

**18<sup>th</sup>** ANNUAL REPORT  
2010 - 2011



**Board of Directors**

A Raghava Reddy - Chairman

P K Reddy

S Basu Thakur

D A Srinivas

A Sailaja

**Chief Operating Officer**

N Ravi Kumar

**Auditors**

M/s. J B Reddy & Co.,

Chartered Accountants

**Registered Office**

6-3-652, 'Kautilya'

Somajiguda, Hyderabad - 500 082

Ph: 040-23310066, Fax: 23327464

Email: [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com)



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Wednesday, the 28th September, 2011 at 11.30 a.m at Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016 to transact the following business:

### ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
02. To appoint a Director in the place of Sri S Basu Thakur who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in the place of Smt. A Sailaja who retires by rotation and being eligible, offers herself for re-appointment.
04. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** subject to the provisions of Sections 198, 269, 387, 388, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Sri N Ravi Kumar be and is hereby appointed as the Manager of the Company, for a period of two years with effect from 30.05.2011, upon the terms and conditions set out below and as approved by the Board of Directors of the Company.

### SALARY:

Rs.15,000 /- (Rupees Fifteen Thousand only) per month.

### PERQUISITES:

- i. Rent Free Residential Accommodation or House Rent Allowance, not exceeding Rs.7,500/-per month. Expenditure on Gas, Electricity, Water and Furnishings will be borne by the Company and the same will be valued as per the Income Tax Rules, 1962, however, subject to a ceiling of 10% of the salary.
- ii. Reimbursement of Medical expenditure for self and his family subject to a ceiling of one month's salary per annum.
- iii. Leave Travel Concession for self and his family once in a year in accordance with the rules of the Company.
- iv. Personal Accident Insurance and/or such other Medical/Healthcare Insurance(s) at a premium not exceeding Rs.6,000/- per annum.

- v. Company's contribution to the PF, and Superannuation Fund, if any, will be allowed as per the Rules of the Company and to the extent not taxable under the Income Tax Act/Rules.
- vi. Gratuity as per the Rules of the Company not exceeding half a month salary for each completed year of service.
- vii. Reimbursement of Fuel, Maintenance and other expenses including driver's for the use of Car for official purposes.
- viii. Reimbursement of Entertainment expenses actually and properly incurred for the purpose of the Business of the Company.
- ix. Reimbursement of expenses incurred on account of Telephone facilities at residence and Mobile for official purpose.
- x. Encashment of leave at the end of the year as per the leave rules of the Company."

### NOTES:

01. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll in his stead and the Proxy need not be a Member. The Proxy Forms should be lodged with the Company not less than 48 hours before the time for holding the meeting.
02. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday the 24th September, 2011 to Wednesday the 28th September, 2011 (both days inclusive).
03. The Members are requested to send their correspondence, if any, to M/s. XL Softech Systems Limited, the Registrar and Share Transfer Agent.

### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### ITEM NO.05

Sri N Ravi Kumar, an MBA(Finance)with adequate experience, was appointed as Manager of the Company in compliance of Section 269(1) of the Companies Act, 1956 w.e.f 30.05.2009 for a period of two years. The Board of Directors vide a resolution, has renewed his appointment and reappointed him as Manager of the Company for further period of Two Years w.e.f. 30.05.2011. As per the provisions of Companies Act, 1956, his appointment as Manager and the payment of remuneration, require the approval of members. Hence, the Board of Directors recommends resolution No. 5 for your approval.

None of the Directors is concerned or interested in the said resolution.

By order of the Board

Place : Hyderabad  
Date : 12th August, 2011

**A. Raghava Reddy**  
Chairman



## DIRECTORS' REPORT

To

The Members of  
Medinova Diagnostic Services Ltd,

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2011 and Report of the Auditors thereon.

### FINANCIAL & OPERATIONAL RESULTS:

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

(Rupees in Lakhs)

Particulars	2010-2011	2009-2010
Total Income	<b>1329.15</b>	1221.95
Total Expenditure	<b>1298.87</b>	1250.81
Interest	<b>20.94</b>	25.59
Depreciation	<b>56.44</b>	58.39
Profit / (Loss) before		
Prior period adjustments	<b>(47.10)</b>	(112.84)
Prior year adjustments	<b>0.24</b>	0.49
Profit / (Loss) before Tax	<b>(47.34)</b>	(113.33)
Provision for Deferred Tax	<b>(24.96)</b>	(21.02)
Profit / (Loss) after Tax	<b>(22.38)</b>	(92.31)

### DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm that

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the accounts for the financial year ended 31st March, 2011 on a `going concern' basis.

### OPERATIONS:

During the year 2010-11 the total Business Income was Rs.1329.15 lacs and a net loss after Taxes was Rs.22.38 lacs. During the year the company had strived hard and could achieve an increase in the turnover and thereby brought down the net loss after taxes. The business operations of the Pune centre were shifted to a new premises and we expect an increased level of revenues in the coming years. To upgrade the centres, new equipment namely Colour Doppler, Ultra Sound and Stress Test Machines were acquired.

### DIVIDEND:

In view of the loss, your directors have not recommended any dividend on the paid up equity share capital of the company, for the year.

### DIRECTORS:

Sri S. Basu Thakur and Smt. A Sailaja, Directors retire by rotation and being eligible offer themselves for re-appointment.



**AUDIT COMMITTEE:**

The Audit Committee consists of Sri A Raghava Reddy, Sri P K Reddy and Smt. A Sailaja. Sri P K Reddy is the Chairman of the Audit Committee. The Committee met four times during the financial year 2010-11 and reviewed the financial results and statements, internal control procedures, accounting procedures etc.

**AUDITORS:**

M/s. J B Reddy & Co., Auditors of your Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

With regard to the Auditors' observation on delays in making payments towards Income Tax dues, ESI and Provident Fund contributions, necessary corrective steps have been taken to remit the amount regularly. Part of statutory dues, as observed by the Auditors, have already been cleared.

