

Date: July 12, 2021

To,  
The Department Of Corporate services,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai - 400001

**Scrip Code: BSE: 526301**

Dear Sir,

**Sub: Submission of Annual Report for the F.Y.2020-21 and Notice convening the 28<sup>th</sup> AGM**

Pursuant to the provisions of Regulation 30 & Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2020-21 along with the Notice convening the 28<sup>th</sup> Annual General Meeting (AGM), scheduled to be held on Wednesday, August 4, 2021 at 11:00 A.M. through Video Conferencing/ Other Audio Visual Means in accordance with relevant circulars issued by the Ministry of Corporate Affairs and SEBI.

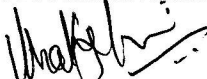
In compliance with the aforesaid circulars, the Annual Report along with the Notice of the AGM has been sent only by electronic mode to those shareholders whose e-mail address is registered with the Company/ Registrar and Transfer Agent of the Company /Depository Participants.

The Annual Report along with the Notice of the AGM for the Financial Year 2020-21 is also available on the website of the Company at [www.medinovaindia.com](http://www.medinovaindia.com).

Please take the above information on record.

Thanking you,

Yours faithfully  
For Medinova Diagnostic Services Limited

  
V. Sri Lakshmi  
Company Secretary  
FCS 9950



**28<sup>TH</sup> ANNUAL REPORT**  
**2020 - 2021**

## CORPORATE INFORMATION

### Board of Directors

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

### Statutory Auditors

M/s. M. Anandam & Co.,  
 7A, Surya Towers, Sardar patel Road,  
 Secunderabad – 500003

### Registered Office

7-1-58/A/FF/8, Amrutha Business Complex,  
 Ameerpet, Hyderabad-500016  
 Ph: 040 42604250  
 Email: [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com)  
 website: [www.medinovaindia.com](http://www.medinovaindia.com)  
 CIN: L85110TG1993PLC015481

### Registrar and Share Transfer Agent

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

### Chief Financial Officer

Mr. Hrusikesh Behera

### Company Secretary

Ms. V. Sri Lakshmi

### Bankers

HDFC Bank Limited  
 Vijaya Bank  
 UCO Bank

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### Disclaimer:

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



## **NOTICE**

Notice is hereby given that the **Twenty Eighth (28<sup>th</sup>)** Annual General Meeting of Medinova Diagnostic Services Limited will be held on Wednesday, the 04<sup>th</sup> August, 2021 at 11.00 a.m. IST through Video Conferencing (“VC”)/ Other Audio- Visual Means (“OAVM”), to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolutions:

(a) **“RESOLVED THAT** the audited standalone financial statement of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.”

(b) **“RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.”

2. To appoint a Director in place of Dr. Sura Surendranath Reddy (DIN 00108599) who retires by rotation and being eligible, offers himself for reappointment 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 accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Dr. Sura Surendranath Reddy (DIN 00108599), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company.”

### **3. Appointment of Statutory Auditors of the Company**

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

**“RESOLVED THAT** pursuant to provisions of Section 139, 141, 142 and 143 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), M/s. M. Anandam & Co., Chartered Accountants (ICAI Firm Registration No. 000125S), be and are hereby appointed as Statutory Auditors of the Company for a term of five consecutive years who shall hold the office from the conclusion of Twenty Eighth (28<sup>th</sup>) Annual General Meeting until the conclusion of Thirty Third (33<sup>rd</sup>) Annual General Meeting, on a remuneration as determined by the Board of Directors on recommendation by Audit committee and in consultation with the Auditors.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

