

24th ANNUAL REPORT
2016 - 2017



BOARD OF DIRECTORS:

Dr. Sura Surendranath Reddy	-	Chairman
Mr. Sunil Chandra Kondapally	-	Managing Director
Mrs. Suprita Sura Reddy	-	Non-Executive Director
Mr. K.V. Ravindra Reddy	-	Independent Director
Mr. P. Kamalakar Rao	-	Independent Director
Dr. G. Ramesh Ramayya	-	Independent Director

COMMITTEES OF THE BOARD:**Audit Committee**

Mr. P. Kamalakar Rao	-	Chairman
Mr. K. V. Ravindra Reddy	-	Member
Dr. Sura Surendranath Reddy	-	Member

Stakeholders Relationship Committee

Dr. Sura Surendranath Reddy	-	Chairman
Mr. K. V. Ravindra Reddy	-	Member
Mr. P. Kamalakar Rao	-	Member.

Nomination & Remuneration Committee

Mr. K.V. Ravindra Reddy	-	Chairman
Mr. P. Kamalakar Rao	-	Member
Dr. Sura Surendranath Reddy	-	Member

Chief Financial Officer

- Mr. N. Ravi Kumar

Company Secretary

- Mr. M. Ramana Reddy (up to 06-04-2017)
Mrs. Y. K. Priyadarshini (from 13-05-2017)

Statutory Auditors:

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

Internal Auditor

- Mr. G S N Raju

Registrar and Share Transfer Agent:

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

Registered Office:

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

Corporate Identification Number:

- **L85110TG1993PLC015481**

Bankers:

- HDFC Bank Limited
- Vijaya Bank
- UCO Bank

NOTICE

NOTICE is hereby given that the **24th Annual General Meeting** of Members of the Medinova Diagnostic Services Limited will be held on Monday, the 25th September, 2017 at 11.00 a.m. at Central Court Hotel, Lakdi-ka-pul, Hyderabad-500004, Telangana, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (both standalone & consolidated), the report of the board of directors and report of statutory auditors thereon.
2. To appoint a Director in place of Mrs. Suprita Sura Reddy (holding DIN 01206491), who retires by rotation and being eligible offers herself for re-appointment.
3. To ratify the appointment Statutory Auditors and to fix their remuneration and in this regard, to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT in terms of Section 139 and other applicable provisions of the Companies Act, 2013 and Rules made there under the appointment of M/s. Ratnam Dhaveji & Co., Chartered Accountants (Firm Regn No.006677S), Hyderabad, as the statutory auditors of the Company for the 4th (Fourth) consecutive year, viz. from the conclusion of this annual general meeting to till the conclusion of next annual general meeting, out of their term of 5 (five) consecutive years as approved at the annual general meeting held on 25th September, 2014, be and is hereby ratified on such remuneration as may be agreed upon by the board of directors and the Auditors, in addition to the reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company.”

“RESOLVED FURTHER THAT the board of directors be and are hereby authorized to do or cause to be done all such acts, deeds and things as may be required or considered necessary or incidental thereto for giving effect to the aforesaid resolution.”

SPECIAL BUSINESS:

4. Approval for Related Party Transactions

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 the Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 and Rules made there under (including any amendment, modification or re-enactment thereof), as amended from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board Directors to enter into contracts/arrangement/transactions with any of related party(ies) of the Company (entered/ to be entered individually with a related party or entered/ to be entered with all the related parties taken together with) during any given Financial Year on such terms and conditions as detailed below:

Name of the Related Party	Nature or Transaction	Value up to which the company can enter into contract /arrangement /transaction with related party(ies) in a financial year.
<p>Ms. Vijaya Diagnostic Centre Private Limited</p> <p>Medinova Millennium MRI Services LLP</p> <p>Any other party which is related to the company under applicable laws and added on ongoing basis</p>	<ul style="list-style-type: none"> • Availing or rendering of Medical Diagnostic Services, and Infrastructure Services • availing or rendering of any other services • sale, purchase or supply of any goods or materials; • selling or otherwise disposing of, or buying, property of any kind; • Any other related party transactions of what so ever nature. 	<p>up to Rs. 5 Crores (Rupees Five Crore Only)</p>

“RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof, be and is hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party(ies) and execute such agreements, documents and writings and to do all such acts, deeds and things, to sign, execute all such documents, instruments in writing on an ongoing basis as may be required in its absolute discretion for the purpose of giving effect to this resolution, in the best interest of the Company.

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

Date: 14-08-2017
Place: Hyderabad

Dr. Sura Surendranath Reddy
Director
DIN: 00108599

Notes:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company.
2. The instrument of proxy in order to be effective should be deposited at the registered office of the company in a duly completed and signed form, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported duly certified copy of the board resolution/authority, as applicable, issued by the member organization.

Pursuant to the provisions of the Companies Act, 2013 and Rules made there under viz. Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 percent of the total share capital of the company carrying voting rights.

i.e., a person if get appointed as proxy by a member who is holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights, shall not act as proxy to any other person.

3. The register of members and share transfer books of the company will remain closed from Tuesday, September 19, 2017 to Monday, September 25, 2017 (both days inclusive) for the purpose of the 24th annual general meeting of the company.
4. All communications in respect of the share transfers and change in their registered address may be communicated to our Registrar and Share Transfer Agent (RTA) at M/s. XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad- 500 034, Telangana. Members whose shareholdings are in dematerialized form are requested to notify changes if any, with respect to the address, email ids, etc. to the depository participant to update the same. Members, who are holding company's shares in physical form, please contact our RTA M/s. XL Softech Systems Limited to update your address, email-ids etc.
5. For the convenience of members and for proper conduct of the meeting, entry to the venue of the meeting will be regulated by attendance slip, which is enclosed with this notice. Member(s)/Proxy (ies) are requested to hand over the duly filled and signed attendance slip at the entrance for attending the meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of their names will be entitled to vote.
7. Member who hold shares in physical form in multiple folios under same name or joint holding are requested to intimate the Registrar and Share Transfer Agents, M/s. XL Softech Systems Limited about these folios to enable consolidation of all such shareholding into one folio.
8. The company has designated exclusive email id: medicorp@medinovaindia.com to redress share holders' complaints/grievances.
9. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is enclosed to this notice as **Annexure -I**.
10. Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information about the directors proposed to be appointed/re-appointed is given in the **Annexure-II** to the notice.
11. The annual report of the company circulated to the members of the company will be made available on the company's website: www.medinovaindia.com.
12. Members desirous of getting any information about the accounts and/ or operations of the Company are requested to write to the Company at least 7 (Seven) days before the date of the meeting to enable the company to provide the same.

13. All the documents referred to in this notice and explanatory statement will be available for inspection by the Members at the Registered Office of the Company between 11:00 a.m. IST and 1:00 p.m. IST on all working days from the date hereof up to the date of the meeting. The relevant documents referred to in the notice and explanatory statement will also be available for inspection by the members at the meeting.
14. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
15. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
16. As Companies Act, 2013 also recognizes and provides for serving of documents to any member through electronic mode, an electronic copy of annual report which includes the notice of the annual general meeting will be sent to the members whose email ids are registered with the company/depository Participant unless such member requests for a physical copy of the same. For this purpose in terms of the circulars issued by the concerned authorities e-mail addresses available with the depositories i.e. CDSL/NSDL (as may be updated from time to time) will be considered as registered email-ids.
17. Printed copies of notice of annual general meeting and annual report for the year ended 31st March, 2017 would be dispatched to those members, whose depository participants account do not contain details of their email- address.
18. Members holding shares in electronic mode are requested to ensure and keep their email addresses are updated with the depository participants to support the green Initiative.
19. Members are requested to kindly bring their copies of the annual report to the Meeting. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting.
20. During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the meeting a member would be entitled to inspect the proxies lodged with the company between 9.00 a.m. to 6.00 p.m. IST at the registered office of the company, provided that a requisition for the same from a member is received in writing not less than 3 days before the commencement of the meeting.

VOTING THROUGH ELECTRONIC MEANS:

1. In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide members the facility to exercise their right to vote at the 24th Annual General Meeting (AGM) by electronic means. The facility of casting votes by a member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided through National Securities Depository Limited (NSDL) e-voting platform and the items of business as detailed in this notice may be transacted through remote e-voting.
2. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date of September 18, 2017 only shall be entitled to exercise the voting right (either through remote-voting or at poll AGM).
3. A person who is not a member as on the cut-off date should treat this notice for information purpose only.
4. It may be noted that availing the remote E-voting facility is optional. The ballot shall also be made available at the annual general meeting. The members attending annual general meeting but have not cast their vote by Remote E-voting may exercise their right at the meeting. The members who have cast their votes through remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
5. **The instructions for remote e-voting are as under:**
 - a. Members whose shareholding is in the dematerialised form and whose email addresses are registered with the Company/Depository Participant(s) will receive an email from NSDL informing the User-ID and Password/PIN. Once the Member(s) receive the email, he or she will need to go through the following steps to complete the e-voting process:
 - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - c. Click on Shareholder – Login.
 - d. Enter the User ID and password/PIN as initial password noted in step (1) above. Click Login.
 - e. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f. Home page of remote e-voting opens. Click on remote e-voting: **Active Voting Cycles**.
 - g. Select “EVEN” (Remote E Voting Event Number) of **Medinova Diagnostic Services Limited**.
 - h. Now you are ready for remote e-voting as **Cast Vote Page** opens.

- i. Cast your vote by selecting appropriate option and click on “**Submit**” and also “**Confirm**” when prompted.
- j. Upon confirmation, the message “**Vote cast successfully**” will be displayed.
- k. Once you have successfully voted on the resolution, you will not be allowed to modify your vote.
- l. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy(PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail @ dvm@dvmgopalandassociates.in with a copy marked to evoting@nsdl.co.in
- m. For Members holding shares in dematerialised form whose email IDs are not registered with the Company/Depository Participants, Members holding shares in physical form as well as those Members who have requested for a physical copy of the Notice and Annual Report, the EVEN Number, User Id and Password will be provided by RTA at the bottom of the address slip pasted on the Annual Report.

Shareholder may utilise the e-voting facility by reading and following the procedural instructions listed under point nos. (b) To (j) above.

- n. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or may contact on the NSDL Toll Free No. 1800-222-990 or may contact National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs: evoting@nsdl.co.in or AmitV@nsdl.co.in or at telephone nos. +91-22-2499 4600/+91-22-2499 4360. Alternatively, Members may also write to designated email id of the company @ medicorp@medinovaindia.com.

OTHER INSTRUCTION FOR E-VOTING

- o. Login to 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 'Forgot Password' option available on the site to reset the same.
- p. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.

Note: Shareholders who forgot the User Details/Password can use “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com.

- q. In case Members are holding shares in Demat mode, USER – ID is the combination of (DPID + Client ID).

- r. In case Members are holding shares in physical mode, USER – ID is the combination of (EVEN + Folio no.)
- s. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- t. It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

6. E-VOTING PERIOD

The voting period begins on 21-09-2017 (9.00 AM) and ends on 24-09-2017 (5.00 PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 18-09-2017 (the cut-off date) may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 18-09-2017.

Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 18-09-2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.

The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the company as on the cut-off date i.e. on 18-09-2017.

7. THE CONTACT PERSON DETAILS

Mr. Ravi Kumar
Chief Financial Officer
Medinova Diagnostic Services Limited
6-3-456/C, Flat No.206, 2nd Floor, MGR Estates, Dwarakapuri Colony
Punjagutta, Hyderabad - 500 082
Ph: 040-23310066; Email: medicorp@medinovaindia.com

8. SCRUTINIZER

M/s. DVM Gopal & Associates, Practicing Company Secretaries has been appointed as Scrutinizer for 24th Annual General Meeting of the Company to scrutinize the e-voting process and as well as poll at AGM in a fair and transparent Manner.

9. POLL AT AGM

The Chairman with the help of scrutinizer will allow for voting at the Annual General Meeting on the all resolutions set forth in the notice by use of Ballot or polling paper or by using an electronic voting system

10. DECLARATION OF RESULTS

The Scrutinizer after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a Director authorised by him in writing, who shall countersign the same. The Chairman or the authorised Director shall declare the result of the voting forthwith.

The Results declared along with the Scrutinizer's Report shall be uploaded on the Company's website www.medinovaindia.com as well as on the website of NSDL after the same is declared by the Chairman/authorised person. The Results shall also be simultaneously forwarded to the stock exchanges.

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

**Date: 14-08-2017
Place: Hyderabad**

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

ANNEXURE - I TO THE NOTICE
Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

Item No 4 of the Notice:

Pursuant to Section 188 of the Companies Act, 2013 (“the Act”), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company is required to obtain consent of the Board and prior approval of the members by resolution for certain Related Party Transactions which exceed such sum as is specified in the rules. The aforesaid provisions are not applicable in respect transactions entered into by the Company in the ordinary course of business and on an arm’s length basis.

Pursuant to regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (hereinafter referred as Listing Regulations), approval of the shareholders is required for all ‘material’ related party transactions (RPT) even if they are entered into in the ordinary course of business on an arm’s length basis. For this purpose, a RPT will be considered ‘material’ if the transaction / transactions to be entered into in a financial year, individually or taken together with previous transactions that are entered with a related party exceed(s) 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Pursuant to Regulation 15(2) of Listing Regulations, the above provisions are not applicable to the Company. However, as per the policy adopted by the company on related party transactions and as a measure of transparency, the company every year obtaining approval of shareholders for the related party transactions to ensure that all the related party transactions entered by the company at any given point of time are according to the prior approval of the shareholders.

Hence, the board of Directors commends the resolution for your approval by way of **Special Resolution**

All the related party transactions shall be with the prior approval (specific/omnibus) of Audit committee.

In view the above, it is proposed to seek approval of the members of the Company through **Special Resolution** for the above transactions and the related parties are abstained from voting on the resolution as set out at Item No. 4.

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all entities/persons that directly/indirectly related parties of the company shall abstain from voting on resolutions (s) wherein approval of related party transactions/material related party transaction are being sought.

None of the Directors, Key Managerial Personnel or their relative(s) is/are directly or indirectly concerned or interested, financially or otherwise, except to the extent of his/ her respective shareholding, if any, in the Company, in the resolution set out in Item No. 4 of the Notice.

By Order of the Board
For Medinova Diagnostic Services Limited

Date: 14-08-2017
Place: Hyderabad

Dr. Sura Surendranath Reddy
Director
DIN: 00108599

ANNEXURE – II

Information in respect of Director(s) seeking appointment/re-appointment as required under SEBI (LODR) Regulations.

Sl. No	Particulars	
1	Name of the Director	Mrs. Suprita Sura Reddy
2	Date of Birth	17.11.1981
3	Date of Appointment	10.11.2014
4	Expertise in specific Functional Areas	Vast experience in Medical & Diagnostic Services Management with expertise in capex and inventory management.
5	Qualification	M.B.A
6	No. of shares held	Nil
7	No of Directorships held in other companies (excluding Private Limited and Foreign Companies other than this company)	Nil
8	Positions held in Mandatory Committees	Nil
9	Relations Ship with other Directors	Related to Dr. Sura Surendranath Reddy and Mr. Sunil Chandra Kondapally

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

**Date: 14-08-2017
Place: Hyderabad**

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

DIRECTORS' REPORT

The Members,
Medinova Diagnostic Services Limited (MDSL)

Your Directors are pleased to submit the 24th Annual Report of your Company together with the audited financial statements for the financial year ended March 31, 2017 and report of the Statutory Auditors thereon.

1. FINANCIAL RESULTS:

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

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Total Income	675.09	725.84
Total Expenditure	724.52	752.18
Interest	61.78	38.58
Depreciation	124.90	81.41
Profit / (Loss) before Exceptional Items and Tax	(236.11)	(146.33)
Exceptional Items	162.57	0.00
Provision for Tax:		
Current Tax	0.00	0.00
Deferred Tax	(11.98)	13.28
Profit / (Loss) after Tax	(61.56)	(159.61)

2. REVIEW OF OPERATIONS:

During the year the total turnover was Rs.675.09 Lakhs and the net loss after taxes was Rs. 61.56Lakhs. The Hyderabad center's business operations were discontinued during the year in order to reduce the losses. Expenditure for most of the heads were kept under control. Your Company has made successful efforts to tap the potential and to spread the operations of Kolkata Centre by providing additional technical equipment etc and as a result of these efforts, Kolkata Centre recorded revenue growth of 36.92% during the current financial year over the previous financial year.

In view of the loss incurred for the financial year ended 31st March, 2017, no amount is being Proposed to be transferred to the reserves for the said year.

3. DIVIDEND:

In view of the loss incurred by the Company for the year under review, your Board of Directors do not recommend any dividend.

