

23rd ANNUAL REPORT
2015 - 2016

CORPORATE INFORMATION

BOARD OF DIRECTORS:

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

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

COMMITTEES OF THE BOARD:

Audit Committee:

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

Stakeholders' Relationship Committee:

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

Nomination & Remuneration Committee:

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

Company Secretary

Mr. M. Ramana Reddy

Chief Financial Officer

Mr. N. Ravi Kumar

Statutory Auditors:

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

Internal Auditor

Mr. G S N Raju

Registrar and Share Transfer Agent:

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

Registered Office:

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

Corporate Identification Number:

L85110TG1993PLC015481

Bankers:

HDFC BANK LIMITED
VIJAYA BANK
UCO BANK

NOTICE OF ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

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

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

“**RESOLVED THAT** pursuant to the provisions of Section 42, 62 of the Companies Act, 2013 and in compliance with the Companies (Prospectus & Allotment of Securities) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications thereto or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI (ICDR Regulations)”), Foreign Exchange Management Act, 1999 and in accordance with the provisions of Article of Association of the Company, and subject to the approval, consent, permission and/or sanction, as may be required from the Reserve Bank of India, if any, Foreign Investment Promotion Board, Financial institutions and any other appropriate authority, Institution or Body and subject to such terms, conditions alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/or sanction, the consent of the members of the Company be and is hereby accorded to create, offer, issue and allot up to 5,00,000 (Five Lakh only) equity shares of Rs. 20-00 (Rupees Twenty Only) (Including premium of Rs.10.00) as fully paid up equity shares on preferential basis, to Vijaya Diagnostic Centre Pvt. Ltd, promoters of the Company, at such price not less than the price determined in accordance with Chapter VII of SEBI (ICDR) Regulations and on such terms as mentioned in the explanatory statement.

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

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

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

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

By Order of the Board
For Medinova Diagnostic Services Limited

Date: 01.09. 2016
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN 00108599

NOTES:

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

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

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

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

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

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

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

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

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

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

Voting through electronic means

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

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

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

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

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

| | | |
|------------------------------|---------|--------------|
| EVEN (E Voting Event Number) | USER ID | PASSWORD/PIN |
|------------------------------|---------|--------------|

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

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

Item No 5

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

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

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

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

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

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

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

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

Item No 6

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

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

Item No 7

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

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

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

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

Item No. 8

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

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

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

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

The object of the issue through preferential offer:

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

Issue Size, number of Equity Shares to be issued:

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

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

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

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

Relevant Date:

The relevant date for the preferential issue, as per the SEBI (ICDR Regulations), as amended from time to time, for the determination of price for the issue of the above mentioned Equity Shares shall be 29th August, 2016 being the date 30 days prior to the date of Annual General Meeting (i.e. 28th September, 2016).

Pricing of Preferential Issue:

The Equity Shares will be allotted in accordance with the price determined in terms of Regulation 76A of the SEBI (ICDR Regulations). Since the Company is listed on BSE Limited ("BSE") and shares of the company are not frequently traded, the company took into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of the company. Accordingly, it is proposed to allot the equity shares to the proposed allottee @ Rs. 20/- (Rupees Twenty Only) per share (Including premium of Rs.10.00).

The Company will submit a certificate as required under Regulation 76A of the SEBI ICDR Regulations with the stock exchanges where the Equity Shares of the Company are listed.

Re-computation of Issue Price:

Since the Company's Equity Shares are infrequently traded, Regulation 76A of the SEBI ICDR Regulations applies to the Company and therefore the Company need not re-compute the price of the Equity Shares in terms of Regulation 76(3) of the SEBI ICDR Regulations. Accordingly, the requirement to furnish undertakings under Regulation 73(1) (f) and (g) of the SEBI ICDR Regulations is not applicable.

Auditor's Certificate:

The certificate from an independent chartered accountant in practice having a minimum experience of ten years, certifying that the preferential issue is being made in accordance with the requirements contained in SEBI ICDR Regulations shall be available for inspection at the registered office of the Company up to the date of declaration of results and shall also be placed at the Annual General Meeting.

Identity & Particulars of proposed allottee and Pre & Post Issue holding of the proposed allottees:

The Present preferential issue of Equity Shares is proposed to be made to the following Related Party. The pre issue and post issue shareholding of the proposed allottee is shown in the table below

| Name of the Proposed Allottee | Category | Pre Issue Shareholding | | Number of Shares to be Allotted | Post Issue Shareholding | |
|---|----------|------------------------|-------|---------------------------------|-------------------------|-------|
| | | No. of Shares | % | | No. of Shares | % |
| M/s. Vijaya Diagnostic Centre Private Limited | Promoter | 5702220 | 60.14 | 500000 | 6202220 | 62.14 |

Pre-issue & Post-issue Shareholding Pattern of the Issuer Company:

| Sl. No. | Category of Shareholder | Pre-issue | | Post-issue | |
|---------|---|------------------------------------|---------------------------|------------------------------------|---------------------------|
| | | Total number of equity shares held | % of equity share holding | Total number of Equity shares held | % of equity share holding |
| (A) | Shareholding of Promoter and Promoter Group | | | | |
| 1 | Indian | | | | |
| (a) | Individuals/ HUF | 0.00 | 0.00 | 0 | 0 |
| (b) | Central Govt./ State Govt.(s) | 0.00 | 0.00 | 0 | 0 |
| (c) | Bodies Corporate | 5702220 | 60.14 | 6202220 | 62.14 |
| (d) | Financial Institutions/ Banks | 0.00 | 0.00 | 0 | 0 |
| (e) | Any Others(Specify) | 0.00 | 0.00 | 0 | 0 |

| | | | | | |
|----------|--|---------|--------|---------|--------|
| (e-i) | Directors Relatives | 0.00 | 0.00 | 0 | 0 |
| (e-ii) | Directors | | | 0 | 0 |
| | Sub Total(A)(1) | 5702220 | 60.14 | 6202220 | 62.14 |
| 2 | Foreign | 0.00 | 0.00 | 0 | 0 |
| A | Individuals (NRI/Foreign Individuals) | 0.00 | 0.00 | 0 | 0 |
| B | Bodies Corporate | 0.00 | 0.00 | 0 | 0 |
| C | Institutions | 0.00 | 0.00 | 0 | 0 |
| D | Qualified Foreign Investor | 0.00 | 0.00 | 0 | 0 |
| E | Any Others(Clearing members) | 0.00 | 0.00 | 0 | 0 |
| | Sub Total(A)(2) | 5702220 | 60.14 | 6202220 | 62.14 |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 5702220 | 60.14 | 6202220 | 62.14 |
| (B) | Public shareholding | 0.00 | 0.00 | 0 | 0 |
| 1 | Institutions | 0.00 | 0.00 | 0 | 0 |
| (a) | Mutual Funds/ UTI | 0.00 | 0.00 | 0 | 0 |
| (b) | Financial Institutions / Banks | 0.00 | 0.00 | 0 | 0 |
| (c) | Central Government/ State Government(s) | 0.00 | 0.00 | 0 | 0 |
| (d) | Venture Capital Funds | 0.00 | 0.00 | 0 | 0 |
| (e) | Insurance Companies | 0.00 | 0.00 | 0 | 0 |
| (f) | Foreign Institutional Investors | 0.00 | 0.00 | 0 | 0 |
| (g) | Foreign Venture Capital Investors | 0.00 | 0.00 | 0 | 0 |
| (h) | Qualified Foreign Investor | 0.00 | 0.00 | 0 | 0 |
| (i) | Any Other (specify) | 0.00 | 0.00 | 0 | 0 |
| | Sub-Total (B)(1) | 0.00 | 0.00 | 0 | 0 |
| B 2 | Non-institutions | 0.00 | 0.00 | 0 | 0 |
| (a) | Bodies Corporate | 475455 | 5.02 | 475455 | 4.76 |
| (b) | Individuals | | | | |
| 1 | Ind-Hold nominal shr capital upto Rs.1L | 2202938 | 23.23 | 2202938 | 22.07 |
| II | Ind-Hold nominal shr capital in excess of Rs.1L | 1089336 | 11.49 | 1089336 | 10.91 |
| (c) | Qualified Foreign Investor | | | | |
| (d) | Any Other (specify) | 0.00 | 0.00 | 0 | 0 |
| (d-i) | Others | 0.00 | 0.00 | 0 | 0 |
| (d-ii) | Clearing member | 6091 | 0.06 | 6091 | 0.06 |
| (d-iii) | NRIs (Repat) | 5600 | 0.06 | 5600 | 0.06 |
| (d-iv) | NRIs (Non-Repat) | 0.00 | 0.00 | 0 | 0 |
| (d-v) | NRI Corp Bodies | 0.00 | 0.00 | 0 | 0 |
| (d-vi) | Foreign Corp Bodies (Including FDI) | 0.00 | 0.00 | 0 | 0 |
| (d-vii) | Customers | 0.00 | 0.00 | 0 | 0 |
| (d-viii) | Suppliers | 0.00 | 0.00 | 0 | 0 |
| (d-ix) | Foreign Nationals | 0.00 | 0.00 | 0 | 0 |
| (d-x) | Trusts | 0.00 | 0.00 | 0 | 0 |
| (d-xi) | Foreign (Promoters) | 0.00 | 0.00 | 0 | 0 |
| (d-xii) | Directors / Relatives | 0.00 | 0.00 | 0 | 0 |
| (d-xiii) | Foreign Individuals (Including FDI) | 0.00 | 0.00 | 0 | 0 |
| | Sub-Total (B)(2) | 3779420 | 39.86 | 3779420 | 37.86 |
| (B) | Total Public Shareholding (B)= (B)(1)+(B)(2) | 3779420 | 39.86 | 3779420 | 37.86 |
| | TOTAL (A)+(B) | 9481640 | 100.00 | 9981640 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | 0.00 | 0.00 | 0 | 0 |
| 1 | Promoter and Promoter Group | 5702220 | 60.14 | 6202220 | 62.14 |
| 2 | Public | 3779420 | 39.86 | 3779420 | 37.86 |
| | GRAND TOTAL (A)+(B)+(C) | 9481640 | 100.00 | 9981640 | 100.00 |

Note: - 1. The above shareholding pattern has been prepared on the basis of shareholdings as on 30 June, 2016.

Proposed time limit within which the allotment shall be complete:

As required under the SEBI (ICDR Regulations), the allotment of Equity Shares pursuant to the special resolution shall be completed within a period of fifteen days from the date of passing of the special resolution approving allotment. Provided that where the allotment is pending on account of any such approval of allotment by any regulatory authority including stock exchanges or the Central Government, the allotment shall be completed within a period of 15 days from the date of such approval.

Lock in:

The Equity Shares shall be locked in for such period as may be specified under the SEBI (Issue of Capital and Disclosure Requirements) Regulations (including any amendments thereto or re-enactment thereof).

Change in the Control or Composition of the Board:

There will neither be any change in the composition of the Board nor any change in the Control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to preferential allotment.

The Board of Directors recommends the resolution as set out in this notice for the issue of equity shares by way of Special Resolution.

Except, .Dr.Sura Surendranath Reddy, Mr. Sunil Chandra Kondapally and Mrs. Suprita Sura Reddy, none of the Directors or any of the Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

By Order of the Board
For Medinova Diagnostic Services Limited

Dr. Sura Surendranath Reddy
Chairman
DIN 00108599

Date: 01.09.2016
Place: Hyderabad

DIRECTORS' REPORT

To
The Members,
Medinova Diagnostic Services Limited.

Your Directors have pleasure in presenting the Tw enty Third Annual Report of your Company together w ith the audited accounts for the year ended 31st March, 2016 and Report of the Auditors thereon.

1. FINANCIAL RESULTS:

A statement of the financial and operational results of your Company for the year under review is furnished hereunder:

| Particulars | 2015-16 | 2014-15 |
|---|----------|----------|
| Total Income | 725.84 | 817.56 |
| Total Expenditure | 752.18 | 1129.26 |
| Interest | 38.58 | 6.26 |
| Depreciation | 81.41 | 103.31 |
| Profit / (Loss) before exceptional Items and Tax | (146.33) | (421.27) |
| Exceptional Items | 0.00 | 0.00 |
| Provision for Tax: | | |
| Current Tax | 0.00 | 0.00 |
| Deferred Tax | 13.28 | (62.87) |
| Tax relating to earlier years | 0.00 | 0.74 |
| Profit / (Loss) after Tax | (159.61) | (359.14) |

2. REVIEW OF OPERATIONS:

During the year the total turnover was Rs. 725.84 lakhs and Net loss after taxes w as Rs. 159.61 lakhs. Although the turnover did not show any improvement over the past years, expenditure in most of the heads w ere kept under control. The Company has taken-up revamping of the business operations at Kolkata and Hyderabad by investing additional funds to make the Centers profitable.

The Company believes that Medical diagnostic services, continues to be in its rapid pace and also continued to be an important catalyst in the economic grow th of the Country and also for the sustainable grow th of your company. Hence your Company concentrates more on its core competence area, medical diagnostic services and the management is confident that the additional investment at Kolkata and Hyderabad centers w ill generate good revenue in the Financial Year 2016-17.

In view of loss incurred for the Financial Year ended 31st Mach, 2016, no amount is being proposed to be transferred to the Reserves for the said year.

3. DIVIDEND:

In view of the loss incurred by the Company for the year under review , your Directors have not recommended any dividend on the paid up equity share capital.

4. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of the Company

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are Material changes and commitments in the business operations of the Company from the Financial Year ended 31st March, 2016 to the date of signing of the Director's Report. In view of Non-viability of the Business Operations and continued losses being incurred relating to the Diagnostic Centre at Hyderabad, a decision is taken to close the Diagnostic service operations with effect from 08.08.2016. The company is making efforts to improve the financial position of the Hyderabad Center by exploring various options.

Your management's continuous efforts will help the Company to bring down its losses substantially. It shall keep continuing to improve the operational performance and bring down the losses and fetch more positive results in the coming years.

6. INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems and procedures designed to effectively control the operations at its Corporate Office and Branches. 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. Independent Internal Auditors 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.

Based on the deliberations with Statutory Auditors to ascertain their views on the financial statements including the Financial Reporting System and Compliance to Accounting Policies and Procedures, the Audit Committee was satisfied with the adequacy and effectiveness of the Internal Controls and Systems followed by the company.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of the Companies Act, 2013, Sri. Sunil Chandra Kondapally will retire by rotation at the ensuing AGM and being eligible offered himself for re-appointment. The Board recommends his re-appointment subject to the approval of the members of the Company at the ensuing Annual General Meeting.

The information on the particulars of Director eligible for appointment in terms of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 has been provided in the notes to the notice convening the Annual General Meeting.

However, as the members are aware, the following directors were appointed at previous AGM held on 25th day of September, 2015.

Mr. K. V. Ravindra Reddy (DIN 00083986) who was appointed by the Board of Directors as an Additional Director in an independent category - appointed as Independent Director of the Company to hold office as such for a period of 5 (five) consecutive years and he shall not be liable to retire by rotation.

Mr. P. Kamalakar Rao (DIN 03057676) who was appointed by the Board of Directors as an Additional Director in an independent category - appointed as Independent Director of the Company to hold office as such for a period of 5 (five) consecutive years and he shall not be liable to retire by rotation.

Mrs. Suprita Reddy Sura (DIN 01206491) who was appointed by the Board of Directors as an Additional Director of the Company - appointed as Director of the Company and shall be liable to retire by rotation.

Dr. G. Ramesh Ramayya (DIN 00015424) who was appointed by the Board of Directors as an Additional Director in an independent category - appointed as Independent Director of the Company to hold office as such for a period of 5 (five) consecutive years and he shall not be liable to retire by rotation."

Dr. Sura Surendranath Reddy (DIN 00108599) who was appointed by the Board of Directors as an Additional Director of the

Company - appointed as Director of the Company, and shall be liable to retire by rotation.

There was no other change in the Directors and KMPs of the Company.

8. DECLARATION BY AN INDEPENDENT DIRECTOR:

The Company has complied the provisions of Section 149(6) of the Companies Act, 2013. The Company has also obtained declarations from all the Independent Directors pursuant to Section 149(7) of the Companies Act, 2013.

9. EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013, and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board and the directors individually was carried out during the year under review.

The Board and the committees are properly constituted and your Company believes that the Board is achieving to provide a long term vision and policy approach to improve the good governance. And for the performance evaluation of the Board and the committees as a whole and for Individual Directors, which include criteria for determining qualifications, positive attributes and independence of Directors, your Company has formulated the policy in the previous year.

AUDIT COMMITTEE

Audit Committee comprises of Mr. P. Kamalakar Rao as Chairman and Mr. K. V. Ravindra Reddy and Dr. Sura Surendranath Reddy as members. The details of terms of reference of the Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance Report. All the recommendations made by Audit Committee were accepted by Board.

STAKEHOLDER RELATIONSHIP COMMITTEE

Stakeholder Relationship Committee comprises of Dr. Sura Surendranath Reddy as Chairman and Mr. K. V. Ravindra Reddy and Mr. P. Kamalakar Rao as members. The details of terms of reference of the Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance Report.

NOMINATION & REMUNERATION COMMITTEE:

Nomination & Remuneration Committee comprises of Mr. K. V. Ravindra Reddy as Chairman and Dr. Sura Surendranath Reddy and Mr. P. Kamalakar Rao as members. The details of terms of reference of the Committee member, dates of meeting held and attendance of the Directors, are given separately in the Corporate Governance Report.