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

Date: 09.07.2021  
Place: Hyderabad

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

**Notes:**

- (a) Considering the on-going Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has, vide its circular dated January 13, 2021 read together with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as “MCA Circulars”), permitted convening the Annual General Meeting (“AGM” / “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
- (b) Pursuant to the provisions of the act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars and the SEBI circular, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.
- (c) Facility to join the AGM in the VC/OAVM mode shall be opened 30 minutes before the scheduled time of the commencement of the Meeting and shall be kept open throughout the proceedings of the Meeting. Members will be able to view the proceedings on e-voting website of National Securities Depository Limited (‘NSDL’) at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 members on a first come first served basis as per the MCA Circulars.
- (d) The attendance of the Members (members’ logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- (e) In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
- (f) All documents referred to in the accompanying Notice shall be available for inspection electronically. Members seeking to inspect such documents can send an email to [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com).
- (g) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, July 29, 2021 to Wednesday, August 04, 2021 (both days inclusive) for the purpose of AGM.
- (h) The Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013, will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send an email to [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com).
- (i) We urge members to support our commitment to environmental protection by choosing to receive the Company’s communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company’s RTA, XL Softech Systems Limited at [xlfield@gmail.com](mailto:xlfield@gmail.com) to receive copies of the Annual Report 2020-21 in electronic mode.
- (j) In compliance with the MCA Circulars and SEBI Circular dated January 15, 2021 read with Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail address is registered with the Company/ Depository Participants. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company’s website viz <http://www.medinovaindia.com/investors.php>, and may also be accessed from the relevant section of the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- (k) As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in electronic form and to the Company’s Registrar and Transfer Agent (‘RTA’) in case the shares are held by them in physical form, quoting folio number.



- (l) In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
- (m) SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.
- (n) The relevant details of the Director seeking reappointment at this AGM in respect of business under item no. 2 as required under Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India ('Secretarial Standard') is annexed hereto.

#### **Remote e-Voting:**

- a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members through e-Voting agency National Securities Depository Limited (NSDL).
- b) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on **Wednesday, July 28, 2021** ('the cut-off date'), shall be entitled to vote in respect of the shares held, by availing the facility of remote e-voting prior to the AGM. Members who could not vote through remote e-voting may avail the e-voting system provided in the AGM by NSDL.
- c) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e., **Wednesday, July 28, 2021**.
- d) A member may participate in the AGM even after exercising his right to vote through remote e-voting prior to the AGM but shall not be allowed to vote again at the AGM.
- e) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of cut-off date, may obtain the login id and password by sending a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- f) The Board of Directors has appointed Mr. D Balarama Krishna, Practicing Company Secretary (FCS: 8168, CP No. 22414) as the Scrutinizer to scrutinize the remote e-voting and voting during the AGM in a fair and transparent manner.
- g) The Scrutinizer shall, immediately after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM, submit a consolidated Scrutinizer's report of the total votes cast in favour and against the resolution(s), invalid votes, if any, and whether the resolution(s) has/have been carried or not, to the Chairman or any other person authorized by him in writing.
- h) The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.medinovaindia.com](http://www.medinovaindia.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited where the securities of the Company are listed.
- i) Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. August 04, 2021.

**The remote e-voting period begins on Sunday, August 01, 2021 @ 9.00 hours (IST) and ends on Tuesday, August 03, 2021 @ 17.00 hours (IST).** During this period, shareholders of the Company holding shares either in physical form or in dematerialized form as on the cut-off date i.e. Wednesday, July 28, 2021, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.



**INSTRUCTIONS FOR REMOTE E-VOTING FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:**

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

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

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “Login” which is available under “<b>IDeAS</b>” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <div data-bbox="847 1877 1166 2056" style="text-align: center;"> <p>NSDL Mobile App is available on</p> </div>



<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43</p>

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

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

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*



4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:

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

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

- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

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

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

## **Step 2: Cast your vote electronically on NSDL e-Voting system.**

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

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



### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [balaramdesina@gmail.com](mailto:balaramdesina@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
3. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company’s email address [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com) on or before 5.00 p.m. (IST) on August 1, 2021. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.
4. Members who would like to express their views/ ask questions as a speaker at the Meeting may preregister themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at [medicorp@medinovaindia.com](mailto:medicorp@medinovaindia.com) between July 28, 2021 (9:00 a.m. IST) and August 1, 2021 (5:00 p.m. IST). **Only those members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM.** The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.



