
	Compensated Absence	3.38	5.91
	<b>Total:</b>	<b>35.90</b>	<b>40.11</b>
	<b>Current liabilities</b>		
<b>16</b>	<b>Borrowings</b>		
	Loans repayable on Demand		
	<b>Overdraft Account</b>	0.00	4.05
	(Secured by Hypothecation of Stocks, Receivables, Personal guarantees by Dr S. Surendranath Reddy, K. Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Private Ltd.)		
	<b>Total:</b>	<b>0.00</b>	<b>4.05</b>
<b>17</b>	<b>Trade payables</b>		
	Dues of creditors other than micro and small enterprises (Refer Note No. 34)	468.58	424.58
	<b>Total:</b>	<b>468.58</b>	<b>424.58</b>




Note No.	Particulars	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>18</b>	<b>Other financial liabilities</b>		
	Current Maturities of Long Term Borrowings from Banks	56.52	49.18
	Interest Accrued but not due	0.70	1.20
	Membership Deposits & Interest	0.00	161.51
	Interest on Unsecured Loans	99.08	74.31
	<b>Total:</b>	<u>156.30</u>	<u>286.20</u>
<b>19</b>	<b>Other current liabilities</b>		
	Statutory Payables	6.76	20.05
	Payable to Employees	64.27	66.33
	Others	11.46	26.89
	<b>Total:</b>	<u>82.49</u>	<u>113.27</u>
<b>20</b>	<b>Provisions</b>		
	Gratuity	17.60	11.59
	(Refer Note No.36)		
	Compensated Absence	5.38	1.91
	<b>Total:</b>	<u>22.98</u>	<u>13.50</u>
	<b>Particulars</b>	<b>Year ended 31.03.2019 (Rs. in Lakhs)</b>	<b>Year ended 31.03.2018 (Rs. in Lakhs)</b>
<b>21</b>	<b>Revenue from Operation</b>		
	Sale of Services	668.92	660.87
	Franchise Management Fee	5.41	7.56
	<b>Total:</b>	<u>674.33</u>	<u>668.43</u>
<b>22</b>	<b>Other Income</b>		
	Rent received	7.20	7.20
	Interest received on others	2.30	0.03
	Miscellaneous income	7.46	0.20
	<b>Total:</b>	<u>16.96</u>	<u>7.43</u>
<b>23</b>	<b>Cost of Materials Consumed</b>		
	Inventories at the beginning of the Year	6.93	8.47
	Add: Purchases during the year	111.95	121.11
	Less: Closing Stock	6.77	6.93
	<b>Total:</b>	<u>112.11</u>	<u>122.65</u>
<b>24</b>	<b>Employee Benefit Expense</b>		
	Salaries and Wages	180.85	177.55
	Employer Contribution to PF, and ESIC	13.33	13.20
	Gratuity	6.04	4.47
	Compensated Absences	1.68	7.81
	Staff Welfare Expenses	4.65	4.40
	<b>Total:</b>	<u>206.55</u>	<u>207.43</u>
<b>25</b>	<b>Finance Cost</b>		
	Interest Expense	40.31	45.28
	Bank Charges	2.90	2.64
	<b>Total:</b>	<u>43.21</u>	<u>47.92</u>



Note No.	Particulars	Year ended 31.03.2019 (Rs. in Lakhs)	Year ended 31.03.2018 (Rs. in Lakhs)
<b>26</b>	<b>Other Expenses</b>		
	Power and Fuel	16.18	20.02
	Rent	14.47	24.23
	Repairs & Maintenance	31.33	15.27
	Insurance	0.72	0.73
	Travel and Conveyance	3.89	4.87
	Legal and Professional Charges	128.32	140.61
	Postage, Telephone & Internet Expenses	9.59	10.19
	Auditor's Remuneration		
	- For Taxation Matters	1.06	0.90
	- For Company Law Matters	0.71	0.60
	Rates & Taxes	4.93	3.83
	Printing & Stationery	1.72	2.50
	Lab Testing Fee	49.76	30.31
	Security Charges	4.92	7.19
	House Keeping Charges	7.45	9.90
	Advertisement & Business Promotional Expenses	8.83	34.67
	Loss on Sale of Assets	0.10	7.47
	Loss on discard of Assets	0.00	7.33
	Miscellaneous Expenses	41.23	51.70
	<b>Total:</b>	<b>325.21</b>	<b>372.32</b>
<b>27</b>	<b>Exceptional Items</b>		
	Liabilities Written back	161.32	162.57
	<b>Total:</b>	<b>161.32</b>	<b>162.57</b>
<b>28</b>	<b>Earning Per Share</b>		
	Net Profit available to Equity Share Holders (after adjustments, if any)	75.23	-15.23
	Weighted Average number of Equity Shares held	99,81,640	99,81,640
	Potential Equity Shares	99,81,640	99,81,640
	Earnings per Share - Basic	0.75	-0.15
	Earnings per Share - Diluted	0.75	-0.15

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**Significant accounting policies and Notes to the Standalone Financial Statements for the year ended March 31, 2019**

**29. Corporate Information**

Medinova Diagnostic Services Limited (the Company) is a Public limited Company domiciled in India and was incorporated on March, 11, 1993 under the provisions of the Companies Act 1956 applicable in India. The registered office of the Company is located at # 7-1-58/A/FF8, Flat No. 8, Amrutha Business Complex, Ameerpet, Hyderabad - 500 016, Telangana, India.

The Company is engaged in the business of providing comprehensive range of diagnostic services spanning pathological investigations, radiology & imaging, conventional, specialized lab services and diagnostic cardiology.

**30. Significant accounting policies**

**(A). Basis of preparation**

**(i) Statement of compliance**

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The standalone financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Company's annual reporting date (March 31, 2019) have been applied. The accounting policies are applied consistently to all the periods presented in the financial statements.

The standalone financial statements were authorised for issue by the Company's Board of Directors on May 22, 2019.

**(ii). Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs except share data or as otherwise stated.

**(iii). Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items:

-Certain financial assets and liabilities : Measured at fair value (Refer accounting policy regarding financial instruments)

-Borrowings : Amortised cost using effective interest rate method.

**(iv). Use of estimates**

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**(v). Current and non-current classification:**

The Company presents all assets and liabilities in the balance sheet based on current/non-current classification.



An asset is classified as a current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle, or held primarily for the purpose of trading, or expected to be realised within twelve months after the reporting period, Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- Current assets include the current portion of non current financial assets; All other assets are classified as non-current.

A liability is classified as a current when:

- It is expected to be settled in normal operating cycle, or it is held primarily for the purpose of trading, or it is due to be settled within twelve months after the reporting period, Or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- Deferred tax assets/liabilities are classified as non-current.
- Current liabilities include current portion of non current financial liabilities; All other liabilities are classified as non-current.

**(vi). Operating Cycle**

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company operating cycle is within a period of twelve months

**(vii). Measurement of fair values**

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**(B). Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured. It is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Timing of recognition:** The company derives revenue from providing diagnostic services. The revenue is recognised when the services are completed and provided to the customer.

**Measurement of revenue:** Revenue from diagnostics services is recognized on amount billed net of discounts/ concessions if any. No element of financing is deemed present as the sales are made primarily on cash and carry basis. However, for institutional/ organisational customers a credit period of 30 to 60 days is given, which is consistent with market practice.

**Interest Income**

Interest income or expense is recognised using the effective interest method on time proportion basis.

**(C). Financial instruments**

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial Loss or equity instrument of

**Recognition and initial measurement**

Trade receivables are initially recognised at fair value when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

**Classification and subsequent measurement**

**Financial assets**

All financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**Initial recognition and measurement**

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value Through Profit or Loss (FVPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.