**PUBLIC DEPOSITS:**

During the year, the company has not accepted any deposits in the nature of public deposits.

**PARTICULARS OF EMPLOYEES:**

None of the Employees is in receipt of remuneration exceeding the limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**PARTICULARS RELATING TO CONSERVATION OF ENERGY ETC.,**

The particulars of conservation of energy and technology absorption as required to be furnished under Sec. 217(1)(e) of the Companies Act, 1956 read with relevant rules thereunder, are not applicable to your Company.

The Company has not earned any foreign exchange during the year. Also, during the year, there was no foreign exchange used.

**CORPORATE GOVERNANCE :**

A report on the Corporate Governance together with the Management Discussion & Analysis and the Auditor's Certificate on compliance with the conditions of Corporate Governance under clause 49 of listing agreement, is given in the Annexure.

**ACKNOWLEDGMENTS:**

Your Directors express their gratitude to all the Banks, various Government Agencies and the Investors of the Company, for their support and cooperation. Your Directors also place on record appreciation for all the employees of your company for their contribution.

for and on behalf of the Board

Place : Hyderabad  
Date : 12th August, 2011

**A Raghava Reddy**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION & ANALYSIS

### Industry Overview :

With the invention of latest technological developments, the 'Healthcare Industry' is catching up with other leading industries. The growth rate of the healthcare industry in India is almost at par with the pharmaceutical industry and the software industry of the country. The scope offered by the healthcare industry in India has not been fully tapped so far. Considering the large potential, the healthcare industry in India is reckoned to be the engine of the economy in the years to come.

India has already become an attractive global destination for medical tourism, clinical studies and research and development programmes. During the past few years, large number of domestic as well as international players have entered into this field in India. The players have seen massive growth potential and a chance to capitalize on their expansions plans, especially as the country experiences a rise in the incidence of life-style related diseases. A growing elderly population coupled with a rise in income levels also increases the demand for better medical facilities in the country. The rural healthcare sector is also on an upsurge.

As per the statistics released by the Department of Industrial Policy and promotion, the hospitals and diagnostic centres have received FDI worth US \$1.03 billion between April 2000 and April 2011.

It is quite evident from the above that Healthcare Industry trends manifest an upward growth but several areas need to be attended to, for enhancing healthcare services for the common man.

### Company's Performance:

With the changes in the scenarios in the healthcare industry, strategies of marketing also need to be changed. Your Company's alert approach has always helped to remain unshaken as far as brand image is concerned. 'Quality' is a word, your Company always believes in and the same has never been compromised even when it was under margin pressure.

The turnover during the year 2010-11 has been better than the same of the previous year. During the year 2010-11 the total income was Rs. 1329.15 lacs and the loss after tax was Rs.22.38 lacs.

### Risk Management:

No business can run without risk but it is very important to evaluate the risks periodically and constantly to remain conscious on the subject. Your company is quite vigilant and takes immediate and appropriate remedial action to overcome any shortcomings detected on the analysis of risks and uncertainties.

### Future Outlook:

Diagnostic Services business is a niche in the healthcare market. Hospital business is different from diagnostic business and they do not fall in the same category. Your Company with past

more than two decade's experience understand this principle much ahead of others and that is the very reason that your company has remained bracketed in the top diagnostic centres' category for last quarter century and it will continue to do so.

### S W O T:

1. Brand image is getting stronger every year.
2. Never die attitude, Strong and Quality marketing strategies, Need based upgradation of the equipment and other infrastructures and keeping pace with the changes are the strong points of your Company.
3. More new players without much experience and background are making the market crowded. Under pricing of the products in the market are pushing your Company to work under margin pressure.

### CORPORATE GOVERNANCE

#### The Company philosophy on Code of Corporate Governance:

The Company believes in fair business and Corporate Practices while dealing with all the shareholders, customers and others. The Company believes in discharging its statutory obligations and duties to its best ability.

Board of Directors:

The Board of the Company consists of five Directors.

#### Composition of Directors is as follows:

Sri A Raghava Reddy	:	Chairman
Sri P K Reddy	:	Director
Sri S Basu Thakur	:	Director
Sri D A Srinivas	:	Director
Smt. A. Sailaja	:	Director

#### Board Procedure:

During the Financial Year 2010-11, four meetings of the Board were held. The details of Board, Audit Committee and Shareholders/Investors Grievance Committee Meetings held during the year 2010-11 are given below:

	Date of the Meeting	Total Members	Total Members Attended
1. Board Meeting	14.05.2010, 03.08.2010}	5	4
	11.11.2010, 07.02.2011}		
2. Audit Committee	14.05.2010, 03.08.2010}	3	3
	11.11.2010, 07.02.2011}		
3. Shareholders / Investors Grievance Committee	30.06.2010, 16.08.2010}	2	2
	15.10.2010, 15.12.2010}		
	17.01.2011}		



The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2010-11 are given below:

Name of the Director	Attendance at Board Meeting	AGM Yes/No
Sri A Raghava Reddy	4	Yes
Sri P K Reddy	4	Yes
Sri S Basu Thakur	4	Yes
Sri D A Srinivas	Nil	No
Smt. A Sailaja	4	No

**Audit Committee:-**

The Committee consists of Sri A Raghava Reddy, Director, Sri P K Reddy, Director and Smt. A Sailaja, Director. Sri P K Reddy is the chairman of the Committee.

The Audit Committee met four times during the year.

**Remuneration Committee:-**

No separate remuneration committee was formed. None of the Directors is paid any remuneration other than sitting fees for the Board meetings attended.

**Shareholders / Investors Grievance Committee:-**

The Shareholders / Investors Grievance Committee consists of Sri A Raghava Reddy, Chairman and Sri S Basu Thakur, Director. The Committee met five times during the year. There were no complaints outstanding as on 31.03.2011. Sri N Ravi Kumar, Chief Operating Officer is the compliance officer.