5. Members who need assistance before or during the AGM can reach out NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), contact at 1800-222-990 or 022-24994890.
6. The procedure for e-Voting on the day of the e-AGM is same as the instructions mentioned above for remote e-voting.
7. Only those Members/ shareholders, who will be present in the e-AGM through Video Conference facility and have not casted their vote through remote e-Voting are eligible to vote through e-Voting in the e-AGM and they can exercise their vote while they are connected in the Video Conference by following the guidelines provided therein. However, members who have voted through Remote e-Voting will be eligible to attend the e-AGM.

**Explanatory Statement: Item No. 3**

Pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (Act) read with the Companies (Audit and Auditors) Rules, 2014, M/s. M. Anandam & Co., Chartered Accountants (ICAI Firm Registration No. 000125S) were appointed as Statutory Auditors of the Company by the Board of Directors at their meeting held on April 23, 2021 to fill the casual vacancy caused by the resignation of M/s. Ratnam Dhavaji & Co., Chartered Accountants (ICAI Firm Registration No. 006677S) and they will hold the office of Statutory Auditor till the ensuing Annual General Meeting of the Company (AGM).

Pursuant to provisions of Section Section 139(8) of the Act any casual vacancy resulted by way of resignation of an auditor, then such appointment shall also be approved by the company at a general meeting convened within three months of the recommendation of the Board. Accordingly Company had initiated the process of obtaining approval of members by way of postal ballot on June 14, 2021 and the said process will be completed on July 17, 2021.

The Board, on the basis of recommendation of Audit Committee, recommend the appointment of M/s. M. Anandam & Co., Chartered Accountants (ICAI Firm Registration No. 000125S) as Statutory Auditors of the Company to the members of the Company at the ensuing AGM for a first term of five (5) consecutive years to hold office from the conclusion of this 28<sup>th</sup> Annual General Meeting of the Company until the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company and on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company. M/s. M. Anandam & Co., have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if approved and made by the members, would be within the limits prescribed under the Companies Act, 2013.

M/s. M. Anandam & Co., Chartered Accountants (ICAI Firm Registration No. 000125S), is a ISO 9001:2015 firm of Chartered Accountants and have experience in various types of audits including Statutory Audits, Internal Audits, Stock Audits, Due Diligence and Investigation audits. They have experience in auditing different kinds of entities including Large Corporates, Small and medium sized entitles, Multi locational entities etc. The Audit Firm has valid Peer Review certificate.

The Board of Directors recommend passing of resolution for appointment of M/s. M. Anandam & Co., for a period of 5 consecutive years.

None of the Directors / Key Managerial Personnel and their relatives is in any way, concerned or interested in the said resolution.

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

**Date: 09.07.2021  
Place: Hyderabad**

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

### Annexure to Notice

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

Name of Director	Dr. Sura Surendranath Reddy
Director Identification Number	00108599
Date of Birth	29.10.1948
Date of first Appointment	25.09.2014
Qualification	MD (Radiology)
Category	Non-Executive Director
Terms & Conditions of Re-Appointment along with Remuneration paid and proposed to be paid	Being reappointed as a Director liable to retire by rotation. No remuneration and sitting fee was paid and proposed to be paid for attending Board and Committee meetings
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Dr. S. Surendranath Reddy is related to Mr. K. Sunil Chandra, and Mrs. B. Vishnu Priya Reddy
Brief Resume and expertise in specific functional area	A doctor by profession and has experience in providing comprehensive range of diagnostic services spanning radiology and imaging ,nuclear medicine, conventional and specialist lab services through the companies established by him..
*Directorships held in other Companies and Bodies Corporate as on March 31, 2021	1
Chairman / Member of the Committee of the Board of Directors of the Company	Member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.
No. of Board Meetings attended during the year	As mentioned in the Corporate Governance Report
Chairman/Member of the Committee of the Board of Directors in other Companies as on March 31, 2021	NIL
No. of Equity Shares of Rs.10/- held in the Company as on 31.03.2021	NIL

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



## BOARD'S REPORT

Dear Members,

The Directors are pleased to present the Twenty Eighth Annual Report along with the audited financial statements for the financial year ended March 31, 2021.