10. Remuneration Policy: Your Directors have on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy forms part of the Corporate Governance Report.

11. INDUSTRIAL RELATIONS

During the year under review, your Company maintained cordial relationship with workers and employees at all levels

12 CODE OF CONDUCT

Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the Managing Director is attached as Annexure 'H' which forms a part of this Report of the Directors. The Code of Conduct is available on the Company's website www.medinovaindia.com.

13. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

14. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT.

Company has a Subsidiary LLP namely M/s. Medinova Millennium MRI Services LLP in West Bengal, which is not a company within the provisions of the Act. Except this, Company has no Subsidiary or Associate, Associate Company and Joint Venture Companies.

15. Consolidated Financial Statements (CFS) The Consolidated Financial Statements of your Company for the financial year 2015-16 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued there under, applicable Accounting Standards and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"). The consolidated financial statements have been prepared on the basis of audited financial statements of your Company, its subsidiaries, as approved by the respective Board of Directors/Partners.

16. STATUTORY AUDITORS:

As the members are aware, at the 21st Annual General Meeting of the Members of Medinova Diagnostic Services Limited held on 25th day of September, 2014, M/s Ratnam Dhavaji & Co., Chartered Accountants, Hyderabad, were appointed as the Statutory Auditors of your company for a period of 5 years, to hold the office as such till the conclusion of 26th AGM of the Company to be held in the year 2019.

In terms of the provisions of Section 139 of the Companies Act, 2013, the appointment of auditors shall be placed for ratification at every AGM. Accordingly, the appointment of M/s Ratnam Dhavaji & Co., Chartered Accountants, as the Statutory Auditors of the Company is placed for your ratification. In this regard, the Company has received a certificate from the Auditors to the effect that if the said firm is reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

17. INTERNAL AUDITOR:

The Board of Directors based on the recommendation of the Audit Committee has re-appointed Mr. G S N Raju, as the Internal Auditor of your Company. The Internal Auditor is submitting his reports on quarterly basis.

18. SECRETARIAL AUDITOR:

M/s. DVM Gopal & Associates, Practicing Company Secretaries, was appointed to conduct the secretarial audit of the Company for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for financial year 2015-16 forms part of the Annual Report as **Annexure 'C'** to the Board's report.

19. PUBLIC DEPOSITS:

During the year, the company has not accepted any deposits in the nature of public deposits during the Financial Year ended 31st March, 2016.

20. EXTRACT OF THE ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 as prescribed in Form No. MGT-9 is given in **Annexure 'E'**

21. VIGIL MECHANISM

In terms of the provisions of Section 177 (9) & (10) of Companies Act, 2013 and Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formalized the process and institutionalized 'Whistle Blower Policy' within the Company, whereby employees and other stakeholders can report matters such as generic grievances, corruption, misconduct, illegality and wastage/misappropriation of assets to the Company.

The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee.

The Vigil Mechanism and Whistle Blower Policy may be accessed on website of the Company at www.medinovaindia.com.

22. LISTING & TRADING

The Equity Shares of your Company continue to remain listed with Bombay Stock Exchange Limited (BSE) and the Scrip Code: 526301 and ISIN: INED47C01019

The listing fee for the financial year 2016-17 has been duly paid. You may further note that the listing/trading was never suspended at any time during the financial year 2015-16.

23. CORPORATE GOVERNANCE:

We firmly understand and believe the importance of Corporate Governance. We always aim for the growth by adhering to the National and International Corporate Governance Standards. Our philosophy on corporate governance ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

A section on Corporate Governance along with a certificate from the Auditors M/s. RatnamDhaveji & Co., Chartered Accountants Firm Regn No 006677S confirming compliance of conditions of Corporate Governance as stipulated under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms part of the Directors' Report.

24. MANAGEMENT DISCUSSION AND ANALYSIS:

In accordance with the provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on the Management Discussion and Analysis is herewith annexed as **Annexure 'G'**

25. SHARE CAPITAL:

During the year under review, there is no change in the authorized share capital, issued, subscribed and paid up capital of the Company.

26. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The meetings of the Board are scheduled at regular intervals to decide and discuss on business performance, policies, strategies and other matters of significance.

During the year ended March 31, 2016, Four (4) Board Meetings were held. The dates on which the Board meetings were held are 22/05/2015, 13/08/2015, 09/11/2015 and 13/02/2016. The intervening gap between any two consecutive Board Meetings was within the period prescribed by the provisions of the Companies Act, 2013.

Detailed information regarding the meetings of the Board and committees is included in the report on Corporate Governance, which forms part of the Board's Report.

27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The Company has given loans and made investment in its Subsidiary LLP namely M/s. Medinova Millennium MRI Services LLP. Except this there are no Loans, Guarantees, Investments given during the Financial Year ended on March 31, 2016, which attracts the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All Related Party Transactions which were entered into during the Financial Year were on an arm's length basis and in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee and the Board for approval.

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 are prepared in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same is enclosed as **Annexure - 'F'** to this Report.

Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions, as approved and adopted by the Board of Directors may be accessed on the website of the Company www.medinovaindia.com

29. E- DISPATCH OF ANNUAL REPORTS

While adhering to the Green Initiative measures, as suggested by the MCA, we have resolved to dispatch the Annual Reports electronically to such shareholders who have registered and updated their e-mail IDs., with the Registrar & Transfer Agents of the Company. Annual Report, in physical form shall be dispatched to other shareholders.

30. PARTICULARS OF EMPLOYEES:

The Company does not have any employee, whose particulars are required to be given pursuant to the provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished hereunder:

| SNo. | Name | Designation | Remuneration paid FY 2015-16 (Rs. In Lacs) | Remuneration paid FY 2014-15 (Rs. In Lacs) | Increase in (%) |
|------|------------------------------|-------------------------|--|--|-----------------|
| 1. | Mr. Sunil Chandra Kondapally | Managing Director | NIL | NIL | NA |
| 2. | Mr. N. Ravi Kumar | Chief Financial Officer | 6.98 | 5.78 | 20.83% |
| 3. | Mr. Ramana Reddy | Company Secretary | 2.40 | 0.60 (for 3 Months) | NIL |

31. DEMATERIALIZATION OF SHARES

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid.

77.17% of the total paid up equity shares of your Company is in dematerialized form as on 31st March, 2016

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in the **Annexure-D** to this report.

33. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:



- a. That in the preparation of the Annual Accounts for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
 - b. That the directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period.
 - c. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
 - d. That the directors have prepared the annual accounts on a 'going concern' basis.
 - e. That the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
 - f. That the systems to ensure compliance with the provisions of all applicable laws and those systems were adequate and operating effectively.
34. CORPORATE SOCIAL RESPONSIBILITY
Since your Company does not fall within any of the parameters specified under the provisions of Section 135 of the Companies Act, 2013 read with Rules made there under, reporting pursuant to Section 134(3) (o) is Not Applicable.
35. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:
With regard to the Statutory Auditors' observation on delays in making payments towards Income Tax dues, ESI and Provident Fund contributions, necessary corrective steps have been taken to remit the amount regularly.

With regard to the Secretarial Auditors' observation the said delays were inadvertent. Measures are being taken to avoid such delays in future.
36. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.
The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and redressal of complaints of sexual harassment at workplace.
The Company has not received any complaint on sexual harassment during the financial year.
37. ACKNOWLEDGEMENTS AND APPRECIATIONS
Your Directors appreciate the contribution made by the employees of the Company and acknowledge their hard work and dedication to ensure that the Company consistently performs well. The Board of Directors wish to express their sincere appreciation and thanks to all customers, suppliers, banks, solicitors, advisors, Government of India, concerned State Governments and other authorities for their consistent support and co-operation.

We are also deeply grateful to our shareholders for the confidence and faith that they have always placed in us.

By Order of the Board
For Medinova Diagnostic Services Limited

Dr. Sura Surendranath Reddy
Chairman
DIN 00108599

Place: Hyderabad
Date: 08.08.2016

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – C

**SECRETARIAL AUDIT REPORT
For The Financial Year Ended 31st March 2016**

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 31st March 2016 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 ending 31st March, 2016 ("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 there under;
 - 1.2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - 1.4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
 - 1.5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - 1.5.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - 1.5.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - 1.5.3. The Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2009;
 - 1.5.4. 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;
 - 1.5.5. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - 1.5.6. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreements entered with the BSE Limited.
 - 1.6. 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 predominantly with the provisions of the Act, Rules, Regulations, Guidelines, *except the following:*

- 2.1 *Non-filing of MGT-14 for two transactions occurred during the year as specified under Section 179 (3) of the Companies Act 2013.*
 - 2.2 *Further, in accordance with the provisions of Clause 41 of the Listing Agreement the Statutory Auditors have not complied with the peer review of the ICAI.*
 - 2.3 *The Company informed us that it has initiated the process of refunding the outstanding membership subscription amounts under the Gold Card Scheme, which in our view shall be subject to the compliance of relevant provisions of the Companies Act, 2013.*
 - 2.4 *The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India were predominantly followed.*
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 Notes issued by the ICSI. Based on the Compliance Certificates received from the Company Secretary, we are of the view that the company has generally complied these Industry Specific Laws:
1. Pre-conception & Pre-natal Diagnostic Techniques Act 1994 read with the relevant rules and amendments from time to time.
 2. AP Allopathic Private Medical Care Establishments (Registration and Regulation) Act 2002 read with the relevant rules and amendments from time to time.
 3. Indian Atomic Energy Act 1962 & Atomic Energy (Radiation Protection) Rules 2004 read with the amendments from time to time.
 4. Environment (Protection) Act 1986 - Biomedical Wastes (Management and Handling) Rules 2011 read with the amendments from time to time.
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 Woman Director. The changes in the composition of the Board of Directors during the period under review were carried out in accordance with the provisions of the Act and other Regulations.
 - 4.2. Notice is given to all the Directors to schedule the meetings of the Board along with agenda and detailed notes on agenda through hand delivery/electronic mode.
 - 4.3. Management view is that the purchase of fixed asset from M/s. Vijaya Diagnostic Centre Private Limited, Holding Company, under Section 188 of the Companies were within the Board Powers.
 - 4.4. Management informed that the Company has sufficient borrowing powers as per the Companies Act 1956, which were again confirmed by the shareholders in the last AGM and therefore, the total borrowings taken are within the limits approved by the Shareholders under the Companies Act 1956.
 - 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. During the financial year 2015-16, majority of the Board Members were appointed first as Additional Director and subsequently regularized by the shareholders at the Annual General Meeting, left with Managing Director, who shall be a Non-retiring Director. Therefore, as per the Management view that the provisions of Section 152 of the Companies Act 2013, regarding retiring of directors by rotation do not apply at the Annual General Meeting.
 - 4.7. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
 - 4.8. The following Acts, Regulations and other applicable rules are not applicable:
 - 4.8.1. Foreign Exchange Management Act, 1999 and the rules and regulations made there under are not applicable during the Audit Period.
 - 4.8.2. The Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2009;
 - 4.8.3. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - 4.9. The Company has informed us that there exists 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, etc. as referred above, except the as reported in the Statutory Auditor Report.

For **dvm gopal& associates**
Company Secretaries

Place: Hyderabad

Date: 28.07.2016

DVM Gopal
Proprietor
M No: F 6280
CP No: 6798

Note: This Report 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 on the test basis 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 on test basis.
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 gopal& associates**
Company Secretaries

Place: Hyderabad

Date: 28.07.2016

DVM Gopal
Proprietor
M No: F 6280
CP No: 6798

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO:

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

A. Conservation of Energy : Not Applicable

- i. the steps taken or impact on conservation of energy;
- ii. the steps taken by the company for utilizing alternate sources of energy;
- iii. the capital investment on energy conservation equipments;

B. Technology Absorption : Not Applicable

- i. the efforts made towards technology absorption;
- ii. the benefits derived like product improvement, cost reduction, product development or import substitution;
- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- iv. the expenditure incurred on Research and Development.

C. Foreign Exchange Earnings and Outgo during the year :

- | | | |
|-----|-------------------------|-------|
| i. | Foreign Exchange Earned | : Nil |
| ii. | Foreign Exchange Outgo | : Nil |

By Order of the Board
For Medinova Diagnostic Services Limited

Dr. Sura Surendranath Reddy
Chairman
DIN 00108599

Date: 08.08.2016
Place: Hyderabad

ANNEXURE – E

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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 | 11.03.1993 |
| 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 | 6-3-456/C, Flat No. 206, 2 nd Floor, M.G.R. Estate, Dw arakapuri Colony, Panjagutta, Hyderabad - 500082 |
| vi. Whether listed company | Yes |
| 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. |

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:-

| Sr. 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 | 96.45 |

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary /Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|---------------------------------|------------------|--------------------|
| 1. | Vijaya Diagnostic Centre Private Ltd. 3-6-16 & 17, Street No. 19, Himayath Nagar, Hyderabad - 29. | U85195TG2002PTC039075 | Holding Company | 60.14% | 2 (46) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of total equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2015 | | | | No. of Shares held at the end of the year 31.03.2016 | | | | % Change During the year |
|--------------------------|---|------------|----------------|-------------------|--|------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| b) Central Govt | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| c) State Govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| d) Bodies Corp | 5702220 | Nil | 5702220 | 60.14 | 5702220 | Nil | 5702220 | 60.14 | 0.00 |
| e) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| f) Any Other- Director | | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| Sub-total(A)(1):- | 5702220 | Nil | 5702220 | 60.14 | 5702220 | NIL | 5702220 | 60.14 | 0.00 |

| | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-----------|
| 2) Foreign | | | | | | | | | |
| g) NRIs-Individuals | | | | | | | | | |
| h) Other-Individuals | | | | | | | | | |
| i) Bodies Corp. | | | | | NIL | | | | |
| j) Banks / FI | | | | | | | | | |
| k) Any Other.... | | | | | | | | | |
| Sub-total (A)(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| Total Shareholding of Promoters (A)= (A)(1)+(A)(2) | 5702220 | Nil | 5702220 | 60.14 | 5702220 | Nil | 5702220 | 60.14 | Nil |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | |
| b) Banks / FI | | | | | | | | | |
| c) Central Govt | | | | | NIL | | | | |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FII's | | | | | | | | | |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (Specify) | | | | | | | | | |
| Sub-total (B)(1) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |

| | | | | | | | | | |
|--|---------|---------|---------|-------|---------|---------|---------|-------|-------|
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 525140 | 463500 | 988640 | 10.43 | 475101 | 13500 | 488601 | 5.15 | -5.28 |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 735896 | 1385619 | 2121515 | 22.37 | 721697 | 1360319 | 2082016 | 21.96 | -0.41 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 318865 | 344700 | 663565 | 7.00 | 408503 | 794700 | 1203203 | 12.69 | 5.69 |
| c) Others (Specify) | | | | | | | | | |
| Trusts | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| NRI's | 5700 | Nil | 5700 | 0.06 | 5600 | Nil | 5600 | 0.06 | 0.00 |
| Sub-total (B)(2) | 1585601 | 2193819 | 3779420 | 39.86 | 1610901 | 2168519 | 3779420 | 39.86 | 0.00 |
| Total Public Shareholding (B)= (B)(1)+ (B)(2) | 1585601 | 2193819 | 3779420 | 39.86 | 1610901 | 2168519 | 3779420 | 39.86 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA |
| Grand Total (A+B+C) | 7287821 | 2193819 | 9481640 | 100 | 7313121 | 2168519 | 9481640 | 100 | 0.00 |

ii. Shareholding of Promoters

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during 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 | |
| 1. | Vijaya Diagnostic Centre Pvt. Ltd., | 5702220 | 60.14 | NIL | 5702220 | 60.14 | NIL | 0.00 |
| | Total | 5702220 | 60.14 | NIL | 5702220 | 60.14 | NIL | 0.00 |

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

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | No Change | 570220 | 60.14 | 570220 | 60.14 |

iv. Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs):

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | SHANKAR LAL SARAF | 326500 | 3.44 | 326500 | 3.44 |
| 2 | 3A CAPITAL SERVICES LIMITED | 383557 | 4.05 | 325044 | 3.43 |
| 3 | KATTAMREDDY LAKSHMINARAYANA REDDY | 0 | 0.00 | 125000 | 1.32 |
| 4 | PADARTHI HARINADHA REDDY | 0 | 0.00 | 125000 | 1.32 |
| 5 | DUVVURU JALANDHAR REDDY | 0 | 0.00 | 100000 | 1.05 |
| 6 | MUDDU KRISHNA REDDY ODURU | 0 | 0.00 | 100000 | 1.05 |
| 7 | ARVIND CHAMPALAL JAIN | 75603 | 0.80 | 73403 | 0.77 |
| 8 | AMIT BHUTRA | 67077 | 0.71 | 67077 | 0.71 |
| 9 | G R N CONSTRUCTIONS PRIVATE LIMITED | 40000 | 0.42 | 40000 | 0.42 |
| 10 | PILOT CONSULTANTS PRIVATE LTD | 30000 | 0.32 | 30000 | 0.32 |