A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Subsequent measurement and gains and losses:**

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

**Derecognition - Financial assets**

A financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Derecognition - Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.





The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### **Financial Instruments Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **(D). Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

Depreciation and Amortization is provided using the Written down value Method (WDV) over the useful lives of the assets as estimated by the management based on technical evaluation. Assets costing below Rs.5,000 are depreciated in full in the same year. The class of assets where the company based on its internal assessment of usage pattern of assets believes that useful life is different from those prescribed in Schedule II of the Companies Act, 2013 are as under:

Asset Description	Useful life in years as Estimated	Useful life in years as per Schedule II
Civil works on leased premises	10	10
Plant & Machinery - Others	7	15
Plant & Machinery – Medical I	5	13
Plant & Machinery – Medical II	10	13
Office Equipment	3	5
Voltage Stabilizer	5	6
Computers	5	3
Furniture & Fixtures	5	10

Residual value is considered to be 10% on all the assets, as technically estimated by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the



**(E). Inventories**

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables, these are valued at lower of cost and net realizable value. Cost of Inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any. Cost is determined on First-in-First-out basis.

**(F). Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(G). Employee benefits**

*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are

*(ii) Other long-term employee benefit obligations*

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

*(iii) Post-employment obligations*

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund

**Gratuity obligations:**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.



The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Defined contribution plans:**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Company providing retirement benefit in the form of provident fund is a defined contribution scheme. The contributions payable to the provident fund are recognised as expenses, when an employee renders the related services. The Company has no obligation,

**(H). Leases**

***Determining whether an arrangement contains a lease***

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

**Assets held under leases**

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's balance sheet.

**Lease payments**

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.



**(I). Income tax**

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

**Current tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**(J). Borrowing cost**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.



### 31. Financial instruments - fair valuation and risk management

#### A). Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Rs. in Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Amortised Cost	FVTPL	Amortised Cost	FVTPL
<b>Financial instruments by category</b>				
<i>Financial Assets</i>				
Trade receivables	43.47		21.47	-
Cash and cash equivalents	5.41		9.73	-
Security Deposits	10.59		14.09	-
Other bank deposits	3.73		1.38	-
Investment in Subsidiary	126.82		129.00	-
<b>Total Financial Assets</b>	<b>190.02</b>		<b>175.67</b>	-
<i>Financial Liabilities</i>				
Borrowings	447.98		474.74	-
Membership Deposits & Interest	0.00		161.51	-
Interest accrued but not due on borrowings	0.70		1.20	-
Interest accrued and due on unsecured loans	99.08		74.31	-
Trade payables	468.58		424.58	-
<b>Total Financial Liabilities</b>	<b>1,016.34</b>		<b>1,136.34</b>	-

The carrying amount of the current financial assets and current financial liabilities are considered to be same as their fair values, due to their short term nature.

#### B). Financial Risk Management

The Company activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Trade receivables, security deposits, bank deposits and loans.	Ageing analysis. Credit score of customers / entities.	Diversification of bank deposits and monitoring the credit limits of customers.
Liquidity Risk	Borrowings	Cash flow forecasts managed by finance team under the overview of senior management.	Working capital management by senior management.

The company's risk management is carried out by the senior management under policies approved by the board of directors. The Board provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.



**(i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Company. Outstanding customer receivables are regularly monitored.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

(Rs. in Lakhs)				
As at	< 180 days	> 180 days	Provision	Total
31 March 2019	37.07	6.40	0.00	43.47
31 March 2018	17.09	4.38	0.00	21.48

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The finance team monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows and any short liquidity is managed in the form of current borrowings as per the approved frame work.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

(Rs. in Lakhs)					
As at 31 March, 2019	Total	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
Long Term Borrowings (incl current maturities)	92.53	56.52	31.53	4.48	
Borrowings from Directors and Holding Company	355.45			355.45	
Interest accrued and due on Unsecured loans above	99.08	99.08			
Interest accrued but not due on Long Term borrowings	0.70	0.70			
Trade payables	468.58	468.58			
<b>Total</b>	<b>1016.34</b>	<b>624.88</b>	<b>31.53</b>	<b>359.93</b>	<b>0.00</b>

(Rs. in Lakhs)					
As at 31 March, 2018	Total	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
Long Term Borrowings (incl current maturities)	135.25	49.18	55.10	30.97	
Borrowings - Overdraft	4.05	4.05			
Borrowings from Directors and Holding Company	335.45			335.45	
Interest accrued and due on Unsecured loans above	74.31	74.31			
Membership Deposits & Interest	161.51	161.51			
Interest accrued but not due on Long Term borrowings	1.20	1.20			
Trade payables	424.58	424.58			
<b>Total</b>	<b>1,136.35</b>	<b>714.83</b>	<b>55.10</b>	<b>366.42</b>	<b>0.00</b>







**(iii) Post employment benefit obligation Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan.

The amounts recognised in the balance sheet and the movements in the defined benefit obligation as per the valuation report as at 31.03.2019 are produced in the tables below

**(a) Changes in the Present Value of Obligation** ((Rs. in Lakhs))

Particulars	Year ended	
	31.03.2019	31.03.2018
<b>Present Value of Obligation as at the beginning</b>	45.80	25.40
Current Service Cost	2.58	2.44
Interest Expense or Cost	3.46	2.03
- change in demographic assumptions	0.00	0.27
- change in financial assumptions	0.92	0.78
- experience variance (i.e. Actual experience vs assumptions)	0.65	17.02
Benefits Paid	-3.29	-2.15
<b>Present Value of Obligation as at the end</b>	<b>50.12</b>	<b>45.80</b>

**(b) Bifurcation of Present Value of Obligation at the end of the year as per revised Schedule III of the Companies Act, 2013**

Particulars	As at	
	31.03.2019	31.03.2018
Current Liability (Short term)	17.60	11.59
Non-Current Liability (Long term)	32.52	34.20
<b>Present Value of Obligation</b>	<b>50.12</b>	<b>45.80</b>

**(c) Expenses Recognised in the Income Statement**

Particulars	Year ended	
	31.03.2019	31.03.2018
Current Service Cost	2.58	2.44
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.46	2.03
<b>Expenses Recognised in the Income Statement</b>	<b>6.04</b>	<b>4.47</b>

**(d) Other Comprehensive Income**

Particulars	Year ended	
	31.03.2019	31.03.2018
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	0.27
- change in financial assumptions	0.92	0.78
- experience variance (i.e. Actual experience vs assumptions)	0.65	17.02
<b>Components of defined benefit costs recognised</b>	<b>1.57</b>	<b>18.08</b>

**(e) Financial Assumptions**

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As at	
	31.03.2019	31.03.2018
Discount rate (per annum)	6.95%	7.55%
Salary growth rate (per annum)	6.00%	6.00%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

**(f) Demographic Assumptions**

The principal demographic assumptions used in the valuation are shown in the table below:

Particulars	As at	
	31.03.2019	31.03.2018
Mortality rate (% of IALM 06-08)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rate (per annum)	15.00%	15.00%

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

**37. Exceptional Items:**

In view of the management estimate, the total unclaimed liability relating to membership deposits and interest is being written back over a period of three years commencing from financial year 2016-17. Accordingly, in the current financial year, an amount of Rs. 161.32 Lakhs being the the balance of the unclaimed liability is written back and recognized as income under exceptional item in the Statement of Profit and Loss.