### 1. Financial Highlights- Standalone & Consolidated

Particulars	Standalone (Rs. in lakhs)		Consolidated (Rs. in lakhs)	
	F.Y.		F.Y.	
<b>INCOME</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2019-20</b>
Revenue from Operations	1131.63	549.30	1274.35	744.70
Other Income	29.39	26.32	13.61	7.40
<i>Less:</i>				
<b>Expenses</b>				
Operating Expenses	868.71	519.03	973.83	625.19
Finance Cost	30.87	42.36	46.26	59.37
Depreciation	32.19	41.22	71.65	95.11
<b>Profit before Tax</b>	<b>229.25</b>	<b>(26.99)</b>	<b>196.22</b>	<b>(27.57)</b>
<i>Less:</i>				
<b>Tax Expenses</b>				
Current tax	8.51	0	8.51	0
Deferred tax	3.74	2.58	(3.19)	(4.80)
Taxes of earlier years	0.43	0	0.43	0
<b>Profit after Tax</b>	<b>216.57</b>	<b>(29.57)</b>	<b>190.47</b>	<b>(22.77)</b>
<i>Less:</i>				
Other Comprehensive Income	(4.82)	(0.27)	(4.82)	(0.27)
<b>Total Comprehensive Income</b>	<b>211.75</b>	<b>(29.84)</b>	<b>185.65</b>	<b>(23.05)</b>

### FINANCIAL PERFORMANCE REVIEW

#### Standalone

During the year under review, the Company generated an income of Rs. 1131.63 lakhs as compared to Rs. 549.30 lakhs in the previous year from the business operations. The operations resulted in a net profit after tax of Rs. 216.57 Lakhs as against net loss of Rs. (29.57) Lakhs in the previous year.

#### Consolidated

The Company achieved consolidated revenue of Rs. 1274.35 Lakhs as against Rs. 744.70 Lakhs in the previous year. The Company has earned a consolidated net profit after tax of Rs. 190.47 Lakhs as against net loss of Rs. (22.77) Lakhs in the previous year.

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

#### Dividend

The Directors have not recommended any dividend for the year under review.

#### Transfer to General Reserves:

The Directors have not transferred any amount to General Reserve for the year under review.



## Subsidiary Companies

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

Pursuant to Proviso to Section 129 (3) of the Act, a statement containing the brief details of performance and financials of the Subsidiary LLP for the financial year ended March 31, 2021 is attached as Annexure-A and forms part of this Report.

None of the Companies have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year under review.

## Directors and key Managerial Personnel

At the AGM held on September 25, 2020 Mr. Kamalakar Rao was reappointed as an Independent Director of the Company for a second term of 5 years.

In the opinion of the Board, Mr. Kamalakar Rao possesses requisite expertise, integrity and experience including proficiency who was appointed as an Independent Director of the Company during the year under review.

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, Dr. S. Surendranath Reddy, will retire by rotation at the ensuing Annual General Meeting and being eligible offered himself for reappointment.

The Company has received declarations / confirmations from all the Independent Directors of the Company as required under Section 149(7) of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(8) of the SEBI Listing Regulations, 2015.

Except as stated above, there were no change in Directors and Key Managerial Personnel of the Company, during the year under review.

## Meetings of Board

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

## Performance Evaluation:

Pursuant to the provisions of the Act and the SEBI Listing Regulations, 2015, the Board has carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors.

The following were the Evaluation Criteria:

a) For Independent Directors:

- Knowledge and Skills
- Professional Conduct
- Duties, Role and Functions
- Fulfillment of the Independence Criteria and their independence from the management

b) For Executive Directors:

- Performance as Team Leader/Member
- Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- Set Key Goals and Achievements
- Professional Conduct and Integrity
- Sharing of Information with the Board.