V. INDEBTEDNESS

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

(Amt.in Rs.)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits |
|---|----------------------------------|-----------------|----------|
| Indebtedness at the beginning of the financial year | | | |
| i) Principal Amount | 822641 | 18400000 | 0 |
| ii) Interest due but not paid | 0 | 94318 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 |
| Total (i+ii+iii) | 822641 | 18494318 | 0 |
| Change in Indebtedness during the financial year | | | |
| - Addition | 21197416 | 15263461 | 0 |
| - Reduction | 0 | 4691348 | 0 |
| Net Change | | 10572113 | 0 |
| Indebtedness at the end of the financial year | | | |
| i) Principal Amount | 21821716 | 26995000 | 0 |
| ii) Interest due but not paid | 0 | 2071431 | 0 |
| iii) Interest accrued but not due | 198341 | 0 | 0 |
| Total (i+ii+iii) | 22020057 | 29066431 | 0 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | Total Amount |
|---------|---|------------------------|--------------|
| 1. | <u>Gross salary</u> (a) Salary as per provisions Contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary Under section 17(3) Income-tax Act, 1961 | | |
| 2. | Stock Option | NIL | |
| 3. | Sweat Equity | | |
| 4. | Commission - as % of profit - Others, specify... | | |
| 5. | Others, please specify | | |
| 6. | Total (A) | | |
| | Ceiling as per the Act | | |

B. Remuneration to other directors:

(Amt in Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amt |
|---------|--|--------------------------|----------------------|-----------------------------|--------------|
| | Independent Directors | Mr. K. V. Ravindra Reddy | Mr. P. Kamalakar Rao | Dr. G. Ramesh Ramayya | |
| | · Fee for attending board committee meetings | 4000 | 6000 | 6000 | 16000 |
| | · Commission | -- | -- | -- | -- |
| | · Others, please specify | -- | -- | -- | -- |
| | Total(1) | 4000 | 6000 | 6000 | 16000 |
| | Other Non-Executive Directors | Mrs. Suprita Sura Reddy | | Dr. Sura Surendranath Reddy | |
| | · Fee for attending board committee meetings | 4000 | | 8000 | 12000 |
| | · Commission | -- | | -- | -- |
| | · Others, please specify | -- | | -- | -- |
| | Total(2) | 4000 | | 8000 | 12000 |
| | Total(B)=(1+2) | | | | 28000 |

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD:

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|--|--------------------------|-------------------------|-----------------------|
| | | Company Secretary | Chief Financial officer | Total |
| 1. | Gross salary (a) Salary as per provisions Contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | Rs. 2,40,000/- | Rs. 6,98,400/- | Rs. 9,38,400/- |
| 2. | Stock Option | -- | -- | -- |
| 3. | Sweat Equity | -- | -- | -- |
| 4. | Commission - as % of profit - Others, specify... | -- | -- | -- |
| 5. | Others, please specify | -- | -- | -- |
| | Total | Rs. 2,40,000/- | Rs. 6,98,400/- | Rs. 9,38,400/- |

I. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. Directors | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. Other Officers In Default | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

By Order of the Board
For Medinova Diagnostic Services Limited

Date: 8th August, 2016
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN 00108599

ANNEXURE – F
FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below :

1. Details of contracts or arrangements or transactions not at Arm's length basis: NIL

| Sl. No | Particulars |
|--------|---|
| a) | Name (s) of the related party & nature of relationship |
| b) | Nature of contracts/arrangements/transaction |
| c) | Duration of the contracts/arrangements/transaction |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any |
| e) | Justification for entering into such contracts or arrangements or transactions |
| f) | Date of approval by the Board |
| g) | Amount paid as advances, if any |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |

Details of contracts or arrangements or transactions at Arm's length basis:

| Sl. No | Particulars | Details |
|--------|---|--|
| a. | Name of the Related Party | Vijaya Diagnostic Centre Pvt. Ltd |
| b. | Nature of Relationship | Holding Company |
| c. | Nature of Contracts/Arrangements/Transactions | Medical Diagnostic & Other Services |
| d. | Duration of the Contract/ arrangements/ transactions | From 01.04.2015 to 31.03.2016 |
| e. | Salient terms of contract/ arrangements/ transactions | Providing Medical Diagnostic Services at Rates which are at Arms length considering the prevailing market prices |
| f. | Justification for entering in to such contracts / arrangements / transactions | The expertise of the Holding Company in the Medical Diagnostic Field is to be provided to the Company in view of lack of sufficient high end Medical Equipment . |
| g. | Date of approval by the Board | 13th August, 2015 |
| h. | Amount of Transactional value | Rs 86,52,554/- |
| i. | Date on which the Special Resolution was passed in AGM | 25 th September, 2015 |

By Order of the Board
For Medinova Diagnostic Services Limited

Date: 8th August, 2016
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN 00108599

ANNEXURE – G

MANAGEMENT DISCUSSION & ANALYSIS INDUSTRY OVERVIEW:

India has been one of the exciting Diagnostic Markets globally over the past few years, with a growing share in In-vitro diagnostics industry. Phenomenal growth of laboratory automation, Preventive healthcare generation and huge number of test menus across the labs in India have attracted a large number of people whose affordability has gone-up due to the sizable increase in their disposable income.

There are about 50,000 – 60,000 clinical laboratories across India covering a diverse market consisting of private laboratories chains, hospitals run by Governments, Charities and non-profit organizations and a number of major private world class healthcare groups. While demand for healthcare services is huge, quality and cost effectiveness have become very important.

Therefore, 'Quality' has become a key word for the long term sustainability. Timely up-gradation of the equipment, trained skilled manpower, allied services threaded with advanced software are the ingredients of 'Quality'. It is to be clearly kept in mind that there is no short cut method in this sector to achieve the excellence.

Company's Performance:

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 across the society.

The turnover during the year 2015-16 was Rs. 725.84 lakhs. The loss after tax was Rs. 159.61 lakhs during the year.

Risk Management:

Risk is the integral part of any business. Healthcare sector deals with the human lives; therefore, the risk is very much embedded with it. Your company has been in this business for more than two decades and has learnt thoroughly to evaluate and analyze the risks.

Future Outlook:

Your company with its experience and expertise on its back and with the change in the management is now poised for a fresh impetus in its growth path. It has already planned for more expansion, upgradation which in turn will be useful for its patient clientele.

REPORT ON CORPORATE GOVERNANCE

The present Corporate Governance Report is being issued for the financial year commencing from 1st April, 2015 to 31st March, 2016.

The Company's philosophy on Code of Corporate Governance: Your Company believes that Good Corporate Governance helps in retaining shareholders' and other stakeholders' confidence while dealing with all the shareholders, customers and others, apart from enhancing the image of the Company.

Your Company's philosophy on Corporate Governance is founded upon a rich legacy of integrity, accountability, fairness and transparency and therefore your Company remains committed to these basic tenets towards achieving excellence in Corporate Governance. Your Company pursues growth by adopting best corporate practices and timely disclosures to enhance the long term value and aspirations of all shareholders and other stakeholders.

A. BOARD OF DIRECTORS:

I) COMPOSITION OF THE BOARD:

The Board of Directors comprises 6 Directors.

- i) One (1) Non-Executive Chairman
- ii) One (1) Managing Director
- iii) Three (3) Independent Directors
- iv) One (1) Woman Non-Executive Director

50% of the Board comprises of Non Executive Directors.

The Chairman being a Non-Executive Chairman, 1/3rd of the Board constitutes Independent Directors. There is no resignation by any of the independent directors.

The composition of the Board including the Independent Directors is in conformity with Clause 49 of the listing agreement, companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The constitution and attendance particulars of the board are as follow s:

| Name | Designation | Attendance particulars | |
|------------------------------|------------------------------------|------------------------|-----------------------------|
| | | Board meetings | Last AGM held on 25.09.2015 |
| Dr. Sura Surendranath Reddy | Non-Executive Chairman | 4 | Yes |
| Mr. Sunil Chandra Kondapally | Managing Director | 3 | Yes |
| Mrs. Suprita Sura Reddy | Woman Director | 2 | No |
| Mr. K. V. Ravindra Reddy | Independent Non-Executive Director | 2 | Yes |
| Mr. Kamalakar Rao P. | Independent Non-Executive Director | 4 | Yes |
| Dr. Ramesh Ramayya | Independent Non-Executive Director | 3 | No |

II. BOARD AND COMMITTEES OF THE BOARD:

We have in place all the Committees of the Board which are required to be constituted under the Companies Act, 2013, Listing agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No. of Board Meetings:

During the financial year under review, Four (4) Board Meetings were held, i.e., 22/05/2015, 13/08/2015, 09/11/2015 and 13/02/2016. Proceedings of such meetings were duly recorded.

The following information as applicable was made available to the Board as specified in the Clause 49:

Annual operating plans and budgets, Capital budgets and any updates.

Quarterly results for the company and its operating divisions or business segments.

Minutes of meetings of audit committee and other committees of the board.

Show cause, demand, prosecution notices and penalty notices, which are materially important.

Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems

Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.

Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.

Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

III. DIRECTORSHIP OR COMMITTEES IN WHICH DIRECTORS HOLD MEMBERSHIP/CHAIRMANSHIP:

As per the listing agreement, every Director is required to annually inform about the directorship/his position held in various committees of the Board, and the changes in them. However, Chairmanships/Memberships of the Board Committees include only Audit and Stakeholders Relationship Committees.

All the Directors have ensured their membership/ chairmanship(s) within the prescribed limits. The same is tabulated below for your reference:

| Names | No. of other Directorships and Committee Membership/Chairmanship | | |
|------------------------------|--|------------|--------------|
| | Other Directorship | Committee | |
| | | Membership | Chairmanship |
| Dr. Sura Surendranath Reddy | 9 | Nil | Nil |
| Mr. Sunil Chandra Kondapally | 5 | Nil | Nil |
| Mrs. Suprita Sura Reddy | 6 | Nil | Nil |
| Mr. K V Ravindra Reddy | 6 | 4 | Nil |
| Mr. P. Kamalakar Rao | Nil | Nil | Nil |
| Dr. G. Ramesh Ramayya | 2 | Nil | Nil |

B. CODE OF CONDUCT:

In compliance with Regulation 17 of SEBI Listing Regulations, the Company has adopted a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, a copy of which is available at the Company's website, www.medinovaindia.com. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year ended March 31, 2016 and a declaration to this effect signed by the Managing Director is the forming part of this report.

Pursuant to the requirements of SEBI (**Prohibition Of Insider Trading) Regulations, 2015**, the Company has adopted a "Code of Conduct for Prevention of Insider Trading". This Code is applicable to all the Directors and designated employees of the Company.

Familiarisation programme for Independent Directors

All Independent Directors (IDs) inducted into the Board are given an orientation. Presentations are made by Managing Director and Senior Management giving an overview of our operations, to familiarise the new IDs with the Company's business operations. The new IDs are given an orientation on company structure and Board constitution and procedures, matters reserved for the Board, and our major risks and risk management strategy. The company has familiarised the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various interactions and familiarisation programmes. The said familiarisation programmes are disclosed on the company's website www.medinovaindia.com.

Meeting of Independent Directors (IDs)

Further, the Independent Directors at their meeting held on 30.03.2016 reviewed the performance of Board, Chairman of the Board and of Non Executive Directors.

C. COMMITTEES OF THE BOARD:

AUDIT COMMITTEE:

The Constitution and attendance records of the Audit Committee meets the requirements of the Companies Act and the listing agreement entered with the stock exchange. It is as follows:

| Name | Designation | Directorship | No. of Meetings | No. of Meetings Attended |
|-----------------------------|-------------|------------------------------------|-----------------|--------------------------|
| Mr. P. Kamalakar Rao | Chairman | Independent Non-Executive Director | 4 | 4 |
| Mr. K. V. Ravindra Reddy | Member | Independent Non-Executive Director | 4 | 2 |
| Dr. Sura Surendranath Reddy | Member | Non-Executive Chairman | 4 | 4 |

All the members of the committee are financially literate, and has sufficient expertise in accounting and financial management related areas.

The Company Secretary acts as the secretary to the committee.

Meetings of the Committee:

During the financial year, Four (4) meetings were held i.e., 22/05/2015, 13/08/2015, 09/11/2015 and 13/02/2016.

Functions/Role of the Audit Committee:

The terms of reference of the Audit Committee covers all matters specified under the Listing Agreement as well as the provisions of Section 292A of the Companies Act, 1956 and inter alia, includes the following:

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

Any changes in accounting policies and practices

Major accounting entries based on exercise of judgment by management

Qualifications in draft audit report significant adjustments arising out of audit

Compliance with Stock Exchange and legal requirements concerning financial statements

Disclosure of any related party transactions.

Reviewing with the management, external and internal auditors, the adequacy of internal control systems

Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

Discussion with internal auditors for any significant findings and follow up thereon.

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

Discussion with statutory auditors before the audit commences regarding nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.

Reviewing the Company's financial and risk management policies.

To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.

Review of following:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), Submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2016 and has recommended its adoption. In addition, the Committee has also reviewed Unaudited quarterly results for June 30, 2015, quarterly and half yearly results for September 30, 2015 and quarterly results for December 31, 2015 which were subjected to a Limited Review by the Statutory Auditors of the Company and audited financial results for the year ended March 31, 2016.

NOMINATION AND REMUNERATION COMMITTEE:

The Constitution and attendance records of the Nomination and Remuneration Committee meets the requirements of the Companies Act and the listing agreement entered with the stock exchange. It is as follows:

| Name | Designation | Directorship | No. of Meetings | No. of Meetings Attended |
|-----------------------------|-------------|------------------------------------|-----------------|--------------------------|
| Mr. K. V. Ravindra Reddy | Chairman | Independent Non-Executive Director | 1 | -- |
| Mr. P. Kamalakar Rao | Member | Independent Non-Executive Director | 1 | 1 |
| Dr. Sura Surendranath Reddy | Member | Non-Executive Chairman | 1 | 1 |

All the members of the committee are financially literate, and has sufficient expertise in accounting and financial management related areas.

Meetings of the Committee:

During the financial year, One (1) meeting was held i.e., on 13th February, 2016.

Remuneration policy:

The Nomination and Remuneration (N&R) Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration.

REMUNERATION OF DIRECTORS:

Since all are Non-executive Directors, Company is paying only Sitting Fee to them. Other than this no other remuneration or commission is paid. The Sitting fee paid to the Non-Executive Directors are fixed by the Board and is within the limits as prescribed. Hence, the same was not subject to share holders' approval in the General Meeting.

The details of sitting fee paid to the Non-Executive Directors during the financial year 2015-16 are as follows:

| Name of the Director | Sitting fee (Rs.) | No. of Shares held |
|------------------------------|-------------------|--------------------|
| Dr. Sura Surendranath Reddy | 8,000 | Nil |
| Mr. Sunil Chandra Kondapally | Nil | Nil |
| Mrs. Suprita Sura Reddy | 4,000 | Nil |
| Mr. K. V. Ravindra Reddy | 4,000 | Nil |
| Mr. P. Kamalakar Rao | 6,000 | Nil |
| Dr. G. Ramesh Ramayya | 6,000 | Nil |

Relationship/transactions between Non-Executive Directors:

Other than above, there were no pecuniary relationships or transactions with the non-executive independent director's vis-à-vis the company.

Remuneration paid to the Managing Director:

During the Financial Year No Remuneration, perquisites and allowances were paid to the Managing Director in view of the Losses earned by the Company.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

A Stakeholders Relationship Committee was constituted to operate in terms of the provisions related thereto in the Listing Agreements with the Stock Exchanges and/or the provisions as prescribed or as may be prescribed in this regard by the Companies Act.

The Committee comprises at present the following Directors:

| <u>Name</u> | <u>Designation</u> |
|-----------------------------|--------------------|
| Dr. Sura Surendranath Reddy | Chairman |
| Mr. P. Kamalakar Rao | Member |
| Mr. K. V. Ravindra Reddy | Member |

During the financial year, Thirty (30) meetings were held i.e., on 06/04/2015, 13/04/2015, 20/04/2015, 27/04/2015, 04/05/2015, 11/05/2015, 18/05/2015, 25/05/2015, 01/06/2015, 15/06/2015, 22/06/2015, 29/06/2015, 13/07/2015, 27/07/2015, 03/08/2015, 24/08/2015, 31/08/2015, 07/09/2015, 18/09/2015, 28/09/2015, 19/10/2015, 26/10/2015, 02/11/2015, 09/11/2015, 28/12/2015, 18/01/2016, 25/01/2016, 15/02/2016, 08/03/2016 and 21/03/2016.

There are no complaints or Transfer of Shares pending as on March 31, 2016

Mr. M. Ramana Reddy, Company Secretary of the Company, officiates as secretary of the Committee and is also designated as Compliance Officer in terms of the Listing Agreement with the Stock Exchanges.

An analysis of the investor complaints received and redressed during the financial year 2015-16 is given below :

| Sl.No. | Nature of complaint | Received | Disposed | Pending |
|--------|---------------------------------------|----------|----------|---------|
| 1. | Regarding Annual Reports | Nil | Nil | Nil |
| 2. | Issue of Duplicate Share Certificates | Nil | Nil | Nil |
| 3. | General Queries | Nil | Nil | Nil |

D. GENERAL BODY MEETINGS:

The details of location and time of last three Annual General Meetings are given below :-

| Years | Location | Date | Time | Special Resolutions Passed through Voting & Physical Ballot voting. |
|---------|--|------------------------------|------------|---|
| 2012-13 | The Central Court Hotel Lakdi-Ka-Pul Hyderabad | 25th Sept., 2013 | 11.30 A.M. | Nil |
| 2013-14 | Hotel Greenpark Greenlands Begumpet Hyderabad | 25th Sept., 2014 | 11.00 A.M. | 1. Appointment of Managing Director 2. Approval of Related Party Transaction. 3. Authorization for Investments, giving loans and guarantees. |
| 2014-15 | Hotel Greenpark Greenlands Begumpet Hyderabad | 25 th Sept., 2015 | 11.00 A.M. | 1. Appointment of Independent Directors & Non-Executive Directors. 2. Approval for Borrowal of funds. 3. Approval for Creation of Charge on Assets & undertakings. 4. Approval of Related Party Transaction. 5. Modification of Regulations in the Articles of Association. |

E. DISCLOSURES :

- i) During the financial year under review, there were no materially significant related party transactions made by the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potentially conflict with the interest of the Company at large. Disclosures regarding related party transaction are disclosed in Note No. 28.3 of notes to accounts published elsewhere in this Annual Report.
- ii) There are no instances of non-compliance by the Company, penalties, and strictures imposed on the company by the Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years
- iii) The Company affirms that no personnel has been denied access to the Audit Committee during the financial year ended 31st March, 2016.