**General Body Meeting:-**

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

Year	Location	Date	Time
2007-2008	Hotel Green Park, Greenlands, Begumpet, Hyderabad	22nd Sept., 2008	11.30 A.M
2008-2009	Hotel Green Park, Greenlands, Begumpet, Hyderabad	29th Sept., 2009	11.30 A.M
2009-2010	Hotel Green Park, Greenlands, Begumpet, Hyderabad	28th Sept., 2010	11.30 A.M

There was no special resolution put through postal ballot.

**Disclosures:-**

a) No transaction of material nature has been entered into by the Company with its promoters, Directors or the Management, their successors, relatives etc., that may have potential conflict with the interest of the Company at large. For the details of other transactions and past transactions with deemed related parties, the members attention is invited to Note no. 8 in the notes on accounts.

b) The details of Non-compliance by the Company:- Except for suspension of the trading in the shares of the Company by the Bombay Stock Exchange Ltd, Mumbai due to delay in payment of Annual Listing Fees, there were no instances of Non-compliance or penalty, strictures passed on the Company by the Stock Exchange or SEBI or any Statutory Authority on any matter related to the Capital Markets during the last three years.

**CEO/CFO Certification:**

In accordance with the provisions of Clause 49(v) of the listing agreement, the Chief Operating Officer of the Company has furnished the requisite certificate to the Board of Directors, the Audit Committee and the Auditors.

**Means of Communication:**

The quarterly and half yearly results of the Company were published during the Financial Year under review in the News Papers namely, Financial Express & Andhra Prabha.

**General Shareholders Information:**

The Eighteenth Annual General Meeting will be held on Wednesday, the 28th September, 2011 at 11.30 a.m at HOTEL GREEN PARK, GREEN LANDS, BEGUMPET, HYDERABAD - 500 016.

**Date of Book Closure:**

The Company's Share Transfer Books will remain closed from Saturday, the 24th September, 2011 to Wednesday, the 28th September, 2011 (both days inclusive) for purpose of Annual General Meeting for the Financial Year ended 31st March, 2011.

**Listing on Stock Exchanges:**

The Company's shares are presently listed on the Bombay Stock Exchange Ltd, Mumbai. The address of the Stock Exchange is given below:

**Stock Code:**

(In BSE)	526301
Address	
The Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

**Market Price Data :** Not available

**Distribution of Shareholdings as on 31.03.2011 (Including Dematerialized Shares):**

No. of equity Shares held	% of share capital
upto 500	18.28
501 - 1000	2.55
1001 - 2000	1.62
2001 - 3000	0.53
3001 - 4000	0.42
4001 - 5000	0.29
5001 - 10000	1.45
10001 and above	74.86
<b>TOTAL</b>	<b>100.00</b>

**Dematerialization of Shares:**

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

**Registrar and Transfer Agents:**

The Company has appointed M/s XL Softech Systems Ltd. as a Common Transfer Agent for demat of shares. Address: M/s XL Softech Systems Ltd., 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034.

**Investor Correspondence:**

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

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

**Medinova Centres :**

- Hyderabad** : 6-3-652, Anand Chambers,  
Somajiguda, Hyderabad - 500 082  
Phone Nos: 040-23311122 / 33.  
Email: medinova@medinovaindia.com
- Bangalore** : 55, Infantry Road, Bangalore - 560 001  
Phone Nos: 080-22868423 / 22860513.  
Email: medinovadsc@hotmail.com
- Pune** : 1319, Junglee Maharaj Road, Shivajinagar,  
Pune – 411 005.  
Ph.Nos: 020-25534987 / 25533731  
Email: medinova@pn3.vsnl.net.in
- Kolkata** : 1, Sarat Chatterjee Avenue, Kolkata - 700 029  
Phone Nos: 033-24660780 / 24661780.  
Email: medinova.kolkata@gmail.com

**Auditors' Certificate on Corporate Governance:**

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

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**DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a Code of Conduct for all Directors and Senior Management Personnel of the Company. It is further confirmed that all Directors and Senior Management Personnel of the company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2011 as envisaged in clause 49 of the Listing Agreement with Stock Exchange.

Place : Hyderabad  
Date : 12th May, 2011

**A Raghava Reddy**  
Chairman

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Medinova Diagnostic Services Limited.

We have examined the compliance of conditions of Corporate Governance by Medinova Diagnostic Services Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, except for the suspension of the trading in the shares of the Company by the Bombay Stock Exchange Ltd, Mumbai due to delay in payment of listing fees, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

for **J B REDDY & CO.**,  
Chartered Accountants  
Firm Regn. No. 003256S

Place : Hyderabad  
Date : 12th August, 2011

**A V REDDY**  
Partner  
M.No. 23983





## AUDITORS' REPORT

To

The Members of  
Medinova Diagnostic Services Limited,

1. We have audited the attached Balance Sheet of MEDINOVA DIAGNOSTIC SERVICES LIMITED, as at March 31, 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books of the Company;

- (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company;

- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- (v) On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director under Section 274 (1) (g) of the Companies Act, 1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes on accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- b) In the case of Profit and Loss Account, of the Loss for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

for **J B REDDY & CO.,**  
Chartered Accountants  
Firm Regn. No. 003256S

Place : Hyderabad  
Date : 12th August, 2011

**A V REDDY**  
Partner  
M.No. 23983



## ANNEXURE TO AUDITORS' REPORT

*(This is the Annexure referred to in our Report of even date)*

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. All fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. No material discrepancies were noticed on such verification.
- c. There was no substantial disposal of Fixed Assets during the Year.
- ii) a. The Management has conducted physical verification of inventory at reasonable intervals during the year.
- b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) a. The Company had taken Loans from two parties covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance was Rs.12,05,48,664/-. The said loans/ advances are interest free and other terms and conditions on which the said loans/ advances were obtained are not prima facie prejudicial to the interest of the Company. As per the information and explanations given to us, there are no specific conditions as to repayment of these loans.
- b. The Company had granted inter-corporate loans, unsecured loans (including the balances in current account under loans and advances) to a Company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved in these transactions during the year was Rs.12,99,35,516/- and the year-end balance of the said Loans & Advances was Rs.12,73,06,918/-. As per the information and explanations given to us, in view of the settlement arrangement reached with the said Company, no further interest is to be charged on the dues w.e.f 1st April, 2004 and the said dues are to be repaid by the said Company in a phased manner.
- iv) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and with regard to sale of Services. During the course of our audit no major weaknesses have been noticed in Internal controls in these areas.
- v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not accepted any deposits in the nature of public deposits.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956 for any of its products.