The Directors expressed their satisfaction with the evaluation process.



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## **Audit Committee**

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

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

Pursuant to the provisions of Section 177(9) & (10) of the Act and the SEBI Listing Regulations, 2015, a Vigil Mechanism or Whistle Blower Policy for directors, employees and other stakeholders to report genuine concerns has been established. The same is uploaded on the website of the Company and the web-link is <http://www.medinovaindia.com/investors.php>

It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

## **Deposits**

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

## **Loans, Guarantees or Investments**

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

## **Related Party Transactions:**

Related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. There are no materially significant related party transactions made by the Company which may have potential conflict with the interest of the Company.

There are no material related party transactions which are not in ordinary course of business or which are not on arm's length basis and hence there is no information to be provided as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link as required under SEBI Listing Regulations, 2015 is <http://www.medinovaindia.com/investors.php>

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

Management Discussion and Analysis Report is annexed hereto and forms part of this Annual Report.

## **Corporate Governance**

A report on Corporate Governance covering among others composition, details of meetings of the Board and Committees along with a certificate for compliance with the applicable conditions of Corporate Governance in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued by Mr. D. Balarama Krishna, Practicing Company Secretary, Hyderabad is annexed hereto and forms part of this Annual Report.

## **Cost Records**

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



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

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

### **A. Conservation of Energy**

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

### **B. Technology Absorption**

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

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

## **Auditors**

### **a) Statutory Auditors**

Pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. M. Anandam & Co., Chartered Accountants (ICAI Firm Registration No. 000125S) were appointed as Statutory Auditors of the Company by the Board of Directors at their meeting held on April 23, 2021 to fill the casual vacancy caused by the resignation of M/s. Ratnam Dhaveji & Co., Chartered Accountants (ICAI Firm Registration No. 006677S) and they will hold office upto the conclusion of ensuing Annual General Meeting of the Company (AGM).

Pursuant to provisions of Section 139(8) of the Act, approval of members is being sought by way of postal ballot, for the aforesaid appointment of auditor in casual vacancy.

The Board, on the basis of recommendation of Audit Committee, recommended the appointment of M/s. M. Anandam & Co., Chartered Accountants (ICAI Firm Registration No. 000125S) as Statutory Auditors to the members of the Company at the ensuing AGM, for a first term of five (5) consecutive years to hold office from the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company until the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company. M/s. M. Anandam & Co., have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if approved and made by the members, would be within the limits prescribed under the Companies Act, 2013.

The Audit Report for the F.Y. 2020-21 submitted by M/s. Ratnam Dhaveji & Co., Chartered Accountants doesn't contain any Qualifications or reservations or adverse remarks on the financial statements of the Company. The Auditors have not reported any frauds to the Audit Committee as prescribed under Sec. 143(12) of the Companies Act, 2013.

### **b) Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors appointed Mr. D. Balarama Krishna, Practicing Company Secretary, Hyderabad as Secretarial auditor to undertake the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report is available at "Annexure B" to this report.

There are no qualifications, reservation or adverse remark made in the Secretarial Audit Report except that the Statutory Auditors of the F.Y. 2020-21 have not complied with the requirement of Peer Review Certificate of the ICAI.

*Directors response: The Board of Directors in its meeting held on April 23, 2021 appointed M/s. M. Anandam & Co., Chartered Accountants, who holds the certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India with effect from April 24, 2021, by filling the casual vacancy caused by the resignation of existing Auditors M/s. Ratnam Dhaveji & Co., Chartered Accountants.*

### **C) Internal Auditors**

The Board of Directors appointed Mr. Rajender Kumar as Internal Auditors of the Company for the financial year 2020-21.