**38. Details of related party where control exists and other related party with whom the Company had transactions and their relationships during the financial year.**

**(i) Names of related parties and nature of relationship**

Nature of Relation	Name of the Related Party
Holding Company	Vijaya Diagnostic Centre Private Limited
Subsidiary	Medinova Millennium MRI Services LLP
Key Management Personnel	Dr. Sura Surendranath Reddy, Chairman Sunil Chandra Kondapally, Managing Director N Ravi Kumar, Chief Financial Officer Vijay Gupta, Company Secretary

**(ii) Transactions during the year**

(Rs. in Lakhs)

S.No	Name of the Party	Nature of Transaction	Year ended 31.03.2019	Year ended 31.03.2018
1	Vijaya Diagnostic Centre Private Limited	Diagnostic Services(Expense)	25.75	28.09
2	Vijaya Diagnostic Centre Private Limited	Interest on Loan	1.33	0.00
3	Vijaya Diagnostic Centre Private Limited	Sale of Fixed Assets	0.00	56.22
4	Vijaya Diagnostic Centre Private Limited	Loan Received	20.00	8.00
5	Medinova Millennium MRI Services LLP	Input Services (Expense)	15.07	0.19
6	Medinova Millennium MRI Services LLP	Rent Received	7.20	7.20
7	Medinova Millennium MRI Services LLP	Investment / (Withdrawal)	-2.18	14.25
8	Dr Sura Surendranath Reddy	Loan Received	0.00	5.00
9	K Sunil Chandra	Loan Received	0.00	16.45
10	Dr Sura Surendranath Reddy	Interest on Loan	22.80	22.70
11	K Sunil Chandra	Interest on Loan	3.40	3.03
12	N Ravikumar	Remuneration	6.97	6.98
13	Y K Priyadarshini **	Remuneration	0.00	0.00
14	Vijay Gupta*	Remuneration	0.00	0.00

\* Vijay Gupta a whole time Company Secretary of Vijaya Diagnostic Centre Private Limited, the Holding company of Medinova Diagnostic Services Limited (MDSL) was appointed w.e.f 22.10.2018 as the whole time company secretary of MDSL. No remuneration was paid separately in MDSL.

\*\* Y K Priyadarshini, ceased to be the company secretary of the company w.e.f 30.06.2018.



<b>(iii) Balances Outstanding as at</b>			<b>(Rs. in Lakhs)</b>	
<b>S.No</b>	<b>Name of the Party</b>	<b>Nature of Transaction</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
1	Vijaya Diagnostic Centre Private Limited	Creditor for Services	270.62	247.45
2	Vijaya Diagnostic Centre Private Limited	Unsecured Loan	28.00	8.00
3	Vijaya Diagnostic Centre Private Limited	Interest Payable	1.19	0.00
4	Medinova Millennium MRI Services LLP	Rent Receivable	0.11	0.70
5	Medinova Millennium MRI Services LLP	Investment	126.82	129.00
6	Medinova Millennium MRI Services LLP	Creditor for Services	8.05	0.00
7	Dr.Sura Surendranath Reddy	Unsecured Loan	285.00	285.00
8	K Sunil Chandra	Unsecured Loan	42.45	42.45
9	Dr.Sura Surendranath Reddy	Interest Payable	90.20	69.68
10	K Sunil Chandra	Interest Payable	7.68	4.63
11	N Ravi Kumar	Remuneration Payable	0.54	0.52

39. Previous Year figures have been re-grouped/rearranged wherever necessary to confirm with current year classification and to facilitate meaningful comparison.

As per our report of even date

for and on behalf of the Board of Directors

for **Ratnam Dhaveji & Co.**,  
Chartered Accountants  
Firm Regn No.006677S

**Dr. Sura Surendranath Reddy**  
Chairman

**Sunil Chandra Kondapally**  
Managing Director

**C V Ratnam Dhaveji**  
Partner  
M.No.203479

Place : Hyderabad  
Date : 22nd May, 2019

**N Ravikumar**  
Chief Financial Officer

**Vijay Gupta**  
Company Secretary



**Independent Auditors' Report**  
**To the Members of Medinova Diagnostic Services Limited**  
**Report on the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying Consolidated financial statements of Medinova Diagnostic Services Limited ("the Company") and its subsidiary LLP (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2019, the Consolidated Profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.



The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India . The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.



#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- i. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which Company are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.



Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- i. Planning the scope of our audit work and in evaluating the results of our work; and
- ii. To evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.





- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed impact of pending litigations in Notes on IND AS Consolidated Financial Statements under "Contingent liabilities and Commitments to the extent not provided for"
  - b. The Group does not have any long-term contracts including derivative contracts.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.


For Ratnam Dhaveji & Co  
Chartered Accountants  
Firm Regn No 006677S

Place: Hyderabad  
Date: 22.05.2019

C V Ratnam Dhaveji  
Partner  
M. No 203479

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Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2019, we have audited the internal financial controls over financial reporting of Medinova Diagnostic Services Limited (hereinafter referred to as "Company") and its subsidiary LLP, which is an LLP incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company and the designated partners of its subsidiary LLP, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary LLP, incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary LLP incorporated in India.



A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company & Subsidiary LLP;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company and Subsidiary LLP are being made only in accordance with authorizations of management and directors of the company and designated partners of the LLP.
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary LLP incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the respective company and LLP considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ratnam Dhaveji & Co  
Chartered Accountants  
Firm Regn No 006677S

Place: Hyderabad  
Date: 22.05.2019

C V Ratnam Dhaveji  
Partner  
M. No 203479



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019**

SI No.	Particulars	Note No	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>I</b>	<b>ASSETS</b>			
1	<b>Non Current assets</b>			
	(a) Property plant and equipment	1	333.50	448.41
	(b) Financial assets			
	(i) Trade receivables	2	3.94	4.21
	(ii) Other financial assets	3	14.32	15.47
	(c) Deferred Tax Assets (net)	4	21.34	15.49
	(d) Other Non Current Assets	5	0.43	0.43
2	<b>Current assets</b>			
	(a) Inventories	6	9.54	10.44
	(b) Financial asstes			
	(i) Trade receivables	7	46.58	20.50
	(ii) Cash and cash equivalents	8	5.82	11.37
	(c) Current Tax Assets	9	37.12	77.83
	(d) Other current assets	10	4.65	3.59
	<b>TOTAL ASSETS</b>		<b>477.24</b>	<b>607.74</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>			
	(a) Equity share capital	11	995.68	995.68
	(b) Other equity	12	-1886.75	-1966.41
2	<b>Non controlling interest</b>	13	-22.00	-23.06
3	<b>Liabilities</b>			
A	<b>Non current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	14	391.46	544.32
	(b) Provisions	15	61.54	63.42
B	<b>Current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	16	195.31	4.05
	(ii) Trade payables	17	471.35	438.27
	(iii) Other financial liabilities	18	156.30	416.50
	(b) Other current liabilities	19	91.37	121.47
	(c) Provisions	20	22.98	13.50
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	29 - 40		
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>477.24</b>	<b>607.74</b>