- ix a. The provisions of Sales Tax, Excise Duty, Cess and others are not applicable to the company. However, *the Company is not regular in depositing the Provident Fund & Employees' State Insurance Contributions and Income tax Dues.*
- b. According to the information and explanations given to us *excepting an amount of Rs. 16, 73, 255/- representing Provident Fund and ESI Contributions & Income Tax dues*, there were no other undisputed statutory dues outstanding, at the year end for a period of more than six months from the date they became payable.
- c. According to the records of the Company and on the basis of the information and explanations given to us, there are no dues of Sales-tax, Income-tax, Custom Duty, Wealth tax, Excise Duty, Service Tax & Cess which have not been deposited on account of any dispute, *excepting the interest on Provident Fund* as per the details given hereunder.
- | Name of the Statute                | Amount (Rs.in lakhs) | Period to which the amount relates | Forum where dispute is pending                          |
|------------------------------------|----------------------|------------------------------------|---|
| Employees Provident Fund Act, 1952 | 5.61                 | 1998-2001                          | Employees Provident Fund Appellate Tribunal, New Delhi. |
- x) *The accumulated losses of the Company at the end of the Financial Year are more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year. However, the company has incurred cash losses in the immediately preceding Financial Year.*
- xi) The company has not defaulted in repayment of dues to the Financial Institutions, Banks and Debenture Holders.
- xii) The Company has not granted any loans or advances on the basis of security by the way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a chit fund, nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the order are not applicable.
- xiv) In our opinion and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the order are not applicable to the Company.
- xv) The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) The provisions of Clause (xvi) is not applicable to the Company during the year under consideration since there are no term loans outstanding as at the year end.
- xvii) The funds raised on short term basis have not been used for long term investment and whereas part of long term funds were used for working capital requirement of the company.
- xviii) The Company has not made, during the year, any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures and hence creation of securities or charge for debentures does not arise.
- xx) During the year, the company has not raised any money by way of public issue. Hence other matters specified in the Clause are not applicable to the Company.
- xxi) As per the checks carried out by us, no fraud on or by the company has been noticed or reported during the year under report.

for **J B REDDY & CO.**,  
Chartered Accountants  
Firm Regn. No. 003256S

Place : Hyderabad  
Date : 12th August, 2011

**A V REDDY**  
Partner  
M.No. 23983



## Balance Sheet as at March 31, 2011

SOURCE OF FUNDS	Schedule	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
<b>1 Shareholders' Funds</b>			
a) Share Capital	A	9,45,68,400	9,45,68,400
b) Reserves & Surplus	B	62,45,547	62,45,547
		<b>10,08,13,947</b>	10,08,13,947
<b>2 Loan Funds</b>			
a) Secured Loans	C	4,03,203	24,16,000
b) Unsecured Loans	D	19,07,51,906	19,67,69,190
		<b>19,11,55,109</b>	19,91,85,190
<b>TOTAL</b>		<b>29,19,69,056</b>	29,99,99,137
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>	E		
a) Gross Block		20,91,93,552	20,56,08,156
b) Less: Depreciation		14,60,12,178	14,28,70,005
c) Net Block		<b>6,31,81,374</b>	6,27,38,151
<b>2 Current Assets, Loans &amp; Advances</b>	F	17,73,37,065	18,26,23,781
<b>Less: Current Liabilities &amp; Provisions</b>	G	7,61,07,638	6,81,86,234
Net Current Assets		<b>10,12,29,427</b>	11,44,37,547
<b>3 Deferred Tax Asset / (Liability)</b>		1,15,927	(23,80,051)
<b>4 Profit &amp; Loss Account</b>		<b>12,74,42,328</b>	12,52,03,490
Notes on Accounts	L		
<b>TOTAL</b>		<b>29,19,69,056</b>	29,99,99,137

As per our report of even date

**for JB REDDY & CO.,**  
Chartered Accountants  
Firm Regn. No. 003256S

**A V REDDY**  
Partner  
M.No. 23983

Place : Hyderabad  
Date : 12th August, 2011

for and on behalf of the Board

**A RAGHAVA REDDY**  
Chairman

**S BASU THAKUR**  
Director

**N RAVIKUMAR**  
Chief Operating Officer



## Profit & Loss Account for the Year ended March 31, 2011

<b>INCOME</b>	<b>Schedule</b>	<b>For the Year ended 31.03.2011 (Rupees)</b>	<b>For the Year ended 31.03.2010 (Rupees)</b>
Diagnostic Centre Receipts		<b>13,00,55,874</b>	11,88,41,504
Members Subscription-Gold Card Plus Scheme		<b>5,66,439</b>	6,08,500
Franchise Royalty & Service Charges		<b>4,21,356</b>	4,28,772
Pharmacy Sales		<b>7,39,492</b>	10,11,065
Training Fee Receipts		<b>3,02,000</b>	4,71,425
Other Income	H	<b>8,29,949</b>	8,33,738
<b>TOTAL</b>		<b>13,29,15,110</b>	12,21,95,004
<b>EXPENDITURE</b>			
Chemicals & Consumables		<b>1,46,22,328</b>	1,35,29,512
Cost of Pharmacy Goods Sold		<b>6,78,049</b>	8,40,845
Staff Expenses	I	<b>2,55,13,350</b>	2,46,18,041
Administrative and Other Expenses	J	<b>8,90,73,101</b>	8,60,92,888
Interest and Other Finance Charges	K	<b>20,94,108</b>	25,59,424
Depreciation	E	<b>56,44,350</b>	58,38,804
<b>TOTAL</b>		<b>13,76,25,286</b>	13,34,79,514
<b>Profit / (Loss) before Prior Period items</b>		<b>(47,10,176)</b>	(1,12,84,510)
Add: Prior Year Adjustments		<b>24,640</b>	48,870
<b>Profit / (Loss) before Tax</b>		<b>(47,34,816)</b>	(1,13,33,380)
Provision for Deferred Tax		<b>(24,95,978)</b>	(21,02,063)
<b>Profit / (Loss) after Tax</b>		<b>(22,38,838)</b>	(92,31,317)
Add: Loss brought forward from earlier years		<b>12,52,03,490</b>	11,59,72,173
Balance carried to Balance Sheet		<b>12,74,42,328</b>	12,52,03,490