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## Annual Return

A copy of the Annual Return as required under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 has been placed on the Company's website. The web-link as required under the Act is <http://www.medinovaindia.com/investors.php>

## Risk Management

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

## Internal Financial Controls and their adequacy

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

## Policy on Nomination and Remuneration

In compliance with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, 2015, the Company has laid down a Nomination and Remuneration Policy which has been uploaded on the Company's website. The web-link as required under the Act is <http://www.medinovaindia.com/investors.php>

The salient features of the NRC Policy are as under:

- (1) Setting out the objectives of the Policy
- (2) Definitions for the purposes of the Policy
- (3) Policy for appointment and removal of Director, KMP and Senior Management
- (4) Policy relating to the Remuneration for the Managerial Personnel, KMP, Senior Management Personnel & other employees
- (5) Remuneration to Non-Executive / Independent Director

## Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure C.

There were no employees who had drawn remuneration in excess of the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2020-21.

## Corporate Social Responsibility

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

## Significant and material orders

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

## Others Disclosures

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

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

During the year under review, the Company has complied with the applicable provisions of the Secretarial Standards.

Your company reached the milestone of 28 years in Clinical Diagnostic field.



During the year under review, your Company had obtained license for carrying out the COVID RT-PCR testing.

Your Company is operating the Diagnostic Centre in Kolkata at leased premises since 1987. Lessor denied the renewal of the lease agreement and filed a suit against the Company for vacation of the said premises. The Company filed a suit on Lessor praying for various reliefs including the renewing the lease term. The matters are sub-judice. The Board is of the view that the outcome will be in favour of the Company.

Your Company has upgraded its equipment to make best use of the latest technology.

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

Your Company has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has constituted Internal Complaints Committee for redressal of complaints on sexual harassment. During the year, the Company had not received any complaint on sexual harassment and no complaint was pending as on March 31, 2021.

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

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit and loss of the Company for the year ended on that date;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Acknowledgment:**

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

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

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

**Date: 09-07-2021  
Place: Hyderabad**

**ANNEXURE - A**

**FORM NO. AOC-1**

Statement containing salient features of the financial statements of subsidiary as on March 31, 2021

**Name of the Subsidiary: Medinova Millennium MRI Services LLP**

<b>Details</b>	<b>(Amount in Rs.)</b>
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable
Capital	2,30,27,221
Reserves	-2,98,10,840
Total Assets	1,10,81,695
Total Liabilities	1,10,81,695
Turnover	1,42,89,977
Profit before taxation/(Loss)	-33,03,057
Deferred tax(credit)	-6,93,233
Profit/ (Loss) after taxation	-26,09,824
Proposed dividend	Nil
% of shareholding	Nil
Investment	1,26,82,221

By the Order of the Board  
For Medinova Diagnostic Services Limited

Dr. Sura Surendranath Reddy  
Chairman  
DIN: 00108599

Date: 09-07-2021  
Place: Hyderabad

**ANNEXURE - B****FORM NO. MR-3****SECRETARIAL AUDIT REPORT**

*FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2021*

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

To,  
The Members,  
Medinova Diagnostic Services Limited  
CIN: L85110TG1993PLC015481  
Hyderabad.

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

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

Based on my/our verification of the Medinova Diagnostic Services Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by Medinova Diagnostic Services Limited for the financial year ended on 31<sup>st</sup> March 2020, according to the provisions of:
  - 1.1. The Companies Act, 2013 (the Act) and the rules made there under;
  - 1.2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - 1.4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [NOT APPLICABLE AS THERE IS NO FOREIGN INVESTMENT IN/BY THE COMPANY]
  - 1.5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - 1.5.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - 1.5.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - 1.5.3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [NOT APPLICABLE AS THERE WAS NO FRESH ISSUE OF CAPITAL DURING THE YEAR]
    - 1.5.4. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [NOT APPLICABLE AS THERE WAS NO STOCK OPTION GIVEN TO THE EMPLOYEES]