4. SUBSIDIARIES

Your Company does not have any subsidiary companies. However, as per explanation given to Section 2(87) of Companies Act, 2013 which defines Subsidiary Company, the Medinova Millennium MRI Services LLP is a subsidiary being a body corporate. Statement containing salient features of the financial statements of subsidiaries as on March 31, 2017 is given in Form AOC-1 and forms part of this board report as **Annexure –I** and also mentioned in notes to financial account wherever needed.

5. DIRECTORS

In accordance with Section 152 of Companies Act, 2013, Mrs. Suprita Sura Reddy, retires by rotation in the ensuing Annual General Meeting to be held on 25th September, 2017 and being eligible offered herself for re-appointment. The Board recommends her re-appointment.

During the financial year under review, there is no change in Directors or KMPs of the Company. However, Mr. M. Ramana Reddy, Company Secretary had resigned w.e.f 6th April, 2017 and subsequently Mrs. Y.K. Priyadarshini, who is holding position of company secretary in Vijaya Diagnostic Centre Private Limited, a holding company of MDSL has been appointed as Company Secretary and Compliance Officer in accordance with the provisions of Section 203 of Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2016-17 and of the profit or loss of the Company for that period;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts for the year 2016-17 have been prepared on a going concern basis.
- v. Those proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi. The systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

MEETINGS OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR

Seven (7) meetings of the board of directors were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of the board report.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion & Analysis is enclosed as to this report as **Annexure-III** to this board report

CORPORATE GOVERNANCE

Report on Corporate Governance enclosed as **Annexure-IV** to this board report. A certificate from the Auditors of the Company regarding compliance with the corporate governance norms stipulated also annexed to the corporate governance report.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations, the Board has carried out its own annual performance evaluation individually, as well as the evaluation of the working of its Audit and other committees of the Board. In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

In the board meeting that followed the meeting of the independent directors, the performance of the Board, its committees and individual directors was discussed. Board of Directors also evaluated the performance of each and every independent director as per the criteria approved and laid down by nomination and remuneration committee.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration and other matters including performance evaluation provided as **Annexure- V** which forms part of this board report.

INTERNAL FINANCIAL CONTROL SYSTEMS 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.

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

AUDIT COMMITTEE

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013 and all other applicable provisions and rules made there under, M/s. Ratnam Dhaveji & Co, Chartered Accounts, Hyderabad, has been appointed by the Shareholders of the Company in the 21st Annual General Meeting held on September 25, 2014, for a period of 5 (Five) Years (i.e. from the conclusion of 21st Annual General Meeting to till the conclusion of 26th Annual General meeting) subject to the ratification at every subsequent Annual General Meeting held during the above period. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and Rules framed thereunder, for their ratification appointment as Auditors in the ensuing annual general meeting of the Company.

REPLY TO AUDITOR'S OBSERVATIONS

Company has taken steps and succeeded in clearing all pending dues pertaining to ESI and PF liabilities as on 31st March, 2016. Company is putting serious efforts to pay-off the remaining pending statutory dues. The Management is hopeful and committed to their level best to streamline the same in future.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. DVM Gopal & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the Financial Year 2016-17.

The Secretarial Audit Report for the year ended March 31, 2017 is annexed herewith as to this Report. **Annexure-VIII.** With regard to the observations made in the Secretarial Audit Report, the statutory auditors stated that they have submitted the request to the peer review committee and peer reviewer. However, the peer review is awaited. The decision to write back the total unclaimed liability of gold card scheme, over a period of three years commencing from current financial year was made after analysing the situation and the provisions of applicable law and in consultation with statutory auditors. A note in this regard is being provided under notes to financial accounts.

INTERNAL AUDITOR

Mr. G S N Raju, Manager, Finance and Accounts of the Company, is acting as Internal Auditor of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, your Company has not given any loans and guarantees which attract the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014. However, made investment in its Subsidiary LLP namely M/s. Medinova Millennium MRI Services LLP the details of which were disclosed in the notes to the financial statements for the period under review.

PUBLIC DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

CHANGE IN THE NATURE OF BUSINESS

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

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY.

During the financial year, there were no non-compliances by the company and were no instances of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments in the business operations of the company for the financial year ended 31st March, 2017 and to the date of signing of the Director's Report.

INFORMATION TO BE FURNISHED UNDER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Remuneration of Directors:

No Director is in receipt of remuneration other than sitting fee.

Statement under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Not applicable as no employee of the Company is in receipt of such remunerations specified under above stated rule. However the other information as required to be furnished under Rule 5(1) of above stated rules is provided under **Annexure-VII**

EMPLOYEE RELATIONS

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.

ENERGY CONSERVATION AND TECHNOLOGY ADOPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Your company does not own any manufacturing facility and further the business activities of your Company are not energy intensive. However, your Company is committed to take required measures to reduce energy consumption by the purchase of energy efficient equipment, implementation of energy efficient lightings.

A) conservation of energy- the steps taken or impact on conservation of energy:

- i. The Company has a policy in place to ensure optimum use of energies. Due to strict policy for use of lights and other utilities, only on need basis, the Company has saved significant amount out of these expenses.
- ii. The steps taken by the company for utilizing alternate sources of energy: The Company has extensively used LEDs for reducing the consumption of energy on lightings.
- iii. The capital investment on energy conservation equipment: The Company as a matter of practice procures equipment, instruments, and machines etc (which consumes energy) which are energy efficient.

During the year under review, no significant amount has been invested on any particular equipment for conservation of energy since there was no scope for such investment.

(B) Technology absorption

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

C. Foreign Exchange Earnings and Outgo during the year

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

EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual return is given in the prescribed format and enclosed to this board report as **Annexure–VI** Form MGT-9, which forms part of this report.

LISTING

The Equity Shares of your Company are listed on the BSE Limited

FAMILIARISATION PROGRAMME TO INDEPENDENT DIRECTORS

All Independent Directors (IDs) inducted into the Board are given an orientation on company structure and board constitution and procedures, matters reserved for the Board, and our major risks and risk management strategy. The company has familiarized the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, etc., through various Interactions and familiarization programmes. The said familiarization programs are disclosed on the company's website www.medinovaindia.com.

Details of the familiarization program of the independent directors are available on the website of the Company (www.medinovaindia.com).

POLICY ON MATERIAL SUBSIDIARIES

Policy for determining material subsidiaries of the Company is available on the website of the Company (URL: www.medinovaindia.com).

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The details of Vigil Mechanism and Whistle Blower Policy are available under Corporate Governance Report which forms part of Directors Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Your Company has in place the Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressed) Act, 2013, Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No. of sexual harassment complaints received: Nil

TRANSACTIONS WITH RELATED PARTIES

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC-2 and forms part of this board report as **Annexure – II** and in notes to financial accounts.

POLICY ON RELATED PARTY TRANSACTIONS

Policy on dealing with related party transactions is available on the website of the Company (URL: www.medinovaindia.com)

INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the code of Conduct and Code on Fair Disclosure and these code are available on the website of the company (URL: www.medinovaindia.com).

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not fall within any of the parameters specified under the provisions of Section 135 of the Companies Act, 2013 read with Rules made there under, reporting pursuant to Section 134(3) (o) is Not Applicable

ACKNOWLEDGMENTS

Your Directors thank the various Departments of Central/ State Government, SEBI, Stock Exchanges, RBI, MCA and other Regulatory Bodies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. Shareholders, customers, bankers, suppliers and other business associates for the excellent support received from them. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution and confidence reposed in the management.

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

**Date: 14-08-2017
Place: Hyderabad**

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

ANNEXURE - I
FORM NO. AOC-1

Statement containing salient features of the financial statements of subsidiaries as on March 31, 2017

Name of the Subsidiary	Medinova Millennium MRI Services LLP
Details	(Amount in Rs.)
Capital	1,92,20,000
Reserves	-2,30,95,021
Total Assets	3,58,82,735
Total Liabilities	3,97,57,756*
Turnover	1,82,18,433
Profit before taxation/(Loss)	-1,11,85,784
Provision for taxation	1,44,147
Profit/ (Loss) after taxation	-1,13,29,931
Proposed dividend	Nil
No. of Shares	NA
Investment	1,14,75,000

*Total liabilities are exclusive of Capital and Reserves

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

Date: 14-08-2017
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN: 00108599

ANNEXURE – II
FORM NO. AOC-2

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

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

Medinova Diagnostic Services Limited (MDSL) has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the Financial Year 2016-17. The details of contracts/arrangements/transactions entered at arm's length basis are given in notes to financial accounts.

2. Details of material contracts or arrangement or transactions at arm's length basis: Nil

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

Date: 14-08-2017
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN: 00108599

ANNEXURE –III

MANAGEMENT DISCUSSION & ANALYSIS

The company is primarily engaged in the business of medical diagnostic services with its registered office located at Hyderabad and a branch at Kolkata. Kolkata center is well equipped with entire range of medical diagnostic facilities like imaging, cardiology, and all lab diagnostics.

Industry Overview:

Healthcare industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well private players. During the period 2008-20, the market is expected to record a CAGR of 16.5 per cent. The total industry size is expected to touch US\$ 160 billion by 2017 and US\$ 280 billion by 2020.

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

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

Company’s Performance:

During the year the total turnover was Rs. 675.09 Lakhs and Net loss after taxes was Rs. 61.56 Lakhs. The Hyderabad center’s business operations were discontinued during the year in order to reduce the losses. However, the center at Kolkata has shown 36.92 % of revenue growth over the revenue of previous year. Expenditure in most of the heads was kept under control. The Company has invested Rs 31.51Lakhs for acquiring additional assets for improving the operational revenues. Efforts are made to build the business through B2B model. Plans are drawn to spread the operations at Kolkata region to tap the potential and increase revenues.

The Company’s operations predominantly related to providing Diagnostic Services and related business services. During the year ended March 31, 2017, 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.

Human Resource

At Medinova, employees were always encouraged to improve their skills and the right culture is created in the company to help them realize their potential. The employees are made to understand the importance of providing accurate and timely services to the customers.

The employee satisfaction is of paramount importance and the culture of best manpower practices in the company has ensured that the employees remained loyal to the company over long period of their association. Depending on the need, fresh talent is hired and an excellent platform is created to bring out the best in the new recruits. A total of 91 employees were with the organization as at the year end.

Risk Management:

The market is very competitive and fragmented and our business and financial results of operations may be affected if we do not aggressively face the competition in the market.

Failure of the high end medical equipment and information technology may result in disruption of the business services and result in reduced revenues.

Internal control systems and their adequacy

Details are given in Directors report and the required certification for same has been provided in the Annual Report which confirms to the adequacy of our internal control systems and procedures

Disclosure of Accounting Treatment

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

Future Outlook:

The Company believes that Healthcare services will continue to be an important catalyst in the economic growth of the Country and there is opportunity for the sustainable growth of the company. Hence the Company concentrates more on its core competence area i.e., medical diagnostic services and the management is confident that there will be improved revenues in the Financial Year 2017-18.

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

Date: 14-08-2017
Place: Hyderabad

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

ANNEXURE - IV

REPORT OF CORPORATE GOVERNANCE

1. Company Philosophy on Code of Governance

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

2. Board of Directors

Composition of the Board

As on 31st March, 2017 Medinova Board consists of 6 Members of whom 3 (three) are Independent Directors. The Board is in conformity with the applicable law and listing requirements. Half of the board members are Independent Directors.

Board Meetings

During the financial year under review, Seven (7) Board Meetings were held. The dates on which the Board meetings were held are 18.05.2016, 08.08.2016, 01.09.2016, 14.11.2016, 29.11.2016, 23.01.2017 and 13.02.2017. Proceedings of such meetings were duly recorded.

The details of Board of Directors and their attendance of Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Name	DIN	Category	No of Board Meetings attended	No. of directorships held in other Indian public limited companies	No. of Chairman/Membership held in committees of other Indian public limited companies	Number of shares convertible instruments held
Dr. Sura Surendranath Reddy	00108599	Chairman NED- ((P)	6	Nil	Nil	Nil
Mr. Sunil Chandra Kondapally	01409332	MD- (P)	5	Nil	Nil	Nil
Mrs. Suprita Sura Reddy	01206491	NED-(P)	3	Nil	Nil	Nil
Mr. K. V. Ravindra Reddy	00083986	NED-(I)	6	4	5	Nil
Mr. Kamalakar Rao P.	03057676	NED-(I)	5	Nil	Nil	Nil
Dr. G. Ramesh Ramayya	00015424	NED-(I)	2	1 **	Nil	Nil

** Ceased w.e.f.09.12.2016

(NED: Non-Executive Director; MD Managing Director; (P): Promoter; (I): Independent)

Committee positions only of the Audit Committee and the Stakeholders Relationship Committee in Public Companies if any has been disclosed. Memberships of the Directors in various committees are within permissible limits of Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Mr. Sura Surendranath Reddy, Chairman, Mr. Sunil Chandra Kondapally, Managing Director, Mrs. Suprita Sura Reddy, Directors are related to each other. Except these, no Director is related to any other director on the Board.

Attendance for AGM 2016:

Mr. Sura Surendranath Reddy, Chairman, Mr. Sunil Chandra Kondapally, Managing Director, Mr. P. Kamalakar Rao and K.V. Ravindra Reddy Directors of the Company attended the last Annual General Meeting held on 28th September, 2016.

The details with respect to criteria for making payments to non-executive directors are available on the company’s website www.medinovaindia.com.

INDEPENDENT DIRECTORS MEETING

The Independent Directors met on 13th February, 2017 without the presence of Non-Independent Directors and members of the Management. At this meeting, the IDs inter alia evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole and also evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

CODE OF CONDUCT

The Company has adopted the Code of Conduct for Board of Directors and Senior Management Personnel of the Company. This Code is designed to help the Board of Directors and Senior Management in discharging their duties with due diligence and care. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The Code of Conduct is available at URL: www.medinovaindia.com. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year ended March 31, 2017 and a declaration to this effect signed by the Managing Director is the forming part of this report.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

In terms of Section 177(9) of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company has in place of Whistle Blower Policy to provide Vigil Mechanism for all Directors, Employees to report their genuine concerns about any wrongful conduct, unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. It also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. The details of vigil mechanism are also available on the Company’s website www.medinovaindia.com.

There were no complaints received from any personnel of the company and no personnel of the company has been denied access to the Chairman of the Audit Committee

3. COMMITTEES OF THE BOARD:

The company has in place all the Committees of the Board which are required to be constituted under the Companies Act, 2013 and Listing regulations

AUDIT COMMITTEE:

Audit Committee comprises of three members with independent directors forming majority. During the year there are no instances where the Board had not accepted the recommendations of the Audit Committee. In additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

During the financial year, Six (6) meetings were held on 18.05.2016, 08.08.2016, 01.09.2016, 14.11.2016, 29.11.2016 and 13.02.2017.

Details of the composition of the Committee and attendance of the members at the meeting:

Name	Designation	Category	No. of Meetings	No. of Meetings Attended
Mr. P. Kamalakar Rao	Chairman	Independent Non-Executive Director	6	5
Mr. K. V. Ravindra Reddy	Member	Independent Non-Executive Director	6	5
Dr. Sura Surendranath Reddy	Member	Non-Executive Chairman	6	5

Note: The Managing Director, Company Secretary, CFO and the Statutory Auditors were also invited to the Committee Meetings. All the Member of the Audit Committee including Chairman of Audit Committee was present at the AGM of the Company held on 28th September, 2016.

NOMINATION AND REMUNERATION COMMITTEE

In terms of Section 178 of the Companies Act, 2013 the Board of Directors Constituted Nomination and Remuneration Committee The Nomination and Remunerations will oversee the Company's nomination process for the senior management and specifically to identify, screen and review individuals qualified to serve as EDs, NEDs and IDs consistent with criteria approved by the Board and to recommend, for approval by the Board, nominees for election at the AGM of the shareholders. No meetings of Nomination and Remuneration Committee were held during the financial year under review. However the performance of Non-Independent Directors, Performance of Chairman and Board as a whole was reviewed by the Independent Directors in their meeting held without the presence Non-Independent Directors and each Director's performance was reviewed by the Board (by excluding the Director being evaluated from the meeting during the time of evaluation) in its meeting held on 13-02-2017.

