



27TH ANNUAL REPORT
2019 - 2020

CORPORATE INFORMATION

Board of Directors

Dr. Sura Surendranath Reddy - Chairman- Non Executive Director
 Mr. Sunil Chandra Kondapally - Managing Director
 Mrs. B. Vishnu Priya Reddy - Non-Executive Director
 Mr. K.V. Ravindra Reddy - Independent Director
 Mr. P. Kamalakar Rao - Independent Director
 Dr. Balamba Puranam - Independent Director

Statutory Auditors

M/s. Ratnam Dhaveji & Co.,
 403, Alcazar Plaza, Road No.1,
 Banjara Hills, Hyderabad – 500034

Registered Office

7-1-58/A/FF/8, Amrutha Business Complex,
 Ameerpet, Hyderabad-500016
 Ph: 040 42604250
 Email: medicorp@medinovaindia.com
 website: www.medinovaindia.com

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@gmail.com

Chief Financial Officer

Mr. Hrusikesh Behera

Company Secretary

Ms. V. Sri Lakshmi

Bankers

HDFC Bank Limited
 Vijaya Bank
 UCO Bank

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Disclaimer:

In this Annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward- looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

NOTICE

Notice is hereby given that the **Twenty Seventh (27th)** Annual General Meeting of Medinova Diagnostic Services Limited will be held on Friday, the 25th September, 2020 at 11.00 a.m. IST through Video Conferencing ("VC")/ Other Audio- Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and the Auditors thereon; and
 - (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the report of the Auditors thereon.
2. To appoint a Director in place of Mrs. B. Vishnu Priya Reddy (DIN: 00108639) who retires by rotation and being eligible, offers herself for reappointment.

SPECIAL BUSINESS:

3. Reappointment of Mr. P. Kamalakar Rao as an Independent Director

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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, Mr. P. Kamalakar Rao (DIN: 03057676), who was appointed as an Independent Director at the Twenty Second Annual General Meeting of the Company and who holds office up to 24th September, 2020 and who is eligible for reappointment and who meets the criteria for independence as provided in Section 149(6) of the Act read with the rules framed thereunder and Regulation 16(1)(b) of SEBI(LODR) Regulations, 2015 and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, to hold office for a second term of five year with effect from 25th September, 2020 upto 24th September, 2025 and he shall not be subject to retirement by rotation.

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

**Date: 13-08-2020
Place: Hyderabad**

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

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

Notes:

- 1) In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to 'Clarification on holding of annual general meeting ('AGM') through video conferencing ('VC') or other audio visual means ('OAVM') read with General Circular No. 14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020 in relation to 'Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19' (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to 'Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic' ('SEBI Circular') permitted the holding of the Annual General Meeting ('AGM')/the Meeting' through VC/OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and MCA Circulars, **the 27th AGM of the Company is being held through VC/OAVM on Friday, September 25, 2020 at 11.00 a.m. (IST)**. The deemed venue for the AGM shall be the Registered Office of the Company.
- 2) **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.**
- 3) The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Members will be able to view the proceedings on e-voting website of National Securities Depository Limited ('NSDL') at www.evoting.nsdl.com. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 members on a first come first served basis as per the MCA Circulars.
- 4) Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013 ("the Act").
- 5) In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
- 6) The relevant Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business to be transacted at the 27th AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to medicorp@medinovaindia.com.
- 7) The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, September 19, 2020 to Friday, September 25, 2020 (both days inclusive) for the purpose of AGM.
- 8) The Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013, will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send an email to medicorp@medinovaindia.com.
- 9) We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, XL Softech Systems Limited at xlfield@gmail.com to receive copies of the Annual Report 2019-20 in electronic mode.

- 10) In line with the General Circular No. 20/2020 dated May 5, 2020, issued by the MCA and the SEBI Circular, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositories. The Notice of AGM and Annual Report 2019-20 are available on the Company's website viz. <http://www.medinovaindia.com/investors.php>, and may also be accessed from the relevant section of the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com
- 11) As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in electronic form and to the Company's Registrar and Transfer Agent ('RTA') in case the shares are held by them in physical form, quoting folio number.
- 12) In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
- 13) SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.
- 14) The relevant details of the Directors seeking reappointment at this AGM in respect of business under item no. 2 and 3 as required under Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India ('Secretarial Standard') are annexed hereto.

Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI Listing Regulations (as amended), MCA Circulars and the SEBI Circular, the Company is providing its members the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means (by using the electronic voting system provided by NSDL) either by (a) remote e-voting prior to the AGM (as explained at 'para A' herein below) or (b) e-voting during the AGM (as explained at 'para B' below). Instructions for members for attending the AGM through VC/OAVM are explained at 'para C' below.

A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on **Friday, September 18, 2020 ('the cut-off date')**, shall be entitled to vote in respect of the shares held, by availing the facility of remote e-voting prior to the AGM or remote e-voting during the AGM.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e., Friday, **September 18, 2020**.

A member may participate in the AGM even after exercising his right to vote through remote e-voting prior to the AGM but shall not be allowed to vote again at the AGM.

Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of cut-off date, may obtain the login id and password by sending a request to evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

The Board of Directors has appointed Mr. D Balarama Krishna, Practicing Company Secretary (FCS: 8168, CP No. 22414) as the Scrutinizer to scrutinize the remote e-voting and voting during the AGM in a fair and transparent manner.

The Scrutinizer shall, immediately after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM, submit a consolidated Scrutinizer's report of the total votes cast in favour and against the resolution(s), invalid votes, if any, and whether the resolution(s) has/have been carried or not, to the Chairman or any other person authorized by him in writing.

The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.medinovaindia.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited where the securities of the Company are listed.

Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. September 25, 2020.

[A] THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING PRIOR TO THE AGM:-

The remote e-voting period starts on Tuesday, September 22, 2020 (9.00 a.m. IST) and ends on Thursday, September 24, 2020 (5.00 p.m. IST). Remote e-voting shall be disabled by NSDL at 5:00 p.m. on September 24, 2020 and members shall not be allowed to vote through remote e-voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The details of the process and manner for remote e-voting are explained below:

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

Details on Step 1 is mentioned below:

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

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

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

[B] THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC/OAVM.
2. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those members who will be present in the AGM through VC/OAVM facility but have not cast their vote on the resolutions by availing the remote e-voting facility and are otherwise not barred from doing so. The remote e-voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to balaramdesina@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone nos. + 91-22-24994545

[C] INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsd.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
3. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company's email address medicorp@medinovaindia.com on or before 5.00 p.m. (IST) on Tuesday, September 22, 2020. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.
4. Members who would like to express their views/ ask questions as a speaker at the Meeting may preregister themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at medicorp@medinovaindia.com between Saturday, September 19, 2020 (9:00 a.m. IST) and Tuesday, September 22, 2020 (5:00 p.m. IST). **Only those members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM.** The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
5. Members who need assistance before or during the AGM can reach out NSDL on evoting@nsdl.co.in, contact at 1800-222-990 or Ms. Sarita Mote, Assistant Manager - 022-24994890 email id: SaritaM@nsdl.co.in or call on +91 22 2499 4360 .

Procedure for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to RTA at xlfield@gmail.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to RTA at xlfield@gmail.com.
3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

Annexure to Notice

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

Name of Director	P. Kamalakar Rao	B. Vishnu Priya Reddy
Director Identification Number	03057676	00108639
Date of Birth	09.09.1952	30.06.1979
Date of first Appointment	10.11.2014	14.08.2019
Qualification	Chartered Accountant (CA)	Graduate in Computer Science
Category	Non-Executive Independent Director	Non-Executive Director
Terms & Conditions of Re-Appointment along with Remuneration sought to be paid	Being reappointed as an Independent Director not liable to retire by rotation for a second term of 5 years. No remuneration is being paid except sitting fee for attending Board and Committee meetings.	Being reappointed as a Director liable to retire by rotation. No remuneration and sitting fee is being paid for attending Board and Committee meetings
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	There is no inter-se relationship between Mr. P. Kamalakar Rao and other directors.	Mrs. B. Vishnu Priya Reddy is related to Dr. Surendranath Reddy and Mr. K. Sunil Chandra.
Brief Resume and expertise in specific functional area	A Chartered Accountant by Profession having vast Experience in the field of Audit & Accounts.	She has vast experience of working in various positions in diagnostic service sector, hospitality industry and an active Social worker involved in uplifting of children and women.
*Directorships held in other Companies and Bodies Corporate as on March 31, 2020	NIL	NIL
Chairman / Member of the Committee of the Board of Directors of the Company	Chairman of the Audit Committee and Member of the Stakeholders Relationship Committee & the Nomination and Remuneration Committee.	NIL
No. of Board Meetings attended during the year	As mentioned in the Corporate Governance Report	As mentioned in the Corporate Governance Report
Chairman/Member of the Committee of the Board of Directors in other Companies as on March 31, 2020	NA	NA
No. of Equity Shares of Rs.10/- held in the Company as on 31.03.2020	NIL	NIL

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

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

Item No. 3

Mr. P. Kamalakar Rao (DIN: 03057676) was appointed as a Non-Executive Director in the category of Independent Directors for a period of five years, not liable to retire by rotation by the shareholders in the Annual General Meeting held on 25.09.2015. The first term of his appointment expires on 24.09.2020.

Accordingly, special resolution is proposed to take shareholders' approval for reappointment of Mr. P. Kamalakar Rao as a Non-Executive Independent Director for the second term of five years w.e.f. 25.09.2020 up to 24.09.2025.

Mr. P. Kamalakar Rao is a Chartered Accountant by Profession having vast Experience in the field of Audit & Accounts.

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

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

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

The Board of Directors accordingly recommends the Special Resolution as mentioned at item No. 3 of this Notice for approval of the Members of the Company.

Save and except Mr. P. Kamalakar Rao and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the special resolutions set out at Item No.3 of the Notice.

Additional information in respect of Mr. P. Kamalakar Rao, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given as Annexure to this Notice.

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

**Date: 13-08-2020
Place: Hyderabad**

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

BOARD'S REPORT

Dear Members,

The Directors are pleased to present the Twenty Seventh Annual Report along with the audited financial statements for the financial year ended March 31, 2020.

1. Financial Highlights– Standalone & Consolidated

Particulars	Standalone (Rs. in lakhs) F.Y.		Consolidated (Rs. in lakhs) F.Y.	
	2019-20	2018-19	2019-20	2018-19
INCOME				
Revenue from Operations	549.30	674.33	744.70	897.26
Other Income	26.32	16.96	7.40	9.98
Expenses:				
Operating Expenses	519.03	643.87	625.19	765.22
Finance Cost	42.36	43.21	59.37	65.88
Depreciation	41.22	55.15	95.11	128.52
Profit before Tax	(26.99)	(50.94)	(27.57)	108.94
Tax Expenses:				
Current tax	0	0	0	0
Exceptional Items	0	161.32	0	161.32
Taxes of earlier years	0	32.50	0	32.50
Deferred tax charge/(credit)	2.58	1.08	(4.80)	(5.85)
Total Tax expense	2.58	33.58	(4.80)	26.65
Profit after Tax	(29.57)	76.80	(22.77)	82.29
Other Comprehensive Income	(0.27)	(1.57)	(0.27)	(1.57)
Total Comprehensive Income	29.84	75.23	(23.05)	80.72

Performance Review

Standalone

During the year under review, your Company generated an income of Rs. 549.30 lakhs as compared to Rs. 674.33 lakhs in the previous year from the business operations. Your Company has earned a gross profit of Rs. 56.59 lakhs before interest, depreciation and tax as against profit of Rs. 47.42 lakhs in the previous year. The operations resulted in a net loss of Rs. (29.57) lakhs as against net profit of Rs. 76.80 lakhs in the previous year.

Consolidated

The Company achieved consolidated revenue of Rs. 744.70 lakhs as against Rs. 897.26 lakhs in the previous year. The operations resulted in consolidated net loss of Rs. (22.77) lakhs as against net profit of Rs. 82.29 lakhs in the previous year.

The Standalone and Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) and approved by the Board of Directors of the Company forms part of this Annual Report.

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

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

Dividend

The Directors have not recommended any dividend for the year.

Transfer to General Reserves:

The Directors have not proposed transfer of any amount to General Reserve.

Subsidiary Companies

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

Pursuant to Proviso to Section 129 (3) of the Act, a statement containing the brief details of performance and financials of the Subsidiary LLP for the financial year ended March 31, 2020 is attached as Annexure-A and forms part of this Report.

Deposits

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

Loans, Guarantees or Investments

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

Particulars of contracts / arrangements with related parties

All the related party transactions entered into during the year under review were on arm's length basis and your Company had not entered into any contract / arrangement / transaction with related parties, which could be considered as material in accordance with the Company's Policy on Materiality of and Dealing with Related Party Transactions. Hence, disclosure in Form AOC - 2 is not required. The details of transactions with related parties have been disclosed in the notes forming part of the financial statements.

Management's discussion and analysis

Management Discussion and Analysis Report forms part of this Annual Report.

Corporate Governance

A report on Corporate Governance covering among others composition, details of meetings of the Board and Committees along with a certificate for compliance with the applicable conditions of Corporate Governance in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued by the Statutory Auditors of the Company forms part of this Annual Report.

Cost Records

During the year under review, maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148 (1) of the Companies Act, 2013 are not applicable to the Company.

Directors and key Managerial Personnel

Ms. Sura Suprita Reddy retired as a Director of the Company w.e.f. September 26, 2019. The Board of Directors records its sincere appreciation and recognition of the valuable contribution and services rendered by Ms. Sura Suprita Reddy during her long association with the Company.