F. WHISTLE BLOWER POLICY :

The company has put in place a mechanism of reporting illegal or unethical behavior. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified persons. The reports received from any employee will be reviewed by the audit committee. It is affirmed that no person has been denied access to the audit committee in this respect.

The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

G. REVIEW OF COMPLIANCE REPORT :

According to the listing agreement, the Board periodically reviewed the Compliance Reports of all the laws applicable and the necessary steps taken to rectify any non-compliance in this regard.

The Company is preparing its financial statements in line with the accounting standards issued by the Institute of Chartered Accountants of India and the company has not raised any fresh funds from the public or through Right or Preferential Issue.

Proceeds from public issues, rights issue, preferential issues, etc. -- Nil

H. MANAGING DIRECTOR & CFO Certification :

In accordance with the provisions of Regulation 17 of SEBI Listing Regulation, the Managing Director and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors, the Audit Committee and the Auditors.

The Company has complied with all mandatory requirements specified in regulation 17 to 27 and clause(b) to (i) of sub regulation (2) of regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Non-Mandatory Requirements

1. The Board

The Board - A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

2. Shareholder Rights

A half-yearly declaration of financial performance including summary of the significant events in last six -months, may be sent to each household of shareholders.

3. Audit qualifications

Company may move towards a regime of unqualified financial statements.

4. Separate posts of Chairman and CEO

The company may appoint separate persons to the post of Chairman and Managing Director/CEO.

5. Reporting of Internal Auditor

The Internal Auditor submits his report directly to the Audit Committee.

I. MEANS OF COMMUNICATION:

The quarterly and half yearly results of the Company were published during the Financial Year under review in the News Papers namely, Financial Express & Nava Telangana/Andhra Prabha. The same has been placed on the website of the company www.medinovaindia.com

News releases and presentation to Institutional Investors: Nil

BSE Corporate Compliance & Listing Centre:

BSE's Listing Centre is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report among others are also filed electronically on the listing centre.

J. GENERAL SHAREHOLDERS INFORMATION:

The Twenty Third Annual General Meeting will be held on Wednesday, the 28th day of September, 2016 at 10.30 A.M at The Central Court Hotel, Lakdi-ka-pul, Hyderabad – 500004.

Financial Year:

The financial year of the company under review is from 1st April, 2015 to 31st March, 2016.

Date of Book Closure:

The Company's Share Transfer Books will remain closed from Thursday, the 22nd day of September, 2016 to Wednesday, the 28th day of September, 2016 (both days inclusive) for purpose of conducting the Annual General Meeting for the Financial Year ended 31st March, 2016.

Listing on Stock Exchanges:

The Company's shares are presently listed on the Bombay Stock Exchange Ltd, Mumbai. The address of the Stock Exchange is given below : Stock Code: (In BSE) 526301.

Address:

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

Market Price Data:

The Monthly high and low share quotation on Bombay Stock Exchange are as follows:

| Month-wise | Month's High Price (Rs.) | Months Low Price (Rs.) |
|------------|--------------------------|------------------------|
| Apr, 2015 | 38.95 | 26.75 |
| May, 2015 | 33.60 | 25.75 |
| Jun, 2015 | 30.55 | 23.80 |
| Jul, 2015 | 32.90 | 28.25 |
| Aug, 2015 | 33.90 | 28.35 |
| Sep, 2015 | 33.00 | 24.45 |
| Oct, 2015 | 39.90 | 30.40 |
| Nov, 2015 | 36.95 | 31.00 |
| Dec, 2015 | 46.60 | 35.00 |
| Jan, 2016 | 46.40 | 33.25 |
| Feb, 2016 | 36.00 | 21.40 |
| Mar, 2016 | 22.95 | 18.15 |

Distribution of Shareholdings as on 31.03.2016 (Including Dematerialized Shares):

| Shareholdings of nominal value of (Rs.) | Shareholders | | Share Amount | |
|---|--------------|---------------|-----------------|---------------|
| | Nos | % | In Rs. | % |
| Upto 5,000 | 9773 | 95.98 | 15481590 | 16.33 |
| 5,001 - 10,000 | 227 | 2.23 | 1943610 | 2.05 |
| 10,001 - 20,000 | 86 | 0.84 | 1393540 | 1.47 |
| 20,001 - 30,000 | 37 | 0.36 | 960680 | 1.01 |
| 30,001 - 40,000 | 10 | 0.10 | 360280 | 0.38 |
| 40,001 - 50,000 | 8 | 0.08 | 391620 | 0.41 |
| 50,001 - 1,00,000 | 14 | 0.14 | 1015270 | 1.07 |
| 1,00,001 & above | 27 | 0.27 | 73269810 | 77.28 |
| Total | 10182 | 100.00 | 94816400 | 100.00 |

Dematerialization of Shares:

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

To facilitate easy access of the dematerialized system to the investors, the Company has signed up with both the depositories namely the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and has established connectivity with the depositories through its Registrar and Transfer Agent, M/s. XL Softech Systems Ltd.

77.17% of the total shares have been dematerialized upto March 31, 2016. Dematerialization of shares is done through M/s. XL Softech Systems Ltd and on an average the dematerialization process is completed within 7 days from the date of receipt of a valid dematerialization request along with the relevant documents.

| Particulars | Shares on March 31, 2016 | % |
|-----------------|--------------------------|---------------|
| Physical Shares | 2164919 | 22.83 |
| NSDL | 6811265 | 71.84 |
| CDSL | 505456 | 5.33 |
| Total | 9481640 | 100.00 |

Registrar and Transfer Agents:

The Company has appointed M/s XL Softech Systems Ltd. as a Common Transfer Agent for demat of shares.

Address:

M/s XL Softech Systems Ltd.,
3 Sagar Society, Road No.2, Banjara Hills,
Hyderabad - 500 034.

Investor Correspondence:

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

Address:

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

Medinova Centres:

Hyderabad:

6-3-456/C, Flat No.206, 2nd Floor
M.G.R. Estate, Dw arakapuri Colony,
Panjagutta, Hyderabad – 500082.
Phone No(s): 040 – 2331 1122 / 33
eMail-Id: medicorp@medinovaindia.com

Kolkata:

- i) 1, Sarat Chatterjee Avenue,
Kolkata – 700 029
Phone No(s) 033 – 2466 0780 / 2466 1780
eMail-Id: medinova.kol@medinovaindia.com
- ii) 1, H. L. Sarkar Road,
Bansdroni, Kolkata – 700 070
Mobile: +91 98303 41212

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:
Not Applicable

Plant Location: None

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

THE MANAGING DIRECTOR AND THE CHIEF FINANCIAL OFFICER CERTIFICATION

To
The Board of Directors
Medinova Diagnostic Services Limited
Hyderabad

Dear Sirs,

We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of our knowledge and belief that:

These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

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;

No transactions entered into by the Company during the above said period which are fraudulent, illegal or violative of the company's code of conduct. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors that:

Significant changes in internal control over financial reporting during the year;

Significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and

Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sunil Chandra Kondapally
Managing Director

N. Ravi Kumar
Chief Financial Officer

Place: Hyderabad

Date: 25.05.2016

ANNEXURE "H"

DECLARATION ON CODE OF CONDUCT

In terms of the requirement of Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company on 25th May, 2016 had been displayed at the Company's website www.medinovaindia.com. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year ended March 31, 2016.

Place : Hyderabad
Date : 25.05.2016

Mr. Sunil Chandra Kondapally
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Medinova Diagnostic Services Ltd.

We have examined the compliance of conditions of Corporate Governance by M/s. Medinova Diagnostic Services Limited, for the year ended on 31st March, 2016, as stipulated in Clause 49 of Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Place : Hyderabad
Date : 25th May, 2016

C V Ratnam Dhaveji
Partner
M.No. 203479

Independent Auditors' Report on Standalone Financial Statements

To the Members of
Medinova Diagnostic Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of Medinova Diagnostic Services Limited ('the Company'), which comprise the Balance sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Sub-Section 5 of Section 134 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the Provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Sub-Section 10 of section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

OPINION

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AS REQUIRED BY SECTION 143(3) OF THE ACT.

We report that:

1. As required by the Companies (Audit Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub – section 11 of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Sub-Section 3 of Section 143 of the Act, 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards 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 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Sub-Section 2 of Section 164 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 B' ; and
 - g) With respect to the other matters to be included in the Auditors ' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - i. There were no pending litigations that effects the Company's financial position.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. 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: 25.05.2016

C V Ratnam Dhaveji
Partner
M.No 203479

Annexure A to the Auditors' Report

Referred to in Paragraph 1 under the heading "Report on other Legal & Regulatory Requirement" of our report of even date to the financial statements of the Company for the year ended 31st March 2016:

1. In respect of its 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 regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. 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.
 3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in Register maintained under Section 189 of the Act.
 4. In our opinion and according to the information and explanations given to us, the company has not given any loan or guarantees or made investments as contemplated under Section 185 and 186 of the Companies Act, 2013.
 5. 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.
 6. 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.
 7. 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, employee state insurance, Income Tax, Cess and other statutory dues applicable to it with the appropriate authorities.
 - b. There were, no undisputed amounts payable in respect of provident fund, employee state insurance, Income Tax, Cess and other Statutory dues in arrears as at 31st March 2016 for a period of more than six 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 | 13,29,715 |
| Employee State Insurance Act, 1948 | Contribution Payable | 89,072 |
| Professional Tax Act, 1987 | Professional Tax Payable | 18,880 |

- c. According to the information and explanations given to us and on the basis of our examination of records of the company, there were no amounts which were required to be transferred to the Investor Education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and Rules there under.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

9. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) or term loans hence reporting under clause 3(ix) of the Order is not applicable.
10. To the best of our knowledge and the information and explanations given to us, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. The company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. 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: 25.05.2016

C V Ratnam Dhaveji
Partner
M.No 203479

Annexure B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) Of Sub-Section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal controls over financial reporting of Medinova Diagnostics Services Limited ('the Company') as of 31st March 2016 in conjunction with our audit of the Standalone Financial Statements of the company for the year ended on the date.

Management's Responsibility for Internal Financial Controls

The company's management is responsible for establishment and maintaining internal financial control based on the internal control over financial reporting criteria established by the company considered 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 the Chartered Accountants of India ('the Guidance Note'). 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting 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') And the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and 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 were established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedure 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 controls based on the assessed risk. The procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 audit opinion on the company's internal financial controls system over financial reporting.

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 principles and procedure that

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditure of the company are being made on only in accordance with authorization of the management and directors of the company; and

- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Controls over Financial Reporting

Because of 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, projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedure 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 31st March 2016, based on the internal control over financial reporting criteria established by the company considered the essential components of internal control stated in the Guidance Note.

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

Place: Hyderabad
Date: 25.05.2016

C V Ratnam Dhaveji
Partner
M.No 203479

STANDALONE BALANCE SHEET AS AT MARCH 31, 2016

| Particulars | Note No. | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|--|--------------|---------------------------------------|---------------------------------------|
| I EQUITY & LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| a) Share Capital | 1 | 94,568,400 | 94,568,400 |
| b) Reserves and Surplus | 2 | -178,341,341 | -162,379,823 |
| Sub -Total : | | -83,772,941 | -67,811,423 |
| 2 Non - Current Liabilities | | | |
| a) Long-Term Borrowings | 3 | 42,102,110 | 13,600,000 |
| b) Other Long Term Liabilities | 4 | 50,000 | 134,000 |
| c) Long Term Provisions | 5 | 2,503,967 | 2,604,611 |
| Sub -Total : | | 44,656,077 | 16,338,611 |
| 3 Current Liabilities | | | |
| a) Short-Term Borrowings | 6 | 961,130 | 822,641 |
| b) Trade Payables | 7 | 41,030,496 | 28,086,461 |
| c) Other Current Liabilities | 8 | 81,168,653 | 74,743,027 |
| d) Short-Term Provisions | 9 | 274,320 | 289,401 |
| Sub -Total : | | 123,434,599 | 103,941,530 |
| TOTAL: | | 84,317,735 | 52,468,718 |
| II ASSETS | | | |
| 1 Non-Current Assets | | | |
| a) Fixed Assets | 10 | 43,305,544 | 10,730,477 |
| b) Non Current Investments | 11 | 9,425,000 | 8,762,425 |
| c) Deferred Tax Asset | 12 | 2,792,434 | 4,120,085 |
| d) Other Long Term Loans and Advances | 13 | 4,384,091 | 3,036,533 |
| e) Other Non-Current Assets | 14 | 1,696,600 | 1,240,724 |
| Sub -Total : | | 61,603,669 | 27,890,244 |
| 2 Current Assets | | | |
| a) Inventories | 15 | 1,446,773 | 1,801,598 |
| b) Trade Receivables | 16 | 4,652,957 | 7,232,450 |
| c) Cash and Bank Balances | 17 | 1,051,650 | 412,926 |
| d) Short-Term Loans and Advances | 18 | 15,127,627 | 13,451,500 |
| e) Other Current Assets | 19 | 435,059 | 1,680,000 |
| Sub -Total : | | 22,714,066 | 24,578,474 |
| TOTAL | | 84,317,735 | 52,468,718 |
| Significant Accounting Policies & Notes to Accounts | 27-28 | | |

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
Chairman

Sunil Chandra Kondapally
Managing Director

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 25th May, 2016

N Ravikumar
Chief Financial Officer

M Ramana Reddy
Company Secretary

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016

| SL. NO. | Particulars | Note No. | For the Year ended 31st March, 2016 (Rupees) | For the Year ended 31st March, 2015 (Rupees) |
|---------|--|--------------|--|--|
| I | Revenue from Operations | 20 | 70,012,497 | 76,943,675 |
| II | Other Income | 21 | 2,571,605 | 4,813,148 |
| III | Total Revenue (I+II) | | 72,584,102 | 81,756,823 |
| IV | Expenses: | | | |
| | Cost of Materials Consumed | 22 | 8,261,129 | 7,614,523 |
| | Employee Benefits Expense | 23 | 22,210,829 | 21,376,584 |
| | Finance Costs | 24 | 3,858,554 | 626,892 |
| | Depreciation | 10 | 8,140,809 | 10,331,350 |
| | Other Expenses | 25 | 44,746,648 | 83,935,382 |
| | Total Expenses | | 87,217,969 | 123,884,731 |
| V | Profit / (Loss) Before Exceptional Items and Tax (III-IV) | | -14,633,867 | -42,127,908 |
| VI | Exceptional Items | | 0 | 0 |
| VII | Profit / (Loss) Before Tax (V-VI) | | -14,633,867 | -42,127,908 |
| VIII | Tax Expenses: | | | |
| | Current Tax | | 0 | 0 |
| | Deferred Tax | | 1,327,651 | -6,287,852 |
| | Tax relating to earlier years | | 0 | 74,289 |
| IX | Profit / (Loss) for the year (VII-VIII) | | -15,961,518 | -35,914,345 |
| X | Earnings per Equity Share: | 26 | | |
| | Basic & Diluted | | -1.68 | -3.78 |
| | Significant Accounting Policies & Notes to Accounts | 27-28 | | |

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
 Chairman

Sunil Chandra Kondapally
 Managing Director

C V Ratnam Dhaveji
 Partner
 M.NO.203479

 Place : Hyderabad
 Date : 25th May, 2016

N Ravikumar
 Chief Financial Officer

M Ramana Reddy
 Company Secretary

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

| | For the year ended 31.03.2016 (Rupees in Lakhs) | For the year ended 31.03.2015 (Rupees in Lakhs) |
|--|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit / (Loss) Before Tax | -146.33 | -421.28 |
| Adjustments for : | | |
| Depreciation | 81.40 | 103.31 |
| Interest income | -0.38 | -1.88 |
| Interest Expenditure | 38.58 | 6.27 |
| Loss on Sale of Fixed Assets | 2.35 | 14.63 |
| Adjustment on account of change in carrying value of assets | 0.80 | 245.56 |
| Operating Profit before Working Capital changes | <u>-23.58</u> | <u>-53.39</u> |
| Adjustments for : | | |
| Inventories | 3.55 | -5.01 |
| Trade Receivables | 25.79 | 11.88 |
| Short Term Loans & Advances | -16.76 | -11.78 |
| Other Current Assets | 12.45 | 0.00 |
| Trade Payables | 129.44 | 131.99 |
| Other Current Liabilities | 64.25 | -81.57 |
| Provision for Employees Benefits | -1.16 | -4.29 |
| Cash generated from Operations | <u>193.98</u> | <u>-12.17</u> |
| Taxes Paid | 0.00 | 6.54 |
| Net Cash Flow from Operating Activities | <u>193.98</u> | <u>-18.71</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | -411.11 | -66.85 |
| Sale of Fixed Assets | 0.80 | 24.00 |
| Non-Current Investments | -6.63 | -87.62 |
| Interest received | 0.38 | 1.88 |
| Net Cash flow from Investing Activities | <u>-416.56</u> | <u>-128.59</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Increase in Long Term borrowings | 285.02 | 112.37 |
| Increase in Short Term borrowings | 1.39 | 46.23 |
| Increase in Other Non-Current Assets | -4.56 | -4.20 |
| Decrease in Other Long Term Liabilities | -0.84 | -1.96 |
| Increase in Other Long Term Loans & Advances | -13.47 | 0.00 |
| Interest Paid | -38.58 | -6.27 |
| Net cash flow from financing activities | <u>228.96</u> | <u>146.17</u> |
| Net Increase / (Decrease) in cash and cash equivalents | 6.38 | -1.13 |
| Cash and cash equivalents as at the beginning of the year | 4.13 | 5.26 |
| Cash and Cash equivalents as at the end of the year | <u>10.51</u> | <u>4.13</u> |