As per our report of even date

for **Ratnam Dhaveji & Co.,**  
Chartered Accountants  
Firm Regn No.006677S

for and on behalf of the Board of Directors

**Dr. Sura Surendranath Reddy** **handra Kondapally**  
Chairman Managing Director

**C V Ratnam Dhaveji**  
Partner  
M.NO.203479

Place : Hyderabad  
Date : 22nd May, 2019

**N Ravikumar**  
Chief Financial Officer

**Vijay Gupta**  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019**

Sl No.	Particulars	Note No.	Year ended 31.03.2019 (Rs. in Lakhs)	Year ended 31.03.2018 (Rs. in Lakhs)
1	<b>Income:</b>			
	(a) Revenue from operations	21	897.26	867.00
	(b) Other Income	22	9.98	0.23
	<b>Total Income</b>		<b>907.24</b>	<b>867.23</b>
2	<b>Expenses:</b>			
	(a) Cost of Material Consumed	23	132.90	134.20
	(b) Employees benefit Expense	24	219.94	219.35
	(c) Finance Costs	25	65.88	84.36
	(d) Depreciation & Amortisation Expenses	1	128.52	188.35
	(e) Other Expenses	26	412.38	455.05
	<b>Total Expenses</b>		<b>959.62</b>	<b>1081.31</b>
3	Profit / (Loss) Before Exceptional Items and Tax (1-2)		-52.38	-214.08
4	Exceptional Items	27	161.32	162.57
5	Profit / (Loss) before Tax (3-4)		108.94	-51.51
6	Tax Expenses:			
	Current Tax		0.00	0.00
	Deferred Tax (Credit) / Charge		-5.85	-9.91
	Taxes of earlier years		32.50	3.72
7	Profit / (Loss) after Taxes (5-6)		82.29	-45.32
8	Other Comprehensive Income		-1.57	-18.07
9	Total Comprehensive income for the period (7+8)		80.72	-63.39
10	<b>Non Controlling Interest</b>		1.06	-31.37
11	Total Comprehensive income after Non controlling Interest for the year (9-10)		79.66	-32.02
12	Earnings per Equity Share: Basic & Diluted	28	0.80	-0.32
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	29 - 40		

As per our report of even date

for **Ratnam Dhaveji & Co.,**  
Chartered Accountants  
Firm Regn No.006677S

for and on behalf of the Board of Directors

**Dr. Sura Surendranath Reddy**      **Sunil Chandra Kondapally**  
Chairman      Managing Director

**C V Ratnam Dhaveji**  
Partner  
M.NO.203479

Place : Hyderabad  
Date : 22nd May, 2019

**N Ravikumar**  
Chief Financial Officer

**Vijay Gupta**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019**

Particulars	Year ended 31.03.2019 (Rs. in Lakhs)	Year ended 31.03.2018 (Rs. in Lakhs)
<b>A) Cash flows from operating activities</b>		
Profit / (Loss) before tax	108.94	-51.51
Adjustments to reconcile Profit before tax to net cash flows:		
- Depreciation	128.52	188.35
- Loss/ (Profit) on sale of fixed assets	1.31	7.47
- Loss on discard of assets	0.00	7.33
- Finance cost on borrowings	59.70	78.62
- Provision for gratuity and compensated absences	5.26	28.21
- Interest on Decommissioning Liability	2.33	2.12
- Liabilities written back	-161.32	-162.57
- Provision for employee benefits	-1.57	-18.07
Operating Profit before working capital changes	143.17	79.94
Changes in working capital:		
Decrease/(Increase) in inventories	0.89	-0.31
Decrease/(Increase) in trade receivables	-25.80	10.16
Decrease/(Increase) in long-term loans and advances	1.14	13.86
Decrease/(Increase) in current assets	40.71	-5.56
Decrease/(Increase) in other current assets	-1.05	2.63
Increase/(decrease) in trade payables	33.07	19.11
Increase/(decrease) in other current liabilities	-30.10	-3.37
<b>Cash generated from operations</b>	162.02	116.44
Taxes paid	-32.50	
<b>Net cash flow from operating activities (A)</b>	129.52	116.44
<b>B). Cash flows from investing activities</b>		
Purchase of tangible assets	-15.74	-13.29
Sale of fixed assets	0.83	50.38
<b>Net cash used in investing activities (B)</b>	-14.91	37.09
<b>C). Cash flows from financing activities</b>		
Proceeds from minority share holders of subsidiary	0.00	26.00
Loans received from directors	0.00	21.45
Loans received from, holding company	20.00	8.00
Repayment of long-term borrowings	-296.31	-165.64
Proceeds from short-term borrowings	191.08	15.86
Finance cost paid on borrowings	-34.93	-55.47
<b>Net cash generated from financing activities (C)</b>	-120.16	-149.80
Net increase in cash and cash equivalent (A+B+C)	-5.55	3.73
Opening balance of cash and cash equivalents	11.37	7.64
<b>Closing balance of cash and cash equivalents</b>	5.82	11.37
Cash and cash equivalents comprise :		
Cash on hand	1.10	2.07
Balances with banks, Current Accounts	4.72	9.30
<b>Total cash and cash equivalents</b>	5.82	11.37

for Ratnam Dhaveji & Co.,  
Chartered Accountants  
Firm Regn No.006677S

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy      Sunil Chandra Kondapally  
Chairman      Managing Director

C V Ratnam Dhaveji  
Partner  
M.NO.203479

Place : Hyderabad  
Date : 22nd May, 2019

N Ravikumar  
Chief Financial Officer

Vijay Gupta  
Company Secretary



Note No.1  
Property plant and equipment  
Tangible Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01-04-2018	Additions	Sale/ Adjustment	As at 31-03-2019	For the Year	For the Year	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
						(on a/c of sale/ adjusted)			
Computers	29.38	1.76	2.21	28.94	22.21	2.87	23.10	5.84	71.8
Furniture & Fixtures	52.27	2.61	0.00	54.88	34.39	7.37	47.51	13.11	17.87
Civil Works on/Leased Buildings	43.94	0.00	0.00	43.94	21.39	4.64	26.03	17.91	22.54
Plant & Machinery	670.86	11.27	4.27	677.86	570.08	113.64	681.25	286.64	403.82
<b>TOTAL</b>	<b>1,096.46</b>	<b>15.74</b>	<b>6.48</b>	<b>1,105.75</b>	<b>648.07</b>	<b>128.52</b>	<b>772.25</b>	<b>333.90</b>	<b>448.41</b>



Note No.	Particulars	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>2</b>	<b>Trade receivables</b>		
	-Unsecured, Considered Good	3.94	4.21
	<b>Total:</b>	<u>3.94</u>	<u>4.21</u>
<b>3</b>	<b>Other financial assets</b>		
	Rent Deposits	5.73	5.73
	Other Deposits	8.59	9.74
	<b>Total</b>	<u>14.32</u>	<u>15.47</u>
<b>4</b>	<b>Deferred Tax Asset (Net)</b>		
	Deferred Tax Asset/ (Liability) on account of Depreciation	16.03	11.72
	Deferred Tax Asset on account of Decommissioning Liability	5.31	3.77
	<b>Total:</b>	<u>21.34</u>	<u>15.49</u>
<b>5</b>	<b>Other Non-current Assets</b>		
	MAT Credit Entitlement	0.43	0.43
	<b>Total:</b>	<u>0.43</u>	<u>0.43</u>
<b>6</b>	<b>Inventories</b>		
	Films	2.56	3.11
	Chemicals	1.35	2.38
	Medicines	0.54	0.29
	Consumables, Spares & Others	5.09	4.66
	<b>Total:</b>	<u>9.54</u>	<u>10.44</u>
<b>7</b>	<b>Trade Receivables</b>		
	Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment		
	-Unsecured, Considered Good	44.12	20.33
	Trade Receivables outstanding for a period more than six months from the date they are due for payment		
	-Unsecured, Considered Good	2.46	0.17
	<b>Total:</b>	<u>46.58</u>	<u>20.50</u>
<b>8</b>	<b>Cash and cash equivalents</b>		
	a. Balances with Banks		
	- Current Accounts	4.72	9.30
	b. Cash on Hand	1.10	2.07
	<b>Total:</b>	<u>5.82</u>	<u>11.37</u>
<b>9</b>	<b>Current Tax Assets (net)</b>		
	TDS Receivables	37.12	77.83
	<b>Total:</b>	<u>37.12</u>	<u>77.83</u>
<b>10</b>	<b>Other Current Assets</b>		
	Pre-paid Expenses	3.51	1.76
	Others	1.14	1.83
	<b>Total:</b>	<u>4.65</u>	<u>3.59</u>