Mrs. B. Vishnu Priya Reddy was appointed as an Additional Director on 14.08.2019 by the Board of Directors and was appointed as a Non-Executive Director of the Company at the AGM held on 26.09.2019.

At the AGM held on September 26, 2019 Mr. Sunil Chandra Kondapally was reappointed as a Managing Director for a period of 5 years, Dr. Balamba Puranam was appointed as an Independent Director of the Company for a first term of 5 years and Mr. K. V. Ravindra Reddy was reappointed as an Independent Director of the Company for a second term of 5 years.

In accordance with Section 152 of Companies Act, 2013, Mrs. B. Vishnu Priya Reddy, retires by rotation at the ensuing Annual General Meeting and being eligible offered herself for reappointment. The Board recommends her reappointment.

Mr. P. Kamalakar Rao was appointed as a Non-Executive Director in the category of Independent Directors for a period of five years, not liable to retire by rotation by the shareholders in the Annual General Meeting held on 25.09.2015. The first term of his appointment expires on 24.09.2020. Accordingly, special resolution is proposed to take shareholders' approval for reappointment of Mr. P. Kamalakar Rao as a Non-Executive Independent Director for the second term of five years w.e.f. 25.09.2020 to 24.09.2025.

The brief resumes and other disclosures relating to the Directors who are proposed to be appointed/reappointed, as required to be disclosed pursuant to the provisions of the SEBI Listing Regulations and the Secretarial Standards are given in the Annexure to the Notice of the 27th AGM.

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

During the year under review, Mr. N. Ravi Kumar resigned as a Chief Financial Officer of the Company w.e.f. May 31, 2019 and Mr. Hrusikesh Behera was appointed as Chief Financial Officer w.e.f. November 07, 2019.

Mr. Vijay Gupta resigned as a Company Secretary and Compliance Officer w.e.f. 03.06.2019 and Mrs. V. Sri Lakshmi was appointed as a Company Secretary and Compliance Officer of the Company w.e.f. 14.08.2019.

Board Evaluation

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

Policy on Directors' Appointment and remuneration and other Details

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

The details of the familiarization programme formulated for Independent Directors is hosted on the Company's website at www.medinovaindia.com.

Meetings of Board of Directors

During the Financial Year Four (4) meetings of the Board of Directors were held. The details of the meetings of the Board are given under the Corporate Governance Report which forms part of this Report.

Audit Committee

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

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

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

A. Conservation of Energy

The operations of your company do not consume high levels of energy. In its endeavour towards conservation of energy your Company ensures optimal use of energy, avoid wastages and endeavors to conserve energy as far as possible.

B. Technology Absorption

Your Company has not carried out any research and development activities during the year.

C. Foreign Exchange Earnings and outgo: NIL

Statutory Auditors

The members in the 26th Annual General Meeting held on September 26, 2019, appointed M/s. Ratnam Dhaveji & Co., Chartered Accountants, [Firm's Registration No. 006677S] as the Statutory Auditors of the Company, to hold office for a term of five years from the conclusion of the 26th Annual General Meeting (AGM) until the conclusion of the 31st AGM of the Company on such remuneration as may be determined by the Board of Directors.

The members may note that the Ministry of Corporate Affairs vide notification dated May 07, 2018, has done away with the requirement of yearly ratification of appointment of Statutory Auditors, at the AGM.

Pursuant to Section 139 of the Companies Act, 2013 the statutory auditors Ratnam Dhaveji & Co., Chartered Accountants have confirmed they are eligible to continue as auditors.

The Notes on financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark, or disclaimer.

No fraud has been reported by the Auditor under section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. D Balarama Krishna, Practicing Company Secretary, Hyderabad to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is available at "Annexure B" to this report. There are no qualifications, reservation or adverse remark or disclaimer made in the Secretarial Audit Report.

Compliance with Secretarial Standards

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



Extract of Annual Return

The extract of annual return in Form MGT- 9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached as Annexure C hereto and forms a part of this Report. The same is also available on the Company's website at <http://www.medinovaindia.com/investors.php>.

The Annual Return in Form MGT- 7 will be hosted on website after necessary certification and filing the same with the Registrar of Companies.

Risk Management

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

Internal Financial Controls and their adequacy

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

Vigil Mechanism/ Whistle Blower Policy

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

Particulars of Employees:

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

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

Corporate Social Responsibility

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company in the reporting financial year.

Significant and material orders

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

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has constituted Internal Complaints Committee for redressal of complaints on sexual harassment. During the year, the Company had not received any complaint on sexual harassment and no complaint was pending as on March 31, 2020.



Directors' Responsibility Statement:

Pursuant to the requirement under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, your Directors, to the best of their knowledge and ability, hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit and loss of the Company for the year ended on that date;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgment:

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

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

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

**Date: 13-08-2020
Place: Hyderabad**

ANNEXURE - A

FORM NO. AOC-1

Statement containing salient features of the financial statements of subsidiary as on March 31, 2020

Name of the Subsidiary: Medinova Millennium MRI Services LLP

Details	(Amount in Rs.)
Capital	2,30,27,221
Reserves	-2,71,99,414
Total Assets	1,57,64,855
Total Liabilities*	1,99,37,048
Turnover	2,04,03,891
Profit before taxation/(Loss)	-59,352
Deferred tax(credit)	-7,37,795
Profit/ (Loss) after taxation	6,78,443
Proposed dividend	Nil
No. of Shares	Nil
Investment	1,26,82,221

*Total liabilities are exclusive of Capital and Reserves

ANNEXURE - B
FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Medinova Diagnostic Services Limited
Hyderabad.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Medinova Diagnostic Services Limited (hereinafter called the company).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Medinova Diagnostic Services Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2020, 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. I have examined the books, papers, minute books, forms and returns filed and other records maintained by Medinova Diagnostic Services Limited for the financial year ended on 31st March 2020, according to the provisions of:
 - 1.1. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - 1.2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - 1.4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable as there is no Foreign Investment in /by the Company).**
 - 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, 1992;
 - 1.5.3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, **2009 (Not applicable as there was no fresh issue of Capital during the Year)**
 - 1.5.4. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable as there was no stock option given to the employees).**

- 1.5.5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as there was no debt securities listed on the Stock Exchange).**
 - 1.5.6. 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;
 - 1.5.7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable as there was no Delisting of Equity Shares during the year)** and
 - 1.5.8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable as there was no Buyback of Securities by the Company during the Year)**
2. I/we have also examined compliance with the applicable clauses of the following:
 - 2.1. Secretarial Standards issued by The Institute of Company Secretaries of India.
 - 2.2. The Listing Agreements entered into by the Company with Bombay Stock Exchange.
 3. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
 - 3.1. *In accordance with provisions of Regulation 33 of LODR, the Statutory Auditors have not complied with the requirement of Peer Review Certificate of the ICAI;*
 4. The Company is engaged in the Business of Medical/clinical services. Accordingly, the following Industry Specific Acts are applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI. Based on the explanation given, there are adequate systems and process in the company to monitor and ensure the compliance of following sector specific law, rule, regulation and guidelines:
 - 4.1. Pre-conception and Pre-natal Diagnostic Techniques Act 1994 read with the relevant rules and amendments.
 - 4.2. The West Bengal Clinical Establishments Act 1950.
 - 4.3. Indian Atomic Energy Act 1962 & Atomic Energy (Radiation Protection) Rules 2004.
 - 4.4. Environment (Protection) Act 1986 – Biomedical Wastes (Management and Handling) Rules 2011.
 5. I further report that:
 - 5.1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - 5.2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - 5.3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
 - 5.4. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



6. I further report that during the audit period there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, except as reported in the audit report etc.

Place: Hyderabad
Date: 13-08-2020
UDIN: F008168B000574833

D. Balarama Krishna
Company Secretary in Practice
FCS No.: 8168; C P No.: 22414

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

ANNEXURE

To,
The Members,
Medinova Diagnostic Services Limited,
Hyderabad.

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

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

Place: Hyderabad
Date: 13-08-2020
UDIN: F008168B000574833

D. Balarama Krishna
Company Secretary in Practice
FCS No.: 8168; C P No.: 22414

ANNEXURE -C

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L85110TG1993PLC015481
ii.	Registration Date	11-Mar-1993
iii.	Name of the Company	MEDINOVA DIAGNOSTIC SERVICES LIMITED
iv.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-government Company
v.	Address of the Registered office and contact details	7-1-58/A/FF/8, Amrutha Business Complex , Ameerpet, Hyderabad: 500016 Phone : 040 42604250 Email : medicorp@medinovaindia.com Website : www.medinovaindia.com
vi.	Whether listed company Yes/No	Yes BSE Limited
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Ltd # 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana Phone No(s): 040-23545913 / 14 / 15 Email: xlfield@gmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name of the company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.	Vijaya Diagnostic Centre Private Limited	U85195TG2002PTC039075	Holding Company	62.14	2 (46)
2.	Medinova Millennium MRI Services LLP	AAC-9556	Subsidiary	55.07	2(87)

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

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	6202220	-	6202220	62.14	6202220	-	6202220	62.14	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	6202220	-	6202220	62.14	6202220	-	6202220	62.14	0
2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b)Other-Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e)Any Other	-	-	-	-	-	-	-	-	-
Overseas corporate bodies	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	6202220	-	6202220	62.14	6202220	-	6202220	62.14	0
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	6202220	-	6202220	62.14	6202220	-	6202220	62.14	0
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a)Bodies Corp.	-	-	-	-	-	-	-	-	-
i)Indian	157763	13500	171263	1.72	131844	13500	145344	1.46	-0.26
ii)Overseas	-	-	-	-	-	-	-	-	-
b)Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	888024	1282189	2170213	21.74	833816	1267089	2100905	21.05	-0.69
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	659994	776500	1436494	14.39	751029	776500	1527529	15.30	0.91
b) Others (Specify)	-	-	-	-	-	-	-	-	-
NBFCs Registered with RBI	-	-	-	-	-	-	-	-	-
Non Resident Indians (Non Repat)	1100	-	1100	0.01	1680	-	1680	0.02	0.01
Non Resident Indians (Repat)	350	-	350	-	3962	-	3962	0.04	0.04
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Employees	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	1707231	2072189	3779420	37.86	1722331	2057089	3779420	37.86	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1707231	2072189	3779420	37.86	1722331	2057089	3779420	37.86	0.00
C. Shares held by Custodian for GDRs &ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	7909451	2072189	9981640	100	7924551	2057089	9981640	100	-

(ii) Shareholding of Promoters/Promoters Group

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

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

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

(iv) Shareholding Pattern of top ten Shareholders

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the Company
1.	SHANKAR LAL SARAF	326500	3.27	0	0	326500	3.27
2.	BAPI RAJU CHAMPATI	153552	1.54	41335	0	194887	1.95
3.	KATTAMREDDY LAKSHMINARAYANA REDDY	125000	1.25	0	0	125000	1.25
4.	PADARTHI HARINADHA REDDY	125000	1.25	0	0	125000	1.25
5.	DUVVURU JALANDHAR REDDY	100000	1.00	0	0	100000	1.00
6.	MUDDU KRISHNA REDDY ODURU	100000	1.00	0	0	100000	1.00
7.	3A CAPITAL SERVICES LIMITED	86001	0.86	0	0	86001	0.86
8.	ARVIND C JAIN	65069	0.65	0	0	65069	0.65
9.	VISHRAM MORESHWAR NANIWADEKAR	64240	0.64	0	0	64240	0.64
10.	RAJENDRA NANIWADEKAR.	58552	0.59	70	0	58622	0.59

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

S. No.	Name of the Director and KMP	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the Company
Directors							
1.	Dr. Sura Surendranath Reddy	0	0	0	0	0	0
2.	Mrs. B. Vishnu Priya Reddy	0	0	0	0	0	0
3.	Mr. K. V. Ravindra Reddy	0	0	0	0	0	0
4.	Mr. P. Kamalakar Rao	0	0	0	0	0	0
5.	Dr. Balamba Puranam	0	0	0	0	0	0
6.	Ms. Suprita Sura Reddy	0	0	0	0	0	0
KMPs							
1.	Mr. K. Sunil Chandra	0	0	0	0	0	0
2.	Mr. Hrusikesh Behera	0	0	0	0	0	0
3.	Mrs. V. Sri Lakshmi	0	0	0	0	0	0
4.	Mr. N. Ravi Kumar	0	0	0	0	0	0
5.	Mr. Vijay Gupta	0	0	0	0	0	0

Mrs. B. Vishnu Priya Reddy was appointed as an Additional Director on 14.08.2019 by the Board of Directors and was appointed as a Non-Executive Director of the Company at the AGM held on 26.09.2019.

Ms. S. Suprita Reddy retired as a Director of the Company w.e.f.26.09.2019. Two meetings were held during her tenure.

Mr. N. Ravi Kumar resigned as a Chief Financial Officer of the Company w.e.f. May 31, 2019 and Mr. Hrusikesh Behera was appointed as Chief Financial Officer w.e.f. November 07, 2019.

Mr. Vijay Gupta resigned as a Company Secretary and Compliance Officer w.e.f. 03.06.2019 and Mrs. V. Sri Lakshmi was appointed as a Company Secretary and Compliance Officer w.e.f. 14.08.2019.