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

N Ravikumar
Chief Financial Officer

M Ramana Reddy
Company Secretary

Place : Hyderabad
Date : 25th May, 2016

| Note No. | Particulars | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|----------|--|---------------------------------------|---------------------------------------|
| 1 | SHARE CAPITAL | | |
| | a) Authorised Share Capital | | |
| | 1,00,00,000 Equity Shares of Rs.10/- each | 100,000,000 | 100,000,000 |
| | Total: | <u>100,000,000</u> | <u>100,000,000</u> |
| | b) Issued Capital, Subscribed and Paid-up Capital | | |
| | 94,81,640 Equity Shares of Rs.10/- each | 94,816,400 | 94,816,400 |
| | Less : Allotment Money Arrears | 248,000 | 248,000 |
| | Total: | <u>94,568,400</u> | <u>94,568,400</u> |

| Particulars | 31.03.2016 | | 31.03.2015 | |
|--|------------|------------|------------|------------|
| | Number | Value | Number | Value |
| c) Reconciliation of the number of Equity Shares | | | | |
| Shares outstanding at the beginning of the year | 9,481,640 | 94,816,400 | 9,481,640 | 94,816,400 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 9,481,640 | 94,816,400 | 9,481,640 | 94,816,400 |

d) Terms / Rights attached to Shares

The Company has only one class of shares i.e., equity shares having at par value of Rs.10 per share. Each holder of the equity share is entitled to one vote irrespective of number of share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution in the proportion of number of equity shares held by them.

e) Shares in the company held by each shareholder holding more than 5 percent shares.

| Particulars | 31.03.2016 | | 31.03.2015 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Number of shares held | % of shares holding | Number of shares held | % of shares holding |
| Vijaya Diagnostic Centre Private Limited | 5,702,220 | 60.14% | 5,702,220 | 60.14% |

f) For the period of four years immediately preceding the date as at which the Balance Sheet is prepared Equity Shares.

| Particulars | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---------|---------|---------|---------|
| i) Allotted as fully paid up pursuant to contract (s) without payment being received in cash. | - | - | - | - |
| ii) Allotted as fully paid up by way of Bonus Shares | - | - | - | - |
| iii) Bought Back Shares | - | - | - | - |

2 RESERVES & SURPLUS

| | | | | |
|--|------------|-------------------|------------|-------------------|
| a) General Reserve | | 6245547 | | 6245547 |
| b) Surplus / (Deficit) in Statement of Profit & Loss | | | | |
| Opening Balance | -168625370 | | -132711025 | |
| Add: Profit / (Loss) for the year | -15961518 | | -35914345 | |
| Closing Balance | | -184586888 | | -168625370 |
| Total: | | <u>-178341341</u> | | <u>-162379823</u> |

| Note No. | Particulars | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|----------|--|---------------------------------------|---------------------------------------|
| 3 | LONG TERM BORROWINGS | | |
| | Term Loans | | |
| | From Banks | 16,702,110 | 0 |
| | (Secured by Hypothecation of Assets Created out of the Loans) | | |
| | Loans & Advances from Related Parties | | |
| | Unsecured Loans | | |
| | - From Directors | 25,400,000 | 12,400,000 |
| | Other Loans & Advances | | |
| | Unsecured Loans - Others | 0 | 1,200,000 |
| | Total: | <u>42,102,110</u> | <u>13,600,000</u> |
| 4 | OTHER LONG-TERM LIABILITIES | | |
| | Member's Subscription Under Gold Card Plus Scheme | 50,000 | 134,000 |
| | Total: | <u>50,000</u> | <u>134,000</u> |
| 5 | LONG-TERM PROVISIONS | | |
| | Provision for Employees Benefits | 2,503,967 | 2,604,611 |
| | Total: | <u>2,503,967</u> | <u>2,604,611</u> |
| 6 | SHORT-TERM BORROWINGS | | |
| | Loans repayable on Demand | | |
| | Overdraft account | 961,130 | 822,641 |
| | (Secured by way of hypothecation of Stocks, Receivables & Personal Guarantee of Directors) | | |
| | Total: | <u>961,130</u> | <u>822,641</u> |
| 7 | TRADE PAYABLES | | |
| | Dues other than to Micro and Small Enterprises (The Company does not have information as to the status of trade payables under Micro, Small & Medium Enterprises (Development) Act,2006. Hence the details prescribed under the said Act. Could not be given) | 41,030,496 | 28,086,461 |
| | Total: | <u>41,030,496</u> | <u>28,086,461</u> |
| 8 | OTHER CURRENT LIABILITIES | | |
| | Membership Deposits / Subscriptions | 50,956,043 | 52,133,906 |
| | Statutory Payables | 1,153,704 | 2,139,562 |
| | Outstanding Expenses | 17,520,023 | 11,950,723 |
| | Current Maturities of Long Term Borrowings | 3,841,010 | 0 |
| | Others | 7,697,873 | 8,518,836 |
| | Total: | <u>81,168,653</u> | <u>74,743,027</u> |
| 9 | SHORT-TERM PROVISIONS | | |
| | Provision for Employees Benefits | 274,320 | 289,401 |
| | Total: | <u>274,320</u> | <u>289,401</u> |

Note No.10

FIXED ASSETS

Tangible Assets

| DESCRIPTION | GROSS BLOCK | | | | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|--------------------------|-------------------|-------------------|-------------------|--|
| | As at 01-04-2015 | Additions | Sale/ Adjustment | As at 31-03-2016 | As at 01-04-2015 | For the Year | on a/c of sale/ adjusted | As at 31-03-2016 | As at 31-03-2016 | As at 31-03-2015 | |
| | | | | | | Year | | | | | |
| Computers | 2,221,302 | 912,951 | 0 | 3,134,253 | 1,503,171 | 435,725 | 0 | 1,938,896 | 1,195,357 | 718,131 | |
| Furniture & Fixtures | 2,638,469 | 2,768,309 | 751,954 | 4,654,824 | 1,847,927 | 637,886 | 751,954 | 1,733,859 | 2,920,965 | 790,542 | |
| Civil Works on Leased Buildings | 15,188,831 | 3,466,247 | 4,862,903 | 13,792,175 | 12,798,206 | 716,370 | 4,782,386 | 8,732,190 | 5,059,985 | 2,390,625 | |
| Plant & Machinery | 27,415,312 | 33,963,917 | 875,000 | 60,504,229 | 20,584,133 | 6,350,828 | 559,969 | 26,374,992 | 34,129,237 | 6,831,179 | |
| TOTAL | 47,463,914 | 41,111,424 | 6,489,857 | 82,085,481 | 36,733,437 | 8,140,809 | 6,094,309 | 38,779,937 | 43,305,544 | 10,730,477 | |

| Note No. | Particulars | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|-----------|--|---------------------------------------|---------------------------------------|
| 11 | NON- CURRENT INVESTMENTS | | |
| | Other Investments | | |
| | Investments in Medinova Nillenum MRI Services LLP | 9,425,000 | 8,762,425 |
| | Total: | <u>9,425,000</u> | <u>8,762,425</u> |
| 12 | DEFERRED TAX ASSET | | |
| | Opening Balance | 4,120,085 | -2,167,767 |
| | Adjustment due to temporary timing differences | -1,327,651 | 6,287,852 |
| | Closing Balance | <u>2,792,434</u> | <u>4,120,085</u> |
| 13 | OTHER LOANG TERM LOANS & ADVANCES | | |
| | Security Deposits | 4,384,091 | 3,036,533 |
| | Total: | <u>4,384,091</u> | <u>3,036,533</u> |
| 14 | OTHER NON-CURRENT ASSETS | | |
| | Mat Credit Entitlement | 602,112 | 820,724 |
| | Trade Receivables | 1,094,488 | 0 |
| | Others | 0 | 420,000 |
| | Total: | <u>1,696,600</u> | <u>1,240,724</u> |
| 15 | INVENTORIES | | |
| | Films | 136,066 | 120,522 |
| | Chemicals | 566,988 | 1,023,880 |
| | Medicines | 38,326 | 37,453 |
| | Consumables, Spares & Others | 360,069 | 368,926 |
| | Stationery | 345,324 | 250,817 |
| | Total: | <u>1,446,773</u> | <u>1,801,598</u> |
| 16 | TRADE RECEIVABLES | | |
| | Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment | | |
| | -Unsecured, Considered Good | 2,791,773 | 4,617,920 |
| | Trade Receivables outstanding for a period more than six months from the date they are due for payment | | |
| | -Unsecured, Considered Good | 1,861,184 | 2,614,530 |
| | Total: | <u>4,652,957</u> | <u>7,232,450</u> |
| 17 | CASH & BANK BALANCES | | |
| | a. Balances with Banks | | |
| | - Current Accounts | 655,109 | 300,488 |
| | b. Cash on Hand | 396,541 | 112,438 |
| | Total: | <u>1,051,650</u> | <u>412,926</u> |
| 18 | SHORT-TERM LOANS & ADVANCES | | |
| | TDS Receivables | 14,362,002 | 12,837,418 |
| | Advances to Suppliers & Expenses | 765,625 | 614,082 |
| | Total: | <u>15,127,627</u> | <u>13,451,500</u> |
| 19 | OTHER CURRENT ASSETS | | |
| | Pre-paid Expenses | 13,483 | 0 |
| | Others | 421,576 | 1,680,000 |
| | Total: | <u>435,059</u> | <u>1,680,000</u> |

| Note No. | Particulars | For the Year ended 31.03.2016 (Rupees) | For the Year ended 31.03.2015 (Rupees) |
|-----------|---|---|---|
| 20 | REVENUE FROM OPERATIONS | | |
| | Sale of Services | 69,236,409 | 76,475,065 |
| | Franchise Management Fee | 776,088 | 468,610 |
| | Total: | <u>70,012,497</u> | <u>76,943,675</u> |
| 21 | OTHER INCOME | | |
| | Service Charges | 963,250 | 444,635 |
| | Interest Received | 37,994 | 187,716 |
| | Dividend on Chit | 607,450 | 908,950 |
| | Balances in Parties Accounts Written back / Written off (Net) | 239,173 | 2,792,684 |
| | Rent Received | 240,000 | 0 |
| | Miscellaneous Income | 483,738 | 479,163 |
| | Total: | <u>2,571,605</u> | <u>4,813,148</u> |
| 22 | COST OF MATERIALS CONSUMED | | |
| | Inventories at the beginning of the Year | 1,801,598 | 1,301,054 |
| | Add: Purchases during the year | 7,906,304 | 8,115,067 |
| | Less: Closing Stock | 1,446,773 | 1,801,598 |
| | Total: | <u>8,261,129</u> | <u>7,614,523</u> |
| 23 | EMPLOYEE BENEFIT EXPENSE | | |
| | Salaries and Wages | 19,598,056 | 18,115,782 |
| | Employer Contribution to Provident Funds, ESI & Group Gratuity | 1,971,292 | 2,435,954 |
| | Staff Welfare Expenses | 641,481 | 824,848 |
| | Total: | <u>22,210,829</u> | <u>21,376,584</u> |
| 24 | FINANCE COSTS | | |
| | Interest Expense | 3,677,095 | 457,213 |
| | Bank Charges | 181,459 | 169,679 |
| | Total: | <u>3,858,554</u> | <u>626,892</u> |

| Note No. | Particulars | For the Year ended 31.03.2016 (Rupees) | For the Year ended 31.03.2015 (Rupees) |
|-----------|---|---|---|
| 25 | OTHER EXPENSES | | |
| | Power and Fuel | 3,828,252 | 5,042,363 |
| | Rent | 6,359,868 | 5,652,437 |
| | Repairs & Maintenance | 1,021,790 | 2,240,881 |
| | Insurance | 12,750 | 15,317 |
| | Travel and Conveyance | 1,101,969 | 1,748,941 |
| | Legal and Professional Charges | 5,650,606 | 4,587,225 |
| | Postage, Telephone & Internet Expenses | 1,051,322 | 880,326 |
| | Auditor's Remuneration | | |
| | - For Taxation Matters | 103,050 | 101,124 |
| | - For Company Law Matters | 68,700 | 67,416 |
| | Rates & Taxes | 237,277 | 288,966 |
| | Printing & Stationery | 1,218,619 | 927,254 |
| | Lab Testing Fee | 7,146,869 | 13,893,428 |
| | Security Charges | 1,474,160 | 607,687 |
| | Loss on Sale of Assets | 235,031 | 1,463,600 |
| | Impairment of Assets | 0 | 22,857,652 |
| | Interest on TDS Remittances | 0 | 1,674,291 |
| | House Keeping Charges | 1,243,118 | 845,813 |
| | Corporate & Gold Card Concessions and Discounts | 5,521,914 | 6,915,361 |
| | Commission to Collections Centres | 0 | 952,976 |
| | Development Expenses | 1,554,536 | 5,592,458 |
| | Miscellaneous Expenses | 6,916,817 | 7,579,866 |
| | Total: | 44,746,648 | 83,935,382 |
| 26 | EARNING PER SHARE | | |
| | Net Profit available to Equity Share Holders (after adjustments, if any) | -15,961,518 | -35,914,345 |
| | Weighted Average number of Equity Shares held | 9,481,640 | 9,481,640 |
| | Potential Equity Shares | 9,481,640 | 9,481,640 |
| | Earnings per Share - Basic | -1.68 | -3.78 |
| | Earnings per Share - Diluted | -1.68 | -3.78 |

27. SIGNIFICANT ACCOUNTING POLICIES

27.1 BASIS OF PREPARATION

These Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

27.2 USE OF ESTIMATES

The Preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Examples of such estimates include provision for employee benefits, provision for taxes, the useful lives of depreciable fixed assets and provision for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialize.

27.3 REVENUE RECOGNITION

- i) All Income and expenditure are accounted on accrual basis.
- ii) The Members Subscriptions under the Gold Card Plus Scheme are being accounted as income, proportionately over the scheme period of Five Years.
- iii) Income from Service Benefit scheme is being accounted in the year of utilization of services.
- iv) Interest income if any is recognized on time proportion basis taking into account the amount outstanding and contracted rate of interest, as applicable.

27.4 FIXED ASSETS

- i) All fixed assets are stated at cost of acquisition including any cost attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.
- ii) Additional costs relating to the acquisition and installation of fixed assets/ major repairs and renewals are capitalized.

27.5 IMPAIRMENT OF ASSETS

- i) Fixed assets (including Capital Work In Progress) are reviewed for impairment as at the Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined.
- ii) Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time, value of money and the risks specific to the asset.
- iii) Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

- iv) Reversal of Impairment loss if any is recognised as income in the statement of Profit and Loss.

27.6 DEPRECIATION

- i) Individual assets costing less than Rs. 5,000 are expensed off in the year of acquisition.

Depreciation on all other assets is provided on the written down value method based as per the rates determined by the Management taking into consideration the estimated useful life of the assets and their residual value at the end of the life. The Management has estimated the useful life and worked out the depreciation rates (under WDV method) of various class of assets as under;

| Nature | Asset Description | Estimated | | Depreciation Rate % (WDV) |
|----------------------|--------------------------------|-------------------------|-----------------------|------------------------------|
| | | Useful Life in Years | Residual Value (%) | |
| Buildings | Building | 25 | 10 | 8.80% |
| | Building Improvements | 5 | 5 | 45.07% |
| | Leased Premises | 10 | 10 | 20.57% |
| Plant & Machinery | Plant & Machinery | 7 | 10 | 28.03% |
| | Plant & Machinery - Lift | 15 | 10 | 14.23% |
| | Plant & Machinery - Medical I | 5 | 10 | 36.90% |
| | Plant & Machinery - Medical II | 10 | 10 | 20.57% |
| | Office Equipment | 3 | 10 | 53.58% |
| | Vehicles | 5 | 10 | 36.90% |
| | Voltage Stabilizer | 5 | 10 | 36.90% |
| | Computers | 5 | 10 | 36.90% |
| Furniture & Fixtures | Furniture & Fixtures | 5 | 10 | 36.90% |

- iii) In respect of assets not covered above, rate of depreciation would be determined in accordance with the above principle as and when necessary.

27.7 INVENTORIES

Stock of all diagnostic kits, lab chemicals, consumables, medicare items, house-keeping items, stationery etc are valued at Cost. Cost of these inventories comprise of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any by applying FIFO method.

27.8 EMPLOYEE BENEFITS

- i) Contribution to Provident Fund is recognized as an expenditure on accrual basis.
- ii) The Company has an obligation towards gratuity, a defined benefit retirement plan covering

eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plan of the entity is an unfunded plan. The company accounts for the liability for future Gratuity benefits on the basis of an independent actuarial valuation.