Note No.	Particulars	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>11</b>	<b>Equity share capital</b>		
	<b>a) Authorised Share Capital</b>		
	1,10,00,000 Equity Shares of Rs.10/- each	1,100.00	1,100.00
	<b>Total:</b>	<u>1,100.00</u>	<u>1,100.00</u>
	<b>b) Issued Capital, Subscribed and Paid-up Capital</b>		
	99,81,640 Equity Shares of Rs.10/- each	998.16	998.16
	Less : Allotment Money Arrears	2.48	2.48
	<b>Total:</b>	<u>995.68</u>	<u>995.68</u>
<b>12</b>	<b>Other equity</b>		
	<b>a) General Reserve</b>		
	Add: Transfers during the year	62.46	62.46
	Less: Utilised during the year	0.00	0.00
	Closing Balance	<u>62.46</u>	<u>62.46</u>
	<b>b) Share Premium</b>		
	Opening Balance	51.55	51.55
	Add: Additions during the year	0.00	0.00
	Less: Utilised during the year	0.00	0.00
	Closing Balance	<u>51.55</u>	<u>51.55</u>
	<b>c) Surplus / (Deficit) in Statement of Profit &amp; Loss</b>		
	Opening Balance	-2080.41	-2066.09
	Less: Non Controlling Interest	0.00	-17.69
		-2080.41	-2048.39
	Add: Profit / (Loss) for the year	79.66	-35.02
	Closing Balance	<u>-2000.76</u>	<u>-2080.41</u>
	<b>Total :</b>	<u>-1886.75</u>	<u>-1966.41</u>
<b>13</b>	<b>Non controlling interest</b>		
	Non controlling interest	-22.00	-23.06
	<b>Total :</b>	<u>-22.00</u>	<u>-23.06</u>
<b>14</b>	<b>Non current liabilities</b>		
	<b>Borrowings</b>		
	<b>Term Loans</b>		
	<b>From Banks</b>	92.53	387.30
	<b>Less: Current maturities of long term borrowings</b>	56.52	178.43
		<u>36.01</u>	<u>208.87</u>
	<b>Loans &amp; Advances from Related Parties</b>		
	Unsecured Loans		
	from Vijaya Diagnostic Centre Pvt Ltd (Holding Company)	28.00	8.00
	from Directors	327.45	327.45
	<b>Total:</b>	<u>391.46</u>	<u>544.32</u>
	(A) Security details for Bank loan outstanding as at March 31, 2019: These loans are secured by exclusive charge on equipments purchased out of the loans and personal guarantees by Dr S Surendranath Reddy, K Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Private Ltd.		
	(B) Security details for Bank loan outstanding as at March 31, 2018: These loans are secured by exclusive charge on equipments purchased out of the loans and personal guarantees by Dr S Surendranath Reddy, K Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Private Ltd. Further, the loan of the subsidiary is additionally secured by personal guarantee by designated partner of the subsidiary i.e Dr.Pranab Dasgupta.		
<b>15</b>	<b>Provisions</b>		
	Gratuity	32.52	34.20
	(Refer Note No.36)		
	Compensated Absence	3.38	5.91
	Decommissioning Liability for MRI	25.64	23.31
	<b>Total:</b>	<u>61.54</u>	<u>63.42</u>



Note No.	Particulars	As at 31.03.2019 (Rs. in Lakhs)	As at 31.03.2018 (Rs. in Lakhs)
<b>Current liabilities</b>			
16	<b>Borrowings</b>		
	Loans repayable on Demand		
	<b>Overdraft Account</b>	195.31	4.05
	<b>Total:</b>	<u>195.31</u>	<u>4.05</u>
<p>(The current year borrowing represents overdraft facility taken by the subsidiary. The said overdraft facility is secured with Fixed Deposit given by Holding Company and Mr. Arnab Dasgupta, partner in the subsidiary.</p> <p>(The Previous year overdraft is Secured by Hypothecation of Stocks, Receivables, Personal guarantees by Dr S. Surendranath Reddy, K. Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Private Ltd.)</p>			
17	<b>Trade payables</b>		
	Dues of creditors other than micro and small enterprises (Refer Note No. 34)	471.35	438.27
	<b>Total:</b>	<u>471.35</u>	<u>438.27</u>
18	<b>Other financial liabilities</b>		
	Current Maturities of Long Term Borrowings from Banks	56.52	178.43
	Interest Accrued but not due	0.70	2.25
	Membership Deposits & Interest	0.00	161.51
	Interest on Unsecured Loans	99.08	74.31
	<b>Total:</b>	<u>156.30</u>	<u>416.50</u>
19	<b>Other current liabilities</b>		
	Statutory Payables	7.34	20.60
	Payable to Employees	65.60	67.81
	Others	18.43	33.06
	<b>Total:</b>	<u>91.37</u>	<u>121.47</u>
20	<b>Provisions</b>		
	Gratuity (Refer Note No.36)	17.60	11.59
	Compensated Absence	5.38	1.91
	<b>Total:</b>	<u>22.98</u>	<u>13.50</u>
<b>Note No.</b>	<b>Particulars</b>	<b>Year ended 31.03.2019 (Rs. in Lakhs)</b>	<b>Year ended 31.03.2018 (Rs. in Lakhs)</b>
21	<b>Revenue from Operation</b>		
	Sale of Services	891.85	859.44
	Franchise Management Fee	5.41	7.56
	<b>Total:</b>	<u>897.26</u>	<u>867.00</u>
22	<b>Other Income</b>		
	Interest received on others	2.52	0.03
	Miscellaneous income	7.46	0.20
	<b>Total:</b>	<u>9.98</u>	<u>0.23</u>
23	<b>Cost of Materials Consumed</b>		
	Inventories at the beginning of the Year	10.44	10.12
	Add: Purchases during the year	132.00	134.52
	Less: Closing Stock	9.54	10.44
	<b>Total:</b>	<u>132.90</u>	<u>134.20</u>



Note No.	Particulars	Year ended 31.03.2019 (Rs. in Lakhs)	Year ended 31.03.2018 (Rs. in Lakhs)
<b>24</b>	<b>Employee Benefit Expense</b>		
	Salaries and Wages	193.06	188.46
	Employer Contribution to PF, and ESIC	14.37	14.13
	Gratuity	6.04	4.47
	Compensated Absences	1.68	7.81
	Staff Welfare Expenses	4.79	4.48
	<b>Total:</b>	<b>219.94</b>	<b>219.35</b>
<b>25</b>	<b>Finance Cost</b>		
	Interest Expense	59.70	78.62
	Interest Unwinding on Decommissioning Liability	2.33	2.12
	Bank Charges	3.85	3.62
	<b>Total:</b>	<b>65.88</b>	<b>84.36</b>
<b>26</b>	<b>Other Expenses</b>		
	Power and Fuel	34.68	38.19
	Rent	15.77	25.10
	Repairs & Maintenance	63.79	39.87
	Insurance	0.95	1.03
	Travel and Conveyance	5.33	6.57
	Legal and Professional Charges	167.41	175.30
	Postage, Telephone & Internet Expenses	9.69	10.30
	Auditor's Remuneration		
	- For Taxation Matters	1.24	1.08
	- For Company Law Matters	0.71	0.60
	Rates & Taxes	5.02	3.93
	Printing & Stationery	1.72	2.50
	Lab Testing Fee	34.69	30.11
	Security Charges	4.92	7.19
	House Keeping Charges	7.45	9.90
	Advertisement & Business Promotional Expenses	12.95	34.67
	Preoperative & Preliminary expenses	0.76	0.76
	Loss on Sale of Assets	1.31	7.47
	Loss on discard of Assets	0.00	7.33
	Miscellaneous Expenses	43.99	53.15
	<b>Total:</b>	<b>412.38</b>	<b>455.05</b>
<b>27</b>	<b>Exceptional Items</b>		
	Liabilities Written back	161.32	162.57
	<b>Total:</b>	<b>161.32</b>	<b>162.57</b>
<b>28</b>	<b>Earning Per Share</b>		
	Net Profit available to Equity Share Holders (after adjustments, if any)	79.66	-32.02
	Weighted Average number of Equity Shares held	99,81,640	99,81,640
	Potential Equity Shares	99,81,640	99,81,640
	Earnings per Share - Basic	0.80	(0.32)
	Earnings per Share - Diluted	0.80	(0.32)



## Significant accounting policies and Notes to the Consolidated Financial Statements for the year ended March 31, 2019

### 29. Corporate Information

Medinova Diagnostic Services Limited (MDSL or 'the Parent Company' or 'Holding Company' or 'the Company') is a Public limited Company domiciled in India and was incorporated on March, 11, 1993 under the provisions of the Companies Act 1956 applicable in India. The registered office of the Company is located at # 7-1-58/A/FF8, Flat No. 8, Amrutha Business Complex, Ameerpet, Hyderabad - 500 016, India.