VI. INDEBTEDNESS

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

(Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	92,53,440	3,55,45,000	0	4,47,98,440
ii) Interest due but not paid	0	99,08,000	0	99,08,000
iii) Interest accrued but not due	70,091	0	0	70,091
Total(i+ii+iii)	93,23,531	4,54,53,000	0	5,47,76,531
Change in Indebtedness during the financial year				
- Addition	0	70,53,426	0	70,53,426
- Reduction	57,00,464	0	0	57,00,464
Net Change	-57,00,464	70,53,426		13,52,962
Indebtedness at the end of the financial year				
i) Principal Amount	36,01,142	3,98,11,099	0	4,34,12,241
ii) Interest due but not paid	0	1,26,95,327	0	1,26,95,327
iii) Interest accrued but not due	21,925	0	0	21,925
Total(i+ii+iii)	36,23,067	5,25,06,426	0	5,61,29,493

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors						(Rs.) Total Amount
		Dr. Sura Surendranath Reddy	Mrs. B. Vishnu Priya Reddy	Ms. S. Suprita Reddy	Mr. K. V. Ravindra Reddy	Mr. P. Kamalakar Rao	Dr. Balamba Puranam	
	Independent Directors							
1.	Fee for attending board and committee meetings	-	-	-	10,000	10,000	10,000	30,000
2.	Commission	-	-	-	-	-	-	-
3.	Others, please specify	-	-	-	-	-	-	-
4.	Total (1)				10,000	10,000	10,000	30,000
	Other Non-Executive Directors							
5.	Fee for attending board and committee meetings	4,000	-	4,000	-	-	-	8,000
6.	Commission	-	-	-	-	-	-	-
7.	Others, please specify	-	-	-	-	-	-	-
8.	Total (2)	4,000	-	4,000	-	-	-	8,000
9.	Total (B) = (1+2)	4,000	-	4,000	10,000	10,000	10,000	38,000
10.	Total Managerial Remuneration	-	-	-	-	-	-	-
11.	Overall Ceiling as per the Act	-	-	-	-	-	-	-

Mrs. B. Vishnu Priya Reddy was appointed as an Additional Director on 14.08.2019 by the Board of Directors and was appointed as a Non-Executive Director of the Company at the AGM held on 26.09.2019.

Ms. S. Suprita Reddy retired as a Director of the Company w.e.f.26.09.2019. Two meetings were held during her tenure.

Dr. Sura Surendranath Reddy and Mrs. B. Vishnu Priya Reddy Promoter & Non- Executive Directors foregone sitting fee payable to them from September, 2019 for attending any Board or Committee(s) meetings of the Company.

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

(Rs.)

S. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		CFO		Company Secretary		
1.	Gross Salary	N. Ravi Kumar	Mr. Hrusikesh Behera	Vijay Gupta	V. Sri Lakshmi	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,20,565	4,17,376	-	-	5,37,941
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0
4.	Commission	0	0	0	0	0
	As % of profit	0	0	0	0	0
	Others, specify	0	0	0	0	0
5.	Others, please specify	0	0	0	0	0
	Total	1,20,565	4,17,376	-	-	5,37,941

Mr. N. Ravi Kumar resigned as a Chief Financial Officer of the Company w.e.f. May 31, 2019 and Mr. Hrusikesh Behera was appointed as Chief Financial Officer w.e.f. November 07, 2019.

Mr. Vijay Gupta resigned as a Company Secretary and Compliance Officer w.e.f. 03.06.2019 and Mrs. V. Sri Lakshmi was appointed as a Company Secretary and Compliance Officer w.e.f. 14.08.2019.

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

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing a significant disruption and slowdown of economic activity. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services and the uncertainty associated with the lifting or re-imposition of these restrictions, have further aggravated the business environment.

The Government's expenditure on healthcare has grown to 1.6% of the nation's GDP as per the F.Y. 20 budget up from 1.5% in the previous budget.

In the history of mankind this is probably the first time when diagnostics industry has been in the absolute spotlight. The world has recognized the need for early warning systems in the healthcare segment – currently for Covid-19, but this trend is going to continue for all forms of diagnostics in the time to come. There is expectation of phenomenal growth for the diagnostics industry.

Opportunities and Threats

According to a recent Research and Markets report "Indian Diagnostic Services Market Outlook 2020", the industry is expected to grow at 27.5 per cent for the next five years. This can be achieved by improving healthcare facilities, pathological and medical diagnostic laboratories and public-private projects along with the health insurance sector.

E-commerce based offerings have also started to slowly creep into the industry and have initiated the onset of digitization of services, as they have in almost every other industry. With this increasing competition, margins are likely to remain stable and growth would be led by volumes and not pricing.

Outlook

The Indian healthcare market is poised to expand to US\$ 372 billion by 2022 on the back of greater health awareness among people, prevalence of lifestyle diseases, better access to insurance, increasing incomes and greater investment by both public and private players. The COVID-19 pandemic outbreak has further sensitized Governments and citizens across the world to the importance of healthcare infrastructure and the role the diagnostic industry will play in earlier detection, prevention and management of diseases.

India is one of the biggest markets for healthcare services consumption. Our population coupled with our industry capabilities is likely to ensure a more robust 'make in India' initiative in the years to come. Healthcare being a necessity and not a luxury, this segment is likely to grow at a much better tangent as compared to most of the other industry, and will not only drive the economic output for the healthcare industry along but for the overall Indian economy, especially from a global perspective.

Your Company keeps pace with the ever changing medical technology by upgrading its existing and also installing new equipment.

Risk and concerns:

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

Although largely operating through un-organized laboratories, the diagnostics industry is subject to intervention from the state or central governments in order to enhance testing. During seasonal epidemics, typical guidelines will fix certain pricing for a particular test/ panel on a temporary basis. The Company is totally compliant with such requirements.



The intensity of competition in the diagnostics industry has abated in the past years however structurally the sector lends itself to regular outreach initiatives from the established players both in the unorganized and organized space.

Company's Performance:

During the year under review, your Company achieved standalone revenue of Rs. 549.30 lakhs as against Rs. 674.33 lakhs in the previous year. The operations resulted in a net loss of Rs. (29.57) lakhs as against net profit of Rs. 76.80 lakhs in the previous year.

The Company achieved consolidated revenue of Rs. 744.70 lakhs as against Rs. 897.26 lakhs in the previous year. The operations resulted in consolidated net loss of Rs. (22.77) lakhs as against net profit of Rs. 82.29 lakhs in the previous year.

The Company's operations predominantly related to providing Medical Diagnostic Services and related business services. During the year ended March 31, 2020, there are no other reportable business segments as per AS 17 "Segment reporting".

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

Internal Control System and their adequacy

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

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

Human Resource

'Human Resources' are recognized as a key pillar of any successful organization and so is for Medinova. The company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the company places high emphasis on professional etiquette required of every employee. As on 31.03.2020 numbers of employees employed are 71.

Disclosure of Accounting Treatment

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

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

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

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

Board of Directors

Composition of the Board

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

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

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

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

The Composition of the Board of Directors as on March 31, 2020 with their attendance at the Four Board Meetings held during the F.Y. 2019-20 and at the last Annual General Meeting are as detailed below:

Name of the Director	Category	Number of Board meetings attended during the year 2019-20	Attendance at the last AGM held on September 26, 2019	Number of directorships in other public companies #		Number of committee Positions held in this & other public companies ##	
				Director	Chairman	Member	Chairman
Dr. Sura Surendranath Reddy	Promoter Non-Executive	4	Yes	NIL	NIL	2	0
Mr. K. Sunil Chandra	Promoter Executive	4	Yes	NIL	NIL	NIL	NIL
Mr. K. V. Ravindra Reddy	Independent Non-Executive	4	Yes	4	NIL	2	1
Mr. P. Kamalakar Rao	Independent Non-Executive	4	Yes	NIL	NIL	2	1
Dr. Balamba Puranam	Independent Non-Executive	4	No	NIL	NIL	NIL	NIL
* Mrs. B. Vishnu Priya Reddy	Promoter Non-Executive	2	Yes	NIL	NIL	NIL	NIL
** Ms. S. Suprita Reddy	Promoter Non-Executive	2	No	NA	NA	NA	NA

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

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

* Mrs. B. Vishnu Priya Reddy was appointed as an Additional Director of the Company on 14.08.2019 by the Board of Directors and appointed as a Non-Executive Director of the Company at the AGM held on 26.09.2019.

** Ms. S. Suprita Reddy retired as a Director of the Company w.e.f.26.09.2019. Two meetings were held during her tenure.



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

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

There were no shares held by Non- Executive Directors as on March 31, 2020.

Board Meetings

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

The Board of Directors met four times during the financial year 2019-20 viz. on May 22, 2019; August 14, 2019; November 07, 2019 and February 04, 2020 respectively..

Independent Directors Meeting

During the year 2019-20, Independent Directors of the Company met separately on February 04, 2020 without the presence of other Directors or Management representatives, to review the performance of the Non-Independent Directors, the Board and the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Management and the Board.

Code of Conduct

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

BOARD COMMITTEES:

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

I. Audit Committee:

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

The Audit Committee looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Companies Act, 2013.

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

Four meetings of the Audit Committee were held during the year viz. on May 22, 2019; August 14, 2019; November 07, 2019 and February 04, 2020 respectively. The Company Secretary acts as the Secretary to the Audit Committee.

The composition of the Audit Committee and details of their attendance at the meetings as at March 31, 2020 are as follows:

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

II. Nomination and Remuneration Committee:

The Nomination & Remuneration Committee of the Board of Directors meets the criteria laid down under Section 178 of the Companies Act, 2013, read with Regulation 19 of the SEBI Listing Regulations.

The terms of reference of the Committee, inter-alia, includes identifying persons who are qualified to become directors and who may be appointed in senior management, and recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and independence of a director; recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees; formulation of criteria or specifying the manner for evaluation of performance of the Board, its Committees and Directors and review its implementation and compliance; considering and recommending grant of employees stock options, if any, as well as administration and superintendence of the same; consider extension or continuance of the term of appointment of Independent Director.

During the year two meetings of the Committee were held on August 14, 2019 and November 07, 2019.

The composition of the Committee and the attendance details of the members as at March 31, 2020 are given below:

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

Board Evaluation

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

Performance Evaluation Criteria for Independent Directors

The key areas of evaluation of individual directors, including Independent Directors are Knowledge of business, Diligence and preparedness, Effective interaction with others, Constructive contribution to discussion and strategy, Concern for stakeholders, attentive to the internal controls mechanism and ethical conduct issues.

Remuneration of Directors

There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2019-2020.

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

The details of remuneration paid to the Directors for the F.Y.2019-20 are given in Form MGT-9 forming part of the Board's Report.

Dr. Sura Surendranath Reddy and Mrs. B. Vishnu Priya Reddy Promoter & Non- Executive Directors foregone sitting fee payable to them from September, 2019 for attending any Board or Committee(s) meetings of the Company.

III. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee (SRC) of the Board of Directors meets the criteria laid down under Section 178 of the Companies Act, 2013, read with Regulation 20 of the SEBI Listing Regulations.

The terms of reference of the Committee, inter-alia, includes considering and resolving the grievances of security holders of the Company; review of measures taken for effective exercise of voting rights by shareholders; evaluating performance of the Registrar and Share Transfer Agent; and ensuring timely receipt of annual reports / statutory notices by the shareholders of the Company.

The Chairperson of the Committee Mr. K. V. Ravindra Reddy is a Non-Executive Independent Director and the Company Secretary is the Secretary of the Committee and was designated as the Compliance Officer.

The Committee met three times during the year on May 22, 2019; November 07, 2019 and February 04, 2020.

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

Name	Designation	Category	No. of Meetings Attended
*K. V. Ravindra Reddy	Chairman	Non-Executive & Independent	3 of 3
P. Kamalakar Rao	Member	Non-Executive & Independent	3 of 3
Dr. Sura Surendranath Reddy	Member	Non-Executive & Non-Independent	3 of 3

*Mr. K. V. Ravindra Reddy was appointed as Committee Chairman w.e.f. May 22, 2019.

During the year under review no shareholders' complaints of general nature were received by the RTA/ Company.

General Body Meetings:

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

F.Y.	Date & Time	Location	Special Resolution Passed
2018-19	September 26, 2019 11.00 a.m.	The Central Court Hotel, Lakdikapul, Hyderabad.	<ul style="list-style-type: none"> • Reappointment of Mr. Sunil Chandra Kondapally as a Managing Director. • Appointment of Dr. Balamba Puranam as an Independent Director of the Company for a first term of 5 years. • Reappointment of Mr. K. V. Ravindra Reddy as an Independent Director of the Company for a second term of 5 years.
2017-18	September 28, 2018 11.00 a.m.	Same location as above.	Approval for Related party transaction.
2016-17	September 25, 2017 11:00 A.M.	Same location as above.	Approval for Related party transaction.

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

During the financial year 2019-20, Company has not passed any resolution through postal ballot.

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

Means of Communication:

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

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

General Shareholder Information:

i.	Annual General Meeting (Day, Date, Time and Venue):	27 th Annual General Meeting of the Company is scheduled on Friday, September 25, 2020 at 11.00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
ii.	Financial Year:	April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Regulations.
iii.	Date of Book Closure:	Saturday, September 19, 2020 to Friday, September 25, 2020 (Both days inclusive).
iv.	Listing on stock exchanges:	BSE Limited (Bombay Stock Exchange). Annual listing fee has been duly paid to the Stock Exchange.
v.	Corporate Identity Number (CIN):	L85110TG1993PLC015481
vi.	Stock codes:	BSE – Scrip Code: 526301; Scrip Id: MEDINOV
vii.	Company's ISIN:	INE047C01019

viii. Market price data

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

(Rs.)		
BSE Limited		
Month	Month's High Price	Month's Low Price
April 2019	24.75	16.55
May 2019	15.85	14.10
June 2019	16.83	13.40
July 2019	15.45	12.75
August 2019	14.35	12.40
September 2019	20.69	12.83
October 2019	19.70	13.00
November 2019	16.77	12.40
December 2019	14.70	11.56
January 2020	16.10	12.40
February 2020	15.73	12.04
March 2020	15.64	13.54

ix. Registrars and Transfer Agents

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

x. Share transfer system

In terms of Regulation 40(1) of Listing Regulations securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, Members are advised to dematerialize shares held by them in physical form. Transfer of shares in dematerialized mode is done through the depositories without any involvement of the Company.