27.9 LEASES

Leases, where the lesser retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments consisting of Rentals for the premises taken on lease are recognized as an expense in Statement of profit & loss on straight line basis over the lease term.

27.10 INCOME TAXES

Tax expenses comprise current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

27.11 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

27.12 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax 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. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

28. NOTES TO ACCOUNTS

28.1 The Company's operations predominantly related to providing Diagnostic Services and related business services. During the year ended March 31, 2016, there are no other reportable business segments as per AS 17 "Segment reporting".

28.2 Contingent Liabilities not provided for in the matter of Disputed demand for Provident Fund Rs. 5,61,368 under The Employees Provident Funds and Miscellaneous Provisions Act, 1952 relating for the period 1998-2001, which representation has been submitted before Employees Provident Fund Appellate Tribunal, New Delhi for their consideration and is currently pending for disposal.

28.3 RELATED PARTY DISCLOSURE

As per Accounting Standard 18, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in Accounting Standard are given below:

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

| 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 |
| | M Ramana Reddy, Company Secretary |

(b) Details of related party transactions entered into by the Company for the year ended March 31, 2016

| Sl.No | Name of the Related Party | Nature of Transactions | Amount (Rs.) |
|-------|--|--------------------------------|--------------|
| 1 | Vijaya Diagnostic Centre Private Limited | Input Services(Expense) | 68,52,554 |
| 2 | Vijaya Diagnostic Centre Private Limited | Purchase of Fixed Assets | 18,00,000 |
| 3 | Medinova Millennium MRI Services LLP | Input Services (Expense) | 3,77,460 |
| 4 | Medinova Millennium MRI Services LLP | Rent Received | 2,40,000 |
| 5 | Medinova Millennium MRI Services LLP | Output Service (Income) | 7,40,750 |
| 6 | Medinova Millennium MRI Services LLP | Contribution during the period | 6,62,575 |
| 7 | Dr Sura Surendranath Reddy | Loan Received | 1,25,00,000 |
| 8 | K Sunil Chandra | Loan Received | 5,00,000 |
| 9 | Dr Sura Surendranath Reddy | Interest on Loan | 22,16,875 |
| 10 | K Sunil Chandra | Interest on Loan | 46,586 |
| 11 | N Ravikumar | Remuneration | 6,98,400 |
| 12 | M Ramana Reddy | Remuneration | 2,40,000 |

(c) Balances with Related Party as at March 31, 2016

| Sl.No | Name of the Related Party | Nature of Balances | Amount (Rs) |
|-------|--|--------------------------|-------------|
| 1 | Vijaya Diagnostic Centre Private Limited | Creditor for Services | 1,70,89,905 |
| 2 | Vijaya Diagnostic Centre Private Limited | Purchase of Fixed Assets | 18,00,000 |
| 3 | Medinova Millennium MRI Services LLP | Rent Receivable | 27,000 |
| 4 | Medinova Millennium MRI Services LLP | Trade Receivable | 64,156 |
| 5 | Medinova Millennium MRI Services LLP | Investment | 94,25,000 |
| 6 | Dr Sura Surendranath Reddy | Unsecured Loan | 2,49,00,000 |
| 7 | K Sunil Chandra | Unsecured Loan | 5,00,000 |
| 8 | Dr Sura Surendranath Reddy | Interest Payable | 20,29,504 |
| 9 | K Sunil Chandra | Interest Payable | 41,927 |
| 10 | N Ravi Kumar | Remuneration Payable | 1,04,000 |
| 11 | M Ramana Reddy | Remuneration Payable | 18,510 |

28.4 Disclosure required by the AS-15 (Revised) - Employee Benefits.

The Company adopted the revised Accounting Standard – 15 Employee Benefits. The details of components of net benefit expenses recognized in the Profit & Loss Account with regard to gratuity and amounts recognised in the Balance Sheet are below:

| | | | |
|----|---|---|---|
| a. | Expenses Recognized in Statement of Profit & Loss: | For the year 2015-16 Amount (Rs.) | For the year 2014-15 Amount (Rs.) |
| | Current Service Cost | 1,47,064 | 1,47,650 |
| | Interest Cost on benefit obligation | 2,31,521 | 2,65,916 |
| | Expected return on plan assets | Nil | Nil |
| | Net Actuarial (gain) / loss recognized in the year | 5,64,477 | 8,65,846 |
| | Past services cost | Nil | Nil |
| | Net benefit expenses | 9,43,062 | 12,79,412 |
| | Actual return on plan assets | NA | NA |
| b. | Changes in present value of the defined benefit obligation: | As at 31.03.2016 Amount (Rs.) | As at 31.03.2015 Amount (Rs.) |
| | Opening defined benefit obligation | 28,94,012 | 33,23,951 |
| | Interest Cost | 2,31,521 | 2,65,916 |
| | Current Service Cost | 1,47,064 | 1,47,650 |
| | Benefits paid | (10,58,787) | (17,09,351) |
| | Actuarial (gains) / losses on obligation | 5,64,477 | 8,65,846 |
| | Closing defined benefit obligation | 27,78,287 | 28,94,012 |

c. Actuarial Assumptions:

| | | |
|-----------------|-------------|-------------|
| Salary Rise | 6% | 6% |
| Discount Rate | 8% | 8% |
| Attrition Rate | 10% | 10% |
| Mortality Table | LIC 2006-08 | LIC 2006-08 |
| Retirement Age | 58Years | 58Years |

28.5 Previous period's figures have been re-grouped / rearranged wherever necessary to confirm with current year classification and to facilitate meaningful comparison. Figures are rounded off to nearest rupee.

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 : 25th May, 2016

N. Ravikumar
Chief Financial Officer

M. Ramana Reddy
Company Secretary

Independent Auditors' Report on Consolidated Financial Statements

To the Members of
Medinova Diagnostic Services Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of Medinova Diagnostic Services Limited ('the Holding Company') and its Subsidiary (collectively referred to as 'the Company' or 'the Group'), which comprise the Consolidated Balance sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (herein referred to as 'the Consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Sub-Section 5 of Section 134 of the Companies Act, 2013('the Act') with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.

We have taken into account the Provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Sub-Section 10 of section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether Consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated financial statements.

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.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Company as at 31st March 2016 and their Consolidated profit and their Consolidated cash flows for the year ended on that date.

Report on Other Legal and regulatory requirements

1. As required by Sub-section 3 of Section 143 of the Act, we report to the extent applicable, 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 book of accounts as required by law relating to aforesaid Consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of accounts maintained for the purpose of preparation of Consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards 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 of the Holding Company as on 31st March 2016 taken on record by the Board of Directors of the Holding Company and the report of the Designated Partner of its subsidiary LLP incorporated in India, none of the directors of the Company is disqualified as on 31 March 2016 from being appointed as a director in terms of Sub-Section 2 of Section 164 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' ; and
- g) With respect to the other matters to be included in the Auditors ' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - i. They were no pending litigations that effect the Company's financial position.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. 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: 25.05.2016

C V Ratnam Dhaveji
Partner
M.No 203479

Annexure A to the Auditors' Report

Report on the Internal Financial Controls 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 31st March 2016, we have audited the internal controls over financial reporting of Medinova Diagnostics Services Limited ('the Holding Company') and its subsidiary LLP which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and Designated Partners of subsidiary LLP which are incorporated in India, are responsible for establishment and maintaining internal financial control based on the internal control over financial reporting criteria established by the 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 the Chartered Accountants of India ('the Guidance Note').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient of its business, including adherence to the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting 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') And the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and 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 aspects.

Our audit involves performing procedure 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 controls based on the assessed risk. The procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 audit opinion on the company's internal financial controls system over financial reporting.

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 principles and procedure that

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

Inherent Limitations of Internal Controls over Financial Reporting

Because of 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, projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedure may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary LLP, which are 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 31st March 2016, based on the internal control over financial reporting criteria established by the company considered the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

Place: Hyderabad
Date: 25.05.2016

C V Ratnam Dhaveji
Partner
M.No 203479

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

| Particulars | Note No. | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|--|--------------|---------------------------------|---------------------------------|
| I EQUITY & LIABILITES | | | |
| 1 Shareholders' Funds | | | |
| a) Share Capital | 1 | 94,568,400 | 94,568,400 |
| b) Reserves and Surplus | 2 | -181,409,590 | -162,379,823 |
| Sub -Total : | | <u>-86,841,190</u> | <u>-67,811,423</u> |
| 2 Minority Interest | | 3,422,866 | 2,750,000 |
| 3 Non - Current Liabilities | | | |
| a) Long-Term Borrowings | 3 | 74,884,790 | 17,385,956 |
| b) Other Long Term Liabilities | 4 | 50,000 | 134,000 |
| c) Long Term Provisions | 5 | 2,503,967 | 2,604,611 |
| Sub -Total : | | <u>77,438,757</u> | <u>20,124,567</u> |
| 4 Current Liabilities | | | |
| a) Short-Term Borrowings | 6 | 961,130 | 822,641 |
| b) Trade Payables | 7 | 41,577,207 | 72,057,874 |
| c) Other Current Liabilities | 8 | 91,349,477 | 75,487,723 |
| d) Short-Term Provisions | 9 | 274,320 | 289,401 |
| Sub -Total : | | <u>134,162,134</u> | <u>148,657,639</u> |
| TOTAL: | | <u>128,182,567</u> | <u>103,720,783</u> |
| II ASSETS | | | |
| 1 Non-Current Assets | | | |
| a) Fixed Assets | 10 | 92,413,519 | 65,396,545 |
| b) Deferred Tax Asset | 11 | 6,317,088 | 4,120,085 |
| c) Other Long Term Loans & Advances | 12 | 4,384,091 | 3,036,533 |
| d) Other Non-Current Assets | 13 | 1,925,301 | 1,404,471 |
| Sub -Total : | | <u>105,039,999</u> | <u>73,957,634</u> |
| 2 Current Assets | | | |
| a) Inventories | 14 | 1,603,943 | 1,801,598 |
| b) Trade Receivables | 15 | 4,643,614 | 7,232,450 |
| c) Cash and Bank Balances | 16 | 1,181,387 | 577,406 |
| d) Short-Term Loans and Advances | 17 | 15,186,165 | 18,452,030 |
| e) Other Current Assets | 18 | 527,459 | 1,699,665 |
| Sub -Total : | | <u>23,142,568</u> | <u>29,763,149</u> |
| TOTAL | | <u>128,182,567</u> | <u>103,720,783</u> |
| Significant Accounting Policies & Notes to Accounts | 26-27 | | |

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
 Chairman

Sunil Chandra Kondapally
 Managing Director

C V Ratnam Dhaveji
 Partner
 M.NO.203479

 Place : Hyderabad
 Date : 25th May, 2016

N Ravikumar
 Chief Financial Officer

M Ramana Reddy
 Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars | Note No. | For the Year ended 31st March, 2016 (Rupees) | For the Year ended 31st March, 2015 (Rupees) |
|--|--------------|--|--|
| I Revenue from Operations | 19 | 80,645,067 | 76,943,675 |
| II Other Income | 20 | 1,858,955 | 4,813,148 |
| III Total Revenue (I+II) | | <u>82,504,022</u> | <u>81,756,823</u> |
| IV Expenses: | | | |
| Cost of Materials Consumed | 21 | 9,056,564 | 7,614,523 |
| Employee Benefits Expense | 22 | 23,174,977 | 21,376,584 |
| Finance Costs | 23 | 5,019,712 | 626,892 |
| Depreciation | 10 | 19,161,138 | 10,331,350 |
| Other Expenses | 24 | 48,970,535 | 83,935,382 |
| Total Expenses | | <u>105,382,926</u> | <u>123,884,731</u> |
| V Profit / (Loss) Before Exceptional Items and Tax (III-IV) | | -22,878,904 | -42,127,908 |
| VI Exceptional Items | | 0 | 0 |
| VII Profit / (Loss) before Tax (V-VI) | | -22,878,904 | -42,127,908 |
| VIII Tax Expenses: | | | |
| Current Tax | | 0 | 0 |
| Deferred Tax | | -2,197,003 | -6,287,852 |
| Tax relating to earlier years | | 0 | 74,289 |
| Minority Interest | | -1,652,134 | 0 |
| IX Profit / (Loss) for the year (VII-VIII) | | <u>-19,029,767</u> | <u>-35,914,345</u> |
| X Earnings per Equity Share: | 25 | | |
| Basic & Diluted | | -2.01 | -3.78 |
| Significant Accounting Policies & Notes to Accounts | 26-27 | | |

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
Chairman

Sunil Chandra Kondapally
Managing Director

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 25th May, 2016

N Ravikumar
Chief Financial Officer

M Ramana Reddy
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

For the year
ended 31.03.2016
(Rupees in Lakhs)

| | |
|---|---------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | |
| Net Profit / (Loss) Before Tax after Share in Subsidiary Profit / (Loss) | -199.93 |
| Adjustments for : | |
| Depreciation | 191.61 |
| Interest income | -2.46 |
| Interest Expenditure | 50.20 |
| Loss on Sale of Fixed Assets | 2.35 |
| Deferred Tax Share of Minority Shareholders | -12.33 |
| Adjustment on account of change in carrying value of assets | 0.80 |
| Operating Profit before Working Capital changes | 30.24 |
| Adjustments for : | |
| Inventories | 1.98 |
| Trade Receivables | 25.89 |
| Short Term Loans & Advances | 32.66 |
| Other Current Assets | 11.72 |
| Trade Payables | -304.80 |
| Other Current Liabilities | 158.62 |
| Provision for Employees Benefits | -1.16 |
| Cash generated from Operations | -44.85 |
| Taxes Paid | 0.00 |
| Net Cash Flow from Operating Activities | -44.85 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | |
| Purchase of Fixed Assets | -465.73 |
| Sale of Fixed Assets | 0.80 |
| Interest received | 2.46 |
| Net Cash flow from Investing Activities | -462.47 |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | |
| Increase in Long Term borrowings | 574.99 |
| Increase in Short Term borrowings | 1.38 |
| Increase in Other Non-Current Assets | -5.21 |
| Decrease in Other Long Term Liabilities | -0.84 |
| Increase in Other Long Term Loans & Advances | -13.48 |
| Contribution from Minority Shareholders | 6.72 |
| Interest Paid | -50.20 |
| Net cash flow from financing activities | 513.36 |
| Net Increase / (Decrease) in cash and cash equivalents | 6.04 |
| Cash and cash equivalents as at the beginning of the year | 5.77 |
| Cash and Cash equivalents as at the end of the year | 11.81 |

Note: Consolidated Cashflow Statement for the year ended 31st March, 2015 is not presented as the Subsidiary LLP was incorporated during the financial year 2014-15.

As per our report of even date

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

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 25th May, 2016

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

N Ravikumar
Chief Financial Officer

M Ramana Reddy
Company Secretary

| Note No. | Particulars | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|----------|--|---------------------------------------|---------------------------------------|
| 1 | SHARE CAPITAL | | |
| | a) Authorised Share Capital | | |
| | 1,00,00,000 Equity Shares of Rs.10/- each | 100,000,000 | 100,000,000 |
| | Total: | <u>100,000,000</u> | <u>100,000,000</u> |
| | b) Issued Capital, Subscribed and Paid-up Capital | | |
| | 94,81,640 Equity Shares of Rs.10/- each | 94,816,400 | 94,816,400 |
| | Less : Allotment Money Arrears | 248,000 | 248,000 |
| | Total: | <u>94,568,400</u> | <u>94,568,400</u> |

| Particulars | 31.03.2016 | | 31.03.2015 | |
|--|------------|------------|------------|------------|
| | Number | Value | Number | Value |
| c) Reconciliation of the number of Equity Shares | | | | |
| Shares outstanding at the beginning of the year | 9,481,640 | 94,816,400 | 9,481,640 | 94,816,400 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 9,481,640 | 94,816,400 | 9,481,640 | 94,816,400 |

d) Terms / Rights attached to Shares

The Company has only one class of shares i.e., equity shares having at par value of Rs.10 per share. Each holder of the equity share is entitled to one vote irrespective of number of share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution in the proportion of number of equity shares held by them.

e) Shares in the company held by each shareholder holding more than 5 percent shares.

| Particulars | 31.03.2016 | | 31.03.2015 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Number of shares held | % of shares holding | Number of shares held | % of shares holding |
| Vijaya Diagnostic Centre Private Limited | 5,702,220 | 60.14% | 5,702,220 | 60.14% |

f) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared Equity Shares.

| Particulars | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|---|---------|---------|---------|---------|---------|
| i) Allotted as fully paid up pursuant to contract (s) without payment being received in cash. | - | - | - | - | |
| ii) Allotted as fully paid up by way of Bonus Shares | - | - | - | - | |
| iii) Bought Back Shares | - | - | - | - | |