As per our report of even date

**for JB REDDY & CO.,**  
Chartered Accountants  
Firm Regn. No. 003256S

**A V REDDY**  
Partner  
M.No. 23983

Place : Hyderabad  
Date : 12th August, 2011

for and on behalf of the Board

**A RAGHAVA REDDY**  
Chairman

**S BASU THAKUR**  
Director

**N RAVIKUMAR**  
Chief Operating Officer



	<b>As at 31.03.2011</b> <b>(Rupees)</b>	As at 31.03.2010 (Rupees)
<b>SCHEDULE- A</b>		
<b>Share Capital:</b>		
<b>Authorised:</b>		
1,00,00,000 Equity Shares of Rs.10/- each	<b>10,00,00,000</b>	10,00,00,000
<b>TOTAL</b>	<b>10,00,00,000</b>	10,00,00,000
<b>Issued,Subscribed &amp; Paid-up:</b>		
94,81,640 Equity Shares of Rs.10/- each	<b>9,48,16,400</b>	9,48,16,400
Subscribed and called up in full		
Less : Allotment Money Arrears	<b>2,48,000</b>	2,48,000
<b>TOTAL</b>	<b>9,45,68,400</b>	9,45,68,400
<b>SCHEDULE- B</b>		
<b>Reserves &amp; Surplus</b>		
General Reserve	<b>62,45,547</b>	62,45,547
<b>TOTAL</b>	<b>62,45,547</b>	62,45,547
<b>SCHEDULE- C</b>		
<b>Secured Loans</b>		
Working Capital Loan from a Scheduled Bank	<b>4,03,203</b>	0
Dues to a Scheduled Bank on account of Foreign Currency Buyers Credit	<b>0</b>	24,16,000
<b>TOTAL</b>	<b>4,03,203</b>	24,16,000
<b>SCHEDULE- D</b>		
<b>Unsecured Loans</b>		
Membership Deposits	<b>7,02,03,242</b>	7,94,91,753
Inter-corporate Loans	<b>12,05,48,664</b>	11,72,77,437
<b>TOTAL</b>	<b>19,07,51,906</b>	19,67,69,190

## SCHEDULE - E

### Fixed Assets

(in Rupees)

Sl. No	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-03-2010	Additions	Sale / Adjust	As at 31-03-2011	As at 31-03-2010	For the Year	Adj on a/c of Sale	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
1.	Building including Civil Works on Lease Buildings	2,18,08,080	2,50,173	0	2,20,58,253	46,49,819	3,63,140	0	50,12,959	1,70,45,294	1,71,58,261
2.	Plant & Machinery	14,77,37,458	46,71,250	15,00,000	15,09,08,708	11,95,14,820	39,67,090	8,48,400	12,26,33,510	2,82,75,198	2,82,22,638
3.	Office equipment	49,87,415	2,51,621	0	52,39,036	22,27,920	2,41,340	0	24,69,260	27,69,776	27,59,495
4.	Furniture & Fixtures	51,17,923	14,66,930	0	65,84,853	30,81,507	1,63,920	0	32,45,427	33,39,426	20,36,416
5.	Vehicles	8,44,825	0	0	8,44,825	5,51,108	38,177	0	5,89,285	2,55,540	2,93,717
6.	Library	70,250	0	0	70,250	56,121	3,337	0	59,458	10,792	14,129
7.	Electrical Installation	1,98,87,598	4,93,433	20,48,011	1,83,33,020	1,27,88,710	8,67,346	16,53,777	1,20,02,279	63,30,741	70,98,888
8.	Capital Work-in- Progress	51,54,607	0	0	51,54,607	0	0	0	0	51,54,607	51,54,607
	<b>TOTAL</b>	20,56,08,156	71,33,407	35,48,011	20,91,93,552	14,28,70,005	56,44,350	25,02,177	14,60,12,178	6,31,81,374	6,27,38,151

**SCHEDULE- F****As at 31.03.2011  
(Rupees)****As at 31.03.2010  
(Rupees)****Current Assets, Loans & Advances****A. Current Assets:**

i) Inventories (as certified by Management)		
Stores & Machinery Spares	<b>19,51,386</b>	25,52,384
Stationery	<b>6,89,847</b>	9,76,581
Chemicals & consumables	<b>49,74,956</b>	52,56,107
Pharmacy Stock	<b>4,81,691</b>	4,16,456
ii) Sundry Debtors (Unsecured considered good)		
a) Debts outstanding for more than 6 months	<b>1,10,49,607</b>	1,03,93,204
b) Other Debts	<b>1,24,60,195</b>	1,17,58,734
iii) Cash and Bank Balances		
Cash on Hand	<b>1,75,632</b>	4,50,631
Balances with Scheduled Banks in Current Accounts	<b>3,31,193</b>	4,46,345
iv) Accrued Interest	<b>3,39,53,493</b>	3,49,78,493
<b>Sub-Total (A)</b>	<b>6,60,68,000</b>	<b>6,72,28,935</b>