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

xi. Distribution of Shareholding as on March 31, 2020

Shareholdings of Nominal Value of (Rs.)	No. of Shareholders		Share Amount	
	Nos.	%	(Rs.)	%
Upto 5000	9131	95.43	14600240	14.63
5001 - 10000	234	2.45	2022840	2.03
10001 - 20000	91	0.95	1435920	1.44
20001 - 30000	39	0.41	1009290	1.01
30001 - 40000	16	0.17	579370	0.58
40001 - 50000	8	0.08	393280	0.39
50001 - 100000	19	0.20	1317960	1.32
100001 & Above	30	0.31	78457500	78.60
TOTAL	9568	100	99816400	100

xii. Shareholding pattern as on March 31, 2020

Category	No. of shares held	% to Total
Promoters Holdings (Bodies Corp)	6202220	62.14
Public Share Holding:		
Bodies Corporate	145344	1.46
NRI/Foreign Nationals	5642	0.06
Indian Public & others	3628434	36.35
Total	9981640	100

xiii. Dematerialization of shares:

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

As on March 31, 2020, a total of 7924551 equity shares which form 79.39% of the share capital stand dematerialized. Your Company confirms that the entire Promoter's holding is in electronic form and the same is in line with the directions issued by SEBI.

xiv. Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

xv. Commodity Price Risk/ Foreign Exchange Risk and Hedging

The Company did not engage in hedging activities.

xvi. Centre Location: Location of Centre of the company

	<u>Place</u>	<u>Address</u>
1	Kolkata	1, Sarat Chatterjee Avenue, Kolkata – 700 029. Ph: 033 – 24660780 / 24661780
	email-Id:	medinova.kol@medinovaindia.com

xvii. Address for Correspondence:

Company	Registrars and Transfer Agent
7-1-58/A/FF/8, Amrutha Business Complex, Ameerpet, Hyderabad: 500016 Ph: 040 42604250 email-Id: medicorp@medinovaindia.com Website: www.medinovaindia.com	XL Softech Systems Ltd. 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034. Phone No(s): 040-23545913 / 14 /15. Email: xlfield@gmail.com

xviii. Disclosures

- a) During the financial year ended 31st March, 2020 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- b) During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets.
- c) The Company has formulated and adopted formal Whistle Blower Policy/vigil mechanism and the same is hosted on the Company's Web site and no concerned person has been denied access to the Audit Committee.
- d) The company has framed Related Party Transaction Policy and is placed on the Investors section of Company's website www.medinovaindia.com.
- e) The Company has followed the treatment laid down in the Accounting Standards prescribed by the Institute of Chartered Accountants of India which are notified by the MCA in the preparation of financial statements.
- f) The Company has complied with all the applicable mandatory requirements of the Corporate Governance and also has complied with the following non-mandatory requirements as prescribed in the listing regulations:
 - No separate office is maintained for the Non-Executive Chairman.
 - During the year under review, there is no audit qualification in the Company's financial statements.
- g) A Certificate received from Mr. D Balarama Krishna, Practising Company Secretary, Hyderabad, that none of the directors on board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority is enclosed with the report.
- h) The Managing Director (MD) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report. The MD and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.
- i) During the financial year ended March 31, 2020 the Board of Directors has accepted recommendations of the committees of the Board.
- j) Total fees for all services paid by the Company and its subsidiary LLP, on a consolidated basis, to the statutory auditors Ratnam Dhveji & Co, Chartered Accountants is as follows:-

Auditors Remuneration (including service tax/GST) paid as on March 31, 2020:

Particulars	(Rs.)
Audit fees (including quarterly audits)	71,000
For taxation matters	1,24,000
Total	1,95,000

- k) Details of complaints received, redressed and pending on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as follows:
 - a) Number of complaints filed during the financial Year – Nil
 - b) Number of complaints disposed of during the financial year – Not Applicable
 - c) Number of complaints pending as on end of the financial year – Nil

Declaration of compliance with the Code of Conduct

I confirm that the Company has in respect of the financial year ended March 31, 2020, received from the Members of the Board and senior management personnel of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

Date: 13-08-2020
Place: Hyderabad

Sunil Chandra Kondapally
Managing Director
DIN: 01409332

Corporate Governance Compliance Certificate

To
The Members of
Medinova Diagnostic Services Limited

We have examined all the relevant records of **Medinova Diagnostic Services Limited** (“the Company”) for the purpose of certifying compliance of the applicable conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended March 31, 2020.

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

C. V. Ratnam Dhaveji
Partner
M. No 203479

Date: 13-08-2020
Place: Hyderabad
UDIN: 20203479AAAAAX9221

CERTIFICATE PURSUANT TO THE PROVISIONS OF REGULATION 34(3) READ WITH SCHEDULE V PARA C CLAUSE (10) (i) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
 The Members of,
 Medinova Diagnostic Services Limited
 Ameerpet, Hyderabad.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Medinova Diagnostic Services Limited having CIN: L85110TG1993PLC015481 and having its registered office at H.No.7-1-58/A/FF/8, Office Flat/Unit No.8 Amrutha Business Complex, Ameerpet, Hyderabad, Telangana – 500016 (hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of the Director	DIN	Date of appointment as Director in the Company
01.	Ravindra Reddy Venga Reddy Kutagulla	00083986	10/11/2014
02.	Sura Surendranath Reddy	00108599	25/09/2014
03.	Vishnu Priya Reddy Birudavolu	00108639	14/08/2019
04.	Sunil Kondapally Chandra	01409332	25/09/2014
05.	Kamalakar Rao Ponnappalli	03057676	10/11/2014
06.	Balamba Puranam	08350028	02/02/2019

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

D. Balarama Krishna
 Company Secretary in Practice
 FCS No: 8168; C P No: 22414

Place: Hyderabad:
 Date: 13-08-2020
 UDIN: F008168B000574844

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

To

The Board of Directors
Medinova Diagnostic Services Limited

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

- (A) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2020 and based on our knowledge and belief, we state that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (C) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (D) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) there are no significant changes in internal controls over financial reporting during the year;
 - (ii) there are no significant changes in accounting policies during the year; and
 - (iii) there are no instances of significant fraud of which we have become aware.

For Medinova Diagnostic Services Limited

Sunil Chandra Kondapally
Managing Director

Hrusikesh Behera
Chief Financial Officer

Place : Hyderabad
Date : 23-06-2020



Independent Auditors' Report

To the Members of Medinova Diagnostic Services Limited Report on the Audit of Standalone Financial Statements

Opinion

We have audited the Standalone financial statements of Medinova Diagnostic Services Limited ("the Company") which comprises the Standalone Balance Sheet as at March 31st 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in equity and Standalone Statement of cash flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020 and loss and other comprehensive income, changes in equity and its cash flow for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Other Information

The Company's management and Board of Directors are responsible for the preparation of Other Information. The other Information comprises the information included in the Company's annual report but does not include the Standalone Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Managements & Board of Directors Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Standalone financial statements that give a true and fair view of the state of affairs, loss, and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors Responsibilities for the Audit of the Standalone Financial Statements

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

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

- i. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by management and Board of Directors.
- iv. Conclude on the appropriateness of management's and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal & Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"

- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid to its directors during the year and accordingly the reporting of adherence to provisions of section 197 of the Act are not applicable.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed impact of pending litigations in Notes on IND AS Standalone Financial Statements under "Contingent liabilities and Commitments to the extent not provided for"
 - b. The Company does not have any long-term contracts including derivative contracts.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Hyderabad
Date: 23.06.2020

C V Ratnam Dhaveji
Partner
M. No 203479
UDIN: 20203479AAAAAJ3622

Annexure 'A' to the Independent Auditor's Report

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

- i. In respect of the Company's fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a program of physical verification of it's by all the fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us, the records examined by us, as the company owns no immovable properties, the requirement on reporting whether title deeds of immovable properties held in the name of the company is not applicable.
- ii. In respect of Inventories
 - a. Stocks of Diagnostic kits, Lab Chemicals, Consumables, Medicare items, house-keeping items, stationery have been physically verified by the management during the year at reasonable intervals, the frequency of which in our opinion is reasonable.
 - b. As stated by the management, no material discrepancies were observed on physical verification of stock as compared to book stocks.
- iii. In our Opinion and according to the information and explanation given to us, The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has not given any loan or guarantees or made any reportable investments as contemplated under Section 185 and 186 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public and therefore, the provisions of the Clause 3(v) of the Order are not applicable to the Company.
- vi. Reporting under Clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable except in the following cases:

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

- c. There were no amounts of applicable statutory dues which have not been deposited as at 31st March 2020 on account of dispute.
- viii. Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion, that the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or has not issued any debentures.
- ix. According to the records of the Company, The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) Nor has the company obtained any term loans hence, comments under clause 3(ix) of the Order are not called for.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not paid/ provided any amounts on account of managerial remuneration. Accordingly, reporting under clause 3 (xi) is not applicable to the Company.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standards (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act read with the relevant rules issued there under.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

C V Ratnam Dhaveji
Partner
M. No 203479
UDIN: 20203479AAAAAJ3622

Place: Hyderabad
Date: 23.06.2020



Annexure "B" to the Independent Auditor's Report

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

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

Opinion

We have audited the internal financial controls with reference to the Standalone Financial Statements of Medinova Diagnostic Services Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31st March 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note")

Management's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal controls stated in 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to Standalone financial statements 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 controls with reference to financial statements include those policies and procedures that

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

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

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

Place: Hyderabad
Date: 23.06.2020

C V Ratnam Dhaveji
Partner
M. No 203479
UDIN: 20203479AAAAAJ3622

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in Lakhs)

SI No	Particulars	Note No	As at 31.03.2020	As at 31.03.2019
I	ASSETS			
1	Non Current assets			
	(a) Property plant and equipment	1	103.36	144.29
	(b) Financial assets			
	(i) Investments	2	126.82	126.82
	(ii) Trade receivables	3	14.39	3.94
	(iii) Other financial assets	4	14.03	14.32
	(c) Deferred Tax Assets (net)	5	41.17	43.75
	(d) Other Non Current Assets	6	0.43	0.43
2	Current assets			
	(a) Inventories	7	6.32	6.77
	(b) Financial assets			
	(i) Trade receivables	8	30.68	39.53
	(ii) Cash and cash equivalents	9	21.25	5.41
	(c) Current Tax Assets	10	38.13	31.11
	(d) Other current assets	11	5.57	3.59
	TOTAL ASSETS		402.15	419.96
II	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	12	995.68	995.68
	(b) Other equity	13	(1,763.26)	(1,733.43)
2	Liabilities			
A	Non current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	14	402.59	391.46
	(b) Provisions	15	33.54	35.90
B	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	16	484.90	468.58
	(ii) Other financial liabilities	17	158.70	156.30
	(b) Other current liabilities	18	77.32	82.49
	(c) Provisions	19	12.68	22.98
	Significant Accounting Policies & Notes to Accounts	28 - 39		
	TOTAL EQUITY AND LIABILITIES		402.15	419.96

As per our report of even date

for **Ratnam Dhaveji & Co.**

Chartered Accountants

Firm Regn No.0066775

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

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 23rd June, 2020

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs)

SI No	Particulars	Notes No	Year ended 31.03.2020	Year ended 31.03.2019
1	Income:			
	(a) Revenue from operations	20	549.30	674.33
	(b) Other Income	21	26.32	16.96
	Total Income		575.62	691.29
2	Expenses:			
	(a) Cost of Material Consumed	22	85.55	112.11
	(b) Employees benefit Expense	23	178.91	206.55
	(c) Finance Costs	24	42.36	43.21
	(d) Depreciation & Amortisation Expenses	1	41.22	55.15
	(e) Other Expenses	25	254.57	325.21
	Total Expenses		602.61	742.23
3	Profit / (Loss) Before Exceptional Items and Tax (1-2)		(26.99)	(50.94)
4	Exceptional Items		-	161.32
5	Profit / (Loss) before Tax (3-4)	26	(26.99)	110.38
6	Tax Expenses:			
	Current Tax		-	-
	Deferred Tax Charge / (Credit)		2.58	1.08
	Taxes of earlier years		-	32.50
7	Profit / (Loss) after Taxes (5-6)		(29.57)	76.80
8	Other Comprehensive Income		(0.27)	(1.57)
9	Total Comprehensive income for the period (7+8)		(29.84)	75.23
10	Earnings per Equity Share:			
	Basic & Diluted	27	(0.30)	0.75
	Significant Accounting Policies & Notes to Accounts	28 - 39		

As per our report of even date

for Ratnam Dhaveji & Co.,
Chartered Accountants
Firm Regn No.0066775

for and on behalf of the Board of Directors

C V Ratnam Dhaveji
Partner
M.NO.203479

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

Place : Hyderabad
Date : 23rd June, 2020

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rs.in Lakhs)