- 1.5.5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [NOT APPLICABLE AS THERE WAS NO DEBT SECURITIES LISTED ON THE STOCK EXCHANGE]
  - 1.5.6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - 1.5.7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [NOT APPLICABLE AS THERE WAS NO DELISTING OF EQUITY SHARES DURING THE YEAR]and
  - 1.5.8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;[NOT APPLICABLE AS THERE WAS NO BUYBACK OF SECURITIES BY THE COMPANY DURING THE YEAR]
2. I/we have also examined compliance with the applicable clauses of the following:
- 2.1. Secretarial Standards issued by The Institute of Company Secretaries of India.
  - 2.2. The Listing Agreements entered into by the Company with Bombay Stock Exchange.
3. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
- 3.1. *In accordance with provisions of Regulation 33 of LODR, the Statutory Auditors have not complied with the requirement of Peer Review Certificate of the ICAI.*  
*Subsequently, the Board in its meeting held on April 23, 2021 appointed M/s. M. Anandam & Co., Chartered Accountants, who holds the certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India with effect from April 24, 2021, by filling the casual vacancy caused by the resignation of existing Auditors M/s. Ratnam Dhaveji & Co., Chartered Accountants.;*
4. The Company is engaged in the Business of Medical/clinical services. Accordingly, the following Industry Specific Acts are applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI. Based on the explanation given, there are adequate system and process in the company to monitor and ensure the compliance of following sector specific law, rule, regulation and guidelines:
- 4.1. Pre-conception and Pre-natal Diagnostic Techniques Act 1994 read with the relevant rules and amendments.
  - 4.2. The West Bengal Clinical Establishments Act 1950.
  - 4.3. Indian Atomic Energy Act 1962 & Atomic Energy (Radiation Protection) Rules 2004.
  - 4.4. Environment (Protection) Act 1986 – Biomedical Wastes (Management and Handling) Rules 2011.
5. I further report that:
- 5.1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - 5.2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - 5.3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
  - 5.4. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



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

Place: Hyderabad  
Date: 09.07.2021  
UDIN: F008168C000592708

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

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

#### ANNEXURE

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

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

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

Place: Hyderabad  
Date: 09.07.2021  
UDIN: F008168C000592708

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

**ANNEXURE - C****Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2020-21**

1) The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Not Applicable as no remuneration is being paid to Directors of the Company including Managing Director other than sitting fee to Non- Executive Independent Directors).

2) The percentage increase in remuneration of each Director, Chief Financial Officer; ~~Chief Executive Officer, Company Secretary or Manager~~, if any, in the financial year was 4%

(As per the provisions of Section 203 of the Companies Act, 2013, a Whole Time Company Secretary of a Holding Company can also be appointed as a Whole Time Company Secretary of one Subsidiary of the Holding Company and salary of Company Secretary is paid by the Holding Company Vijaya Diagnostic Centre Limited).

3) The percentage increase in the median remuneration of employees in the financial year was 6%

4) The number of permanent employees on the rolls of the Company - 77

5) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was- Not Applicable

Its comparison with the percentile increase in the managerial remuneration and justification thereof- Not applicable

Point out if there are any exceptional circumstances for increase in the managerial remuneration- Not applicable

We affirm that the remuneration paid is as per the Remuneration policy of the Company.

On behalf of the Board of Directors,

Dr. Sura Surendranath Reddy  
Chairman  
DIN: 00108599



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

The COVID-19 outbreak forced many countries into months of lockdown in 2020, significantly bringing down economic activity. This had grave bearings across markets, even as several countries observed a second and third wave of the infections that disrupted normal living and working conditions.

The Economic Survey has pegged India's economic growth at 11% in 2021-22, provided the normalisation of economic activities continues and the vaccine rollout gathers force.

India is witnessing the second wave of COVID-19 infections and at the same time learning to live with the virus, with the rollout of vaccines. These should broaden growth next fiscal year, especially in the services and unorganised sectors.

A stretch in the fiscal year glide path and focus of Union Budget 2021/2022 on capital expenditure are expected to have a multiplier effect on growth.

In view of the COVID-19 pandemic's impact on the economy, the Government of India has announced 12 key measures, as part of its stimulus to the economy, under Aatmanirbhar Bharat 3.0. The total stimulus announced by the Government and Reserve Bank of India ("RBI") till date, to help the nation tide over the COVID-19 pandemic, works out to Rs. 29.87 trillion, which is 15% of the national GDP. Out of this, a stimulus worth 9% of GDP has been provided by the Government.