**B. Loans And Advances (Unsecured, considered good)**

i) Deposits	<b>61,62,347</b>	1,00,98,770
ii) Advances recoverable in Cash or Kind or for value to be received		
Call Deposits	<b>3,18,18,305</b>	3,32,28,305
Other Advances	<b>7,15,08,985</b>	7,02,92,984
MAT Credit entitlement	<b>7,77,538</b>	7,77,538
Staff Advances	<b>8,30,848</b>	7,92,980
Prepaid Expenses	<b>1,71,042</b>	2,04,269
<b>Sub Total (B)</b>	<b>11,12,69,065</b>	<b>11,53,94,846</b>
<b>TOTAL (A + B)</b>	<b>17,73,37,065</b>	<b>18,26,23,781</b>





<b>SCHEDULE- G</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Current Liabilities &amp; Provisions</b>		
<b>A. Current Liabilities</b>		
i) Sundry Creditors for supplies, expenses & others	<b>5,81,38,131</b>	5,27,75,700
ii) Members' subscription under Gold Card Plus/Service Benefit Schemes	<b>65,77,803</b>	73,65,593
iii) Other liabilities	<b>64,36,196</b>	35,76,901
<b>Sub Total (A)</b>	<b>7,11,52,130</b>	6,37,18,194
<b>B. Provisions</b>		
Provision for Gratuity	<b>49,55,508</b>	44,68,040
<b>Sub Total (B)</b>	<b>49,55,508</b>	44,68,040
<b>TOTAL (A + B)</b>	<b>7,61,07,638</b>	6,81,86,234

<b>SCHEDULE-H</b>	<b>For the Year</b>	<b>For the Year</b>
	<b>ended 31.03.2011</b>	<b>ended 31.03.2010</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Other Income</b>		
Service Charges	<b>4,63,010</b>	3,73,750
Interest Income	<b>80,461</b>	1,73,136
Miscellaneous Income	<b>2,86,478</b>	2,86,852
<b>TOTAL</b>	<b>8,29,949</b>	8,33,738

#### **SCHEDULE- I**

##### **Staff Expenses**

Staff Salaries, Bonus and Allowances	<b>2,17,02,675</b>	2,13,14,520
Company`s Contribution to PF, Pension and ESI	<b>17,31,277</b>	16,46,876
Gratuity	<b>9,37,602</b>	7,30,287
Staff Welfare	<b>8,15,563</b>	5,67,964
Other Benefits	<b>3,26,233</b>	3,58,394
<b>TOTAL</b>	<b>2,55,13,350</b>	2,46,18,041



## SCHEDULE- J

	For the Year ended 31.03.2011 (Rupees)	For the Year ended 31.03.2010 (Rupees)
<b>Administrative and Other Expenses</b>		
Electricity and Fuel Charges	59,63,695	64,74,562
Lease Rentals	0	23,74,751
Repairs & maintenance		
- Plant & Machinery	56,32,073	41,03,420
- Buildings	52,000	1,40,873
Rent	94,37,403	1,11,07,846
Rates & Taxes	1,72,541	2,51,327
Printing & Stationery	16,70,918	13,46,319
Postage, Telephones & Trunk Calls	10,81,077	11,59,278
Travel & Conveyance	26,40,375	21,75,849
Legal & Professional charges	2,48,364	5,68,992
Remuneration to Auditors		
- Audit Fee	84,000	84,000
- Tax Audit Fee	25,000	25,000
- Tax Representation Fee	25,000	25,000
Directors Sitting Fees	6,000	7,500
Insurance	65,204	47,890
Books, Periodicals & Subscriptions	25,127	16,972
Annual Listing Fees	17,145	18,170
Advertisement and Publicity	1,34,882	1,49,429
Corporate & Gold Card Concessions and Discounts	2,39,34,013	1,97,09,165
Development expenses	1,27,65,453	1,18,71,487
Loss on sale of Assets	5,11,834	0
Other expenses	2,45,80,997	2,44,35,058
<b>TOTAL</b>	<b>8,90,73,101</b>	<b>8,60,92,888</b>

## SCHEDULE- K

### Interest & Other Finance Charges

Interest & Finance Charges	17,76,529	22,60,378
Bank Charges	3,17,579	2,99,046
<b>TOTAL</b>	<b>20,94,108</b>	<b>25,59,424</b>