Details of the composition of the Committee

Name	Designation	Category
Mr. K. V. Ravindra Reddy	Chairman	NED (I)
Mr. P. Kamalakar Rao	Member	NED (I)
Dr. Sura Surendranath Reddy	Member	NED (P)

Performance evolution criteria for independent directors:

Performance evaluation criteria for independent directors is as per the Performance Evaluation, Nomination and Remuneration Policy which is enclosed as **Annexure –V** to the Directors Report

5. REMUNERATION OF DIRECTORS AND OTHER DETAILS

Name of the Director	Relationship with other director	Business relationship with the company	Loans and advances from the company	Remuneration paid during the year 2016-17 (in Rupees)			
				Sitting Fee	Salary	Commission	Total
Dr. Sura Surendranath Reddy	Related to Mr. Sunil Chandra Kondapally and Mrs. Suprita Sura Reddy	Promoter - Director of Holding Company	Nil	12,000	0	0	12,000
Mr. Sunil Chandra Kondapally	Related to Dr. Sura Surendranath Reddy and Mrs. Suprita Sura Reddy	Promoter - Director of Holding Company	Nil	0	0	0	0
Mrs. Suprita Sura Reddy	Related to Dr. Sura Surendranath Reddy and Mr. Sunil Chandra Kondapally	Promoter – Managing Director of Holding Company	Nil	6,000	0	0	6,000
Mr. K. V. Ravindra Reddy	None	Nil	Nil	12,000	0	0	12,000
Mr. P. Kamalakar Rao	None	Nil	Nil	10,000	0	0	10,000
Dr. Ramesh Ramayya	None	Nil	Nil	4,000	0	0	4,000

No remuneration is paid to either to Managing Director or other Non-executive Directors pursuant to section 197 of Companies Act, 2013. However, the Non-executive Directors including Independent Directors are receiving remuneration by way of sitting fee as stated above. The Sitting fee paid to the Non-Executive Directors including Independent Director was fixed by the Board and is within the limits as prescribed. Hence, the same was not subject to share holders’ approval in the General Meeting.

There were no pecuniary relationships or transactions of the non-executive director’s vis-à-vis the Company, other than payment of Board fees and no investments (if any) in shares / securities of the company.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

Terms of Reference:

The remit of the Stakeholders Relationship Committee is to consider and resolve the grievances of the security holders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends, and such other grievances as may be raised by the security holders from time to time.

Name	Designation	Category	No. of Meetings Held	No. of Meetings Attended
Dr. Sura Surendranath Reddy	Chairman	NED (P)	19	19
Mr. K. V. Ravindra Reddy	Member	NED (I)	19	19
Mr. P. Kamalakar Rao	Member	NED (I)	19	19

Mr. M. Ramana Reddy, Company Secretary and Compliance Officer of the company acted as secretary of the Committee for the year under review and the company has designated exclusive e-mail Id: medicorp@medinovaindia.com for redressal of shareholders complaints / grievances.

During the financial year 19(Nineteen) Board Meetings were held i.e. on 4/04/2016, 25/04/2016, 16/05/2016, 23/05/2016, 13/06/2016, 20/06/2016, 11/07/2016, 18/07/2016, 27/07/2016, 09/08/2016, 21/09/2016, 26/09/2016, 17/10/2016, 31/10/2016, 09/01/2017, 16/01/2017, 30/01/2017, 06/02/2017 and 13/02/2017.

Complaints received and redressed by the Company during the financial year:

During the year under review, there were no complaints were received from the shareholders

7. GENERAL BODY MEETINGS

a) Details of location, date and time of Annual General Meetings held during the last three years:

Financial Year	Location	Date and Time
2013-14	Hotel Green park, Greenlands, Begumpet, Hyderabad	25-09-2014 at 11.00 am.
2014-15	Hotel Greenpark, Greenlands, Begumpet, Hyderabad	25-09-2015 at 11.00 am
2015-16	The Central Court Hotel, Lakdikapul, Hyderabad	28-09-2016 at 10.30 am

b) Details of Special Resolutions passed during the last 3 Financial Years

Date of passing special Resolution	Resolu tion No	Purpose of the Resolution	Votes in favour of the resolution		Votes against the resolution	
			Number	Percentage on valid votes polled	Number	Percentage on valid votes polled
25-09-2014	8	Appointment of Managing Director.	6154245	99.99	223	0.01
	9	Approval of Related Party Transaction.	451925	99.93	323	0.07
	10	Authorization for Investments, giving loans and guarantees	6154245	99.99	223	0.01
25-09-2015	8	Approval for borrowing powers under section 180(1)(c)	6163487	99.99	278	0.01
	9	Approval for Creation of Charge on Assets & undertakings under section 180(1)(a)	6163487	99.99	278	0.01
	10	Approval to enter into related party transactions under section 188	461267	99.99	278	0.01
	11	Adoption of new set of articles of association of the company to meet the requirements of Companies Act, 2013	6163638	99.99	127	0.01
28-09-2016	5	Approval of Related party transaction	328515	99.85	0	NA
	6	To increase Authorized Capital	6030535	99.99	200	0.01
	7	Alteration of Capital Clause of Memorandum of Association of the Company	6030735	100	0	NA
	8	*Approval for Issue of Equity shares on Preferential basis to M/s. Vijaya Diagnostic Center Pvt Ltd.	328315	99.85	200	0.15

c) In terms of Companies Act, 2013 and SEBI (LODR) Regulations, your company provided e-voting facility to its shareholders to cast their votes electronically through the CDSL e-voting platform. The Company had appointed DVM Gopal & Associates, Practicing Company Secretaries as scrutinizer for conducting e-voting and as well poll at Annual General Meeting. They have submitted combined report to the Chairman after completion of scrutiny and the results were then announced and sent to the Stock Exchanges and displayed on the Company's website.

Special Resolutions through Postal Ballot:

*No resolution was passed through Postal Ballot during the three previous Financial Years. However, company had passed a special resolution by way of postal ballot during the financial year under review on

23-01-2017 for issuance of equity shares on preferential basis to M/s. Vijaya Diagnostic Centre Private Limited (holding company of Medinova Diagnostic Services Limited) as advised by BSE, even though the Shareholders have given their approval for the same in the Annual General Meeting held on 28th September, 2016.

Person who conducted the postal ballot: Mrs. N. Vanitha, Practicing Company Secretary was appointed as scrutinizers to conduct the postal ballot in fair and transparent manner. Voting Pattern is given below.

Mode of Voting	Ballots Received	Total Votes	Favour			Against			Invalid		
			Ballots	Votes	% of total valid votes	Ballots	Votes	% of total valid votes	Ballots	Votes	% of total invalid votes
Electronic	44	6158742	43	6158142	100	1	600	100	0	0	0
Poll	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA
Postal Ballot	11	1941	10	1841	100	1	100	100	0	0	0
Total	55	6160683	53	6159983	100	2	700	100	0	0	0

8. MEANS OF COMMUNICATION

The un-audited quarterly results and audited results for the year are generally published in widely circulated English news papers namely (Business Standard / Financial Express) and also in widely circulated vernacular newspapers such as Nava Telangana) within the prescribed time lines of Listing Agreement. The results are also displayed on the Company's web-site www.medinovaindia.com. No news releases and presentation were either made to Institutional Investors or were displayed in the website.

9. GENERAL SHAREHOLDERS INFORMATION

a	Annual General Meeting	24 th Annual General Meeting
b	Date of Annual General Meeting	25-09-2017
c	Venue	The Central Court Hotel, Lakdikapul, Hyderabad – 500004, Telangana
d	Time	11.00 A.M
e	Book Closure	Tuesday, September 19, 2017 to Monday, September 25, 2017
f	Financial Year	2016-17
g	Dividend Payment Date	Not Applicable
h	Calendar for declaration of quarterly financial results	The results of every quarter beginning from April are declared within the prescribed time limits of Listing Agreement. These results normally published by the Company in the Leading English News Papers like Financial Express/Business Standard and in one vernacular newspaper within specified time. The Copies of all quarterly results are available on website www.medinovaindia.com
i	Details of Stock Exchanges where in the shares of the Company are listed	BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai- 400 051 Mumbai- 400 00
j	Stock ID/Code	526301
k	ISIN	INE047C01019
l	Listing Fee for Financial Year 2016-17	Paid

m. Market price date high, low during each month in last financial year

Month / Year	Month's High Price in Rs.	Month's Low Price in Rs
Apr-2016	30.90	20.10
May-2016	32.95	29.00
Jun-2016	32.40	25.10
Jul-2016	33.90	28.50
Aug-2016	37.15	26.65
Sep-2016	41.50	34.40
Oct-2016	39.90	33.10
Nov-2016	35.90	27.10
Dec-2016	41.60	28.50
Jan-2017	48.90	41.25
Feb-2017	46.00	37.00
Mar-2017	41.45	32.90

n) During the financial year the company shares were not under suspension from trading.

o) Registrar and Share 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@rediffmail.com

p) Share Transfer System:

Share transfer requests, which are received in physical form, are processed and the share certificates returned within a prescribed time period, from the date of receipt, subject to the documents being in order and complete in all respects.

All the requests for Dematerialization and shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt. Share transactions in electronic form can be effected in a much simpler and faster manner. After a confirmation of a sale/purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for a separate communication to the Company to register the share transfer.

Share transactions in electronic form can be effected in a much simpler and faster manner. After a confirmation of a sale/purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There are no need for a separate communication to the Company to register the share transfer.

For all the activities pertaining to the share transactions (both physical and demit) i.e. Share transfers, share certificates, dividends etc., shareholders should communicate with M/s. XL Softech Systems Ltd, Registrar and Transfer Agents.

q) Distribution of Shareholding as on March 31, 2017

Sl. No	Shareholding of Nominal Value (Rs.)	Shareholders		Number of Shares	Share Amount	
		Nos.	%		(Rs.)	%
a.	Up to 5000	9666	95.40	15,23,017	1,52,30,170	15.26
b.	5001 - 10000	239	2.36	2,05,327	20,53,270	2.06
c.	10001 - 20000	104	1.03	1,66,359	16,63,590	1.67
d.	20001 - 30000	36	0.36	93,786	9,37,860	0.94
e.	30001 - 40000	18	0.18	65,051	6,50,510	0.65
f.	40001 - 50000	17	0.17	81,597	8,15,970	0.82
g.	50001 - 100000	20	0.20	1,34,297	13,42,970	1.35
h.	100001 & Above	30	0.30	77,12,206	7,71,22,060	77.25
	TOTAL	10,130	100.00	99,81,640	9,98,16,400	100.00

r) Dematerialization of Shares:

The Company's Equity Shares are held in dematerialized form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN INE047C01019. As on March 31, 2017, 86.26% of the totals shares of the Company have been dematerialized.

s) Outstanding: GDR/ADR/Warrants/Options/any convertible instruments:
As on March 31, 2017 the Company has no outstanding GDR /ADR/Warrants/ Options/any other convertible instruments.

t) Commodity price risk or foreign exchange risk and hedging activities: Not Applicable

u) Location of Centers of the company

	Place	Address
1	Kolkata	1, Sarat Chatterjee Avenue, Kolkata – 700 029. Ph: 033 – 24660780 / 24661780
		1, H. L. Sarkar Road, Bansdronei, Kolkata -700 070, Ph: 91 98303 41212
	email-Id:	medinova.kol@medinovaindia.com

Address for Correspondence

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

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

1	RTA Address	XL Softech Systems Ltd. 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034. Phone No(s): 040-23545913 / 14 /15. Email: xlfield@rediffmail.com.
2	Registered Address of the Company	6-3-456/C, Flat No.206, 2 nd Floor M.G.R. Estate, Dwarakapuri Colony, Panjagutta, Hyderabad – 500082. Phone No:040 – 23310066 email-Id: medicorp@medinovaindia.com

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

Date: 14-08-2017
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN: 00108599

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To
The Members of Medinova Diagnostic Services Limited

The Company has a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company in terms of Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to further strengthen corporate governance practices of the Company. All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no noncompliance thereof during the year ended 31st March, 2017

For Medinova Diagnostic Services Limited

Date: 14.08.2017
Place: Hyderabad

Sunil Chandra Kondapally
Managing Director

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of
Medinova Diagnostic Services Ltd.

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of Viceroy Hotels Limited ("the Company") for the year ended 31 March, 2017 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (collectively referred to as "SEBI (LODR) Regulations, 2015.")

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was carried out in accordance with the "Guidance note on Certification of Corporate governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in "SEBI (LODR) Regulations, 2015."

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

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

Place: Hyderabad
Date: 14.08.2017

C V Ratnam Dhaveji
Partner
M. No 203479

THE MANAGING DIRECTOR AND THE CHIEF FINANCIAL OFFICER CERTIFICATION

To
The Board of Directors
Medinova Diagnostic Services Limited
Hyderabad

Dear Sirs,

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2017 and to the best of our knowledge and belief that:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. 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;
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period under review that are fraudulent, illegal or in violation of the Company's Code of conduct
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors that:
 - a. Significant changes in internal control over financial reporting during the year;
 - b. Significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
 - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sunil Chandra Kondapally
Managing director

N Ravi Kumar
Chief Financial Officer

Date: 13.05.2017
Place: Hyderabad

ANNEXURE –V

PERFORMANCE EVALUATION, NOMINATION & REMUNERATION POLICY

I. TITLE:

This policy with regard to Performance Evaluation and Remuneration shall be called the Medinova Diagnostic Services Limited – Performance Evaluation, Nomination and Remuneration Policy (herein after referred to as the “Policy”).

II. INTRODUCTION

This Performance Evaluation, Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along Rules made there under and applicable provisions of Listing Regulations, as amended from time to time. This policy has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

III. DEFINITIONS

- a) Act means the Companies Act, 2013 and the rules made thereunder.
- b) Board means Board of Directors of the Company
- c) Committee means Nomination and Remuneration Committee of the Company.
- d) Company means Medinova Diagnostic Services Limited
- e) Employee means any employee of the Company (whether working in India or abroad)
- f) Independent Director means a director who meets the criteria of Independence laid down under Section 149 of the Companies Act, 2013 read with the rules made there under and the Listing Agreement entered with the stock exchanges.
- g) Key Managerial Personnel means:
 - Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and
 - Such other officer who is reporting to Managing Director/CEO.
- h) Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the applicable provisions of Listing Regulations.
- i) Senior Managerial Personnel mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management who are one level below the Executive Directors, including the functional heads.

IV. OBJECTIVE

The Objective and purpose of this policy are:

- To carry out formal evaluation by the Board of its own performance and that of its committees and individual directors

- To establish a framework for the remuneration of directors, key managerial personnel and other employees.
- To lay down criteria for identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
- To attract, retain and motivate the Directors, KMPs and Senior Management Personnel.

V. ROLE OF THE COMMITTEE:

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- c) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- d) Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- e) To devise a Policy on Board diversity.
- f) The Committee shall, while formulating the policy under Section 178(3) ensure that—
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- g) Any other responsibility as determined by the Board.
- h) To carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions.

VI. GENERAL:

This Policy is divided in Four Parts:

- Part - A: Appointment & Remuneration
- Part - B: Performance Evaluation
- Part - C: Framework for Separate meeting of Independent Directors
- Part - D: Familiarisation Programme for Independent Directors

PART - A Appointment & Remuneration

1. Appointment criteria and qualification

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company's Policy. A proposed appointee shall fulfill all the requirements prescribed, from time to time, under the Companies Act 2013, applicable provisions of Listing Regulations and other relevant laws.

b. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the position.

c. Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Companies Act, 2013 and compliance of applicable provisions of Listing Regulations. The Director/ Independent Director/Senior Management Personnel/KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, applicable provisions Listing Regulations or any other enactment for the time being in force.

d. While appointing Independent Directors, the Committee shall ensure that the person proposed to be appointed possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, administration, research, corporate governance, technical operations, other disciplines related to the Company's business and such other criteria as may be specified by any law amended from time to time.

e. It shall also ensure that Directors proposed to be appointed are not disqualified under any law. In case of Independent Director, it shall ensure that person proposed to be appointed meets the criteria of independence as laid down by the Companies Act, 2013 and applicable provisions of Listing Regulations as amended from time to time.

f. The appointment as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

2. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons to be recorded in writing, removal of a director, KMP or senior management personnel, subject to the provisions and compliance of the Act, rules and regulations.

3. Remuneration

The level and composition of remuneration to be paid to the CMD/ Managing Director, Whole Time Director(s), KMPs, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMPs, Senior Management and other employees of the company. The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration may also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

i. Remuneration to Executive Directors, KMP's & Senior Management Personnel.

a. Besides the above Criteria, The Executive Directors, KMPs and Senior Management Personnel shall be eligible for a remuneration/Commission/Bonus/Performance Related Pay/Incentive/ Fees, etc., as may be approved by the Board on the recommendation of the Committee and shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force as also by Company policy. The breakup of the pay scale and quantum of perquisites shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director/KMPs in accordance with the provisions of Schedule V to the Companies Act, 2013 or prior approval of the Central Government as the case may be. If the appointee is consented to render the service without remuneration he/she may be appointed without remuneration too.

c. The Chairman/Executive Director of the Company shall, as the case may be, decide the remuneration of KMP (other than Chairman / Whole time Director) and Senior Management based on the experience, qualification, expertise, standard market practice and prevailing HR policies of the Company.

d. The Incentive pay, if any, shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

ii. Non – Executive Directors / Independent Directors:

a. The Non-Executive / Independent Directors may receive sitting fees, travelling, accommodation and other expenses incidental thereto for attending meetings of Board or Committee thereof. Provided that the amount of fees and expenses, if any, shall be such as determined by the Board of Directors from time to time subject to provisions of the Companies Act, 2013 and rules made thereof.

b. Remuneration /Commission, if applicable, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

c. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Listing Regulations, as amended from time to time.