The consolidated financial statements comprise financial statements of Medinova Diagnostic Services Limited (MDSL or 'the Parent Company' or 'Holding Company' or 'the Company') together with its subsidiary i.e., Medinova Millennium MRI Services LLP (collectively termed as 'the Group') (collectively termed as 'the Consolidated Entities') for the year ended March 31, 2019.

The Group is engaged in the business of providing comprehensive range of diagnostic services spanning pathological investigations, radiology & imaging, conventional, specialized lab services and diagnostic cardiology.

### 30. Significant accounting policies

#### (A). Basis of preparation

##### (i) Statement of compliance

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Consolidated financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Group's annual reporting date (31.03.2019) have been applied. The accounting policies are applied consistently to all the periods presented in the financial statements.

The Consolidated financial statements were authorised for issue by the Company's Board of Directors on 22.05.2019.

##### (ii). Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs except share data or as otherwise stated.

##### (iii). Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

-Certain financial assets and liabilities : Measured at fair value (Refer accounting policy regarding financial instruments)

-Borrowings : Amortised cost using effective interest rate method.



**(iv). Use of estimates**

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**(v). Current and non-current classification:**

The Group presents all assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as a current when it is:

- 'Expected to be realised or intended to sold or consumed in normal operating cycle, or held primarily for the purpose of trading, or expected to be realised within twelve months after the reporting period, Or
- 'Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- Current assets include the current portion of non current financial assets; All other assets are classified as non-current.

A liability is classified as a current when:

- 'It is expected to be settled in normal operating cycle, or it is held primarily for the purpose of trading, or it is due to be settled within twelve months after the reporting period, Or
- 'there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- 'Deferred tax assets/liabilities are classified as non-current.
- Current liabilities include current portion of non current financial liabilities; All other liabilities are classified as non-current.

**(vi). Operating Cycle**

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company operating cycle is within a period of twelve months

**(vii). Measurement of fair values**

Accounting polices and disclosures require measurement of fair value for both financial and non-financial assets.



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### **viii) Basis of consolidation**

##### **Subsidiaries**

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:



- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements;
- (iii) The Group's voting rights and potential voting rights;
- (iv) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. year ended on March 31.

**Consolidation procedures:**

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- (i) Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
  - (ii) Derecognizes the carrying amount of any non-controlling interests.
  - (iii) Derecognizes the cumulative translation differences recorded in equity.
  - (iv) Recognizes the fair value of the consideration received.
  - (v) Recognizes the fair value of any investment retained.
  - (vi) Recognizes any surplus or deficit in profit or loss.
- (vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**Group information:**

The Consolidated Financial Statements have been prepared on the basis of the financial statements of the following subsidiaries, which are incorporated in India, % of effective ownership by Parent Company is also given below:

**Subsidiaries:**

- Medinova Millennium MRI Services LLP, % of ownership 55.00% (31st March 2018: 55.50%, )

**ix) Business Combinations and Goodwill:**

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1 April 2016.

**(B). Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Timing of recognition:** The Group derives revenue from providing diagnostic services. The revenue is recognised when the services are completed and provided to the customer.

**Measurement of revenue:** Revenue from diagnostics services is recognized on amount billed net of discounts/ concessions if any. No element of financing is deemed present as the sales are made primarily on cash and carry basis. However, for institutional/ organisational customers a credit period of 30 to 60 days is given, which is consistent with market practice.

**Interest Income**

Interest income or expense is recognised using the effective interest method on time proportion basis.

**(C). Financial instruments**

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial Loss or equity instrument of another entity.





#### **Recognition and initial measurement**

Trade receivables are initially recognised at fair value when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

#### **Classification and subsequent measurement**

##### **Financial assets**

All financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

##### **Initial recognition and measurement**

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value Through Profit or Loss (FVPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### **Subsequent measurement and gains and losses:**

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost : These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

#### **Derecognition - Financial assets**

A financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### **Derecognition - Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### **Financial Instruments Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **(D). Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.



Depreciation and Amortization is provided using the Written down value Method (WDV) over the useful lives of the assets as estimated by the management based on technical evaluation. Assets costing below Rs.5,000 are depreciated in full in the same year. The class of assets where the company based on its internal assessment of usage pattern of assets believes that useful life is different from those prescribed in Schedule II of the Companies Act, 2013 are as under:

Asset Description	Useful life in years	Useful life in years
	as Estimated	as per Schedule II
Civil works on leased premises	10	10
Plant & Machinery	7	15
Plant & Machinery – Medical I	5	13
Plant & Machinery – Medical II	10	13
Office Equipment	3	5
Voltage Stabilizer	5	6
Computers	5	3
Furniture & Fixtures	5	10

Residual value is considered to be 10% on all the assets, as technically estimated by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of profit and loss.

**(E). Inventories**

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables, these are valued at lower of cost and net realizable value. Cost of Inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any. Cost is determined on First-in-First-out basis.

**(F). Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.





Company providing retirement benefit in the form of provident fund is a defined contribution scheme. The contributions payable to the provident fund are recognised as expenses, when an employee renders the related services. The Company has no obligation, other than the contribution payable to the funds.

#### **(H). Leases**

##### ***Determining whether an arrangement contains a lease***

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

##### **Assets held under leases**

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's balance sheet.

##### **Lease payments**

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **(I). Income tax**

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

##### **Current tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**(J). Borrowing cost**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(K). Provision, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for.

**Contingencies:**

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.



***Contingent liabilities and contingent assets:***

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

**(L). Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

**(M). Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

**(N). Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(O). Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.



### 31. Financial instruments - fair valuation and risk management

#### A). Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	31.03.2019		31.03.2018	
	Amortised Cost	FVTPL	Amortised Cost	FVTPL
<b>(Rs. in Lakhs)</b>				
<b>Financial instruments by category</b>				
<b>Financial Assets</b>				
Trade receivables	50.52	-	24.72	-
Cash and cash equivalents	5.82	-	11.37	-
Security Deposits	10.59	-	14.09	-
Other bank deposits	3.73	-	1.38	-
<b>Total Financial Assets</b>	<b>70.66</b>	<b>-</b>	<b>51.56</b>	<b>-</b>
<b>Financial Liabilities</b>				
Borrowings	643.30	-	726.80	-
Membership Deposits & Interest	0.00	-	161.51	-
Interest accrued but not due on borrowings	0.70	-	2.25	-
Interest accrued and due on unsecured loans from Directors	99.08	-	74.31	-
Trade payables	471.35	-	438.27	-
<b>Total Financial Liabilities</b>	<b>1,214.43</b>	<b>-</b>	<b>1,403.14</b>	<b>-</b>

The carrying amount of the current financial assets and current financial liabilities are considered to be same as their fair values, due to their short term nature.