Particulars	Year ended 31.03.2020		Year ended 31.03.2019
A. Cash flows from operating activities			
Profit/ (Loss) before tax	(26.99)		110.38
Adjustments to reconcile Profit before tax to net cash flows:			
- Depreciation	41.22		55.15
- Loss on sale of fixed assets	-		0.10
- Finance cost on borrowings	40.08		40.31
- Provision for gratuity and compensated absences	7.33		3.70
- Liabilities written back	-		(161.32)
Operating Profit before working capital changes	61.63		48.32
<i>Changes in working capital:</i>			
Decrease/(Increase) in inventories	0.45		0.16
Decrease/(Increase) in trade receivables	(1.59)		(21.99)
Decrease/(Increase) in long-term loans and advances	0.29		1.14
Decrease/(Increase) in current assets	-		45.59
Decrease/(Increase) in other current assets	(1.98)		(1.82)
Increase/(decrease) in trade payables	16.32		43.99
Increase/(decrease) in other current liabilities	(25.42)		(30.78)
Cash generated from Operating Activities	49.70		84.61
Taxes paid	(7.02)		(32.50)
Net cash flow from operating activities (A)	42.68		52.11
B. Cash flows from investing activities			
Purchase Value of fixed assets	(0.30)		(15.74)
Proceeds from Sale Value of fixed assets	-		0.13
Decrease/(Increase) in Non-current investments	-		2.18
Net cash used in investing activities (B)	(0.30)		(13.43)
C. Cash flows from financing activities			
Loans from Holding Company	42.66		20.00
Repayment of long-term borrowings	(57.00)		(43.41)
Repayment of short-term borrowings	-		(4.05)
Finance cost paid on borrowings	(12.21)		(15.54)
Net cash used/generated from financing activities (C)	(26.55)		(43.00)
Net increase in cash and cash equivalent (A+B+C)	15.84		(4.32)
Opening balance of cash and cash equivalents	5.41		9.73
Closing balance of cash and cash equivalents	21.25		5.41
<i>Cash and cash equivalents comprise :</i>			
Cash in hand	0.27		0.69
Balances with banks- Current Accounts, Deposit accounts	20.98		4.72
Total cash and cash equivalents	21.25		5.41

As per our report of even date

for Ratnam Dhaveji & Co.,
Chartered Accountants
Firm Regn No.0066775

for and on behalf of the Board of Directors

C V Ratnam Dhaveji
Partner
M.NO.203479

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

Place : Hyderabad
Date : 23rd June, 2020

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2020

	(Rs in Lakhs)	
	No of Shares	Amount
(A) Equity Share capital		
Balance as at March 31, 2018	99,81,640	995.68
Changes in Equity Share Capital for the year ended March 31, 2019	-	-
Balance as at March 31, 2019	99,81,640	995.68
Changes in Equity Share Capital for the year ended March 31, 2020	-	-
Balance as at March 31, 2020	99,81,640	995.68

(B) Other Equity

Particulars	Reserves and Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance as at March 31, 2018	51.55	62.46	(1,922.66)	(1,808.66)
Profit for the year Adjustment during the year	-	-	76.80	76.80
Other Comprehensive income	-	-	(1.57)	(1.57)
Balance as at March 31, 2019	51.55	62.46	(1,847.43)	(1,733.43)
Profit for the year Adjustment during the year	-	-	(29.57)	(29.57)
Other Comprehensive Income	-	-	(0.27)	(0.27)
Balance as at March 31, 2020	51.55	62.46	(1,877.27)	(1,763.26)

As per our report of even date

for Ratnam Dhaveji & Co.
Chartered Accountants
Firm Regn No.0066775

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 23rd June, 2020

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Notes 1 - PROPERTY, PLANT & EQUIPMENT
Tangible Assets (FY 2019-20)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at	Additions	Sale/ Adjustment	As at	For the Year	on a/c of sale/ adjusted	As at	As at	As at
	01-04-2019			31-03-2020	Year		31-03-2020	31-03-2020	01-04-2019
Computers	27.69	0.30	-	27.99	2.11	-	24.19	3.80	5.61
Furniture & Fixtures	50.64	-	-	50.64	4.57	-	42.91	7.74	12.31
Civil Works on Leased Buildings	39.44	-	-	39.44	3.28	-	26.75	12.68	15.97
Plant & Machinery	372.89	-	-	372.89	31.26	-	293.75	79.14	110.40
TOTAL	490.66	0.30	-	490.96	41.22	-	387.60	103.36	144.29

Tangible Assets (FY 2018-19)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at	Additions	Sale/ Adjustment	As at	For the Year	on a/c of sale/ adjusted	As at	As at	As at
	01-04-2018			31-03-2019	Year		31-03-2019	31-03-2019	01-04-2018
Computers	28.14	1.76	2.21	27.69	2.74	1.98	22.08	5.61	6.82
Furniture & Fixtures	48.03	2.61	-	50.64	6.90	-	38.34	12.31	16.60
Civil Works on Leased Buildings	39.44	-	-	39.44	4.13	-	23.47	15.97	20.10
Plant & Machinery	361.52	11.37	-	372.89	41.37	-	262.49	110.40	140.40
TOTAL	477.13	15.74	2.21	490.66	55.15	1.98	346.38	144.29	183.92

As per our report of even date

for Ratnam Dhaveji & Co.,
Chartered Accountants
Firm Regn No.0066775

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy
Chairman

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 23rd June, 2020

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Sunil Chandra Kondapally
Managing Director

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2020	As at 31.03.2019
2	Investments		
	Investment in subsidiary (Deemed Cost or Cost)		
	Investments in Medinova Millennium MRI Services LLP	126.82	126.82
	Total:	126.82	126.82
3	Trade receivables		
	-Unsecured, Considered Good	14.39	3.94
	Total:	14.39	3.94
4	Other financial assets		
	Rent Deposits	5.73	5.73
	Other Deposits	8.30	8.59
	Total	14.03	14.32
5	Deferred Tax Asset (Net)		
	Deferred Tax Asset on account of Depreciation	41.17	43.75
	Closing Balance	41.17	43.75
6	Other Non-current Assets		
	Mat Credit Entitlement	0.43	0.43
	Total:	0.43	0.43
7	Inventories		
	Films	0.80	0.89
	Chemicals	1.17	1.35
	Medicines	0.23	0.26
	Consumables, Spares & Others	4.12	4.27
	Total:	6.32	6.77
8	Trade Receivable		
	Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment		
	-Unsecured, Considered Good	22.17	37.07
	Trade Receivables outstanding for a period more than six months from the date they are due for payment		
	-Unsecured, Considered Good	8.51	2.46
	Total:	30.68	39.53
9	Cash and cash equivalents		
	a. Balances with Banks		
	- Current Accounts	6.45	3.72
	- Deposits with Bank	14.53	1.00
	b. Cash in Hand	0.27	0.69
	Total:	21.25	5.41

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2020	As at 31.03.2019
10	Current Tax Assets (net)		
	TDS Receivables	38.13	31.11
	Total:	38.13	31.11
11	Other Current Assets		
	Pre-paid Expenses	5.47	3.21
	Others	0.10	0.38
	Total:	5.57	3.59
12	Equity share capital		
	a) Authorised Share Capital		
	1,10,00,000 Equity Shares of Rs.10/- each	1,100.00	1,100.00
	Total:	1,100.00	1,100.00
	b) Issued Capital, Subscribed and Paid-up Capital		
	99,81,640 Equity Shares of Rs.10/- each	998.16	998.16
	Less : Allotment Money Arrears	2.48	2.48
	Total:	995.68	995.68
13	Other equity		
	a) General Reserve	62.46	62.46
	Add: Transfers during the year	-	-
	Less: Utilised during the year	-	-
	Closing Balance	62.46	62.46
	b) Share Premium		
	Opening Balance	51.55	51.55
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	Closing Balance	51.55	51.55
	c) Surplus / (Deficit) in Statement of Profit & Loss		
	Opening Balance	(1,847.43)	(1,922.66)
	Add: Profit / (Loss) for the year	(29.84)	75.23
	Closing Balance	(1,877.27)	(1,847.43)
	Total :	(1,763.26)	(1,733.43)
14	Non current liabilities		
	Borrowings		
	Term Loans		
	From Banks	4.48	36.01
	(Secured By Hypothecation of Assets Created out of the Loans, personal guarantees by Dr S Surendranath Reddy, K Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Private Ltd.)		
	Loans & Advances from Related Parties		
	Unsecured Loans		
	from Vijaya Diagnostic Centre Pvt Ltd (Holding Company)	70.66	28.00
	from Directors	327.45	327.45
	Total:	402.59	391.46

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2020	As at 31.03.2019
15	Provisions		
	Gratuity (Refer Note No.35)	30.35	32.52
	Compensated Absence	3.19	3.38
	Total:	33.54	35.90
16	Trade payables		
	Dues of creditors other than micro and small enterprises (Refer Note No. 33)	484.90	468.58
	Total:	484.90	468.58
17	Other financial liabilities		
	Current Maturities of Long Term Borrowings from Banks	31.53	56.52
	Interest Accrued but not due	0.22	0.70
	Membership Deposits & Interest	-	-
	Interest on Unsecured Loans	126.95	99.08
	Total:	158.70	156.30
18	Other current liabilities		
	Statutory Payables	8.46	6.76
	Payable to Employees	65.92	64.27
	Others	2.94	11.46
	Total:	77.32	82.49
19	Provisions		
	Gratuity (Refer Note No.35)	8.28	17.60
	Compensated Absence	4.40	5.38
	Total:	12.68	22.98
Note No	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
20	Revenue from Operation		
	Sale of Services	546.04	668.92
	Franchise Management Fee	3.26	5.41
	Total:	549.30	674.33
21	Other Income		
	Rent received	7.20	7.20
	Interest received on others	0.46	2.30
	Income From Professional Service	12.26	-
	Miscellaneous income	6.40	7.46
	Total:	26.32	16.96
22	Cost of Materials Consumed		
	Inventories at the beginning of the Year	6.77	6.93
	Add: Purchases during the year	85.10	111.95
	Less: Closing Stock	6.32	6.77
	Total:	85.55	112.11

(Rs. in Lakhs)

Note No	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
23	Employee Benefit Expense		
	Salaries and Wages	157.21	180.85
	Employer Contribution to PF	7.74	8.14
	Employer Contribution to ESIC	3.25	5.19
	Gratuity	5.68	6.04
	Compensated Absences	1.38	1.68
	Staff Welfare Expenses	3.65	4.65
	Total:	178.91	206.55
24	Finance Cost		
	Interest Expense	40.08	40.31
	Bank Charges	2.28	2.90
	Total:	42.36	43.21
25	Other Expenses		
	Power and Fuel	17.15	16.18
	Rent	14.79	14.47
	Repairs & Maintenance	17.42	31.33
	Insurance	0.78	0.72
	Travel and Conveyance	10.26	3.89
	Legal and Professional Charges	119.68	128.32
	Postage, Telephone & Internet Expenses	10.51	9.59
	Auditor's Remuneration		
	- For Taxation Matters	1.06	1.06
	- For Company Law Matters	0.71	0.71
	Rates & Taxes	7.42	4.93
	Printing & Stationery	1.69	1.72
	Lab Testing Fee	31.08	49.76
	Security Charges	6.26	4.92
	House Keeping Charges	5.45	7.45
	Advertisement & Business Promotional Expenses	4.10	8.83
	Directors Sitting Fees	0.40	-
	Loss on Sale of Assets	-	0.10
	Miscellaneous Expenses	5.81	41.23
	Total:	254.57	325.21
26	Exceptional Items		
	Liabilities Written back (Refer Note no:36)	-	161.32
	Total:	-	161.32
27	Earning Per Share		
	Net Profit available to Equity Share Holders (after adjustments, if any)	(29.84)	75.23
	Weighted Average number of Equity Shares held	99,81,640	99,81,640
	Potential Equity Shares	99,81,640	99,81,640
	Earnings per Share - Basic	(0.30)	0.75
	Earnings per Share - Diluted	(0.30)	0.75

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO STANDLONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

28. Corporate Information

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

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

29. Significant accounting policies

(A). Basis of preparation

(i) Statement of compliance

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

The standalone financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Company's annual reporting date (March 31, 2020) have been applied. The accounting policies are applied consistently to all the periods presented in the financial statements.

The standalone financial statements were authorised for issue by the Company's Board of Directors on June 23, 2020.

(ii). Functional and presentation currency

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

(iii). Basis of measurement

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

- Certain financial assets and liabilities : Measured at fair value (Refer accounting policy regarding financial instruments)
- Borrowings : Amortised cost using effective interest rate method.

(iv). Use of estimates

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

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

(v). Current and non-current classification:

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

An asset is classified as a current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle, or held primarily for the purpose of trading, or expected to be realised within twelve months after the reporting period, Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

- Current assets include the current portion of non current financial assets; All other assets are classified as non-current.

A liability is classified as a current when:

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

- Current liabilities include current portion of non current financial liabilities; All other liabilities are classified as non-current.

(vi). Operating Cycle

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

(vii). Measurement of fair values

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

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

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

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

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

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

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

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

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

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

(B). Revenue recognition:

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

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

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

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

Interest Income

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

(C). Financial instruments

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

Recognition and initial measurement

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

Classification and subsequent measurement

Financial assets

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

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement and gains and losses:

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

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

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

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

Derecognition - Financial assets

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

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

Derecognition - Financial liabilities

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

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

Financial Instruments Offsetting

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

(D). Property, plant and equipment

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

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

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

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

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

(E). Inventories

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

(F). Impairment of assets

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

(G). Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity obligations:

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

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

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

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

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

Defined contribution plans:

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

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

(H). Leases

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course.