PART – B

Performance Evaluation

4. Framework for Performance Evaluation of Board, Committees & Independent Directors

The Board is committed to assessing its own performance as a Board (including Committees) in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

i. Once a year, the Board will conduct a self-evaluation. The Chairperson will meet with the directors either collectively or separately, as he may deem fit, seeking input in relation to the performance of the Board, each Board Committee, other Whole time Directors and his own performance.

ii. The Chairperson will collect the input and provide an overview report for discussion by the Board.

iii. The Board as a whole will discuss and analyze the performance collectively of each director individually and its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year

iv. The Board / Independent Directors will be asked to complete the evaluation forms (As designed by the Committee from time to time) and submit the same to the Chairman.

v. In terms of Section 134 of the Act, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

PART C

Framework for Separate meeting of Independent Directors

5. As required by the provisions of Schedule IV to the Act and the applicable provisions of Listing Regulations, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management. The meeting shall:

- (a) Review the performance of Non-independent Directors and the Board as a whole;
- (b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;
- (c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- (d) This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

PART D

6. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

- i. As required by the provisions of Schedule IV to the Act and the applicable provisions of Listing Regulations, the Company is required to develop a Familiarization Programme for the Independent Directors of the Company.
- ii. The Company will impart Familiarization Programs for new Independent Directors inducted on the Board of the Company.
- iii. The Independent Directors are afforded every opportunity to familiarize themselves with the Company, its management and its operations and above all the Industry perspective & issues. They are made to interact with senior management personnel and are given all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry of which it is a part which enable the Directors to contribute significantly to the Company. The Familiarization Program of the Company will provide information relating to the Company, IT industry, business model of the Company, geographies in which Company operates, etc. The program so intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company.
- iv. The Familiarization Program comprises a detailed overview of the business verticals of the Company and meetings with business heads / senior leadership team, and with the Chairman, at which time; the Independent Director is familiarized with various aspects of the Company's business verticals including the industries in which such businesses operate.
- v. The Program will be reviewed and changes made as and when deemed necessary.

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

Date: 14-08-2017
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN: 00108599

ANNEXURE – VI

FORM MGT -9

EXTRACT OF ANNUAL RETURN

(As on the Financial Year ended 31-03-2017)

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L85110TG1993PLC015481
ii	Registration Date	11-03-1993
iii	Name of the Company	MEDINOVA DIAGNOSTIC SERVICES LIMITED
iv	Category / Sub-Category of the Company	Company Limited by Shares/Indian Non-government Company
v	Address of the Registered Office	6-3-456/C, Flat No. 206, 2 nd Floor, M.G.R. Estate, Dwarakapuri Colony, Punjagutta, Hyderabad – 500082, Telangana
vi	Contact Details of the Company	Phone: 040 – 23310066 Email: medicorp@medinovaindia.com
vii	Whether Listed Company	Yes
viii	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Ltd # 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the product/Service	% to total turnover of the company
i	Medical Diagnostic Services	85195	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/LLPN	Holding/ Subsidiary/ Associate	% of shares/contribution held	Section under Companies Act, 2013
1.	Vijaya Diagnostic Centre Private Limited 3-6-16 & 17, Street No. 19, Himayatnagar, Hyderabad – 500029, Telangana	U85195TG2002PTC039075	Holding Company	62.14	2 (46)
2	Medinova Millennium MRI Services LLP 1, Sarat Chatterjee Avenue, Ravindrasarobar Stadium, Kolkata-700029 West Bengal, India	AAC-9556	Subsidiary	59.70	2 (87)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of total equity)

i).Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				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	0	0	0	0	0	0	0	0	0
b)Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	5702220	0	5702220	60.14	6202220	0	0	62.14	2
e)Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
(2) Foreign									
g) NRIs – Individuals	0	0	0	0	0	0	0	0	0
h) Others- Individuals	0	0	0	0	0	0	0	0	0
i) Bodies –Corp	0	0	0	0	0	0	0	0	0
j) Banks/FI	0	0	0	0	0	0	0	0	0
k) Any Other	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= A(1)+(A2)	5702220	0	5702220	60.14	6202220	0	0	62.14	2

Category of Shareholders	No. of shares held at the beginning of the year				No of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt									
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g)FIIs	0	0	0	0	0	0	0	0	0
h)Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub Total (B) (1)	0	0	0	0	0	0	0	0	0
2.Non-Instititins									
a)Bodies Corporate	0	0	0	0	0	0	0	0	0
i) Indian	525140	463500	988640	10.43	231153	13500	244653	2.45	(10.43)
ii) Overseas	0	0	0	0	0	0	0	0	0
b)Individuals									
Individual shareholders	735896	1385619	2121515	22.37	990287	1357489	2347776	23.52	1.15

holding nominal value upto Rs2 Lakhs									
Individual shareholders holding nominal value in excess of Rs2 Lakhs	318865	344700	663565	7.00	403871	776500	1180371	11.83	4.83
Others Specify									
NRI	5700	0	5700	0.06	6070	0	6070	0.06	0
Clearing Members	1785	0	1785	0.02	550	0	550	0.01	0
Sub Total B(2)	1610901	2168519	3779420	39.86	2408431	1370989	3779420	100	0
Total Public Shareholding B(1)+(B(2)	1610901	2168519	3779420	39.86	2408431	1370989	3779420	100	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	7313121	2168519	9481640	100	8610651	1370989	9981640	100	0

ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of shares	% of total Shares of the company	%Shares Pledged/en cumbered to total shares of promoters	No. of shares	% of total Shares of the company	%Shares Pledged/en cumbered to total shares of promoters	
1	Vijaya Diagnostic Centre Private Limited	5702220	60.14	0	6202220	62.14	0	2

iii. Change in Promoters' shareholding

S. No	Name	Shareholding				Reason	Cumulative Shareholding	
		No of shares at the beginning of FY and percentage	Increase / Decrease	Date of Change	No of shares at the end of FY and percentage		No of shares	% of the total shares of the company
1	Vijaya Diagnostic Centre Private Limited	5702220 60.14	+500000	23-01-2017	6202220 62.14	Further Allotment	6202220	62.14

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

Sl. NO	Name	Shareholding				Reason	Cumulative Shareholding	
		No of shares at the beginning of FY and percentage	Increase/ Decrease	Date of Change	No of shares at the end of FY and percentage		No of shares	% of the total shares of the company
1	Shankar LalSaraf	326500 (3.44)	0	NA	326500 (3.44)	NA	326500	3.44
2	Kattam Reddy Lakshminarayana Reddy	125000 (1.252)	0	NA	125000 (1.252)	NA	125000	1.252
3	PadarathiHarinadha Reddy	125000 (1.252)	0	NA	125000 (1.252)	NA	125000	1.252

4	3A Capital Services Limited	383557 (4.05)	-693	12-08-2016	117356 (1.176)	Sale	117356	1.176
			-	02-09-2016		Sale/Tr		
			40000					
			-	09-09-2016		Sale/Tr		
			18713					
			-400	16-09-2016				
			-	23-09-2016		Sale/Tr		
			45063					
			-6600	30-09-2016		Sale/Tr		
			-	07-10-2016		Sale/Tr		
			18311					
			-	14-10-2016		Sale/Tr		
			10000					
			-	21-10-2016		Sale/Tr		
24651								
-9193	28-10-2016	Sale/Tr						
-614	04-11-2016	Sale/Tr						
-450	11-11-2016	Sale/Tr						
-	06-01-2017	Sale/Tr						
33000								
5	Duvvuri Jalandhar Reddy	100000 (1.002)	0	NA	100000 (1.002)	NA	100000	1.002
6	Muddu Krishna Reddy Oduru	10000 (1.002)	0	NA	10000 (1.002)	NA	100000	1.002
7	ArvindChampalal Jain	0	72079	02-09-2016	72079 (0.722)	Purchase	72079	0.722
8	Vishram Moreswar Naniwadekar	18140 (0.19)	100	17-06-2016	6424 (0.644)	Purchase	64240	0.644
			16200	30-09-2016		Purchase		
			6000	14-10-2016		Purchase		
			13500	21-10-2016		Purchase		
			10300	28-10-2016		Purchase		
9	RajendraNaniWadekar	18296 (0.19)	238	08-04-2016	47339 (0.474)	Purchase	47339	0.474
			200	15-04-2016		Purchase		
			1249	22-04-2016		Purchase		
			894	29-04-2016		Purchase		
			(1460)	06-05-2016		Sale/Tr		
			360	13-05-2016		Purchase		
			1	03-06-2016		Purchase		
			2759	17-06-2016		Purchase		
			100	29-07-2016		Purchase		
			862	02-09-2016		Purchase		
			200	09-09-2016		Purchase		
			3185	23-09-2016		Purchase		
			4054	30-09-2016		Purchase		
			4822	21-10-2016		Purchase		
			7861	25-11-2016		Purchase		
			(950)	09-12-2016		Sale/Tr		
			(5)	16-12-2016		Sale/Tr		
			(1850)	23-12-2016		Sale/Tr		
			1590	10-02-2017		Purchase		
			4001	03-03-2017		Purchase		
532	10-03-2017	Purchase						
400	31-03-2017	Purchase						
10	BapiRajuChampati	22741 (0.24)	1307	08-04-2016	45638 (0.457)	Purchase	45638	0.457
			900	22-04-2016		Purchase		
			1215	29-04-2016		Purchase		
			6499	08-07-2017		Purchase		
500	15-07-2017	Purchase						

		715	22-07-2017		Purchase		
		8	29-07-2017		Purchase		
		76	05-08-2016		Purchase		
		41	12-08-2016		Purchase		
		259	19-08-2016		Purchase		
		4600	26-08-2016		Purchase		
		(8799)	02-09-2016		Sale/Tr		
		(1000)	23-09-2016		Sale/Tr		
		500	25-11-2016		Purchase		
		6750	06-12-2016		Purchase		
		3734	23-12-2016		Purchase		
		(500)	27-01-2017		Sale/Tr		
		40	10-02-2017		Purchase		
		2403	17-03-2017		Purchase		
		2999	24-03-2017		Purchase		
		650	31-03-2017		Purchase		

i. Shareholding of Directors and Key Managerial Personnel : Nil

V. INDEBTEDNESS

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

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
i) Principal Amount	21821716	26995000	0	
ii) Interest due but not paid	0	2071431	0	
iii) Interest accrued but not due	198341	0	0	
Total (i+ii+iii)	22020057	29066431	0	
Change in indebtedness during the Financial year	0	6649294	0	6649294
Net Change	0	6649294	0	6649294
Indebtedness at the end of the year				
i) Principal Amount	20114100	30600000	0	
ii) Interest due but not paid	0	5115725	0	
iii) Interest accrued but not due	174552		0	
Total (i+ii+iii)	20288652	35715725	0	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ of Manager : Nil

Sl. No	Particulars of Remuneration	Name of the Managing Director:	Total amount
		Sunil Chandra Kondapally	
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	0
2	Stock Option	NA	0
3	Sweat Equity	NA	0
4	Commission - as % of profit - Others, specify...	NA	0
5	Others, specify	NA	0
	Total A	0	0

B. Remuneration to other Directors

(In Rupees)

Name	Fee for attending board meeting @Rs.2000 per Board Meeting	Commission	Others, please specify	Total Remuneration
Non Executive Independent Directors				
Mr. K. V. Ravindra Reddy	12000	0	0	12000
Mr. P. Kamalakar Rao	10000	0	0	10000
Dr. G. Ramesh Ramayya	4000	0	0	4000
Non-executive Non Independent Directors				
Dr. Sura Surendranath Reddy	12000	0	0	12000
Mrs. Suprita Sura Reddy	6000	0	0	6000
Total	44000	0	0	44000

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

In Rupees)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial officer	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,40,000	6,98,400	9,38,400
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - Others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total	2,40,000	6,98,400	9,38,400

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil.

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

Date: 14-08-2017
Place: Hyderabad

Dr. Sura Surendranath Reddy
Chairman
DIN: 00108599

ANNEXURE – VII

Particulars of Employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

No Whole –time Director/ Executive Director (including managing director) of the company is in receipt of any kind of remuneration.

During the year under review, the Non-executive Directors including Independent Directors were not in receipt of any remuneration except a nominal sitting fee of Rs.2000/- (Two Thousand Only) being paid per board meeting in which he/she participated. Company has not paid any sitting fee for committee meetings of the Board. Hence, the ratio of sitting fee paid during the year to Non-executive Directors including Independent Directors to the median remuneration of the employees of the company for the financial year under review is very low and incomparable. Hence, said information not been provided.

b. The percentage increase in remuneration of each director, Chief financial officer, company secretary in the financial year: Nil

c. The median remuneration during year: Rs.12831.00

d. The percentage increase in median remuneration: 10.12

e. The number of permanent employees on the rolls of Company: 91

f. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Not Applicable

g. Affirmation that the remuneration is as per the remuneration policy of the company.

The Company affirms that the remuneration paid to Directors, Key Managerial Personnel and other employees are as per the remuneration policy of the Company as per industry standards.

**For and on behalf of the board of
Medinova Diagnostic Services Limited**

Date: 14-08-2017
Place: Hyderabad

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

ANNEXURE - VIII

**SECRETARIAL AUDIT REPORT
For The Financial Year Ended 31st March, 2017**

FORM NO MR 3

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

To

The Members,

M/s. Medinova Diagnostic Services Limited
Hyderabad.

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

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended **on 31st March 2017** generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st March, 2017** (“Audit Period”) according to the provisions of:
 - 1.1. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made thereunder;
 - 1.2. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made thereunder;
 - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - 1.4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): -
 - 1.4.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - 1.4.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - 1.4.3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2009;
 - 1.4.4. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - 1.4.5. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - 1.5. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.

2. We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards there under, *except the following:*

- 2.1 *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;*
 - 2.2 *We are of the view that the accounting treatment provided in the Books of Accounts of the Company relating to amount outstanding under Gold Card scheme shall be subject to compliances of relevant provisions of the Companies Act.*
 - 2.3 The Secretarial Standards pertaining to Board & Committee Meetings were generally complied.
3. The Company is engaged in the Business of Medical/clinical services. Accordingly, the following Industry Specific Acts are applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI. As per the compliance certificates received and also as per our verification, we are of the view that the company has complied with the following acts read with amendments from time to time:
 - i. Pre-conception and Pre-natal Diagnostic Techniques Act 1994 read with the relevant rules and amendments.
 - ii. AP Allopathic Private Medical Care Establishments (Registration and Regulation) Act 2002.
 - iii. Indian Atomic Energy Act 1962 & Atomic Energy (Radiation Protection) Rules 2004.
 - iv. Environment (Protection) Act 1986 – Biomedical Wastes (Management and Handling) Rules 2011.
 4. We further report that:
 - 4.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There were no changes in the composition of the Board of Directors during the period under review.
 - 4.2 Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors electronically to schedule the Board Meetings.
 - 4.3 The Company is in the process of filing Form MGT 14 for preferential issue of shares as specified under Section 179(3).
 - 4.4 There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
 - 4.5 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously. It is to be noted that for the Audit Period the following acts are not applicable:
 - i. SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
 - ii. SEBI (Delisting of Equity Shares) Regulations, 2009.
 - iii. SEBI (Buyback of Securities) Regulations, 1998.
 - iv. SEBI (Share Based Employee Benefits) Regulations, 2014
 - v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
 - 4.6 There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
 5. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, except as reported in the audit report etc.

For **DVM Gopal & associates**
Company Secretaries

Place: Hyderabad
Date: 14.08.2017

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

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 SECRETARIAL AUDIT REPORT

To

The Members,

M/s. Medinova Diagnostic Services Limited
Hyderabad.

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

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

For **DVM Gopal& associates**
Company Secretaries

Place: Hyderabad
Date: 14.08.2017

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

Independent Auditors' Report on Standalone Financial Statements

To the Members of
Medinova Diagnostic Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of Medinova Diagnostic Services Limited ('the Company'), which comprise the Balance sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as standalone financial statements)

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31st March 2017 and its financial performance, its cash flows for the year ended on that date.