#### B) Financial Risk Management

The Company activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Trade receivables, security deposits, bank deposits and loans.	Ageing analysis. Credit score of customers / entities.	Diversification of bank deposits and monitoring the credit limits of customers.
Liquidity Risk	Borrowings	Cash flow forecasts managed by finance team under the overview of senior management.	Working capital management by senior management.

The company's risk management is carried out by the senior management under policies approved by the board of directors. The Board provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.





**(i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Company. Outstanding customer receivables are regularly monitored.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

(Rs. in Lakhs)

As at	< 180 days	> 180 days	Provision	Total
31 March 2019	44.12	6.40	0.00	50.52
31 March 2018	20.33	4.38	0.00	24.72

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has analysed the forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

(Rs. in Lakhs)

As at 31 March, 2019	Total	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
Long Term Borrowings (incl current maturities)	92.53	56.52	31.53	4.48	
Borrowings - Overdraft	195.31	195.31			
Borrowings from Directors and Holding Company	355.45			355.45	
Interest accrued and due on Unsecured loans above	99.08	99.08			
Interest accrued but not due on Long Term borrowings	0.70	0.70			
Trade payables	471.35	471.35			
<b>Total</b>	<b>1,214.43</b>	<b>822.96</b>	<b>31.53</b>	<b>359.93</b>	<b>0.00</b>

(Rs. in Lakhs)

As at 31 March, 2018	Total	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
Long Term Borrowings (incl current maturities)	387.30	178.43	177.90	30.97	
Borrowings - Overdraft	4.05	4.05			
Borrowings from Directors and Holding Company	335.45			335.45	
Interest accrued and due on Unsecured loans above	74.31	74.31			
Membership Deposits & Interest	161.51	161.51			
Interest accrued but not due on Long Term borrowings	2.25	2.25			
Trade payables	438.27	438.27			
<b>Total</b>	<b>1403.13</b>	<b>858.82</b>	<b>177.90</b>	<b>366.42</b>	<b>0.00</b>



<b>32. Contingent Liabilities</b>		
	<b>(Rs. in Lakhs)</b>	
	As at	As at
<b>Particulars</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
<b>Provident Fund matters</b>		
Claims against the company not acknowledged as debts	5.61	5.61
In the matter of disputed demand for provident fund relating to the period 1998-2001		

### **33. Commitments**

#### **(a) Capital Commitments:**

	As at	As at
<b>Particulars</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Estimated value of contracts in Capital account remaining to be executed on capital account not provided for (net of advances)	-	-

### **34. Dues to micro and small enterprises**

Based on information available with the management, the Group has no dues to suppliers registered under 'The Micro, Small and Medium Enterprises Development Act, 2006' (MSMED Act).

### **35. Segment reporting**

The Group operates in a single business segment i.e., providing diagnostic services in India. The Group does not have revenue from any single external customer amounting to 10% or more of total revenue, hence the related information as required under paragraph 34 of Ind AS 108 has not been disclosed. The Group operates within India and therefore there are no assets or liabilities outside India.



### 36. Employee Benefit Plans

#### (i) Leave obligations

The leave obligations cover the sick leaves and earned leaves.

Based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months:

Particulars	(Rs. in Lakhs)	
	As at 31.03.2019	As at 31.03.2018
Current leave obligations expected to be settled within the next 12 months	5.38	1.90

#### (ii) Defined Contribution Plans

##### (iii) Post employment benefit obligation Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan.

The amounts recognised in the balance sheet and the movements in the defined benefit obligation as per the valuation report as at 31.03.2019 are produced in the tables below

#### (a) Changes in the Present Value of Obligation (Rs. in Lakhs)

Particulars	Year ended	
	31.03.2019	31.03.2018
<b>Present Value of Obligation as at the beginning</b>	45.80	25.40
Current Service Cost	2.58	2.44
Interest Expense or Cost	3.46	2.03
- change in demographic assumptions	0.00	0.27
- change in financial assumptions	0.92	0.78
- experience variance (i.e. Actual experience vs assumptions)	0.65	17.02
Benefits Paid	-3.29	-2.15
<b>Present Value of Obligation as at the end</b>	<b>50.12</b>	<b>45.80</b>



(bi) Bifurcation of Present Value of Obligation at the end of the year as per revised Schedule III of the Companies Act, 2013

Particulars	As at	
	31.03.2019	31.03.2018
Current Liability (Short term)	17.60	11.59
Non-Current Liability (Long term)	32.52	34.20
<b>Present Value of Obligation</b>	<b>50.12</b>	<b>45.80</b>

(c) Expenses Recognised in the Income Statement

Particulars	Year ended	
	31.03.2019	31.03.2018
Current Service Cost	2.58	2.44
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.46	2.03
<b>Expenses Recognised in the Income Statement</b>	<b>6.04</b>	<b>4.47</b>

(d) Other Comprehensive Income

Particulars	Year ended	
	31.03.2019	31.03.2018
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	0.27
- change in financial assumptions	0.92	0.78
- experience variance (i.e. Actual experience vs assumptions)	0.65	17.02
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>1.57</b>	<b>18.08</b>

(e) Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As at	
	31.03.2019	31.03.2018
Discount rate (per annum)	6.95%	7.55%
Salary growth rate (per annum)	6.00%	6.00%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.



**(f) Demographic Assumptions**

The principal demographic assumptions used in the valuation are shown in the table below:

Particulars	As at	
	31.03.2019	31.03.2018
Mortality rate (% of IALM 06-08)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rate (per annum)	15.00%	15.00%

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

**37. Exceptional Items:**

In view of the management estimate, the total unclaimed liability relating to membership deposits and interest is being written back over a period of three years commencing from financial year 2016-17. Accordingly, in the current financial year, an amount of Rs. 161.32 Lakhs being the the balance of the unclaimed liability is written back and recognized as income under exceptional item in the Statement of Profit and Loss.



**38. Details of related party where control exists and other related party with whom the Company had transactions and their relationships during the financial year.**

**(i) Names of related parties and nature of relationship**

Nature of Relation	Name of the Related Party
Holding Company	Vijaya Diagnostic Centre Private Limited
Key Management Personnel	Dr. Sura Surendranath Reddy, Chairman Sunil Chandra Kondapally, Managing Director N Ravi Kumar, Chief Financial Officer Vijay Gupta, Company Secretary

**(ii) Transactions during the year (Rs. in Lakhs)**

S.No	Name of the Party	Nature of Transaction	Year ended 31.03.2019	Year ended 31.03.2018
1	Vijaya Diagnostic Centre Private Limited	Diagnostic Services(Expense)	29.30	29.79
2	Vijaya Diagnostic Centre Private Limited	Interest on loan	1.33	0.00
3	Vijaya Diagnostic Centre Private Limited	Sale of Fixed Assets	0.00	56.22
4	Vijaya Diagnostic Centre Private Limited	Loan Received	20.00	8.00
5	Dr Sura Surendranath Reddy	Loan Received	0.00	5.00
6	K Sunil Chandra	Loan Received	0.00	16.45
7	Dr Sura Surendranath Reddy	Interest on Loan	22.80	22.70
8	K Sunil Chandra	Interest on Loan	3.40	3.03
9	N Ravikumar	Remuneration	6.97	6.98
10	Y K Priyadarshini **	Remuneration	0.00	0.00
11	Vijay Gupta*	Remuneration	0.00	0.00

\* Vijay Gupta a whole time Company Secretary of Vijaya Diagnostic Centre Private Limited, the Holding company of Medinova Diagnostic Services Limited (MDSL) was appointed w.e.f 22.10.2018 as the whole time company secretary of MDSL. No remuneration was paid separately in MDSL.