Company as a Lessee:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(I). Income tax

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

Current tax:

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

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

Deferred tax

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

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

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

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

(J). Borrowing cost

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

(K). Provision, contingent liabilities and contingent assets

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

Contingencies:

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

Contingent liabilities and contingent assets:

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

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

(L). Earnings per share

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

(M). Cash flow statement

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

(N). Cash and cash equivalents

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

(O). Events after reporting date

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

30. Financial instruments - fair valuation and risk management

A). Accounting classifications and fair values

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

(Rs.in Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Amortised Cost	FVTPL	Amortised Cost	FVTPL
Financial instruments by category				
Financial Assets				
Trade receivables	45.06		43.47	
Cash and cash equivalents	21.25		5.41	
Security Deposits	10.10		10.59	
Other bank deposits	3.93		3.73	
Investment in Subsidiary	126.82		126.82	
Total Financial Assets	207.16	-	190.02	-
Financial Liabilities				
Borrowings	434.12		447.98	
Interest accrued but not due on borrowings	0.22		0.70	
Interest accrued and due on unsecured loans	126.95		99.08	
Trade payables	484.90		468.58	
Total Financial Liabilities	1,046.19	-	1,016.34	-

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

B). Financial Risk Management

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

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

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

(i) Credit Risk

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

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

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

(Rs.in Lakhs)

As at	< 180 days	> 180 days	Provision	Total
31 March 2020	22.17	22.90	-	45.07
31 March 2019	37.07	6.40	-	43.47

(ii) Liquidity Risk

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

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

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

(Rs.in Lakhs)

As at 31 March, 2020	Total	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
Long Term Borrowings (incl current maturities)	36.01	31.53	2.82	1.66	
Borrowings from Directors and Holding Company	398.11	-	-	398.11	
Interest accrued and due on Unsecured loans above	126.95	126.95			
Interest accrued but not due on Long Term borrowings	0.22	0.22			
Trade payables	484.90	484.90			
Total	1,046.19	643.60	2.82	399.77	-

(Rs.in Lakhs)

As at 31 March, 2019	Total	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
Long Term Borrowings (incl current maturities)	92.53	56.52	31.53	4.48	
Borrowings from Directors and Holding Company	355.45			355.45	
Interest accrued and due on Unsecured loans above	99.08	99.08			
Interest accrued but not due on Long Term borrowings	0.70	0.70			
Trade payables	468.58	468.58			
Total	1,016.34	624.88	31.53	359.93	-

31. Contingent Liabilities

(Rs.in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provident Fund matters		
Claims against the company not acknowledged as debts	5.61	5.61
<small>(In the matter of disputed demand for provident fund relating to the period 1998-2001)</small>		

32. Commitments

(a) Capital Commitments:

(Rs.in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Estimated value of contracts in Capital account remaining to be executed on capital account not provided for (net of advances)	Nil	Nil

33. Dues to micro and small enterprises

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

34. Segment reporting

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

35. Employee Benefit Plans

(i) Leave obligations

The leave obligations cover the sick leaves and earned leaves.

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

Particulars	(Rs.in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
Current leave obligations expected to be settled within the next 12 months	4.40	5.38

(ii) Defined Contribution Plans

The Company also has certain defined contribution plans. Contributions are made to provident fund (at the rate of 12% of basic salary) and Employee State Insurance in India for employees as per regulations. The contributions are made to registered funds administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 10.99 Lakhs (31 March, 2019 - Rs.13.32 Lakhs)

(iii) Post employment benefit obligation Gratuity

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

The amounts recognised in the balance sheet and the movements in the defined benefit obligation as per the valuation report as at 31.03.2020 are produced in the tables below

(a) Changes in the Present Value of Obligation

(Rs.in Lakhs)

Particulars	Year ended	
	31.03.2020	31.03.2019
Present Value of Obligation as at the beginning	50.12	45.80
Current Service Cost	2.19	2.58
Interest Expense or Cost	3.49	3.46
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	-
- change in financial assumptions	1.86	0.92
- experience variance (i.e. Actual experience vs assumptions)	(1.60)	0.65
Benefits Paid	(17.43)	(3.29)
Present Value of Obligation as at the end	38.63	50.12

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

Particulars	As at	
	31.03.2020	31.03.2019
Current Liability (Short term)	8.28	17.60
Non-Current Liability (Long term)	30.35	32.52
Present Value of Obligation	38.63	50.12

(c) Expenses Recognised in the Income Statement

Particulars	Year ended	
	31.03.2020	31.03.2019
Current Service Cost	2.19	2.58
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.49	3.46
Expenses Recognised in the Income Statement	5.68	6.04

(d) Other Comprehensive Income
(Rs.in Lakhs)

Particulars	Year ended	
	31.03.2020	31.03.2019
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	-
- change in financial assumptions	1.86	0.92
- experience variance (i.e. Actual experience vs assumptions)	(1.59)	0.65
in other comprehensive income	0.27	1.57

(e) Financial Assumptions

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

Particulars	As at	
	31.03.2020	31.03.2019
Discount rate (per annum)	5.55%	6.95%
Salary growth rate (per annum)	6.00%	6.00%

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

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

(f) Demographic Assumptions

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

Particulars	As at	
	31.03.2020	31.03.2019
Mortality rate (% of IALM 2012-14)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rate (per annum)	15.00%	15.00%

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

36. Exceptional Items :

In view of the management estimate, the total unclaimed liability relating to membership deposits and interest is being written back over a period of three years commencing from financial year 2016-17. Accordingly, in the FY 2018-19, an amount of Rs.161.32 Lakhs being the the balance of the unclaimed liability is written back and recognized as income under exceptional item in the Statement of Profit and Loss.

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

(i) Names of related parties and nature of relationship

Nature of Relation	Name of the Related Party
Holding Company	Vijaya Diagnostic Centre Private Limited
Subsidiary	Medinova Millennium MRI Services LLP
Key Management Personnel	Dr. Sura Surendranath Reddy, Chairman Sunil Chandra Kondapally, Managing Director Hrusikesh Behera, Chief Financial Officer V.Sri Lakshmi, Company Secretary

(ii) Transactions during the year

(Rs.in Lakhs)

S.No	Name of the Party	Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
1	Vijaya Diagnostic Centre Private Limited	Diagnostic Services(Expense)	19.37	25.75
2	Vijaya Diagnostic Centre Private Limited	Interest on Loan	6.10	1.33
3	Vijaya Diagnostic Centre Private Limited	Loan Received	42.66	20.00
4	Medinova Millennium MRI Services LLP	Input Services (Expense)	8.10	15.07
5	Medinova Millennium MRI Services LLP	Income from Professional Service	12.26	-
6	Medinova Millennium MRI Services LLP	Collection on behalf of MRILLP from MRILLP Customers	4.79	-
7	Medinova Millennium MRI Services LLP	Rent Received	7.20	7.20
8	Medinova Millennium MRI Services LLP	Investment / (Withdrawal)	-	(2.18)
9	Dr Sura Surendranath Reddy	Interest on Loan	22.80	22.80
10	K Sunil Chandra	Interest on Loan	3.40	3.40
11	N Ravikumar***	Remuneration	1.16	6.97
12	Hrusikesh Behera****	Remuneration	4.18	-
13	Vijay Gupta **	Remuneration	-	-
14	V.Sri Lakshmi*	Remuneration	-	-

*** *N Ravikumar, ceased to be the Chief Financial Officer of the company w.e.f 31.05.2019.

**** Hrusikesh Behera, appointed as Chief Financial Officer of the company w.e.f 07.11.2019.

** Vijay Gupta, ceased to be the company secretary of the company w.e.f 03.06.2019.

* V.Sri Lakshmi a whole time Company Secretary of Vijaya Diagnostic Centre Private Limited, the Holding company of Medinova Diagnostic Services Limited (MDSL) was appointed w.e.f 14.08.2019 as the whole time company secretary of MDSL. No remuneration was paid separately in MDSL.

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

S.No	Name of the Party	Nature of Transaction	31.03.2020	31.03.2019
1	Vijaya Diagnostic Centre Private Limited	Creditor for Services	288.05	270.62
2	Vijaya Diagnostic Centre Private Limited	Unsecured Loan	70.66	28.00
3	Vijaya Diagnostic Centre Private Limited	Interest Payable	5.49	1.19
4	Medinova Millennium MRI Services LLP	Rent Receivable	0.65	0.11
5	Medinova Millennium MRI Services LLP	Investment	126.82	126.82
6	Medinova Millennium MRI Services LLP	Creditor for Services	8.59	8.05
7	Medinova Millennium MRI Services LLP	Professional charges Receivable	1.32	-
8	Medinova Millennium MRI Services LLP	Expenses Reimbursement Receivable	1.45	-
9	Dr Sura Surendranath Reddy	Unsecured Loan	285.00	285.00
10	K Sunil Chandra	Unsecured Loan	42.45	42.45
11	Dr Sura Surendranath Reddy	Interest Payable	110.72	90.20
12	K Sunil Chandra	Interest Payable	10.74	7.68
13	N Ravikumar	Remuneration Payable	-	0.54
14	Hrusikesh Behera	Remuneration Payable	0.84	-

38. Covid Pandemic assessment

In assessing the recoverability of receivables and other assets, the company has considered internal and external information up to date of approval these standalone financial statements including economic forecasts. Based on current indicators of future economic conditions, the company expects to recover the carrying amount of these assets. The impact of the global health pandemic relating COVID-19 may be different from that estimated as at the date of approval of these standalone financial statements and the company will continue to closely monitor any material changes to future economic conditions.

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

As per our report of even date

for and on behalf of the Board of Directors

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

C V Ratnam Dhaveji
Partner
M.No.203479

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

Place : Hyderabad
Date : 23rd June, 2020

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Independent Auditors' Report

To The Members of Medinova Diagnostic Services Limited Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Medinova Diagnostic Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary LLP (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 Group as at 31st March 2020, of its consolidated Loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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

Other Information

The Holding Company's Management & Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors Responsibility for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirement of the Act, that give a true and fair view of the consolidated state of affairs, consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (INDAS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Management and Directors of the Holding Company as aforesaid.

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

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

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

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

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

- i. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ii. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the Consolidated Financial Statements and the Operating effectiveness of such controls based on our audit.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- iv. Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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

- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid to its directors during the year and accordingly the provisions of section 197 of the Act are not applicable.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed impact of pending litigations in Notes on IND AS Consolidated Financial Statements under "Contingent liabilities and Commitments to the extent not provided for"
 - b. The Group does not have any long-term contracts including derivative contracts.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Hyderabad
Date: 23.06.2020

C V Ratnam Dhaveji
Partner
M.No 203479
UDIN : 20203479AAAAAK2608



Annexure "A" to the Independent Auditor's Report

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of Medinova Diagnostic Services Limited (hereinafter referred to as "the Holding Company") and its subsidiary LLP, which is an LLP incorporated in India, as of that date.

In our Opinion, and to the best of our information and according to the explanations given to us, the Holding Company and subsidiary LLP incorporated in India, have in all material respects adequate internal financial controls with reference to consolidated financial statements and such financial controls were operating effectively as at 31st March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and the designated partners of its subsidiary LLP are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to the consolidated financial statements based on the criteria established by the respective Companies considering the essential components of internal control stated in 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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

Hyderabad
Date: 23.06.2020

C V Ratnam Dhaveji
Partner
M.No 203479
UDIN : 20203479AAAAAK2608

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(Rs.in Lakhs)

SI No	Particulars	Note No	As at 31.03.2020	As at 31.03.2019
I	ASSETS			
1	Non Current assets			
	(a) Property plant and equipment	1	240.37	333.50
	(b) Financial assets			
	(i) Trade receivables	2	14.39	3.94
	(ii) Other financial assets	3	14.03	14.32
	(c) Deferred Tax Assets (net)	4	26.13	21.34
	(d) Other Non Current Assets	5	0.43	0.43
2	Current assets			
	(a) Inventories	6	8.10	9.54
	(b) Financial assets			
	(i) Trade receivables	7	34.51	46.58
	(ii) Cash and cash equivalents	8	21.29	5.82
	(c) Current Tax Assets	9	40.56	37.12
	(d) Other current assets	10	6.12	4.65
	TOTAL ASSETS		405.93	477.24
II	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	11	995.68	995.68
	(b) Other equity	12	(1,912.86)	(1,886.75)
2	Non controlling interest	13	(18.96)	(22.00)
3	Liabilities			
A	Non current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	14	402.59	391.46
	(b) Provisions	15	61.76	61.54
B	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	16	130.45	195.31
	(ii) Trade payables	17	496.45	471.35
	(iii) Other financial liabilities	18	158.70	156.30
	(b) Other current liabilities	19	79.44	91.37
	(c) Provisions	20	12.68	22.98
	Significant Accounting Policies & Notes to Accounts	29 - 41		
	TOTAL EQUITY AND LIABILITIES		405.93	477.24

As per our report of even date

for **Ratnam Dhaveji & Co.,**
Chartered Accountants
Firm Regn No.0066775

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

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 23rd June, 2020

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs)