## SCHEDULE - L

### NOTES ON ACCOUNTS

#### 1. Significant Accounting Policies

- a) **Cost Convention:** The Accounts have been prepared under historical cost convention.
- b) **Revenue Recognition:** All incomes 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 utilisation of services.
- c) **Fixed Assets and Depreciation:** Fixed Assets are valued at Cost less Depreciation.  
The carrying amount of fixed assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount.  
Depreciation is provided on straight line basis as per the rates prescribed in Schedule XIV of the Companies Act, 1956.
- d) **Inventories:** Inventories are carried at lower of cost and net realizable value. Cost is determined on First-in-First-out basis.
- e) **Employees Benefits:**
  - i) Contribution to Provident Fund is recognised 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.
- iii) Leave encashment is not categorised as a retirement benefit, as the company is in the practice of paying the leave encashment benefit every year.
- f) **Lease** : 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 profit & loss account on straight line basis over the lease term.
- g) **Deferred Taxes**: 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.
2. **Secured Loan**: Working capital loan from a Scheduled Bank is secured by hypothecation of stocks, book debts and machinery. The said loan is further guaranteed by personal guarantee of a director of the company.
3. **Contingent Liabilities not provided for :**
- |                                | <b>As at 31.03.2011</b> | As at 31.03.2010 |
|--------------------------------|-------------------------|------------------|
|                                | <b>(Rupees)</b>         | (Rupees)         |
| Provident Fund interest demand | <b>5,61,368</b>         | 7,46,889         |
4. **Managerial Remuneration:**
- |   | <b>2010-2011</b> | 2009-2010 |
|---|------------------|-----------|
|   | <b>(Rupees)</b>  | (Rupees)  |
| Sri. N. Ravi Kumar, Manager (Designated as Chief Operating Officer) | <b>2,56,200</b>  | 2,46,700  |
5. Balances of Secured Loans, Sundry Debtors and Sundry Creditors, Loans and Advances payable or receivable are subject to confirmations to be obtained from the parties.
6. Prior period adjustments represents interest on Income Tax Rs.24,640/- (previous year Rs.48,870).
7. There were no dues to SSI units as at the year end.
8. **Related Party Transactions :**  
As required by Accounting Standard - AS 18 "**Related Party Disclosures**" issued by The Institute of Chartered Accountants of India, details of transactions of related parties with whom transactions have taken place during the year are as follows:
- a) **Company on which presumed significant influence exists**
- | <b>Name of the Company</b>                              | : | <b>M/s. Standard Medical &amp; Pharmaceuticals Ltd.</b> |
|---|---|---|
| <b>Nature of Relationship</b>                           | : | Presumed significant influence                          |
| <b>Nature of Transactions</b>                           | : | Volume (Rupees)   |
|   |   | <b>for the year</b>                                     |
|   |   | <b>ended 31.03.2011</b>                                 |
|   |   | <b>(Rupees)</b>   |
| (Receiving) / Rendering Services                        |   | for the year  |
| Sharing of Expenses - Net                               | : | ended 31.03.2010  |
| Amount Received - Net                                   | : | (Rupees)  |
|   |   | 3,368   |
|   |   | 31,00,000   |
|   |   | <b>As at 31.03.2011</b>                                 |
|   |   | <b>(Rupees)</b>   |
| <b>Amounts Outstanding as at the Balance sheet date</b> |   | As at 31.03.2010  |
| - Call Deposit  | : | (Rupees)  |
| - Advances (including balance in current account)       | : | 3,32,28,305   |
| - Accrued Interest                                      | : | 6,15,35,120   |
| - Share Capital (credit)                                | : | 3,39,53,493   |
|   |   | (2,75,02,200)   |
- b) **Key Management Personnel**
- |   | <b>for the year</b>     | for the year     |
|---|-------------------------|------------------|
|   | <b>ended 31.03.2011</b> | ended 31.03.2010 |
|   | <b>(Rupees)</b>         | (Rupees)         |
| N.Ravi Kumar, Manager (Designated as Chief Operating Officer) | <b>2,56,200</b>         | 2,46,700         |
- c) Disclosure regarding Loans & Advances in the nature of Loans to subsidiaries, associates, etc., and their investments in shares of the Company, as required under clause 32 of Listing Agreement.



<b>M/s Standard Medical &amp; Pharmaceuticals Ltd.</b> (an associate Company and in which two Directors of the Company are also Directors).	<b>Balance as at 31.03.2011 (Rs. in Lakhs)</b>	<b>Maximum Outstanding at any time during the year ended 31.03.2011 (Rs. in Lakhs)</b>
i) Call Deposits, Advances including balance in current account together with interest thereon.	<b>1273.07</b>	1299.35
ii) Investment in Company's shares by the associate Company (27,50,220 equity shares of Rs.10/- each)	<b>275.02</b>	275.02
9. As detailed in Note No.8, dues from M/s. Standard Medical & Pharmaceuticals Limited represents advances in connection with spin-off and subsequent transactions. In view of the settlement arrangement reached with the said Company, no further interest is to be charged on the dues w.e.f. 1st April, 2004 and the said dues are to be repaid by the said Company in a phased manner. The company is confident of recovery of the same and hence no provision has been made in the accounts.		
10. The Company is engaged in the business of Diagnostic Services and related business. There are no other reportable business segments.		
<b>11. Disclosure required by the AS-15 (Revised) - Employee Benefits.</b>		
The Company adopted the revised Accounting Standard - 15 Employee Benefits. The details of the components of net benefit expenses recognised in the profit and loss account with regard to gratuity and amounts recognised in the Balance Sheet are given below.		
<b>a. Expenses Recognised in statement of Profit &amp; Loss Account:</b>	<b>for the year 2010-2011 Amount (Rs.)</b>	<b>for the year 2009-2010 Amount (Rs.)</b>
Current Service Cost	<b>2,20,180</b>	1,98,948
Interest Cost on benefit obligation	<b>3,57,443</b>	3,30,782
Expected return on plan assets	<b>Nil</b>	Nil
Net Actuarial (gain) / loss recognized in the year	<b>3,59,979</b>	2,00,557
Past services cost	<b>Nil</b>	Nil
Net benefit expenses	<b>9,37,602</b>	7,30,287
Actual return on plan assets	<b>NA</b>	NA
<b>b. Changes in present value of the defined benefit obligation:</b>	<b>As at 31.03.2011 Amount (Rs.)</b>	<b>As at 31.03.2010 Amount (Rs.)</b>
Opening defined benefit obligation	<b>44,68,040</b>	41,34,784
Interest Cost	<b>3,57,443</b>	3,30,782
Current Services Cost	<b>2,20,180</b>	1,98,948
Benefits paid	<b>(4,50,134)</b>	(3,97,031)
Actuarial (gains) / losses on obligation	<b>3,59,979</b>	2,00,557
Closing defined benefit obligation	<b>49,55,508</b>	44,68,040
<b>c. Actuarial Assumptions:</b>		
Salary Raise	<b>6%</b>	6%
Discount Rate	<b>8%</b>	8%
Attrition Rate	<b>6%</b>	6%
Mortality Rate	<b>Table of LIC 1994-96</b>	1994-96
Retirement Age	<b>58 Years</b>	58 Years
<b>12. The break-up for the Deferred Tax Asset / (Liability) is given below : As at 31.03.2011</b>		<b>As at 31.03.2010</b>
Timing difference on account of	<b>(Rupees)</b>	<b>(Rupees)</b>
- Depreciation :	<b>(91,66,590)</b>	(99,38,195)
- Losses :	<b>69,02,939</b>	19,17,295
- Others :	<b>23,79,578</b>	56,40,849
Total :	<b><u>1,15,927</u></b>	<b><u>(23,80,051)</u></b>