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

We report that:

1. As required by the Companies (Audit Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub – section 11 of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Sub-Section 3 of Section 143 of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flow dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in ‘Annexure B’; and
- g. With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
- (i) There were no pending litigations that effects the Company’s financial position.
 - (ii) The Company does not have any long-term contracts including derivative contracts.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

Place: Hyderabad
Date: 13.05.2017

C V Ratnam Dhaveji
Partner
M. No 203479

Annexure A to the Auditors' Report

Referred to in Paragraph 1 under the heading "Report on other Legal & Regulatory Requirement" of our report of even date to the financial statements of the Company for the year ended 31st March 2017:

1. In respect of its Fixed Assets
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - c. According to the information and explanations received 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.
2. 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.
3. The Company has not granted any loans, advances in nature of loans to parties covered in the register maintained under Section of the Companies Act, 2013. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interests of the company, whether reasonable steps for recovery of over dues of such loans are taken does not arise.
4. In our opinion and according to the information and explanations given to us, the company has not given any loan or guarantees or made any reportable investments as contemplated under Section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public and therefore, the provisions of the Clause 3(v) of the Order are not applicable to the Company.
6. Reporting under Clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
7. According to the information and explanations given to us in respect of statutory dues,
 - a. The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employee state insurance, Income Tax, Cess and other statutory dues applicable to it with the appropriate authorities.

- b. There were, no undisputed amounts payable in respect of provident fund, employee state insurance, Income Tax, Cess and other Statutory dues in arrears as at 31st March 2017 for a period of more than six from the date they became payable except in the following cases.

Name of the Statute	Nature of Dues	Amount (Rs.)
Customs Act,1962	Due including interest & Penalty	2,93,848
Income Tax Act,1961	Interest on Delay Payment of TDS	13,29,715
Professional Tax Act,1987	Professional Tax Payable	1,03,950

8. 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.
9. 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.
10. Based upon the audit procedures performed and information and explanations given to us, by the management, we report that neither any fraud on the company by its officers or employees nor any fraud by the company has been noticed or reported during the course of our audit.
11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. The company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. According to the information and explanations given to us and based on our examination of our records, In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has complied with the requirements contained under Section 42 of Companies Act, 2013 for the allotments made during the year under review.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

Place: Hyderabad
Date: 13.05.2017

C V Ratnam Dhaveji
Partner
M. No 203479

Annexure B to the Auditors' Report

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

We have audited the internal controls over financial reporting of Medinova Diagnostics Services Limited ('the Company') as of 31st March 2017 in conjunction with our audit of the Standalone Financial Statements of the company for the year ended on the date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance note on audit of internal financial controls over Financial Reporting (the 'Guidance note') And the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion on the company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the company has, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the company considered the essential components of internal control stated in the Guidance Note.

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

Place: Hyderabad
Date: 13.05.2017

C V Ratnam Dhaveji
Partner
M. No 203479

STANDALONE BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31st March, 2017 (Rupees)	As at 31st March, 2016 (Rupees)
I EQUITY & LIABILITES			
1 Shareholders' Funds			
a) Share Capital	1	9,95,68,400	9,45,68,400
b) Reserves and Surplus	2	<u>-17,93,42,267</u>	<u>-17,83,41,341</u>
Sub -Total :		<u><u>-7,97,73,867</u></u>	<u><u>-8,37,72,941</u></u>
2 Non - Current Liabilities			
a) Long-Term Borrowings	3	4,51,79,436	4,21,02,110
b) Other Long Term Liabilities	4	0	50,000
c) Long Term Provisions	5	<u>22,98,943</u>	<u>25,03,967</u>
Sub -Total :		<u><u>4,74,78,379</u></u>	<u><u>4,46,56,077</u></u>
3 Current Liabilities			
a) Short-Term Borrowings	6	3,83,135	9,61,130
b) Trade Payables	7	3,20,15,779	4,10,30,496
c) Other Current Liabilities	8	6,31,98,178	8,11,68,653
d) Short-Term Provisions	9	<u>2,41,532</u>	<u>2,74,320</u>
Sub -Total :		<u><u>9,58,38,624</u></u>	<u><u>12,34,34,599</u></u>
TOTAL:		<u><u><u>6,35,43,136</u></u></u>	<u><u><u>8,43,17,735</u></u></u>
II ASSETS			
1 Non-Current Assets			
a) Fixed Assets	10	3,22,27,858	4,33,05,544
b) Non Current Investments	11	1,14,75,000	94,25,000
c) Deferred Tax Asset	12	39,90,903	27,92,434
d) Other Long Term Loans & Advances	13	29,32,799	43,84,091
e) Other Non-Current Assets	14	<u>8,09,253</u>	<u>16,96,600</u>
Sub -Total :		<u><u>5,14,35,813</u></u>	<u><u>6,16,03,669</u></u>
2 Current Assets			
a) Inventories	15	8,46,514	14,46,773
b) Trade Receivables	16	30,20,338	46,52,957
c) Cash and Bank Balances	17	7,32,224	10,51,650
d) Short-Term Loans and Advances	18	71,66,074	1,51,27,627
e) Other Current Assets	19	<u>3,42,173</u>	<u>4,35,059</u>
Sub -Total :		<u><u>1,21,07,323</u></u>	<u><u>2,27,14,066</u></u>
TOTAL		<u><u><u>6,35,43,136</u></u></u>	<u><u><u>8,43,17,735</u></u></u>
Significant Accounting Policies & Notes to Accounts	28-29		

As per our report of even date

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

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 13th May, 2017

N Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

SI No.	Particulars	Note No.	For the Year ended 31st March, 2017 (Rupees)	For the Year ended 31st March, 2016 (Rupees)
I	Revenue from Operations	20	6,53,81,165	7,00,12,497
II	Other Income	21	21,28,099	25,71,605
III	Total Revenue (I+II)		<u>6,75,09,264</u>	<u>7,25,84,102</u>
IV	Expenses:			
	Cost of Materials Consumed	22	98,32,221	90,76,418
	Employee Benefits Expense	23	2,04,29,542	2,22,10,829
	Finance Costs	24	61,78,369	40,64,786
	Depreciation	10	1,24,89,846	81,40,809
	Other Expenses	25	4,21,90,769	4,37,25,127
	Total Expenses		<u>9,11,20,747</u>	<u>8,72,17,969</u>
V	Profit / (Loss) Before Exceptional Items and Tax (III-IV)		-2,36,11,483	-1,46,33,867
VI	Exceptional Items	26	1,62,57,088	0
VII	Profit / (Loss) before Tax (V+VI)		-73,54,395	-1,46,33,867
VIII	Tax Expenses:			
	Current Tax		0	0
	Deferred Tax		-11,98,469	13,27,651
IX	Profit / (Loss) for the year (VII-VIII)		<u>-61,55,926</u>	<u>-1,59,61,518</u>
X	Earnings per Equity Share:	27		
	Basic & Diluted		-0.61	-1.68
	Significant Accounting Policies & Notes to Accounts	28-29		

As per our report of even date

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

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 13th May, 2017

N Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017



	For the year ended 31.03.2017 (In Rupees)	For the year ended 31.03.2016 (In Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) Before Tax	-73,54,395	-1,46,33,867
Adjustments for :		
Depreciation	1,24,89,846	81,40,809
Finance Cost	61,78,369	38,58,554
(Profit) / Loss on Sale of Assets	-3,60,619	2,35,031
Adjustment on account of change in carrying value of assets	<u>0</u>	<u>80,517</u>
Operating Profit before Working Capital changes	1,09,53,201	-23,18,956
Adjustments for Changes in:		
Inventories	6,00,259	3,54,825
Trade Receivables (Current & Non Current)	23,33,316	14,85,005
Short Term Loans & Advances	79,61,553	-16,76,127
Other Current Assets	92,886	12,44,941
Trade Payables	-90,14,717	1,29,44,035
Other Current Liabilities	-1,79,70,475	64,25,626
Adjustment on account of Non Current Assets / Liabilities	15,87,942	-7,92,946
Provision for Employees Benefits	<u>-2,37,812</u>	<u>-1,15,725</u>
Cash generated from Operations	-36,93,847	1,75,50,678
Taxes Paid	<u>0</u>	<u>0</u>
Net Cash Flow from Operating Activities	<u><u>-36,93,847</u></u>	<u><u>1,75,50,678</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-31,51,541	-4,11,11,424
Sale of Fixed Assets	21,00,000	80,000
Increase in Non-Current Investments	<u>-20,50,000</u>	<u>-6,62,575</u>
Net Cash flow from Investing Activities	<u><u>-31,01,541</u></u>	<u><u>-4,16,93,999</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital (Including Premium)	1,01,55,000	0
Increase in Long Term borrowings	30,77,326	2,85,02,110
(Decrease) / Increase in Short Term borrowings	-5,77,995	1,38,489
Finance Cost	<u>-61,78,369</u>	<u>-38,58,554</u>
Net cash flow from financing activities	<u><u>64,75,962</u></u>	<u><u>2,47,82,045</u></u>
Net Increase / (Decrease) in cash and cash equivalents	-3,19,426	6,38,724
Cash and cash equivalents as at the beginning of the year	10,51,650	4,12,926
Cash and Cash equivalents as at the end of the year	<u><u>7,32,224</u></u>	<u><u>10,51,650</u></u>

As per our report of even date

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

for and on behalf of the Board of Directors

C V Ratnam Dhaveji
Partner
M.NO.203479

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

Place : Hyderabad
Date : 13th May, 2017

N Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

Note No.	Particulars	As at 31st March, 2017 (Rupees)	As at 31st March, 2016 (Rupees)
1. SHARE CAPITAL			
a) Authorised Share Capital			
	1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
	Total :	<u>10,00,00,000</u>	<u>10,00,00,000</u>
b) Issued Capital, Subscribed and Paid-up Capital			
	99,81,640 Equity Shares of Rs.10/- each	9,98,16,400	9,48,16,400
	Less : Allotment Money Arrears	2,48,000	2,48,000
	Total :	<u>9,95,68,400</u>	<u>9,45,68,400</u>

Particulars	31.03.2017		31.03.2016	
	Number	Value (Rs.)	Number	Value (Rs.)
c) Reconciliation of the number of Equity Shares				
Shares outstanding at the beginning of the year	94,81,640	9,48,16,400	94,81,640	9,48,16,400
Shares issued during the year	5,00,000	50,00,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	99,81,640	9,98,16,400	94,81,640	9,48,16,400

d) Terms / Rights attached to Shares

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

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

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

Particulars	31.03.2017		31.03.2016	
	Number of shares held	% of shares holding	Number of shares held	% of shares holding
- Vijaya Diagnostic Centre Private Limited	62,02,220	62.14%	57,02,220	60.14%

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

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
i) Allotted as fully paid up pursuant to contract (s) without payment being received in cash.	5,00,000	-	-	-	-
ii) Allotted as fully paid up by way of Bonus Shares	-	-	-	-	-
iii) Bought Back Shares	-	-	-	-	-

2. RESERVES & SURPLUS

a) General Reserve		62,45,547		62,45,547
Add: Transfers during the year		0		0
Less: Utilised during the year		0		0
Closing Balance		<u>62,45,547</u>		<u>62,45,547</u>
b) Share Premium				
Opening Balance		0		0
Add: Additions during the year		51,55,000		0
Less: Utilised during the year		0		0
Closing Balance		<u>51,55,000</u>		<u>0</u>
c) Surplus / (Deficit) in Statement of Profit & Loss				
Opening Balance	-18,45,86,888		-16,86,25,370	
Add: Profit / (Loss) for the year	-61,55,926		-1,59,61,518	
Closing Balance		<u>-19,07,42,814</u>		<u>-18,45,86,888</u>
Total :		<u>-17,93,42,267</u>		<u>-17,83,41,341</u>

Note No.	Particulars	As at 31st March, 2017 (Rupees)	As at 31st March, 2016 (Rupees)
3.	LONG TERM BORROWINGS		
	Term Loans		
	- From Banks (Secured By Hypothecation of Assets Created out of the Loans)	1,45,79,436	1,67,02,110
	Loans & Advances from Related Parties		
	Unsecured Loans		
	- From Directors	3,06,00,000	2,54,00,000
	Total :	<u>4,51,79,436</u>	<u>4,21,02,110</u>
4.	OTHER LONG-TERM LIABILITIES		
	Member's Subscription Under Gold Card Plus Scheme	0	50,000
	Total :	<u>0</u>	<u>50,000</u>
5.	LONG-TERM PROVISIONS		
	Provision for Employees Benefits	22,98,943	25,03,967
	Total :	<u>22,98,943</u>	<u>25,03,967</u>
6.	SHORT-TERM BORROWINGS		
	Loans repayable on Demand		
	Overdraft account (Secured by way of hypothecation of Stocks, Receivables & Personal Gurantee of Directors)	3,83,135	9,61,130
	Total :	<u>3,83,135</u>	<u>9,61,130</u>
7.	TRADE PAYABLES		
	i) Dues other than to Micro and Small Enterprises (The Company does not have information as to the status of trade payables under Micro, Small & Medium Enterprises (Development) Act,2006. Hence the details precribed under the said Act. Could not be given)	3,20,15,779	4,10,30,496
	Total :	<u>3,20,15,779</u>	<u>4,10,30,496</u>
8.	OTHER CURRENT LIABILITIES		
	Membership Deposits / Subscriptions	3,36,09,119	5,09,56,043
	Statutory Payables	8,68,280	11,53,704
	Outstanding Expenses	1,55,57,543	1,75,20,023
	Current Maturities of Long Term Borrowings	48,26,948	38,41,010
	Others	83,36,288	76,97,873
	Total :	<u>6,31,98,178</u>	<u>8,11,68,653</u>
9.	SHORT-TERM PROVISIONS		
	Provision for Employees Benefits	2,41,532	2,74,320
	Total :	<u>2,41,532</u>	<u>2,74,320</u>

Note No.10

**FIXED ASSETS
Tangible Assets**

DESCRIPTION	GROSS BLOCK						DEPRECIATION			NET BLOCK	
	As at 01-04-2016	Additions	Sale/ Adjustment	As at 31-03-2017	As at 01-04-2016	For the Year	on a/c of sale/ adjusted	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016	
Computers	31,34,253	1,88,495	5,21,727	28,01,021	19,38,896	4,93,563	5,21,727	19,10,732	8,90,289	11,95,357	
Furniture & Fixtures	46,54,824	14,31,332	-	60,86,156	17,78,835	11,75,575	-	29,54,410	31,31,746	28,75,989	
Civil Works on Leased Buildings	1,37,92,175	-	76,22,613	61,69,562	87,32,190	10,40,839	76,22,613	21,50,416	40,19,146	50,59,985	
Plant & Machinery	6,05,04,229	15,31,714	1,42,03,562	4,78,32,381	2,63,30,016	97,79,869	1,24,64,181	2,36,45,704	2,41,86,677	3,41,74,213	
TOTAL	8,20,85,481	31,51,541	2,23,47,902	6,28,89,120	3,87,79,937	1,24,89,846	2,06,08,521	3,06,61,262	3,22,27,858	4,33,05,544	

Note No.	Particulars	As at 31st March, 2017 (Rupees)	As at 31st March, 2016 (Rupees)
11. NON- CURRENT INVESTMENTS			
	Other Investments		
	Investments in Medinova Millennium MRI Services LLP	1,14,75,000	94,25,000
	Total :	<u>1,14,75,000</u>	<u>94,25,000</u>
12. DEFERRED TAX ASSET			
	Opening Balance	27,92,434	41,20,085
	Adjustment due to temporary timing differences	11,98,469	-13,27,651
	Closing Balance	<u>39,90,903</u>	<u>27,92,434</u>
13. OTHER LONG TERM LOANS & ADVANCES			
	Security Deposits	29,32,799	43,84,091
	Total :	<u>29,32,799</u>	<u>43,84,091</u>
14. OTHER NON-CURRENT ASSETS			
	Mat Credit Entitlement	4,15,462	6,02,112
	Trade Receivables	3,93,791	10,94,488
	Total :	<u>8,09,253</u>	<u>16,96,600</u>
15. INVENTORIES			
	Films	1,05,876	1,36,066
	Chemicals	2,98,829	5,66,988
	Medicines	15,644	38,326
	Consumables, Spares & Others	1,79,145	3,60,069
	Stationery	2,47,020	3,45,324
	Total :	<u>8,46,514</u>	<u>14,46,773</u>
16. TRADE RECEIVABLES			
	Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment		
	-Unsecured, Considered Good	22,19,948	27,91,773
	Trade Receivables outstanding for a period more than six months from the date they are due for payment		
	-Unsecured, Considered Good	8,00,390	18,61,184
	Total :	<u>30,20,338</u>	<u>46,52,957</u>
17. CASH & BANK BALANCES			
	a. Balances with Banks		
	- Current Accounts	6,35,808	6,55,109
	b. Cash on Hand	96,416	3,96,541
	Total :	<u>7,32,224</u>	<u>10,51,650</u>
18. SHORT-TERM LOANS & ADVANCES			
	TDS Receivables	71,56,074	1,43,62,002
	Advances to Suppliers & Expenses	10,000	7,65,625
	Total :	<u>71,66,074</u>	<u>1,51,27,627</u>
19. OTHER CURRENT ASSETS			
	Pre-paid Expenses	3,42,173	13,483
	Others	0	4,21,576
	Total :	<u>3,42,173</u>	<u>4,35,059</u>