SI No	Particulars	Note No	Year ended 31.03.2020	Year ended 31.03.2019
1	Income:			
	(a) Revenue from operations	21	744.70	897.26
	(b) Other Income	22	7.40	9.98
	Total Income		752.10	907.24
2	Expenses:			
	(a) Cost of Material Consumed	23	108.84	132.90
	(b) Employees benefit Expense	24	191.82	219.94
	(c) Finance Costs	25	59.37	65.88
	(d) Depreciation & Amortisation Expenses	1	95.11	128.52
	(e) Other Expenses	26	324.53	412.38
	Total Expenses		779.67	959.62
3	Profit / (Loss) Before Exceptional Items and Tax (1-2)		(27.57)	(52.38)
4	Exceptional Items	27	-	161.32
5	Profit / (Loss) before Tax (3-4)		(27.57)	108.94
6	Tax Expenses:			
	Current Tax		-	-
	Deferred Tax Charge / (Credit)		(4.80)	(5.85)
	Taxes of earlier years			32.50
7	Profit / (Loss) after Taxes (5-6)		(22.77)	82.29
8	Other Comprehensive Income		(0.27)	(1.57)
9	Total Comprehensive income for the period (7+8)		(23.05)	80.72
10	Non Controlling Interest		3.05	1.06
11	Total Comprehensive income after Non Controlling Interest		(26.10)	79.66
12	Earnings per Equity Share:			
	Basic & Diluted	28	(0.26)	0.80
	Significant Accounting Policies & Notes to Accounts	29 - 41		

As per our report of even date

for Ratnam Dhaveji & Co.,
Chartered Accountants
Firm Regn No.0066775

for and on behalf of the Board of Directors

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

C V Ratnam Dhaveji
Partner
M.NO.203479

Hrusikesh Behera **V.Sri Lakshmi**
Chief Financial Officer Company Secretary

Place : Hyderabad
Date : 23rd June, 2020

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

Rs in Lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
A) Cash flows from operating activities		
Profit / (Loss) before tax	(27.57)	108.94
Adjustments to reconcile Profit before tax to net cash flows:		
- Depreciation	95.11	128.52
- Loss/ (Profit) on sale of fixed assets	(0.29)	1.31
- Finance cost on borrowings	53.37	59.70
- Provision for employee benefits	7.33	3.69
- Interest on Decommissioning Liability	2.57	2.33
- Liabilities written back	-	(161.32)
Operating Profit before working capital changes	130.52	143.17
<i>Changes in working capital:</i>		
Decrease/(Increase) in inventories	1.45	0.89
Decrease/(Increase) in trade receivables	1.63	(25.80)
Decrease/(Increase) in long-term loans and advances	0.30	1.14
Decrease/(Increase) in current assets	-	40.71
Decrease/(Increase) in other current assets	(1.47)	(1.05)
Increase/(decrease) in trade payables	25.10	33.07
Increase/(decrease) in other current liabilities	(29.65)	(30.10)
Cash generated from operations	127.88	162.02
Taxes paid	(3.44)	(32.50)
Net cash flow from operating activities (A)	124.44	129.52
B). Cash flows from investing activities		
Purchase of fixed assets	(2.29)	(15.74)
Proceeds from sale of fixed assets	0.60	0.83
Net cash used in investing activities (B)	(1.69)	(14.91)
C). Cash flows from financing activities		
Loans received from, holding company	42.66	20.00
Repayment of long-term borrowings	(57.00)	(296.31)
Proceeds from short-term borrowings	(64.86)	191.08
Finance cost paid on borrowings	(28.08)	(34.93)
Net cash used/generated from financing activities (C)	(107.28)	(120.16)
Net increase in cash and cash equivalent (A+B+C)	15.47	(5.55)
Opening balance of cash and cash equivalents	5.82	11.37
Closing balance of cash and cash equivalents	21.29	5.82
<i>Cash and cash equivalents comprise :</i>		
Cash on hand	0.31	1.10
Balances with banks, Current Accounts	20.98	4.72
Total cash and cash equivalents	21.29	5.82

As per our report of even date

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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

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 23rd June, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2020

(A) Equity Share capital

	(Rs in Lakhs)	
	No of Shares	Amount
Balance as at March 31, 2018	99,81,640	995.68
Changes in Equity Share Capital for the year ended March 31, 2019	-	-
Balance as at March 31, 2019	99,81,640	995.68
Changes in Equity Share Capital for the year ended March 31, 2020	-	-
Balance as at March 31, 2020	99,81,640	995.68

(B) Other Equity

Particulars	Reserves and Surplus				Total Amount
	Securities Premium	General Reserve	Retained Earnings	Non Controlling Interest (NCI)	
Balance as at March 31, 2018	51.55	62.46	(2,057.35)	(23.06)	(1,966.41)
Profit for the year Adjustment during the year	-	-	80.17	1.06	81.23
Other Comprehensive income	-	-	(1.57)	-	(1.57)
Balance as at March 31, 2019	51.55	62.46	(1,978.75)	(22.00)	(1,886.75)
Profit for the year Adjustment during the year	-	-	(28.87)	3.05	(25.82)
Other Comprehensive income	-	-	(0.27)	-	(0.27)
Balance as at March 31, 2020	51.55	62.46	(2,007.89)	(18.95)	(1,912.86)

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.0066775

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

C V Ratnam Dhaveji
Partner
M.NO.203479

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

Place : Hyderabad
Date : 23rd June, 2020

Note NO.1

**Property plant and equipment
Tangible Assets (FY 2019-20)**

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01-04-2019	Additions	Sale/ Adjustment	As at 31-03-2020	As at 01-04-2019	For the Year	on a/c of sale/ adjusted	As at 31-03-2020	As at 31-03-2020	As at 01-04-2019
Computers	28.94	0.30	-	29.24	23.10	2.19	-	25.29	3.95	5.84
Furniture & Fixtures	54.88	-	-	54.88	41.77	4.87	-	46.64	8.24	13.11
Civil Works on Leased Buildings	43.94	-	-	43.94	26.03	3.68	-	29.71	14.22	17.91
Plant & Machinery	977.99	2.00	1.75	978.24	681.35	84.37	1.44	764.28	213.96	296.64
TOTAL	1,105.75	2.30	1.75	1,106.30	772.25	95.11	1.44	865.92	240.37	333.50

Tangible Assets (FY 2018-19)

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01-04-2018	Additions	Sale/ Adjustment	As at 31-03-2019	As at 01-04-2018	For the Year	on a/c of sale/ adjusted	As at 31-03-2019	As at 31-03-2019	As at 01-04-2018
Computers	29.39	1.76	2.21	28.94	22.21	2.87	1.98	23.10	5.84	7.18
Furniture & Fixtures	52.27	2.61	-	54.88	34.39	7.37	-	41.77	13.11	17.87
Civil Works on Leased Buildings	43.94	-	-	43.94	21.39	4.64	-	26.03	17.91	22.54
Plant & Machinery	970.89	11.37	4.27	977.99	570.08	113.64	2.36	681.35	296.64	400.82
TOTAL	1,096.49	15.74	6.48	1,105.75	648.07	128.52	4.34	772.25	333.50	448.41

As per our report of even date

for Ratnam Dhaveji & Co.,
Chartered Accountants
Firm Regn No.0066775

CV Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 23rd June, 2020

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

Hrusikesh Behera
Chief Financial Officer

V.Sri Lakshmi
Company Secretary

(Rs.in Lakhs)

Note No	Particulars	As at 31.03.2020	As at 31.03.2019
2	Trade receivables		
	-Unsecured, Considered Good	14.39	3.94
	Total:	14.39	3.94
3	Other financial assets		
	Rent Deposits	5.73	5.73
	Other Deposits	8.30	8.59
	Total	14.03	14.32
4	Deferred Tax Asset (Net)		
	Deferred Tax Asset/(Liability) on account of Depreciation	19.22	16.03
	Deferred Tax Asset on account of Decommissioning liability	6.91	5.31
	Total	26.13	21.34
5	Other Non-current Assets		
	Mat Credit Entitlement	0.43	0.43
	Total:	0.43	0.43
6	Inventories		
	Films	1.68	2.56
	Chemicals	1.17	1.35
	Medicines	0.48	0.54
	Consumables, Spares & Others	4.77	5.09
	Total:	8.10	9.54
7	Trade Receivable		
	Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment		
	-Unsecured, Considered Good	25.89	44.12
	Trade Receivables outstanding for a period more than six months from the date they are due for payment		
	-Unsecured, Considered Good	8.62	2.46
	Total:	34.51	46.58
8	Cash and cash equivalents		
	a. Balances with Banks		
	- Current Accounts	6.45	3.72
	- Bank Deposits	14.53	1.00
	b. Cash in Hand	0.31	1.10
	Total:	21.29	5.82

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2020	As at 31.03.2019
9	Current Tax Assets (net)		
	TDS Receivables	40.56	37.12
	Total:	40.56	37.12
10	Other Current Assets		
	Pre-paid Expenses	6.02	3.51
	Others	0.10	1.14
	Total:	6.12	4.65
11	Equity share capital		
	a) Authorised Share Capital		
	1,10,00,000 Equity Shares of Rs.10/- each	1,100.00	1,100.00
	Total:	1,100.00	1,100.00
	b) Issued Capital, Subscribed and Paid-up Capital		
	99,81,640 Equity Shares of Rs.10/- each	998.16	998.16
	Less : Allotment Money Arrears	2.48	2.48
	Total:	995.68	995.68
12	Other equity		
	a) General Reserve	62.46	62.46
	Add: Transfers during the year	-	-
	Less: Utilised during the year	-	-
	Closing Balance	62.46	62.46
	b) Share Premium		
	Opening Balance	51.55	51.55
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
	Closing Balance	51.55	51.55
	c) Surplus / (Deficit) in Statement of Profit & Loss		
	Opening Balance	(2,000.76)	(2,080.41)
	Add: Profit / (Loss) for the year	(26.10)	79.66
	Closing Balance	(2,026.86)	(2,000.76)
	Total :	(1,912.86)	(1,886.75)
13	Non Controlling Interest		
	Non Controlling Interest	(18.96)	(22.00)
	Total:	(18.96)	(22.00)

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2020	As at 31.03.2019
14	Non current liabilities		
	Borrowings		
	Term Loans		
	From Banks	36.01	92.53
	Less: Current maturities of long term borrowings	31.53	56.52
		<u>4.48</u>	<u>36.01</u>
	Loans & Advances from Related Parties		
	Unsecured Loans		
	from Vijaya Diagnostic Centre Pvt Ltd (Holding Company)	70.66	28.00
	from Directors	327.45	327.45
	Total:	<u>402.59</u>	<u>391.46</u>
	Security details for Bank loan outstanding as at March 31, 2020: These loans are secured by exclusive charge on equipments purchased out of the loans and personal guarantees by Dr S Surendranath Reddy, K Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Private Ltd.		
15	Provisions		
	Gratuity	30.35	32.52
	(Refer note No.36)		
	Decommissioning liability for MRI	28.22	25.64
	Compensated Absence	3.19	3.38
	Total:	<u>61.76</u>	<u>61.54</u>
	Current liabilities		
16	Borrowings		
	Loans repayable on Demand		
	Overdraft Account	130.45	195.31
	Total:	<u>130.45</u>	<u>195.31</u>
	(Borrowing represents overdraft facility taken by the subsidiary. The said overdraft facility is secured with Fixed Deposit given by Holding Company and Mr. Arnab dasgupta, partner in the subsidiary)		
17	Trade payables		
	Dues of creditors other than micro and small enterprises	496.45	471.35
	(Refer Note No. 34)		
	Total:	<u>496.45</u>	<u>471.35</u>
18	Other financial liabilities		
	Current Maturities of Long Term Borrowings from Banks	31.53	56.52
	Interest Accrued but not due	0.22	0.70
	Interest on Unsecured Loans	126.95	99.08
	Total:	<u>158.70</u>	<u>156.30</u>

(Rs. in Lakhs)

Note No	Particulars	As at 31.03.2020	As at 31.03.2019
19	Other current liabilities		
	Statutory Payables	9.16	7.34
	Payable to Employees	67.34	65.60
	Others	2.94	18.43
	Total:	79.44	91.37
20	Provisions		
	Gratuity	8.28	17.60
	(Refer Note No.36)		
	Compensated Absence	4.40	5.38
	Total:	12.68	22.98
		Year Ended 31.03.2020	Year Ended 31.03.2019
21	Revenue from Operation		
	Sale of Services	741.44	891.85
	Franchise Management Fee	3.26	5.41
	Total:	744.70	897.26
22	Other Income		
	Interest received on others	0.46	2.52
	Miscellaneous income	6.94	7.46
	Total:	7.40	9.98
23	Cost of Materials Consumed		
	Inventories at the beginning of the Year	9.54	10.44
	Add: Purchases during the year	107.40	132.00
	Less: Closing Stock	8.10	9.54
	Total:	108.84	132.90
24	Employee Benefit Expense		
	Salaries and Wages	168.98	193.06
	Employer Contribution to PF	8.36	8.79
	Employer Contribution to ESI	3.51	5.58
	Gratuity	5.68	6.04
	Compensated Absences	1.38	1.68
	Staff Welfare Expenses	3.91	4.79
	Total:	191.82	219.94
25	Finance Cost		
	Interest Expense	53.37	59.70
	Interest Unwinding on Decommissioning Liability	2.57	2.33
	Bank Charges	3.43	3.85
	Total:	59.37	65.88

(Rs. in Lakhs)

Note No	Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
26	Other Expenses		
	Power and Fuel	35.12	34.68
	Rent	16.09	15.77
	Repairs & Maintenance	28.38	63.79
	Insurance	0.96	0.95
	Travel and Conveyance	10.68	5.33
	Legal and Professional Charges	155.70	167.41
	Postage, Telephone & Internet Expenses	10.66	9.69
	Auditor's Remuneration		
	- For Taxation Matters	1.24	1.24
	- For Company Law Matters	0.71	0.71
	Rates & Taxes	7.75	5.02
	Printing & Stationery	1.69	1.72
	Lab Testing Fee	31.08	34.69
	Security Charges	6.26	4.92
	House Keeping Charges	5.45	7.45
	Advertisement & Business Promotional Expenses	4.26	12.95
	Preoperative & Preliminary Expenses	0.76	0.76
	Directors Sitting Fees	0.40	-
	Loss on Sale of Assets	-	1.31
	Miscellaneous Expenses	7.34	43.99
	Total:	324.53	412.38
27	Exceptional Items		
	Liabilities Written back	-	161.32
	Total:	-	161.32
28	Earning Per Share		
	Net Profit available to Equity Share Holders (after adjustments, if any)	(26.10)	79.66
	Weighted Average number of Equity Shares held	99,81,640	99,81,640
	Potential Equity Shares	99,81,640	99,81,640
	Earnings per Share - Basic	(0.26)	0.80
	Earnings per Share - Diluted	(0.26)	0.80

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

29. Corporate Information

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

The consolidated financial statements comprise financial statements of Medinova Diagnostic Services Limited ('MDSL' or 'the Parent Company' or 'Holding Company' or 'the Company') together with its subsidiary ie., Medinova Millennium MRI Services LLP (collectively termed as 'the Group') (collectively termed as 'the Consolidated Entities') for the year ended March 31, 2020.