13. Computation of Earning per share is not applicable since the net results is loss.  
14. Previous year's figures have been re-grouped wherever necessary to confirm the figures for the current year.  
15. Information as required under Part -IV, schedule VI of the Companies Act, 1956 is given hereunder.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) **Registration Details** :

Registration No. :   
Balance Sheet Date :  State Code :

ii) **Capital raised during the year** (Amount in Rs. Thousands) :

Public Issue :  Right Issues :   
Bonus Issue :  Private Placement :

iii) **Position of Mobilisation and Deployment of Funds** :

(Amount in Rs. Thousands)

Total Liabilities :  Total Assets :

**Sources of Funds**

Paid-up Capital :  Reserves&Surplus :   
Secured Loans :  Unsecured Loans :

**Application of Funds**

Net Fixed Assets :  Net Current Assets :   
Deferred Taxes :  Accumulated Losses :

iv) **Performance of Company** (Amount in Rs. Thousands)

Turnover :  Total Expenditure :   
Loss before Tax :  Loss after Tax :   
Earnings per Share :  Dividend :

v) **Generic Names of three principal products/services of Company:**

(as per Monetary terms)

The Company is in the business of :

As per our report of even date

**for JB REDDY & CO.,**  
Chartered Accountants  
Firm Regn. No. 003256S

**A V REDDY**  
Partner  
M.No. 23983

Place : Hyderabad  
Date : 12th August, 2011

for and on behalf of the Board

**A RAGHAVA REDDY**  
Chairman

**S BASU THAKUR**  
Director

**N RAVIKUMAR**  
Chief Operating Officer



## CASH FLOW STATEMENT

	For the year ended 31.03.2011 (Rupees in lakhs)	For the year ended 31.03.2010 (Rupees in lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit / (Loss) before Tax and Prior period/Extraordinary items :</b>	<b>(47.10)</b>	(112.84)
<b>Adjustments for :</b>		
Depreciation	<b>56.44</b>	58.39
Interest Income	<b>(0.80)</b>	(1.73)
Interest Expenditure	<b>20.94</b>	25.59
Loss on Sale of Asset	<b>5.11</b>	0.00
<b>Operating Profit before working Capital changes</b>	<b>34.59</b>	(30.59)
<b>Adjustments for :</b>		
Pre-paid Expenses	<b>0.33</b>	22.55
Trade & Other receivables	<b>13.25</b>	39.71
Inventories	<b>11.03</b>	4.06
Trade Payables	<b>87.09</b>	(29.69)
Subscriptions under Gold Card Plus / Service benefit Schemes	<b>(7.87)</b>	(4.27)
Decrease in Membership Deposits	<b>(92.88)</b>	(79.36)
<b>Cash generated from operations</b>	<b>45.54</b>	(77.59)
Interest Paid	<b>(20.94)</b>	(25.59)
Direct Taxes Paid	<b>0.00</b>	(2.24)
Cash Flow before prior period/Extraordinary items	<b>24.60</b>	(105.42)
Prior period/Extraordinary items	<b>0.24</b>	0.49
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>24.36</b>	(105.91)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(71.33)</b>	(35.06)
Sale of Fixed Assets	<b>5.34</b>	0.00
Decrease in Accrued Interest	<b>10.25</b>	15.00
Interest received	<b>0.80</b>	1.73
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(54.94)</b>	(18.33)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Decrease in Call Deposits	<b>14.10</b>	16.00
Increase in Inter-Corporate Loans	<b>32.71</b>	97.56
Decrease in Secured Loans	<b>(20.13)</b>	0.00
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>26.68</b>	113.56
<b>Net (Decrease) / Increase in cash and cash equivalents (A+B+C)</b>	<b>(3.90)</b>	(10.68)
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>8.97</b>	19.65
<b>Cash and Cash equivalents as at the end of the year</b>	<b>5.07</b>	8.97

This is the Cash Flow Statement referred to in our report of even date.

**for JB REDDY & CO.,**  
Chartered Accountants  
Firm Regn. No. 003256S

for and on behalf of the Board

**A V REDDY**  
Partner  
M.No. 23983

**A RAGHAVA REDDY**  
Chairman

**S BASU THAKUR**  
Director

Place : Hyderabad  
Date : 12th August, 2011

**N RAVIKUMAR**  
Chief Operating Officer



## Medinova Diagnostic Services Limited

Registered Office : 6-3-652, "Kautilya", Somajiguda, Hyderabad-82.

### EIGHTEENTH ANNUAL GENERAL MEETING ATTENDANCE SLIP

Folio No. :

Name :

Address :

Client ID :

D.P. ID :

I hereby record my presence at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company being held at Hotel Green Park, Greenlands, Begumpet, Hyderabad at 11.30 A.M, on Wednesday, the 28th September, 2011.

Please complete this slip and hand it over at the entrance of the Meeting Hall duly signed.

Name of the Shareholder/Proxy\*

Signature of the Shareholder/Proxy\*

\* Strike out whichever is not applicable.



## Medinova Diagnostic Services Limited

Registered Office : 6-3-652, "Kautilya", Somajiguda, Hyderabad-82.

### EIGHTEENTH ANNUAL GENERAL MEETING PROXY FORM

Client ID :

Folio No. :

D.P. ID :

I/We \_\_\_\_\_ being a Member/Members of **MEDINOVA DIAGNOSTIC SERVICES LIMITED**, hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 28th September, 2011 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Affix Re. 1/-  
Revenue  
Stamp

**Signature**

**N.B.:** Proxy Form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. The Proxy need not be a Member of the Company. The form should be signed across the stamp as per specimen signature registered with the Company.

**BOOK POST  
PRINTED - MATTER**

*If undelivered please return to :*



**Medinova Diagnostic Services Limited**

Registered Office : 6-3-652, 'Kautilya',  
Somajiguda, Hyderabad - 500 082.