2 RESERVES & SURPLUS

| | | | | |
|--|--------------------|---------------------|--------------------|---------------------|
| a) General Reserve | | 6,245,547 | | 6,245,547 |
| b) Surplus / (Deficit) in Statement of Profit & Loss | | | | |
| Opening Balance | -168,625,370 | | -132,711,025 | |
| Add: Profit / (Loss) for the year | <u>-19,029,767</u> | | <u>-35,914,345</u> | |
| Closing Balance | | -187,655,137 | | -168,625,370 |
| Total: | | <u>-181,409,590</u> | | <u>-162,379,823</u> |

| Note No. | Particulars | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|----------|---|---------------------------------------|---------------------------------------|
| 3 | LONG TERM BORROWINGS | | |
| | Term Loans | | |
| | From Banks | 49,484,790 | 3,785,956 |
| | (Secured by Hypothecation of Assets Created out of the Loans) | | |
| | Loans & Advances from Related Parties | | |
| | Unsecured Loans | | |
| | - From Directors | 25,400,000 | 12,400,000 |
| | Other Loans & Advances | | |
| | - Unsecured Loans- Others | 0 | 1,200,000 |
| | Total: | <u>74,884,790</u> | <u>17,385,956</u> |
| 4 | OTHER LONG-TERM LIABILITIES | | |
| | Member's Subscription Under Gold Card Plus Scheme | 50,000 | 134,000 |
| | Total: | <u>50,000</u> | <u>134,000</u> |
| 5 | LONG-TERM PROVISIONS | | |
| | Provision for Employees Benefits | 2,503,967 | 2,604,611 |
| | Total: | <u>2,503,967</u> | <u>2,604,611</u> |
| 6 | SHORT-TERM BORROWINGS | | |
| | Loans repayable on Demand Over Draft account (Secured by way of hypothecation of Stocks, Receivables & Personal Gurantee of Directors) | 961,130 | 822,641 |
| | Total: | <u>961,130</u> | <u>822,641</u> |
| 7 | TRADE PAYABLES | | |
| | Dues other than to Micro and Small Enterprises (The Company does not have information as to the status of trade payables under Micro, Small & Medium Enterprises (Development) Act,2006. Hence the details precribed under the said Act. Could not be given) | 41,577,207 | 72,057,874 |
| | Total: | <u>41,577,207</u> | <u>72,057,874</u> |
| 8 | OTHER CURRENT LIABILITIES | | |
| | Membership Deposits / Subscriptions | 50,956,043 | 52,133,906 |
| | Statutory Payables | 1,294,974 | 2,139,562 |
| | Outstanding Expenses | 18,620,987 | 12,023,153 |
| | Current Maturities of Long Term Borrowings | 12,779,600 | 672,266 |
| | Others | 7,697,873 | 8,518,836 |
| | Total: | <u>91,349,477</u> | <u>75,487,723</u> |
| 9 | SHORT-TERM PROVISIONS | | |
| | Provision for Employees Benefits | 274,320 | 289,401 |
| | Total: | <u>274,320</u> | <u>289,401</u> |

Note No.10

FIXED ASSETS
Tangible Assets

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
|---------------------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 01-04-2015 | Additions | Sale/ Adjustment | As at 31-03-2016 | As at 01-04-2015 | For the Year | on a/c of sale/ adjusted | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 |
| | | | | | | | | | | | |
| Computers | 2,221,302 | 1,038,137 | 0 | 3,259,439 | 1,503,171 | 469,269 | 0 | 1,972,440 | 1,286,999 | 718,131 | |
| Furniture & Fixtures | 2,660,928 | 3,169,323 | 751,954 | 5,078,297 | 1,847,927 | 741,637 | 751,954 | 1,837,610 | 3,240,687 | 813,001 | |
| Civil Works on Leased Buildings | 15,624,751 | 3,480,421 | 4,862,903 | 14,242,269 | 12,798,206 | 779,530 | 4,782,386 | 8,795,350 | 5,446,919 | 2,826,545 | |
| Plant & Machinery | 81,623,001 | 38,885,779 | 875,000 | 119,633,780 | 20,584,133 | 17,170,702 | 559,969 | 37,194,866 | 82,438,914 | 61,038,868 | |
| TOTAL | 102,129,982 | 46,573,660 | 6,489,857 | 142,213,785 | 36,733,437 | 19,161,138 | 6,094,309 | 49,800,266 | 92,413,519 | 65,396,545 | |

| Note No. | Particulars | As at 31st March, 2016 (Rupees) | As at 31st March, 2015 (Rupees) |
|--|--|---------------------------------------|---------------------------------------|
| 11 DEFERRED TAX ASSET | | | |
| | Opening Balance | 4,120,085 | -2,167,767 |
| | Adjustment due to temporary timing differences | 2,197,003 | 6,287,852 |
| | Closing Balance | <u>6,317,088</u> | <u>4,120,085</u> |
| 12 OTHER LONG TERM LOANS & ADVANCES | | | |
| | Security Deposits | 4,384,091 | 3,036,533 |
| | Total: | <u>4,384,091</u> | <u>3,036,533</u> |
| 13 OTHER NON-CURRENT ASSETS | | | |
| | Mat Credit Entitlement | 602,112 | 820,724 |
| | Trade receivables | 1,094,488 | 0 |
| | Others | 228,701 | 583,747 |
| | Total: | <u>1,925,301</u> | <u>1,404,471</u> |
| 14 INVENTORIES | | | |
| | Films | 293,236 | 120,522 |
| | Chemicals | 566,988 | 1,023,880 |
| | Medicines | 38,326 | 37,453 |
| | Consumables, Spares & Others | 360,069 | 368,926 |
| | Stationery | 345,324 | 250,817 |
| | Total: | <u>1,603,943</u> | <u>1,801,598</u> |
| 15 TRADE RECEIVABLES | | | |
| | Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment | | |
| | -Unsecured, Considered Good | 2,782,430 | 4,617,920 |
| | Trade Receivables outstanding for a period more than six months from the date they are due for payment | | |
| | -Unsecured, Considered Good | 1,861,184 | 2,614,530 |
| | Total: | <u>4,643,614</u> | <u>7,232,450</u> |
| 16 CASH & BANK BALANCES | | | |
| | a. Balances with Banks | | |
| | - Current Accounts | 709,563 | 464,906 |
| | b. Cash on Hand | 471,824 | 112,500 |
| | Total: | <u>1,181,387</u> | <u>577,406</u> |
| 17 SHORT-TERM LOANS & ADVANCES | | | |
| | TDS Receivables | 14,420,540 | 12,839,550 |
| | Advances to Suppliers & Expenses | 765,625 | 5,612,480 |
| | Total: | <u>15,186,165</u> | <u>18,452,030</u> |
| 18 OTHER CURRENT ASSETS | | | |
| | Others | 527,459 | 1,699,665 |
| | Total: | <u>527,459</u> | <u>1,699,665</u> |

| Note No. | Particulars | For the Year ended 31.03.2016 (Rupees) | For the Year ended 31.03.2015 (Rupees) |
|-----------|---|---|---|
| 19 | REVENUE FROM OPERATIONS | | |
| | Sale of Services | 79,868,979 | 76,475,065 |
| | Franchise Management Fee | 776,088 | 468,610 |
| | Total: | 80,645,067 | 76,943,675 |
| 20 | OTHER INCOME | | |
| | Service Charges | 282,500 | 444,635 |
| | Interest Received | 246,094 | 187,716 |
| | Dividend on Chit | 607,450 | 908,950 |
| | Balances in Parties Accounts Written back / Written off (Net) | 239,173 | 2,792,684 |
| | Miscellaneous Income | 483,738 | 479,163 |
| | Total: | 1,858,955 | 4,813,148 |
| 21 | COST OF MATERIALS CONSUMED | | |
| | Inventories at the beginning of the Year | 1,801,598 | 1,301,054 |
| | Add: Purchases during the year | 8,858,909 | 8,115,067 |
| | Less: Closing Stock | 1,603,943 | 1,801,598 |
| | Total: | 9,056,564 | 7,614,523 |
| 22 | EMPLOYEE BENEFIT EXPENSE | | |
| | Salaries and Wages | 20,553,444 | 18,115,782 |
| | Employer Contribution to Provident Funds, ESI & Group Gratuity | 1,971,292 | 2,435,954 |
| | Staff Welfare Expenses | 650,241 | 824,848 |
| | Total: | 23,174,977 | 21,376,584 |
| 23 | FINANCE COSTS | | |
| | Interest Expense | 4,805,824 | 457,213 |
| | Bank Charges | 213,888 | 169,679 |
| | Total: | 5,019,712 | 626,892 |
| 24 | OTHER EXPENSES | | |
| | Power and Fuel | 5,028,252 | 5,042,363 |
| | Rent | 6,359,868 | 5,652,437 |
| | Repairs & Maintenance | 1,021,790 | 2,240,881 |
| | Insurance | 42,017 | 15,317 |
| | Travel and Conveyance | 1,112,112 | 1,748,941 |
| | Legal and Professional Charges | 5,650,606 | 4,587,225 |
| | Postage, Telephone & Internet Expenses | 1,062,188 | 880,326 |
| | Auditor's Remuneration | | |
| | - For Taxation Matters | 120,225 | 101,124 |
| | - For Company Law Matters | 68,700 | 67,416 |
| | Rates & Taxes | 262,827 | 288,966 |
| | Printing & Stationery | 1,240,392 | 927,254 |
| | Lab Testing Fee | 7,146,869 | 13,893,428 |
| | Security Charges | 1,474,160 | 607,687 |
| | Loss on Sale of Assets | 235,031 | 1,463,600 |
| | Impairment of Assets | 0 | 22,857,652 |
| | Interest on TDS Remittances | 0 | 1,674,291 |
| | House Keeping Charges | 1,243,118 | 845,813 |
| | Corporate & Gold Card Concessions and Discounts | 5,852,604 | 6,915,361 |
| | Commission to Collections Centres | 0 | 952,976 |
| | Development Expenses | 1,554,536 | 5,592,458 |
| | Miscellaneous Expenses | 9,495,240 | 7,579,866 |
| | Total: | 48,970,535 | 83,935,382 |

25 EARNING PER SHARE

| | | |
|---|------------|------------|
| Net Profit available to Equity Share Holders | (19029767) | (35914345) |
| (after adjustments, if any) | | |
| Weighted Average number of Equity Shares held | 9481640 | 9481640 |
| Potential Equity Shares | 9481640 | 9481640 |
| Earnings per Share - Basic | (2.01) | (3.78) |
| Earnings per Share - Diluted | (2.01) | (3.78) |

26. SIGNIFICANT ACCOUNTING POLICIES

26.1 BASIS OF PREPARATION

These Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

26.2 USE OF ESTIMATES

The Preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Examples of such estimates include provision for employee benefits, provision for taxes, the useful lives of depreciable fixed assets and provision for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialize.

26.3 REVENUE RECOGNITION

- i) All Income and expenditure are accounted on accrual basis.
- ii) The Members Subscriptions under the Gold Card Plus Scheme are being accounted as income, proportionately over the scheme period of Five Years.
- iii) Income from Service Benefit scheme is being accounted in the year of utilization of services.
- iv) Interest income if any is recognized on time proportion basis taking into account the amount outstanding and contracted rate of interest, as applicable.

26.4 FIXED ASSETS

- i) All fixed assets are stated at cost of acquisition including any cost attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.
- ii) Additional costs relating to the acquisition and installation of fixed assets/ major repairs and renewals are capitalized.

26.5 IMPAIRMENT OF ASSETS

- a. Fixed assets (including Capital Work In Progress) are reviewed for impairment as at the Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined.
- b. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time, value of money and the risks specific to the asset.
- c. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.
- d. Reversal of Impairment loss if any is recognized as income in the statement of Profit and Loss.

26.6 DEPRECIATION

- i) Individual assets costing less than Rs. 5,000 are expensed off in the year of acquisition.
- ii) Depreciation on all other assets is provided on the written down value method based as per the rates determined by the Management taking into consideration the estimated useful life of the assets and their residual value at the end of the life. The Management has estimated the useful life and worked out the depreciation rates (under WDV method) of various class of assets as under;

| Nature | Asset Description | Estimated | | Depreciation Rate % (WDV) |
|----------------------|--------------------------------|----------------------|--------------------|---------------------------|
| | | Useful Life in Years | Residual Value (%) | |
| Buildings | Building | 25 | 10 | 8.80% |
| | Building Improvements | 5 | 5 | 45.07% |
| | Leased Premises | 10 | 10 | 20.57% |
| Plant & Machinery | Plant & Machinery | 7 | 10 | 28.03% |
| | Plant & Machinery - Lift | 15 | 10 | 14.23% |
| | Plant & Machinery - Medical I | 5 | 10 | 36.90% |
| | Plant & Machinery - Medical II | 10 | 10 | 20.57% |
| | Office Equipment | 3 | 10 | 53.58% |
| | Vehicles | 5 | 10 | 36.90% |
| | Voltage Stabilizer | 5 | 10 | 36.90% |
| | Computers | 5 | 10 | 36.90% |
| Furniture & Fixtures | Furniture & Fixtures | 5 | 10 | 36.90% |

- iii) In respect of assets not covered above, rate of depreciation would be determined in accordance with the above principle as and when necessary.

26.7 INVENTORIES

Stock of all diagnostic kits, lab chemicals, consumables, medicare items, house-keeping items, stationery etc are valued at Cost. Cost of these inventories comprise of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any by applying FIFO method.

26.8 EMPLOYEE BENEFITS

- i) Contribution to Provident Fund is recognized as an expenditure on accrual basis.
- ii) The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plan of the entity is an unfunded plan. The company accounts for the liability for future Gratuity benefits on the basis of an independent actuarial valuation.

26.9 LEASES

Leases, where the lesser retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments consisting of Rentals for the premises taken on lease are recognized as an expense in Statement of profit & loss on straight line basis over the lease term.

26.10 INCOME TAXES

Tax expenses comprise current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

26.11 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

26.12 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax 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. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

27. NOTES TO ACCOUNTS

27.1 The Company's operations predominantly related to providing Diagnostic Services and related business services. During the year ended March 31, 2016, there are no other reportable business segments as per AS 17 "Segment reporting".

27.2 Contingent Liabilities not provided for in the matter of Disputed demand for Provident Fund Rs. 5,61,368 under The Employees Provident Funds and Miscellaneous Provisions Act, 1952 relating for the period 1998-2001, which representation has been submitted before Employees Provident Fund Appellate Tribunal, New Delhi for their consideration and is currently pending for disposal

27.3 RELATED PARTY DISCLOSURE

As per Accounting Standard 18, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in Accounting Standard are given below:

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

| 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 |
| | M Ramana Reddy, Company Secretary |

(b) Details of related party transactions entered into by the Company for the year ended March 31, 2016

| Sl.No | Name of the Related Party | Nature of Transactions | Amount (Rs.) |
|-------|--|--------------------------|--------------|
| 1 | Vijaya Diagnostic Centre Private Limited | Input Services(Expense) | 68,52,554 |
| 2 | Vijaya Diagnostic Centre Private Limited | Purchase of Fixed Assets | 18,00,000 |
| 3 | Dr Sura Surendranath Reddy | Loan Received | 1,25,00,000 |

| | | | |
|---|----------------------------|------------------|-----------|
| 4 | K Sunil Chandra | Loan Received | 5,00,000 |
| 5 | Dr Sura Surendranath Reddy | Interest on Loan | 22,16,875 |
| 6 | K Sunil Chandra | Interest on Loan | 46,586 |
| 7 | N Ravikumar | Remuneration | 6,98,400 |
| 8 | M Ramana Reddy | Remuneration | 2,40,000 |

(c) Balances with Related Party as at March 31, 2016

| Sl.No | Name of the Related Party | Nature of Balances | Amount (Rs) |
|-------|--|--------------------------|-------------|
| 1 | Vijaya Diagnostic Centre Private Limited | Creditor for Services | 1,70,89,905 |
| 2 | Vijaya Diagnostic Centre Private Limited | Purchase of Fixed Assets | 18,00,000 |
| 3 | Dr Sura Surendranath Reddy | Unsecured Loan | 2,49,00,000 |
| 4 | K Sunil Chandra | Unsecured Loan | 5,00,000 |
| 5 | Dr Sura Surendranath Reddy | Interest Payable | 20,29,504 |
| 6 | K Sunil Chandra | Interest Payable | 41,927 |
| 7 | N Ravi Kumar | Remuneration Payable | 1,04,000 |
| 8 | M Ramana Reddy | Remuneration Payable | 18,510 |

27.4 Previous period's figures have been re-grouped / rearranged wherever necessary to confirm with current year classification and to facilitate meaningful comparison. Figures are rounded off to nearest rupee.