Note No.	Particulars	For the Year ended 31.03.2017 (Rupees)	For the Year ended 31.03.2016 (Rupees)
20.	REVENUE FROM OPERATIONS		
	Sale of Services	6,46,16,950	6,92,36,409
	Franchise Management Fee	7,64,215	7,76,088
	Total :	<u>6,53,81,165</u>	<u>7,00,12,497</u>
21.	OTHER INCOME		
	Service Charges	0	9,63,250
	Interest Received	9,54,926	37,994
	Dividend on Chit	3,500	6,07,450
	Balances in Parties Accounts Written back / Written off (Net)	0	2,39,173
	Rent Received	7,20,000	2,40,000
	Miscellaneous Income	4,49,673	4,83,738
	Total :	<u>21,28,099</u>	<u>25,71,605</u>
22.	COST OF MATERIALS CONSUMED		
	Inventories at the beginning of the Year	14,46,773	18,01,598
	Add: Purchases during the year	92,31,962	87,21,593
	Less: Closing Stock	8,46,514	14,46,773
	Total :	<u>98,32,221</u>	<u>90,76,418</u>
23.	EMPLOYEE BENEFIT EXPENSE		
	Salaries and Wages	1,82,96,061	1,95,98,056
	Employer Contribution to Provident Funds, ESI & Gratuity	18,01,342	19,71,292
	Staff Welfare Expenses	3,32,139	6,41,481
	Total :	<u>2,04,29,542</u>	<u>2,22,10,829</u>
24.	FINANCE COSTS		
	Interest Expense	60,03,828	38,83,327
	Bank Charges	1,74,541	1,81,459
	Total :	<u>61,78,369</u>	<u>40,64,786</u>
25.	OTHER EXPENSES		
	Power and Fuel	26,33,062	38,28,252
	Rent	47,59,602	63,59,868
	Repairs & Maintenance	15,03,951	10,21,790
	Insurance	62,246	12,750
	Travel and Conveyance	5,73,637	11,01,969
	Legal and Professional Charges	1,10,17,352	56,50,606
	Postage, Telephone & Internet Expenses	13,69,077	10,51,322
	Auditor's Remuneration		
	- For Taxation Matters	1,03,500	1,03,050
	- For Company Law Matters	69,000	68,700
	Rates & Taxes	5,93,137	2,37,277
	Printing & Stationery	2,75,785	4,03,330
	Lab Testing Fee	41,44,684	71,46,869
	Security Charges	10,50,446	14,74,160
	Loss on Sale of Assets	0	2,35,031
	House Keeping Charges	9,02,959	12,43,118
	Corporate & Gold Card Concessions and Discounts	52,95,837	55,21,914
	Development Expenses	31,59,120	15,54,536
	Miscellaneous Expenses	46,77,374	67,10,585
	Total :	<u>4,21,90,769</u>	<u>4,37,25,127</u>

Note No.	Particulars	For the Year ended 31.03.2017 (Rupees)	For the Year ended 31.03.2016 (Rupees)
26. EXCEPTIONAL ITEMS			
	Liabilities written back	1,62,57,088	0
	Total :	<u>1,62,57,088</u>	<u>0</u>
27. EARNINGS PER EQUITY SHARE			
	Net Profit available to Equity Share Holders (after adjustments, if any)	-61,55,926	-1,59,61,518
	Weighted Average number of Equity Shares held	99,81,640	94,81,640
	Potential Equity Shares	99,81,640	94,81,640
	Earnings per Share - Basic	-0.61	-1.68
	Earnings per Share - Diluted	-0.61	-1.68

28. SIGNIFICANT ACCOUNTING POLICIES

28.1 COMPANY OVERVIEW

The company is primarily engaged in the business of medical diagnostic services with its registered office located at Hyderabad and a branch at Kolkata. Kolkata center is well equipped with entire range of medical diagnostic facilities like imaging, cardiology and all lab diagnostics.

28.2 BASIS OF PREPARATION

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

28.3 USE OF ESTIMATES

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

28.4 REVENUE RECOGNITION

All Income and expenditure are accounted on accrual basis.

The Members Subscriptions under the Gold Card Plus Scheme are being accounted as income, proportionately over the scheme period of Five Years.

Income from Service Benefit scheme is being accounted in the year of utilization of services.

Interest income if any is recognized on time proportion basis taking into account the amount outstanding and contracted rate of interest, as applicable.

28.5 FIXED ASSETS

All fixed assets are stated at cost of acquisition including any cost attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.

Additional costs relating to the acquisition and installation of fixed assets/ major repairs and renewals are capitalized.

28.6 IMPAIRMENT OF ASSETS

Fixed assets (including Capital Work In Progress) are reviewed for impairment as at the Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined.

Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time, value of money and the risks specific to the asset.

Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

Reversal of Impairment loss if any is recognized as income in the statement of Profit and Loss.

28.7 DEPRECIATION

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

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

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

28.8 INVENTORIES

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

28.9 EMPLOYEE BENEFITS

Contribution to Provident Fund is recognized as an expenditure on accrual basis.

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

28.10 LEASES

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

28.11 INCOME TAXES

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

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

28.12 PROVISIONS AND CONTINGENT LIABILITIES

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

28.13 EARNINGS PER SHARE

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

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

29. NOTES TO ACCOUNTS

- 29.1** The Company's operations predominantly related to providing Diagnostic Services and related business services. During the year ended March 31, 2017, there are no other reportable business segments as per AS 17 "Segment reporting".
- 29.2** Contingent Liabilities not provided for in the matter of Disputed demand for Provident Fund of Rs. 5,61,368 under The Employees Provident Funds and Miscellaneous Provisions Act, 1952 relating to the period 1998-2001.

Representations have been submitted before Employees Provident Fund Appellate Tribunal, New Delhi for their consideration and is currently pending for disposal.

29.3 RELATED PARTY DISCLOSURE

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

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

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

- (b) Details of related party transactions entered into by the Company for the year ended March 31, 2017

Sl. No	Name of the Related Party	Nature of Transactions	Amount (Rs.)
1	Vijaya Diagnostic Centre Private Limited	Diagnostic Services(Expense)	36,96,465
2	Vijaya Diagnostic Centre Private Limited	Output Services(Income)	4,19,618
3	Medinova Millennium MRI Services LLP	Input Services (Expense)	1,31,381
4	Medinova Millennium MRI Services LLP	Rent Received	7,20,000
5	Medinova Millennium MRI Services LLP	Contribution during the period	20,50,000
6	Dr Sura Surendranath Reddy	Loan Received	31,00,000
7	K Sunil Chandra	Loan Received	21,00,000
8	Dr Sura Surendranath Reddy	Interest on Loan	32,18,004
9	K Sunil Chandra	Interest on Loan	1,64,548
10	N Ravikumar	Remuneration	6,98,400
11	M Ramana Reddy	Remuneration	2,40,000

(c) Balances with Related Party as at March 31, 2017

Sl. No	Name of the Related Party	Nature of Balances	Amount (Rs)
1	Vijaya Diagnostic Centre Private Limited	Creditor for Services	2,04,16,720
2	Vijaya Diagnostic Centre Private Limited	Debtor for Services	4,19,618
3	Vijaya Diagnostic Centre Private Limited	Purchase of Fixed Assets	18,00,000
4	Medinova Millennium MRI Services LLP	Rent Receivable	9,421
5	Medinova Millennium MRI Services LLP	Investment	1,14,75,000
6	Dr Sura Surendranath Reddy	Unsecured Loan	2,80,00,000
7	K Sunil Chandra	Unsecured Loan	26,00,000
8	Dr Sura Surendranath Reddy	Interest Payable	49,25,706
9	K Sunil Chandra	Interest Payable	1,90,019
10	N Ravi Kumar	Remuneration Payable	52,000
11	M Ramana Reddy	Remuneration Payable	19,800

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

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

a.	Expenses Recognized in Statement of Profit & Loss:	For the year 2016-17 Amount (Rs.)	For the year 2015-16 Amount (Rs.)
	Current Service Cost	1,41,173	1,47,064
	Interest Cost on benefit obligation	2,22,263	2,31,521
	Expected return on plan assets	Nil	Nil
	Net Actuarial (gain) / loss recognized in the year	3,68,227	5,64,477
	Past services cost	Nil	Nil
	Net benefit expenses	7,31,663	9,43,062
	Actual return on plan assets	NA	NA
b.	Changes in present value of the defined benefit obligation:	As at 31.03.2017 Amount (Rs.)	As at 31.03.2016 Amount (Rs.)
	Opening defined benefit obligation	27,78,287	28,94,012
	Interest Cost	2,22,263	2,31,521
	Current Service Cost	1,41,173	1,47,064
	Benefits paid	(9,69,475)	(10,58,787)
	Actuarial (gains) / losses on obligation	3,68,227	5,64,477
	Closing defined benefit obligation	25,40,475	27,78,287

c. Actuarial Assumptions:		
Salary Rise	6%	6%
Discount Rate	8%	8%
Attrition Rate	10%	10%
Mortality Table	LIC 2006-08	.LIC 2006-08
Retirement Age	58Years	58Years

29.5 EXCEPTIONAL ITEMS

In view of the then leadership position and focus on further market penetration “Medinova” has introduced “Gold Card membership Scheme” in the financial year 1994-95.

The said scheme was discontinued from financial year 2001-02.

This scheme includes benefits in nature of special discounts on all diagnostic tests to the subscribers of scheme, on the membership fees paid which carries a simple interest @ 15% per annum for 3 years.

The said maturity amount is repayable to subscribers after completion of three years on surrendering the original membership deposit receipt.

The average rate of repayment of maturity value for last three years was 2.03% of total repayable value.

The unclaimed membership amount including interest accrued till the date of maturity of respective membership amounts as at 31st March, 2017 was Rs. 4,87,71,263/-

In view of the above, management has taken a call to write back the total unclaimed liability over a period of three years commencing from current financial year. Accordingly, an amount of Rs. 1,62,57,088/- is written back and recognized as income under exceptional item in Profit & Loss account.

29.6 During the year, the company had Specified Bank Notes (SBN's) or other denomination notes as defined in the MCA notification, G.S.R 308 (E), dated March 31st 2017.

The details of SBNs held and transacted during the period from November 8th 2016 to December 30th 2016 the denomination-wise SBN's and other notes as per the notification are as follows:

Particulars	SBN's**	Other Denomination Notes	Total
Closing cash in hand as on November 08 th 2016	Rs. 5,95,500/-	Rs. 45,123/-	Rs. 6,40,623/-
Add: Permitted receipts	Nil	Rs. 43,85,147/-	Rs. 43,85,147/-
Less: Permitted Payments	Nil	Rs. 7,21,435/-	Rs. 7,21,435/-
Less: Amount deposited in banks	Rs. 5,95,500/-	Rs. 28,64,083/-	Rs. 34,59,583/-
Closing Cash in hand as on December 30 th 2016	Nil	Rs. 8,44,752/-	Rs. 8,44,752/-

** For the purpose of this clause, the term specified bank notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8th 2016.

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

As per our report of even date

For and on behalf of the Board of Directors

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

C V Ratnam Dhaveji
Partner
M. No. 203479

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

Place : Hyderabad
Date: 13.05. 2017

N. Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

Independent Auditors' Report on Consolidated Financial Statements

To the Members of

Medinova Diagnostic Services Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of Medinova Diagnostic Services Limited ('the Holding Company') and its Subsidiary LLP (collectively referred to as 'the Company' or 'the Group'), which comprise the Consolidated Balance sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (herein referred to as 'the Consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Sub-Section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in

order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Company as at 31st March 2017 and their Consolidated Loss and their Consolidated cash flows for the year ended on that date.

Report on Other Legal and regulatory requirements

As required by Sub-section 3 of Section 143 of the Act, we report to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion proper book of accounts as required by law relating to aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of accounts maintained for the purpose of preparation of consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2017 taken on record by the Board of Directors of the Holding Company and the report of the Designated Partner of its subsidiary LLP incorporated in India, none of the directors of the Company is disqualified as on 31st March 2017 from being appointed as a director in terms of Sub-Section 2 of Section 164 of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' ; and
- g) With respect to the other matters to be included in the Auditors ' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
- i. They were no pending litigations that effect the Company's financial position.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the Consolidated financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

Place: Hyderabad
Date: 13.05.2017

C V Ratnam Dhaveji
Partner
M. No 203479

Annexure A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal controls over financial reporting of Medinova Diagnostics Services Limited ('the Holding Company') and its subsidiary LLP which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and Designated Partners of subsidiary LLP which are incorporated in India, are responsible for establishment and maintaining internal financial control based on the internal control over financial reporting criteria established by the company and LLP considering the essential components of internal control stated in the guidance Note on Audit of internal Financial Controls over Financial Reporting issued by the Institute of the Chartered Accountants of India ('the Guidance Note').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance note on audit of internal financial controls over Financial Reporting (the 'Guidance note') And the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion on the company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary LLP, which are incorporated in India, have, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the company considered the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

Place: Hyderabad
Date: 13.05.2017

C V Ratnam Dhaveji
Partner
M. No. 203479

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31st March, 2017 (Rupees)	As at 31st March, 2016 (Rupees)
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
a) Share Capital	1	9,95,68,400	9,45,68,400
b) Reserves and Surplus	2	<u>-19,46,92,288</u>	<u>-18,14,09,590</u>
Sub -Total :		<u><u>-9,51,23,888</u></u>	<u><u>-8,68,41,190</u></u>
2 Minority Interest		0	34,22,866
3 Non - Current Liabilities			
a) Long-Term Borrowings	3	6,80,51,219	7,48,84,790
b) Other Long Term Liabilities	4	0	50,000
c) Long Term Provisions	5	<u>22,98,943</u>	<u>25,03,967</u>
Sub -Total :		<u><u>7,03,50,162</u></u>	<u><u>7,74,38,757</u></u>
4 Current Liabilities			
a) Short-Term Borrowings	6	3,83,135	9,61,130
b) Trade Payables	7	3,36,04,291	4,15,77,207
c) Other Current Liabilities	8	7,48,22,018	9,13,49,477
d) Short-Term Provisions	9	<u>2,41,532</u>	<u>2,74,320</u>
Sub -Total :		<u><u>10,90,50,976</u></u>	<u><u>13,41,62,134</u></u>
TOTAL:		<u><u>8,42,77,250</u></u>	<u><u>12,81,82,567</u></u>
II ASSETS			
1 Non-Current Assets			
a) Fixed Assets	10	6,74,91,578	9,24,13,519
b) Deferred Tax Asset	11	3,26,703	63,17,088
c) Other Long Term Loans & Advances	12	29,32,799	43,84,091
d) Other Non-Current Assets	13	<u>9,61,719</u>	<u>19,25,301</u>
Sub -Total :		<u><u>7,17,12,799</u></u>	<u><u>10,50,39,999</u></u>
2 Current Assets			
a) Inventories	14	10,12,130	16,03,943
b) Trade Receivables	15	30,92,657	46,43,614
c) Cash and Bank Balances	16	7,63,857	11,81,387
d) Short-Term Loans and Advances	17	72,36,215	1,51,86,165
e) Other Current Assets	18	<u>4,59,592</u>	<u>5,27,459</u>
Sub -Total :		<u><u>1,25,64,451</u></u>	<u><u>2,31,42,568</u></u>
TOTAL		<u><u>8,42,77,250</u></u>	<u><u>12,81,82,567</u></u>
Significant Accounting Policies & Notes to Accounts	27-28		

As per our report of even date

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

for and on behalf of the Board of Directors

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 13th May, 2017

N Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	For the Year ended 31st March, 2017 (Rupees)	For the Year ended 31st March, 2016 (Rupees)
I Revenue from Operations	19	8,34,63,315	8,06,45,067
II Other Income	20	14,13,001	18,58,955
III Total Revenue (I+II)		<u>8,48,76,316</u>	<u>8,25,04,022</u>
IV Expenses:			
Cost of Materials Consumed	21	1,12,86,491	98,71,853
Employee Benefits Expense	22	2,18,41,748	2,31,74,977
Finance Costs	23	1,03,94,507	52,25,944
Depreciation	10	2,63,34,101	1,91,61,138
Other Expenses	24	4,98,16,736	4,79,49,014
Total Expenses		<u>11,96,73,583</u>	<u>10,53,82,926</u>
V Profit / (Loss) Before Exceptional Items and Tax (III-IV)		-3,47,97,267	-2,28,78,904
VI Exceptional Items	25	1,62,57,088	0
VII Profit / (Loss) before Tax (V+VI)		-1,85,40,179	-2,28,78,904
VIII Tax Expenses:			
Current Tax		0	0
Deferred Tax		-10,54,322	-21,97,003
IX Minority Interest		-45,65,962	-16,52,134
X Profit / (Loss) for the year (VII-VIII-IX)		<u>-1,29,19,895</u>	<u>-1,90,29,767</u>
XI Earnings per Equity Share:	26		
Basic & Diluted		-1.29	-2.01
Significant Accounting Policies & Notes to Accounts	27-28		