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

30. Significant accounting policies

(A). Basis of preparation

(i) Statement of compliance

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

The Consolidated financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Group's annual reporting date (31.03.2020) have been applied. The accounting policies are applied consistently to all the periods presented in the financial statements.

The Consolidated financial statements were authorised for issue by the Company's Board of Directors on 23.06.2020

(ii). Functional and presentation currency

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

(iii). Basis of measurement

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

- Borrowings : Amortised cost using effective interest rate method.

(iv). Use of estimates

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

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

(v). Current and non-current classification:

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

An asset is classified as a current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle, or held primarily for the purpose of trading, or expected to be realised within twelve months after the reporting period, Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

- Current assets include the current portion of non current financial assets; All other assets are classified as non-current.

A liability is classified as a current when:

- It is expected to be settled in normal operating cycle, or it is held primarily for the purpose of trading, or it is due to be settled within twelve months after the reporting period, Or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

- Deferred tax assets/liabilities are classified as non-current.

- Current liabilities include current portion of non current financial liabilities; All other liabilities are classified as non-current.

(vi). Operating Cycle

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

(vii). Measurement of fair values

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

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

- In the principal market for the asset or liability or

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

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

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

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

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

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

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

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

viii) Basis of consolidation

Subsidiaries

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

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(b) Exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

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

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

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

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

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

Consolidation procedures:

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

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

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

If the Group loses control over a subsidiary, it:

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

Group information:

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

Subsidiaries:

- Medinova Millennium MRI Services LLP, % of ownership 55.07% (31st March 2019: 55.07%,)

(ix) Business Combinations and Goodwill:

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

(B). Revenue recognition:

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

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

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

Measurement of revenue:

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

Interest Income

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

(C). Financial instruments

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

Recognition and initial measurement

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

Classification and subsequent measurement

Financial assets

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

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement and gains and losses:

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

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

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

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

Derecognition - Financial assets

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

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

Derecognition - Financial liabilities

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

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

Financial Instruments Offsetting

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

(D). Property, plant and equipment

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

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

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

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

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

(E). Inventories

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

(F). Impairment of assets

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

(G). Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

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

Gratuity obligations:

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

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

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

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

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

Defined contribution plans:

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

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

(H). Leases

Lease contracts entered by the Group majorly pertains for buildings taken on lease to conduct its business in the ordinary course.

Group as a Lessee:

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(I). Income tax

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

Current tax:

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

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

Deferred tax

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

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

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

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

(J). Borrowing cost

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

(K). Provision, contingent liabilities and contingent assets

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

Contingencies:

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

Contingent liabilities and contingent assets:

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

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

(L). Earnings per share

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

(M). Cash flow statement

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

(N). Cash and cash equivalents

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

(O). Events after reporting date

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

31. Financial instruments - fair valuation and risk management

A). Accounting classifications and fair values

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

(Rs In Lakhs)

Particulars	31.03.2020		31.03.2019	
	Amortised Cost	FVTPL	Amortised Cost	FVTPL
Financial instruments by category				
Financial Assets				
Trade receivables	48.90	-	50.52	-
Cash and cash equivalents	21.29	-	5.82	-
Security Deposits	10.10	-	10.59	-
Other bank deposits	3.93	-	3.73	-
Total Financial Assets	84.22	-	70.66	-
Financial Liabilities				
Borrowings	564.57	-	643.30	-
Interest accrued but not due on borrowings	0.22	-	0.70	-
Interest accrued and due on unsecured loans from Directors	126.95	-	99.08	-
Trade payables	496.45	-	471.35	-
Total Financial Liabilities	1,188.19	-	1,214.43	-

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

(B) Financial Risk Management

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

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

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

(i) Credit Risk

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

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

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

(Rs In Lakhs)

As at	< 180 days	> 180 days	Provision	Total
31st March 2020	25.89	23.01	-	48.90
31st March 2019	44.12	6.40	-	50.52

(ii) Liquidity Risk

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

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

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

(Rs In Lakhs)

As at 31 March, 2020	Total	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
Long Term Borrowings (incl current maturities)	36.01	31.53	2.82	1.66	
Borrowings - Overdraft	130.45	130.45			
Borrowings from Directors and Holding Company	398.11			398.11	
Interest accrued and due on Unsecured loans above	126.95	126.95			
Interest accrued but not due on Long Term borrowings	0.29	0.29			
Trade payables	496.45	496.45			
Total	1,188.26	785.67	2.82	399.77	-

(Rs In Lakhs)

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

32. Contingent Liabilities

(Rs. in Lakhs)

Particulars	As at	As at
	31.03.2020	31.03.2019
Provident Fund matters		
Claims against the group not acknowledged as debts (In the matter of disputed demand for provident fund relating to the period 1998-2001)	5.61	5.61

33. Commitments

(a) Capital Commitments:

(Rs. in Lakhs)

Particulars	As at	As at
	31.03.2020	31.03.2019
Estimated value of contracts in Capital account remaining to be executed on capital account not provided for (net of advances)	Nil	Nil

34. Dues to micro and small enterprises

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

35. Segment reporting

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

36. Employee Benefit Plans

(i) Leave obligations

The leave obligations cover the sick leaves and earned leaves.

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

Particulars	(Rs. in Lakhs)	
	As at	As at
	31.03.2020	31.03.2019
Current leave obligations expected to be settled within the next 12 months	4.40	5.38

(ii) Defined Contribution Plans

The Group also has certain defined contribution plans. Contributions are made to provident fund (at the rate of 12% of basic salary) and Employee State Insurance in India for employees as per regulations. The contributions are made to registered funds administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 11.87 Lakhs (31 March, 2019 - Rs.14.37 Lakhs)

(iii) Post employment benefit obligation Gratuity

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

The amounts recognised in the balance sheet and the movements in the defined benefit obligation as per the valuation report as at 31.03.2020 are produced in the tables below

(a) Changes in the Present Value of Obligation

(Rs.in Lakhs)

Particulars	Year ended	
	31.03.2020	31.03.2019
Present Value of Obligation as at the beginning	50.12	45.80
Current Service Cost	2.19	2.58
Interest Expense or Cost	3.49	3.46
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	-
- change in financial assumptions	1.86	0.92
- experience variance (i.e. Actual experience vs assumptions)	(1.60)	0.65
Benefits Paid	(17.43)	(3.29)
Present Value of Obligation as at the end	38.63	50.12

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

(Rs in Lakhs)

Particulars	As at	
	31.03.2020	31.03.2019
Current Liability (Short term)	8.28	17.60
Non-Current Liability (Long term)	30.35	32.52
Present Value of Obligation	38.63	50.12

(c) Expenses Recognised in the Income Statement

(Rs in Lakhs)

Particulars	Year ended	
	31.03.2020	31.03.2019
Current Service Cost	2.19	2.58
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.49	3.46
Expenses Recognised in the Income Statement	5.68	6.04

(d) Other Comprehensive Income
(Rs in Lakhs)

Particulars	Year ended	
	31.03.2020	31.03.2019
Actuarial (gains) / losses		
- change in demographic assumptions	0.00	-
- change in financial assumptions	1.86	0.92
- experience variance (i.e. Actual experience vs assumptions)	(1.59)	0.65
Components of defined benefit costs recognised in other comprehensive income	0.27	1.57

(e) Financial Assumptions

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

Particulars	As at	
	31.03.2020	31.03.2019
Discount rate (per annum)	5.55%	6.95%
Salary growth rate (per annum)	6.00%	6.00%

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

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

(f) Demographic Assumptions

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

Particulars	As at	
	31.03.2020	31.03.2019
Mortality rate (% of IALM 2012-14)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rate (per annum)	15.00%	15.00%

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

37. Exceptional Items

In view of the management estimate, the total unclaimed liability relating to membership deposits and interest is being written back over a period of three years commencing from financial year 2016-17. Accordingly in the FY 2018-19, an amount of Rs.161.32 Lakhs being the the balance of the unclaimed liability is written back and recognized as income under exceptional item in the Statement of Profit and Loss.

38. Details of related party where control exists and other related party with whom the Group had transactions and
(i) Names of related parties and nature of relationship

Nature of Relation	Name of the Related Party
Holding Company	Vijaya Diagnostic Centre Private Limited
Key Management Personnel	Dr. Sura Surendranath Reddy, Chairman Sunil Chandra Kondapally, Managing Director Hrusikesh Behera, Chief Financial Officer V.Sri Lakshmi, Company Secretary

(ii) Transactions during the year **(Rs In Lakhs)**

S.No	Name of the Party	Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
1	Vijaya Diagnostic Centre Private Limited	Diagnostic Services(Expense)	19.72	29.30
2	Vijaya Diagnostic Centre Private Limited	Interest on Loan	6.10	1.33
3	Vijaya Diagnostic Centre Private Limited	Loan Received	42.66	20.00
6	Dr Sura Surendranath Reddy	Interest on Loan	22.80	22.80
7	K Sunil Chandra	Interest on Loan	3.40	3.40
8	N RaviKumar****	Remuneration	1.16	6.97
9	Hrusikesh Behera***	Remuneration	4.18	-
10	Vijay Gupta **	Remuneration	-	-
11	V.Sri Lakshmi*	Remuneration	-	-

**** N Ravikumar, ceased to be the Chief Financial Officer of the company w.e.f 31.05.2019.

*** Hrusikesh Behera, appointed as Chief Financial Officer of the company w.e.f 07.11.2019.

** Vijay Gupta, ceased to be the company secretary of the company w.e.f 03.06.2019.

* V.Sri Lakshmi a whole time Company Secretary of Vijaya Diagnostic Centre Private Limited, the Holding company of Medinova Diagnostic Services Limited (MDSL) was appointed w.e.f 14.08.2019 as the whole time company secretary of MDSL. No remuneration was paid separately in MDSL.

(iii) Balances Outstanding as at **(Rs In Lakhs)**

S.No	Name of the Party	Nature of Transaction	31.03.2020	31.03.2019
1	Vijaya Diagnostic Centre Private Limited	Creditor for Services	291.56	276.19
2	Vijaya Diagnostic Centre Private Limited	Unsecured Loan	70.66	28.00
3	Vijaya Diagnostic Centre Private Limited	Interest Payable	5.49	1.19
4	Dr Sura Surendranath Reddy	Unsecured Loan	285.00	285.00
5	K Sunil Chandra	Unsecured Loan	42.45	42.45
6	Dr Sura Surendranath Reddy	Interest Payable	110.72	90.20
7	K Sunil Chandra	Interest Payable	10.74	7.68
8	N Ravikumar	Remuneration Payable	-	0.54
9	Hrusikesh Behera	Remuneration Payable	0.84	-

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

Name of the enterprises	Net assets i.e total assets minus total liabilities as at 31.03.2020		Share in profit or loss as at 31.03.2020	
	As (%) of consolidated net assets	Amount (Rs. in Lakhs)	As (%) of consolidated profit and loss	Amount (Rs. in Lakhs)
Parent group				
Medinova Diagnostic Services Limited	81.99%	(767.58)	129.42%	(29.83)
Subsidiary				
Medinova Millennium MRI Services LLP	4.46%	(41.73)	-29.38%	6.77
Eliminations	13.55%	(126.82)	0.00%	-
TOTAL	100.00%	(936.13)	100.00%	(23.05)

40 Covid Pandemic assessment

In assessing the recoverability of receivables and other assets, the group has considered internal and external information up to date of approval these consolidated financial statements including economic forecasts. Based on current indicators of future economic conditions, the group expects to recover the carrying amount of these assets. The impact of the global health pandemic relating COVID-19 may be different from that estimated as at the date of approval of these consolidated financial statements and the group will continue to closely monitor any material changes to future economic conditions.

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

As per our report of even date

for and on behalf of the Board of Directors

for Ratnam Dhaveji & Co.,

Chartered Accountants

Firm Regn No.006677S

C V Ratnam Dhaveji

Partner

M.No.203479

Place : Hyderabad

Date : 23rd June, 2020

Dr. Sura Surendranath Reddy

Chairman

Sunil Chandra Kondapally

Managing Director

Hrusikesh Behera

Chief Financial Officer

V.Sri Lakshmi

Company Secretary



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