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

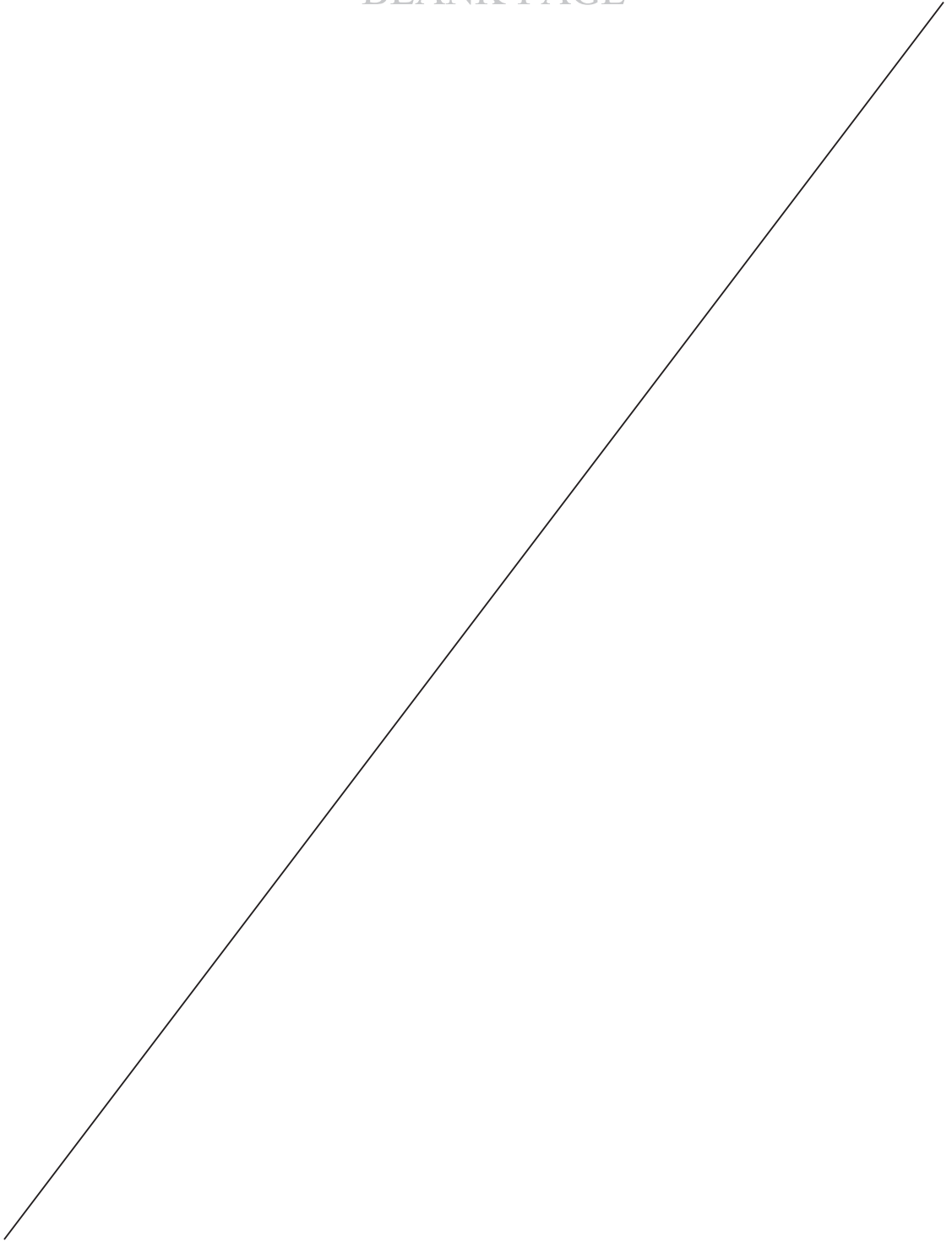
C V Ratnam Dhaveji
Partner
M.No. 203479

Place : Hyderabad
Date : 25th May, 2016

N. Ravi Kumar
Chief Financial Officer

M. Ramana Reddy
Company Secretary

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CIN: L85110TG1993PLC015481

Regd. Office: 6-3-456/C, Flat No.206, 2nd Floor, M.G.R. Estate, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082
Phone: 040-23310066, email: medicorp@medinovaindia.com, Website: www.medinova.com

BALLOT FORM

(In lieu of e-voting at the AGM Venue)

1. Name of the sole/first named shareholder :
2. Address :
3. Name(s) of Joint shareholders (if any) :
4. Registered Folio No/DP ID No/Client ID No :
(Applicable to investors holding shares in De-mat form)
5. E-mail-Id :

6. Number of Equity Shares held :
 I/We hereby exercise my/our vote in respect of the resolution(s) to be passed for the business stated in the notice of 23rd Annual General Meeting of the Company to be held on Wednesday, 28th September, 2016, by conveying my/our assent or dissent to the said resolution(s) by placing the **tick** mark at the appropriate box below:

| S No | Description | No. of Shares | I/We assent to the resolution (For) | I/We dissent to the resolution (Against) |
|------|-------------|---------------|-------------------------------------|--|
|------|-------------|---------------|-------------------------------------|--|

Ordinary Business:

| | | | | |
|----|---|--|--|--|
| 1. | Adoption of Audited Standalone Financial Statements for the year ended 31.03.2016 together with the reports of the Directors' and Auditors thereon. | | | |
| 2. | Adoption of Audited Consolidated Financial Statements for the year ended 31.03.2016 together with the reports of the Directors' and Auditors thereon. | | | |
| 3. | Appointment of Mr. Sunil Chandra Kondapally as Director | | | |
| 4. | Ratification of appointment of M/s. Ratnam Dhaveji & Co., Chartered Accountants as Statutory Auditors of the Company. | | | |

Special Business:

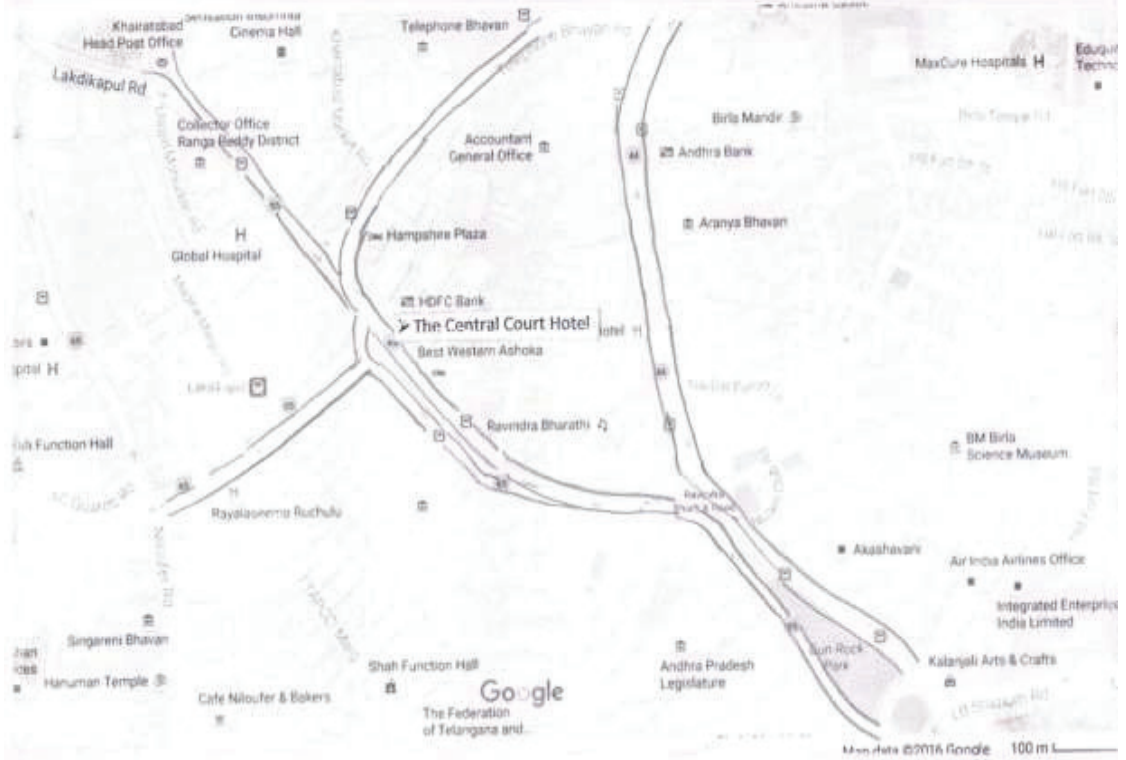
| | | | | |
|----|---|--|--|--|
| 5. | Related Party Transactions with M/s Vijaya Diagnostic Centre Pvt. Ltd. and Medinova Millennium MRI Services LLP under Section 188 of the Companies Act, 2013. | | | |
| 6. | Increase of the Authorised Share Capital | | | |
| 7. | Alteration of Capital Clause of Memorandum of Association | | | |
| 8. | Issue and Allotment of Equity Shares on Preferential Basis to M/s. Vijaya Diagnostic Centre Pvt. Limited. | | | |

Place:

Date:

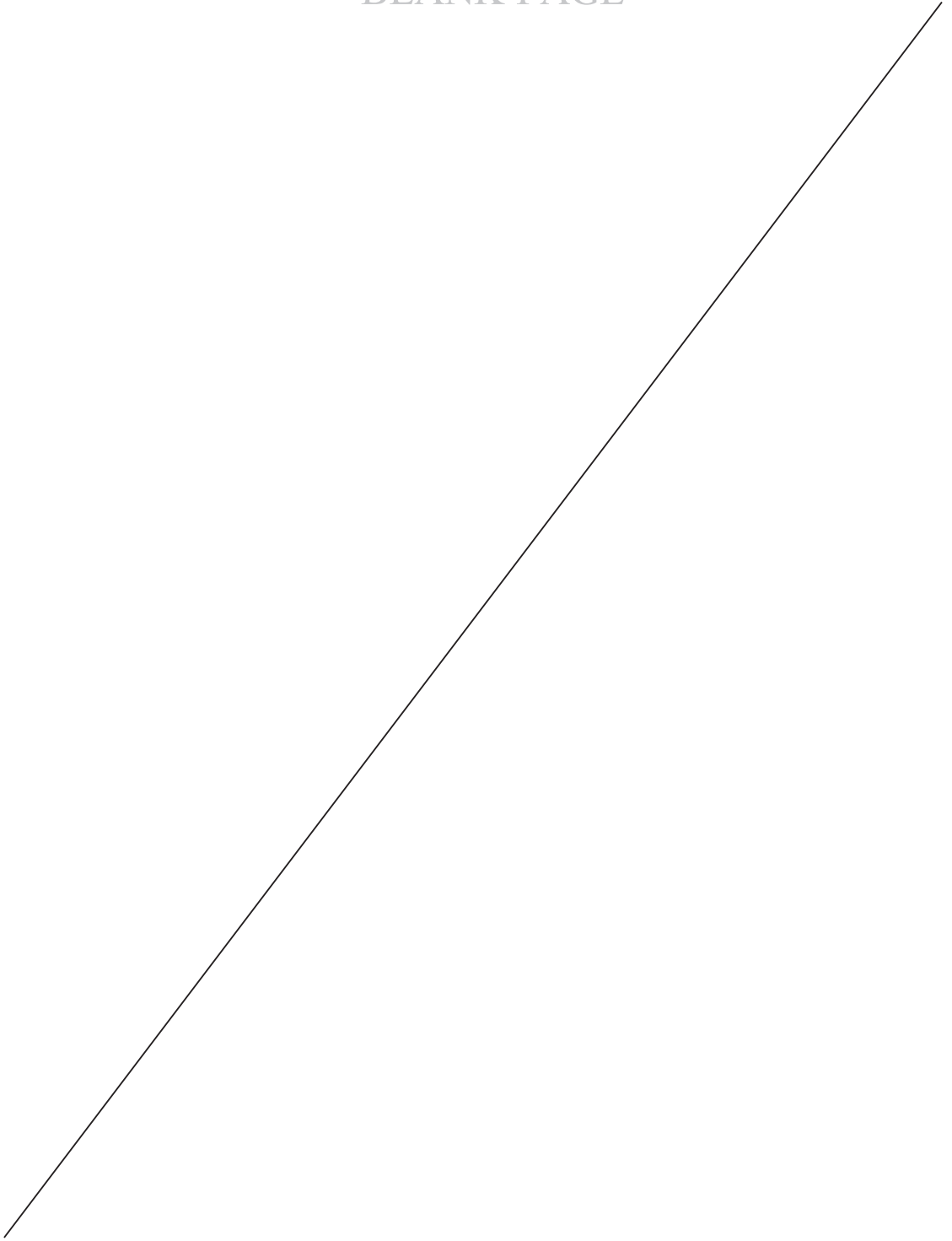
Signature of the Member / Proxy

Route Map to AGM at The Central Court Hotel, Lakdi-ka-pool, Hyderabad



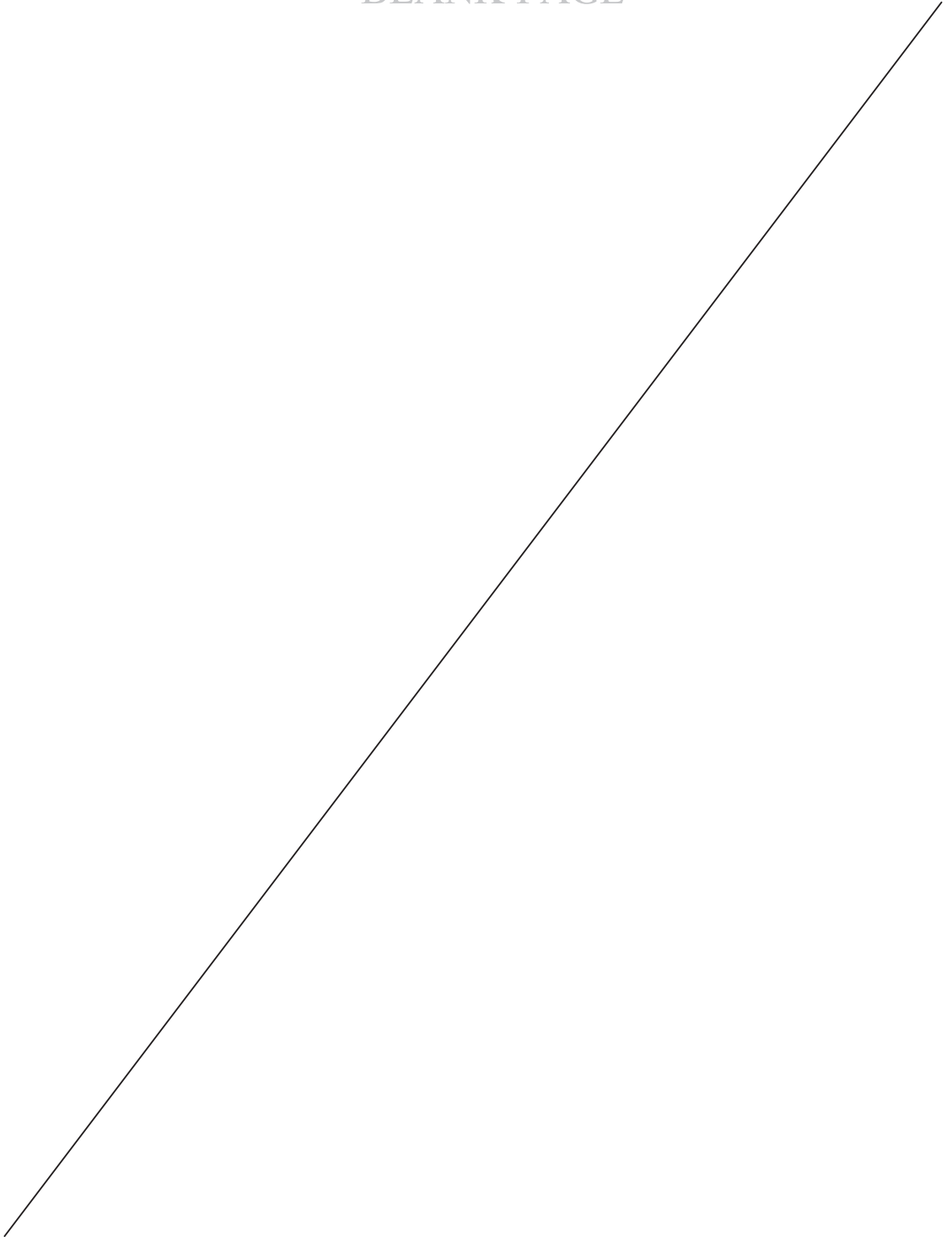


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MEDINOVA DIAGNOSTIC SERVICES LIMITED
Form No. MGT-11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L85110TG1993PLC015481
 Name of the Company : Medinova Diagnostic Services Limited
 Registered Office : 6-3-456/C, Flat No.206, 2nd Floor, M.G.R. Estate, Dw arakapuri Colony, Punjagutta, Hyderabad – 500 082, Telangana
 Name of the member (s) :
 Registered address :
 E-mail Id :
 Folio No/ Client Id :
 DP ID :

I/We, being the member(s) holding..... shares of the above named company, hereby appoint

| | | | |
|-----------|----------------|-----------|--|
| 1. Name | | | |
| Address | | | |
| E-mail Id | | Signature | |
| | or failing him | | |
| 2. Name | | | |
| Address | | | |
| E-mail Id | | Signature | |
| | or failing him | | |
| 3. Name | | | |
| Address | | | |
| E-mail Id | | Signature | |
| | | | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Wednesday, the 28th September 2016 at 10.30 A. M. at The Central Court Hotel, Lakdi-ka-pool, Hyderabad – 500004 and at any adjournment thereof in respect of all the Resolutions indicated in the Notice

.....Signed this Day of September, 2016.

Signature of Shareholder :
 Signature of Proxy holder(s) :

| |
|---|
| Affix Re.1/- Revenue Stamp Signature |
|---|

NOTE: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Medinova Diagnostic Services Limited

CIN: L85110TG1993PLC015481
 Regd. Office: 6-3-456/C, Flat No.206, 2nd Floor, M.G.R. Estate, Dw arakapuri Colony,
 Punjagutta, Hyderabad – 500 082, Telangana.

ATTENDANCE SLIP
23rd ANNUAL GENERAL MEETING

DP ID : Name & Address of the Registered Shareholder/Proxy
 Client Id/ Folio No. :
 No. of Shares :

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.
 I hereby record my presence at the 23rd Annual General Meeting of the Company at The Central Court Hotel, Lakdi-ka-pool, Hyderabad – 500 004 on Wednesday, the 28th September, 2016 at 10.30 A.M.

Member's/Proxy's Signature

Note: Please complete this form and hand it over at the entrance of the hall.

PRINTED – MATTER

If undelivered please return to:



Medinova Diagnostic Services Limited
6-3-456/C, Flat No.206, 2nd Floor,
M.G.R. Estate, Dwarakapuri Colony,
Punjagutta, Hyderabad – 500 082, Telangana.