As per our report of even date

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

for and on behalf of the Board of Directors

C V Ratnam Dhaveji
Partner
M.NO.203479

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

Place : Hyderabad
Date : 13th May, 2017

N Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	For the year ended 31.03.2017 (In Rupees)	For the year ended 31.03.2016 (in Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) Before Tax including share in Subsidiary	-1,40,32,308	-1,99,93,141
Adjustments for :		
Depreciation	2,63,34,101	1,91,61,138
Finance Cost	1,03,94,507	50,19,712
(Profit) / Loss on Sale of Fixed Assets	-3,60,619	2,35,031
Deferred Tax Share of Minority Shareholders	58,091	-12,33,629
Adjustment on account of change in carrying value of assets	0	80,517
Operating Profit before Working Capital changes	<u>2,23,93,772</u>	<u>32,69,628</u>
Adjustments for :		
Inventories	5,91,813	1,97,655
Trade Receivables (Current & Non-Current)	22,51,654	14,94,348
Short Term Loans & Advances	79,49,950	32,65,865
Other Current Assets	67,867	11,72,206
Trade Payables	-79,72,916	-3,04,80,667
Other Current Liabilities	-1,65,27,459	1,58,61,754
Adjustment on account of Non Current Assets / Liabilities	16,64,177	-8,57,900
Provision for Employees Benefits	-2,37,812	-1,15,725
Cash generated from Operations	<u>1,01,81,046</u>	<u>-61,92,836</u>
Taxes Paid	0	0
Net Cash Flow from Operating Activities	<u><u>1,01,81,046</u></u>	<u><u>-61,92,836</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-31,51,541	-4,65,73,660
Sale of Fixed Assets	21,00,000	80,000
Net Cash flow from Investing Activities	<u><u>-10,51,541</u></u>	<u><u>-4,64,93,660</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital (Including Premium)	1,01,55,000	0
Decrease / Increase in Long Term borrowings	-68,33,571	5,74,98,834
Decrease / Increase in Short Term borrowings	-5,77,995	1,38,489
Contribution from Minority Shareholders	-18,95,962	6,72,866
Finance Cost	-1,03,94,507	-50,19,712
Net cash flow from financing activities	<u><u>-95,47,035</u></u>	<u><u>5,32,90,477</u></u>
Net Increase / (Decrease) in cash and cash equivalents	-4,17,530	6,03,981
Cash and cash equivalents as at the beginning of the year	11,81,387	5,77,406
Cash and Cash equivalents as at the end of the year	<u><u>7,63,857</u></u>	<u><u>11,81,387</u></u>

As per our report of even date

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

C V Ratnam Dhaveji
Partner
M.NO.203479

Place : Hyderabad
Date : 13th May, 2017

for and on behalf of the Board of Directors

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

N Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

Note No.	Particulars	As at	
		31st March, 2017 (Rupees)	31st March, 2016 (Rupees)
1. SHARE CAPITAL			
a) Authorised Share Capital			
	1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
	Total :	10,00,00,000	10,00,00,000
b) Issued Capital, Subscribed and Paid-up Capital			
	99,81,640 Equity Shares of Rs.10/- each	9,98,16,400	9,48,16,400
	Less : Allotment Money Arrears	2,48,000	2,48,000
	Total :	9,95,68,400	9,45,68,400

Particulars	31.03.2017		31.03.2016	
	Number	Value (Rs.)	Number	Value (Rs.)
c) Reconciliation of the number of Equity Shares				
Shares outstanding at the beginning of the year	94,81,640	9,48,16,400	94,81,640	9,48,16,400
Shares issued during the year	5,00,000	50,00,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	99,81,640	9,98,16,400	94,81,640	9,48,16,400

d) Terms / Rights attached to Shares

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

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

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

Particulars	31.03.2017		31.03.2016	
	Number of shares held	% of shares holding	Number of shares held	% of shares holding
Vijaya Diagnostic Centre Private Limited	62,02,220	62.14%	57,02,220	60.14%

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

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
i) Allotted as fully paid up pursuant to payment being received in cash.	5,00,000	-	-	-	-
ii) Allotted as fully paid up by way of Bonus Shares	-	-	-	-	-
iii) Bought Back Shares	-	-	-	-	-

2. RESERVES & SURPLUS

a) General Reserve

Opening Balance	62,45,547	62,45,547
Add: Transfers during the year	-	-
Less: Utilised during the year	-	-
Closing Balance	62,45,547	62,45,547

b) Share Premium

Opening Balance	-	-
Add: Additions during the year	51,55,000	-
Less: Utilised during the year	-	-
Closing Balance	51,55,000	-

c) Surplus / (Deficit) in Statement of Profit & Loss

Opening Balance	-18,76,55,137	-16,86,25,370
Add: Adjustment for Deferred tax of Subsidiary LLP (Net)	-39,55,510	-
Adjusted Opening Balance	-19,16,10,647	-16,86,25,370
Add: Profit / (Loss) for the year	-1,29,19,895	-1,90,29,767
Add: Loss of Subsidiary LLP (Minority Interest)	-15,62,293	0
Closing Balance	-20,60,92,835	-18,76,55,137

Total :

-19,46,92,288 **-18,14,09,590**

Note No.	Particulars	As at 31st March, 2017 (Rupees)	As at 31st March, 2016 (Rupees)
3. LONG TERM BORROWINGS			
	Term Loans		
	- From Banks	3,74,51,219	4,94,84,790
	(Secured by Hypothecation of Assets Created out of the Loans)		
	Loans & Advances from Related Parties		
	Unsecured Loans		
	- From Directors	3,06,00,000	2,54,00,000
	Total :	<u>6,80,51,219</u>	<u>7,48,84,790</u>
4. OTHER LONG-TERM LIABILITIES			
	Member's Subscription Under Gold Card Plus Scheme	0	50,000
	Total :	<u>0</u>	<u>50,000</u>
5. LONG-TERM PROVISIONS			
	Provision for Employees Benefits	22,98,943	25,03,967
	Total :	<u>22,98,943</u>	<u>25,03,967</u>
6. SHORT-TERM BORROWINGS			
	Loans repayable on Demand		
	Overdraft Account	3,83,135	9,61,130
	(Secured by way of hypothecation of Stocks, Receivables & Personal Gurantee of Directors)		
	Total :	<u>3,83,135</u>	<u>9,61,130</u>
7. TRADE PAYABLES			
	Dues other than to Micro and Small Enterprises (The Company does not have information as to the status of trade payables under Micro, Small & Medium Enterprises (Development) Act,2006. Hence the details precribed under the said Act. Could not be given)	3,36,04,291	4,15,77,207
	Total :	<u>3,36,04,291</u>	<u>4,15,77,207</u>
8. OTHER CURRENT LIABILITIES			
	Membership Deposits / Subcriptions	3,36,09,119	5,09,56,043
	Statutory Payables	9,98,918	12,94,974
	Outstanding Expenses	1,59,79,410	1,82,34,239
	Current Maturities of Long Term Borrowings	1,58,98,283	1,31,66,348
	Others	83,36,288	76,97,873
	Total :	<u>7,48,22,018</u>	<u>9,13,49,477</u>
9. SHORT-TERM PROVISIONS			
	Provision for Employees Benefits	2,41,532	2,74,320
	Total :	<u>2,41,532</u>	<u>2,74,320</u>

Note No.10

FIXED ASSETS
Tangible Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Sale/ Adjustment	As at 31.03.2017	As at 01.04.2016	For the Year	on a/c of sale/ adjusted	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Computers	32,59,439	1,88,495	5,21,727	29,26,207	19,72,440	5,27,379	5,21,727	19,78,092	9,48,115	12,86,999
Furniture & Fixtures	50,78,297	14,31,332	0	65,09,629	18,37,610	12,93,552	0	31,31,162	33,78,467	32,40,687
Civil Works on Leased Buildings	1,42,42,269	0	76,22,613	66,19,656	87,95,350	11,20,432	76,22,613	22,93,169	43,26,487	54,46,919
Plant & Machinery	11,96,33,780	15,31,714	1,42,03,562	10,69,61,932	3,71,94,866	2,33,92,738	1,24,64,181	4,81,23,423	5,88,38,509	8,24,38,914
TOTAL	14,22,13,785	31,51,541	2,23,47,902	12,30,17,424	4,98,00,266	2,63,34,101	2,06,08,521	5,55,25,846	6,74,91,578	9,24,13,519

Note No.	Particulars	As at 31st March, 2017 (Rupees)	As at 31st March, 2016 (Rupees)
11. DEFERRED TAX ASSET			
	Opening Balance	63,17,088	41,20,085
	Adjustment on account of changes made to deferred tax of subsidiary LLP relating to earlier years		
	Less: Reversal of Deferred Tax Asset	35,24,654	0
	Less: Provision for Deferred Tax Liability	35,20,053	0
	Adjusted Opening Balance	-7,27,619	41,20,085
	Add: Deferred Tax Asset on account of timing differences for Current Year	10,54,322	21,97,003
	Closing Balance	3,26,703	63,17,088
12. OTHER LONG TERM LOANS & ADVANCES			
	Security Deposits	29,32,799	43,84,091
	Total :	29,32,799	43,84,091
13. OTHER NON-CURRENT ASSETS			
	Mat Credit Entitlement	4,15,462	6,02,112
	Trade Receivables	3,93,791	10,94,488
	Others	1,52,466	2,28,701
	Total :	9,61,719	19,25,301
14. INVENTORIES			
	Films	1,92,097	2,93,236
	Chemicals	2,98,829	5,66,988
	Medicines	25,462	38,326
	Consumables, Spares & Others	1,92,223	3,60,069
	Stationery	3,03,519	3,45,324
	Total :	10,12,130	16,03,943
15. TRADE RECEIVABLES			
	Trade Receivables outstanding for a period less than or equal to six months from the date they are due for payment		
	-Unsecured, Considered Good	22,92,267	27,82,430
	Trade Receivables outstanding for a period more than six months from the date they are due for payment		
	-Unsecured, Considered Good	8,00,390	18,61,184
	Total :	30,92,657	46,43,614
16. CASH & BANK BALANCES			
	a. Balances with Banks		
	- Current Accounts	6,35,808	7,09,563
	b. Cash on Hand	1,28,049	4,71,824
	Total :	7,63,857	11,81,387
17. SHORT-TERM LOANS & ADVANCES			
	TDS Receivables	72,26,215	1,44,20,540
	Advances to Suppliers & Expenses	10,000	7,65,625
	Total :	72,36,215	1,51,86,165
18. OTHER CURRENT ASSETS			
	Others	4,59,592	5,27,459
	Total :	4,59,592	5,27,459

Note No.	Particulars	For the Year ended 31.03.2017 (Rupees)	For the Year ended 31.03.2016 (Rupees)
19.	REVENUE FROM OPERATIONS		
	Sale of Services	8,26,99,100	7,98,68,979
	Franchise Management Fee	7,64,215	7,76,088
	Total :	8,34,63,315	8,06,45,067
20.	OTHER INCOME		
	Service Charges	0	2,82,500
	Interest Received	9,54,926	2,46,094
	Dividend on Chit	3,500	6,07,450
	Balances in Parties Accounts Written back / Written off (Net)	0	2,39,173
	Miscellaneous Income	4,54,575	4,83,738
	Total :	14,13,001	18,58,955
21.	COST OF MATERIALS CONSUMED		
	Inventories at the beginning of the Year	16,03,943	18,01,598
	Add: Purchases during the year	1,06,94,678	96,74,198
	Less: Closing Stock	10,12,130	16,03,943
	Total :	1,12,86,491	98,71,853
22.	EMPLOYEE BENEFIT EXPENSE		
	Salaries and Wages	1,96,38,409	2,05,53,444
	Employer Contribution to Statutory Funds	18,60,799	19,71,292
	Staff Welfare Expenses	3,42,540	6,50,241
	Total :	2,18,41,748	2,31,74,977
23.	FINANCE COSTS		
	Interest Expense	1,01,41,705	50,12,056
	Bank Charges	2,52,802	2,13,888
	Total :	1,03,94,507	52,25,944
24.	OTHER EXPENSES		
	Power and Fuel	44,04,824	50,28,252
	Rent	47,59,602	63,59,868
	Repairs & Maintenance	30,63,651	10,21,790
	Insurance	97,198	42,017
	Travel and Conveyance	7,93,819	11,12,112
	Legal and Professional Charges	1,45,25,668	79,19,662
	Postage, Telephone & Internet Expenses	13,81,036	10,62,188
	Auditor's Remuneration		
	- For Taxation Matters	1,20,750	1,20,225
	- For Company Law Matters	69,000	68,700
	Rates & Taxes	6,02,187	2,62,827
	Printing & Stationery	2,93,492	4,25,103
	Lab Testing Fee	40,13,303	71,46,869
	Security Charges	10,50,446	14,74,160
	Loss on Sale of Assets	0	2,35,031
	House Keeping Charges	9,02,959	12,43,118
	Corporate & Gold Card Concessions and Discounts	55,47,860	58,52,604
	Development Expenses	33,21,950	15,54,536
	Miscellaneous Expenses	48,68,991	70,19,952
	Total :	4,98,16,736	4,79,49,014

Note No.	Particulars	For the Year ended 31.03.2017 (Rupees)	For the Year ended 31.03.2016 (Rupees)
25. EXCEPTIONAL ITEMS			
	Liabilities written back	1,62,57,088	0
	Total :	<u>1,62,57,088</u>	<u>0</u>
26. EARNINGS PER EQUITY SHARE			
	Net Profit available to Equity Share Holders (after adjustments, if any)	-1,29,19,895	-1,90,29,767
	Weighted Average number of Equity Shares held	99,81,640	94,81,640
	Potential Equity Shares	99,81,640	94,81,640
	Earnings per Share - Basic	-1.29	-2.01
	Earnings per Share - Diluted	-1.29	-2.01

NOTES TO ACCOUNTS

27. SIGNIFICANT ACCOUNTING POLICIES

27.1 BASIS OF PREPARATION AND PRESENTATION

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

27.2 PRINCIPLE OF CONSOLIDATION

The consolidated financial statements relate to Medinova Diagnostics Services Limited ("The Company") and its subsidiary LLP. The Consolidated Financial Statements have been prepared on the following basis

- i. The financial statements of the Company and its subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, incomes, expenses and cash flows, after fully eliminating intra-group transactions and intra-group balances.
- ii. Profits or losses resulting from intra-group transactions that are recognized such as inventory, trade receivables and trade payables are eliminated in full.
- iii. Offset (eliminate) the carrying amount of the parent investment in subsidiary LLP and the parents portion of equity of subsidiary LLP.

27.3 USE OF ESTIMATES

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

27.4 REVENUE RECOGNITION

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

27.5 FIXED ASSETS

All fixed assets are stated at cost of acquisition including any cost attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.

Additional costs relating to the acquisition and installation of fixed assets/ major repairs and renewals are capitalized.

27.6 IMPAIRMENT OF ASSETS

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

27.7 DEPRECIATION

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

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

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

27.8 INVENTORIES

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

27.9 EMPLOYEE BENEFITS

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

27.10 LEASES

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

27.11 INCOME TAXES

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

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

27.12 PROVISIONS AND CONTINGENT LIABILITIES

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

27.13 EARNINGS PER SHARE

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

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

28. NOTES TO ACCOUNTS

28.1 The Company's operations predominantly related to providing Diagnostic Services and related business services. During the year ended 31st March, 2017, there are no other reportable business segments as per AS 17 "Segment reporting".