\*\* Y K Priyadarshini, ceased to be the company secretary of the company w.e.f 30.06.2018.

**(iii) Balances Outstanding as at (Rs. in Lakhs)**

S.No	Name of the Party	Nature of Transaction	31.03.2019	31.03.2018
1	Vijaya Diagnostic Centre Private Limited	Creditor for Services	276.19	251.56
2	Vijaya Diagnostic Centre Private Limited	Unsecured Loan	28.00	8.0
3	Vijaya Diagnostic Centre Private Limited	Interest Payable	1.19	-
4	Dr Sura Surendranath Reddy	Unsecured Loan	285.00	285.00
5	K Sunil Chandra	Unsecured Loan	42.45	42.45
6	Dr Sura Surendranath Reddy	Interest Payable	90.20	69.68
7	K Sunil Chandra	Interest Payable	7.68	4.63
8	N Ravi Kumar	Remuneration Payable	0.54	0.52



39. Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013.

Name of the enterprises	Net assets i.e total assets minus total liabilities as at 31.03.2019		Share in profit or loss as at 31.03.2019	
	As (%) of consolidated net assets	Amount (Rs. in Lakhs)	As (%) of consolidated profit and loss	Amount (Rs. in Lakhs)
Parent group				
Medinova Diagnostic Services Limited	80.80%	-737.74	93.20%	75.23
Subsidiary				
Medinova Millennium MRI Services LLP	5.31%	-48.51	6.80%	5.49
Eliminations	13.89%	-126.82	0.00%	0.00
<b>TOTAL</b>	<b>100.00%</b>	<b>-913.07</b>	<b>100.00%</b>	<b>80.72</b>

40. Previous Year figures have been re-grouped/rearranged wherever necessary to confirm with current year classification and to facilitate meaningful comparison.

As per our report of even date

for and on behalf of the Board of Directors

for **Ratnam Dhaveji & Co.,**  
Chartered Accountants  
Firm Regn No.006677S

**C V Ratnam Dhaveji**  
Partner  
M.No.203479

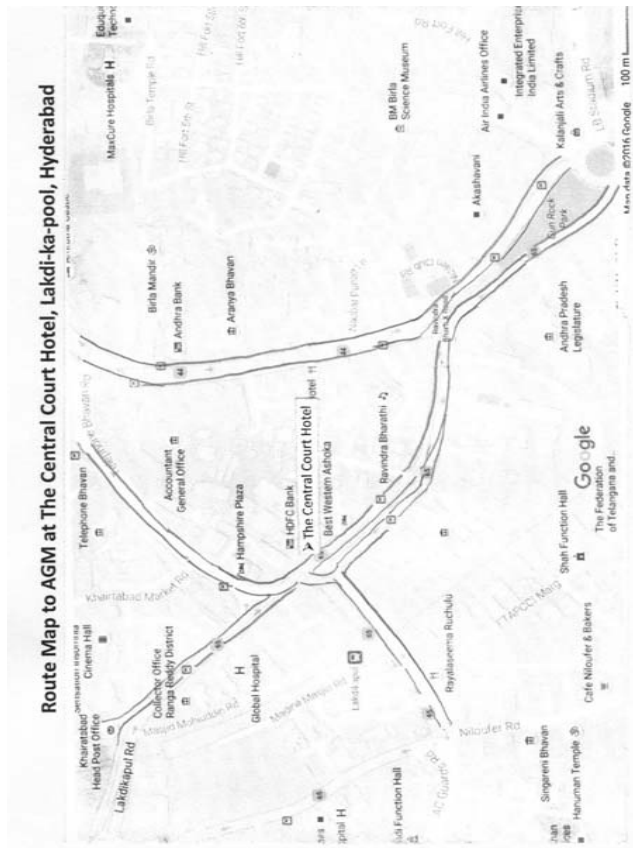
**Dr. Sura Surendranath Reddy**  
Chairman

**Sunil Chandra Kondapally**  
Managing Director

Place : Hyderabad  
Date : 22nd May, 2019

**N Ravikumar**  
Chief Financial Officer

**Vijay Gupta**  
Company Secretary







**MEDINOVA DIAGNOSTIC SERVICES LIMITED**

Registered Office: 7-1-58/A/FF/8, Amrutha Business Complex, Ameerpet, Hyderabad: 500016  
 CIN: L85110TG1993PLCO15481; Ph: 040 42604250  
 Email: [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com); Website: [www.medinovaindia.com](http://www.medinovaindia.com)

**ATTENDANCE SLIP**

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip at the venue of the meeting.

I/We hereby record my/our presence at the 26<sup>th</sup> Annual General Meeting of the Company at Central Court Hotel, Lakdikapui, Hyderabad-500004, Telangana on Thursday, the 26<sup>th</sup> September, 2019 at 11.00 a.m.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL	No. of shares
LF No.	DP ID	CLIENT ID

Name of the Member: \_\_\_\_\_ Signature: \_\_\_\_\_

Name of the Proxyholder: \_\_\_\_\_ Signature: \_\_\_\_\_

Only Member / Proxyholder can attend the meeting.

**MEDINOVA DIAGNOSTIC SERVICES LIMITED**

**Form No. MGT.11 PROXY FORM**

[Pursuant to section 105(G) of the Companies Act, 2013 and rule 19(3) of the Companies Management and Administration) Rules, 2014]

Registered Office: 7-1-58/A/FF/8, Amrutha Business Complex, Ameerpet, Hyderabad: 500016  
 CIN: L85110TG1993PLCO15481; Ph: 040 42604250  
 Email: [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com); Website: [www.medinovaindia.com](http://www.medinovaindia.com)

Name of the member(s)	Final ID
Registered Address	Folio No. / *Client ID
	*DP ID

I/We, being the member(s) of \_\_\_\_\_ shares of the Medinova Diagnostic Services Limited, hereby appoint:

1) Name: \_\_\_\_\_ email id: \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

or filling him

2) Name: \_\_\_\_\_ email id: \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

or filling him

3) Name: \_\_\_\_\_ email id: \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company at Central Court Hotel, Lakdikapui, Hyderabad-500004, Telangana on Thursday, the 26<sup>th</sup> September, 2019 at 11.00 a.m. and at any adjournment thereof in respect of such resolution as are indicated below:

Item No.	Resolution	For	Against
<b>Ordinary Business</b>			
1.	To receive, consider and adopt: (a) the audited standalone financial statements of the company for the financial year ended March 31, 2019 together with the reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 together with the report of the Auditors thereon.		
2.	To appoint a Director in place of Dr. Sara Surendranath Reddy (holding DIN 00108599) who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To consider the re-appointment of M/s. Ratnam Dhaweji & Co., Chartered Accountants (Firm Registration No. 0066775) as the Statutory Auditors of the Company and to fix their remuneration.		
<b>Special Business</b>			
4.	To Appoint Mrs. B. Vishnu Priya Reddy as a Director of the Company.		
5.	To reappoint Mr. Sunil Chandra Kondapally as a Managing Director.		
6.	To Appoint Dr. Rajinika Paramam as an Independent Director of the Company.		
7.	To re-appoint Mr. K. V. Ravindra Reddy as an Independent Director of the Company.		

Signed \_\_\_\_\_ this day \_\_\_\_\_ of 2019

Signature of member: \_\_\_\_\_; Signature of proxy holder: \_\_\_\_\_

Atlix  
 Re.1/-  
 Revenue  
 Stamp

Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Proxy need not be a member of the Company.

\* Applicable for investors holding shares in Electronic Form.

**PRINTED – MATTER**

**If undelivered please return to:**



**Medinova Diagnostic Services Limited**  
7-1-58/A/FF/8, Amrutha Business Complex,  
Ameerpet, Hyderabad: 500016, Telangana.  
Ph: 040 42604250