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

28.3 RELATED PARTY DISCLOSURE

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

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

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

- b) Details of related party transactions entered into by the Company for the year ended March 31, 2017

Sl. No	Name of the Related Party	Nature of Transactions	Amount (Rs.)
1	Vijaya Diagnostic Centre Private Limited	Input Services (Expense)	37,90,215
2	Vijaya Diagnostic Centre Private Limited	Output Services (Income)	4,19,618
3	Dr Sura Surendranath Reddy	Loan Received	31,00,000

4	K Sunil Chandra	Loan Received	21,00,000
5	Dr Sura Surendranath Reddy	Interest on Loan	32,18,004
6	K Sunil Chandra	Interest on Loan	1,64,548
7	N Ravi Kumar	Remuneration	6,98,400
8	M Ramana Reddy	Remuneration	2,40,000

c) Balances with Related Party as at March 31, 2017

Sl. No	Name of the Related Party	Nature of Balances	Amount (Rs)
1	Vijaya Diagnostic Centre Private Limited	Creditor for Services	2,06,74,630
2	Vijaya Diagnostic Centre Private Limited	Debtor for Services	4,19,618
3	Vijaya Diagnostic Centre Private Limited	Purchase of Fixed Assets	18,00,000
4	Dr Sura Surendranath Reddy	Unsecured Loan	2,80,00,000
5	K Sunil Chandra	Unsecured Loan	26,00,000
6	Dr Sura Surendranath Reddy	Interest Payable	49,25,706
7	K Sunil Chandra	Interest Payable	1,90,019
8	N Ravi Kumar	Remuneration Payable	52,000
9	M Ramana Reddy	Remuneration Payable	19,800

28.4 During the year, the company had Specified Bank Notes (SBN's) or other denomination notes as defined in the MCA notification, G.S.R 308 (E), dated March 31st 2017.

The details of SBNs held and transacted during the period from November 8th 2016 to December 30th 2016 the denomination-wise SBN's and other notes as per the notification are as follows:

Particulars	SBN's**	Other Denomination Notes	Total
Closing cash in hand as on November 08 th 2016	Rs. 8,14,500/-	Rs. 1,08,590/-	Rs. 9,23,090/-
Add: Permitted receipts	Nil	Rs. 55,49,292/-	Rs. 55,49,292/-
Less: Permitted Payments	Nil	Rs. 14,62,713/-	Rs. 14,62,713/-
Less: Amount deposited in banks	Rs. 8,14,500/-	Rs. 31,95,515/-	Rs. 40,10,015/-
Closing Cash in hand as on December 30 th 2016	Nil	Rs. 9,99,654/-	Rs. 9,99,654/-

** For the purpose of this clause, the term specified bank notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8th 2016.

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

As per our report of even date

For and on behalf of the Board of Directors

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

C V Ratnam Dhaveji
Partner
M. No. 203479

Dr. Sura Surendranath Reddy
Chairman

Sunil Chandra Kondapally
Managing Director

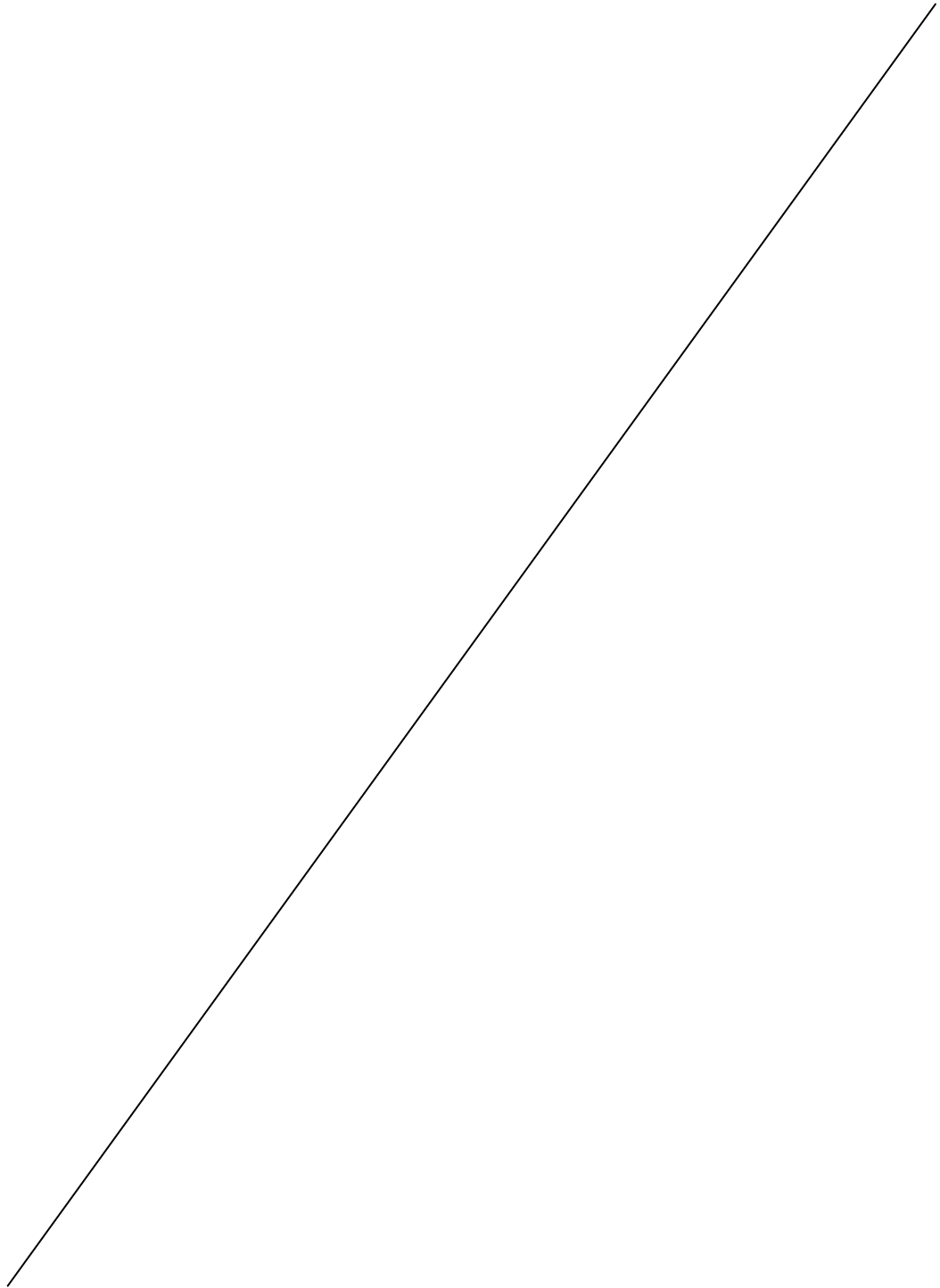
Place : Hyderabad
Date: 13.05. 2017

N. Ravikumar
Chief Financial Officer

Y K Priyadarshini
Company Secretary

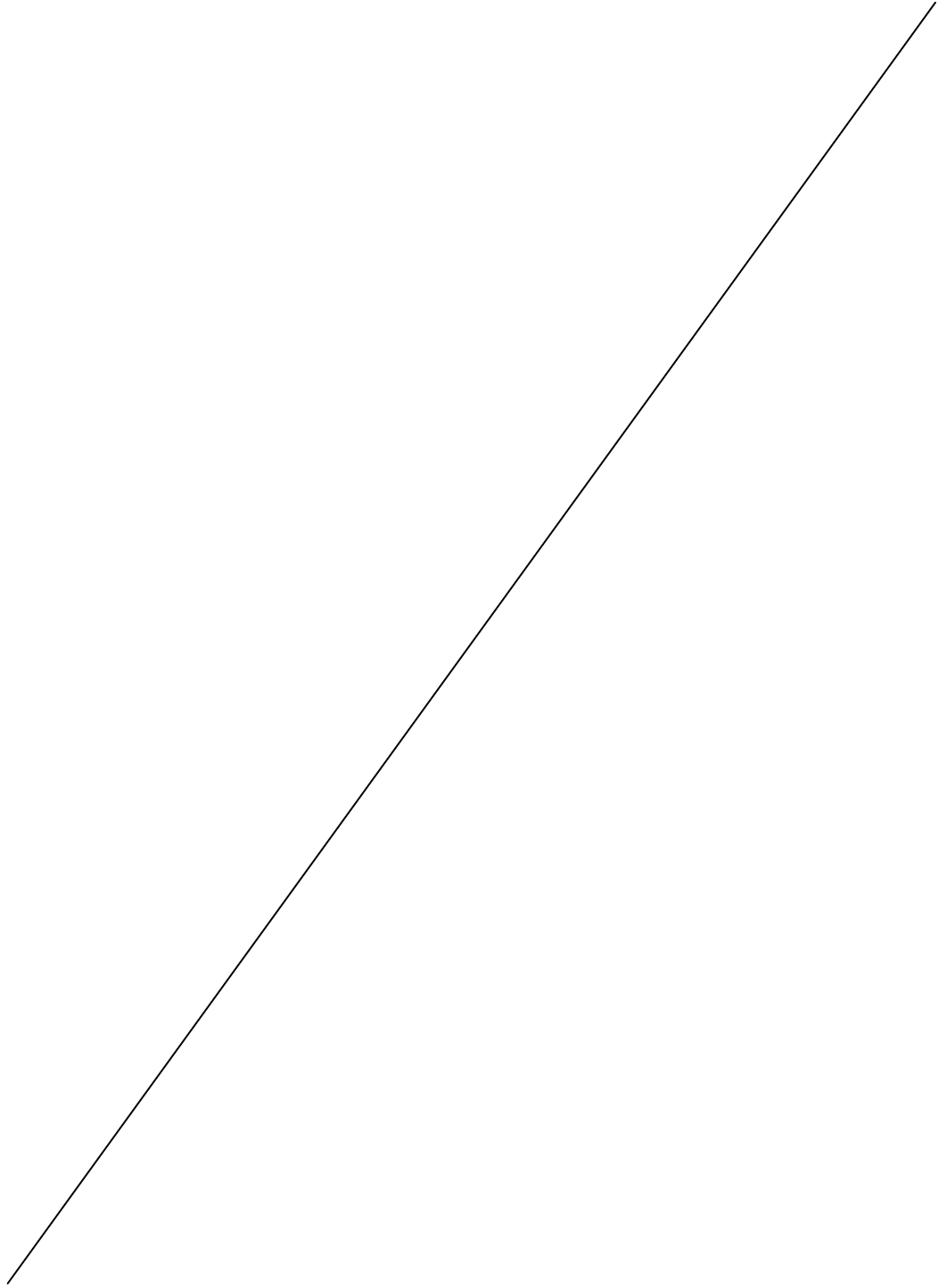


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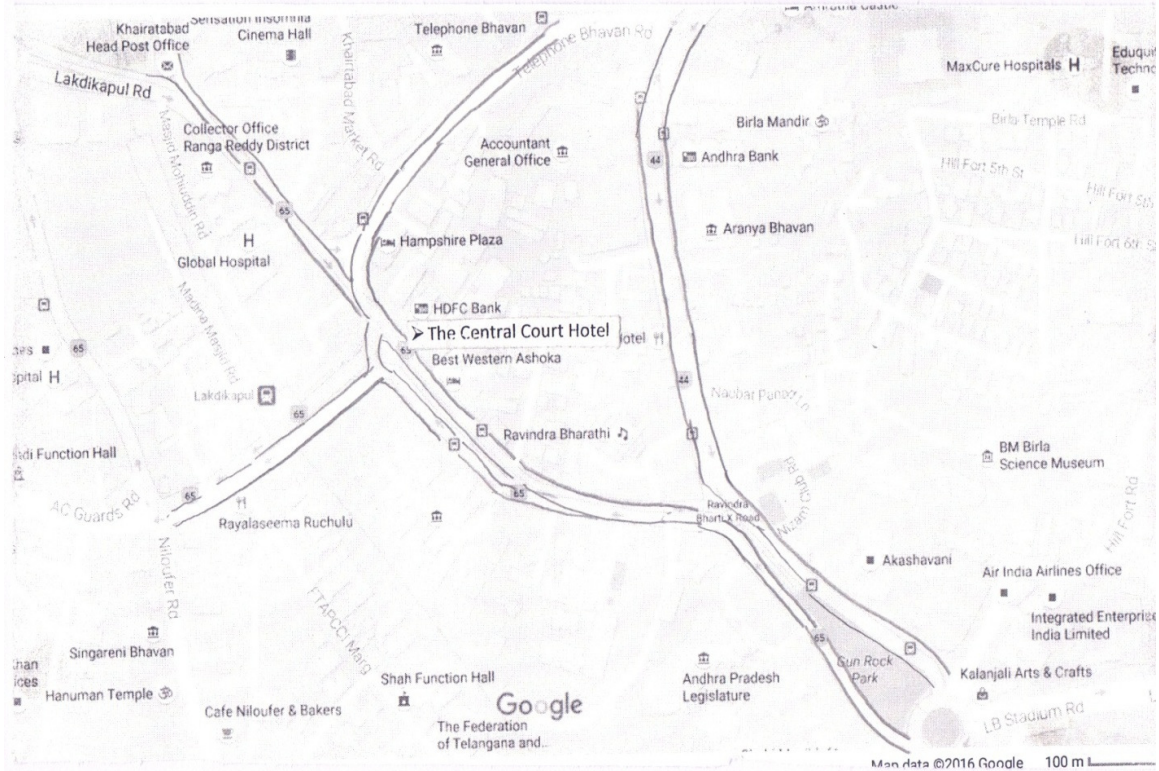




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Route Map to AGM at The Central Court Hotel, Lakdi-ka-pool, Hyderabad





CIN: L85110TG1993PLC015481

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

Phone: 040-23310066, email: medicorp@medinovaindia.com, Website: www.medinova.com

BALLOT FORM

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

I/We hereby exercise my/our vote in respect of the resolution(s) to be passed for the business stated in the notice of 24th Annual General Meeting of the Company to be held on Monday, 25th September, 2017, by conveying my/our assent or dissent to the said resolution(s) by placing the tick **(v)** mark at the appropriate box below:

S No	Description	No. of Shares	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
Ordinary Business:				
1.	To receive, consider and adopt the Audited Financial Statements (both Standalone & Consolidated), the Report of the Board of Directors and Auditors thereon			
2.	To appoint a Director in place of Mrs. Suprita Sura Reddy (holding DIN 01206491), who retires by rotation and being eligible offers herself for re-appointment			
3.	Ratification of appointment of M/s. Ratnam Dhaveji & Co., Chartered Accountants as Statutory Auditors of the Company for the 4 th (Fourth) consecutive year			
Special Business:				
4.	Approval for Related Party Transactions under Section 188 of the Companies Act, 2013 and Listing regulations.			

Place

Date :

Signature of the Member/Proxy

Notes: Please read the instructions printed below carefully before exercising your vote.

INSTRUCTIONS

- 1) This Ballot Form is provided for the benefit of Members who do not have access to e-voting facility and who wish to vote through ballot at AGM Venue.
- 2) A Member can opt for only one mode of voting to exercise his/her vote i.e. either through e-voting or by Ballot. If a Member cast votes by both modes, then voting done through e-voting shall prevail and ballot shall be treated as invalid.
- 3) For detailed instructions on e-voting, please refer to the notes appended to the Notice of the AGM.
- 4) The scrutiner will collate the votes downloaded from the e-voting system and votes received through ballot to declare the final result for each of the Resolutions forms part of the Notice of the AGM.

Process and manner for Members opting to vote by using the Ballot Form:

- a) Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and The Form should be signed by the Member as per the specimen signature registered with the Company/ Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA.
- b) In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution/Authorization
- c) Votes should be cast in case of each resolution, either in favor or against by putting the tick (✓) mark in the column provided in the Ballot.
- d) Duly completed Ballot Form shall be dropped in the ballot boxes at AGM Venue.
- e) Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
- f) The decision of the Scrutinizer on the validity of the Ballot Form and any other related matter shall be final.

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

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

CIN : L85110TG1993PLC015481
Name of the Company : Medinova Diagnostic Services Limited
Registered Office : 6-3-456/C, Flat No.206, 2nd Floor, M.G.R. Estate, Dwarakapuri
Colony, Punjagutta, Hyderabad – 500 082, Telangana
Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id :
DP ID :
I/We, being the member(s) holding..... shares of the above named company, hereby appoint

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Monday, the 25th September 2017 at 11.00 A. M. at The Central Court Hotel, Lakdi-ka-pool, Hyderabad – 500004 and at any adjournment thereof in respect of all the Resolutions indicated in the Notice

.....Signed this Day of September, 2017.

Signature of Shareholder :

Signature of Proxy holder(s) :

Affix Re.1/- Revenue Stamp Signature

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

Medinova Diagnostic Services Limited

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

ATTENDANCE SLIP
24th ANNUAL GENERAL MEETING

DP ID : Name & Address of the Registered Shareholder/Proxy

Client Id/ Folio No. :

No. of Shares :

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 24th Annual General Meeting of the Company at The Central Court Hotel, Lakdi-ka-pool, Hyderabad – 500 004 on Monday, the 25th September, 2017 at 11.00 A.M.

Member's/Proxy's Signature

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

PRINTED – MATTER

If undelivered please return to:



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