Diagnostic industry which was valued at Rs. 710 to Rs.730 billion\* is projected to grow at a CAGR of 14 to 16% between fiscal year 2021 to fiscal year 2023

*\*As per CRISIL Research's estimates for fiscal year 2021*

### Opportunities and Threats

Evidence-based treatment has become the norm for many doctors, as diagnosis enables prescription of correct therapy, and, thereby, faster recovery. Hence, in the spectrum of healthcare delivery services, diagnostic services play the key role of information intermediary, providing useful information for correct diagnosis and treatment of diseases.

Diagnostic services currently have an 8 to 14% share in the overall healthcare spending on account of variation between rural and urban across institutions such as government-owned, charitable/trust-based and private.

With diagnostic services becoming the cornerstone for recommending requisite treatments, as well as monitoring recovery post-treatment, the industry has posted healthy growth over the past few years. The diagnostic industry achieved a healthy CAGR of 13 to 14% from fiscal years 2017 to 2020, tracking the growth of healthcare delivery services.

In fiscal year 2021, COVID-19 put the brakes, albeit temporarily, on the growth story of the diagnostic sector, especially for small laboratories. With treatments at hospitals being deferred, outpatient footfalls dropping and lockdowns in quarter 1 of fiscal year 2021, the regular volume of diagnostic services took a hit. According to industry players, after a sharp fall in revenue in April and May 2020, there was some revival in demand from June 2020 onwards. Pent-up healthcare demand contributed to revenue during a traditionally lean quarter from a diagnostic perspective, with recovery to pre-COVID-19 levels occurring in the third quarter of fiscal year 2021.

However, between fiscal years 2020 and 2023, the industry is expected to return to a healthy growth trajectory of 12 to 13% CAGR, reaching Rs. 920 to 980 billion. The industry is however expected to achieve a higher CAGR between fiscal year 2021 and fiscal year 2023 in the range of 14 to 16% on account of a low growth in fiscal year 2021 due to the COVID-19 pandemic impact on the industry.





Urban centres, especially in metropolitan areas and tier I/ II cities, have better healthcare delivery systems in the form of hospitals (private and public), clinics and diagnostic centres due to greater participation of the private sector and the presence of a large pool of doctors. Secondary sources reveal that 78 to 80% of the population in urban areas prefers private hospitals/ clinics. Consequently, urban areas have registered high growth in diagnostic care services. On the other hand, rural centres are largely primary health centres, and government and private dispensaries that have small-scale facilities to carry out basic tests. For more advanced diagnostic tests, rural patients are referred to the nearest urban centre. In terms of preference of place of treatment, an estimated 70 to 75% of the rural population prefers to be treated at private hospitals and clinics.

The healthcare delivery segment saw a drop in footfall during the lockdown. Surgeries were deferred as well.

This impacted the cash flow of industry players. Nevertheless, the market is driven by strong fundamentals, conducive government policies and improving affordability. The market is expected to sustain robust growth in the medium term.

## **Outlook**

The Indian diagnostics industry is highly fragmented given the high proportion of standalone centres and hospital-based centres, which collectively comprise 83 to 88% of the total market as of fiscal year 2020. Diagnostic chains comprise only 12 to 17% as of fiscal years 2020 further split into regional and multi-regional chains, of which regional chains account for the majority. However, the industry has witnessed a shift from standalone centres to diagnostic chains due to increasing trend of patients' reliance on diagnostic chains for their quality of service and unavailability of complex tests with standalone centres, not only at an overall country level but also in regional markets.

Mid-sized to large diagnostic chains and hospital-based diagnostic centres are increasingly marketing their test menus in the form of preventive and wellness packages. These health packages help identify pre-existing diseases or the likely risk from particular diseases before the actual symptoms appear. The tests are expected to help people take corrective action before chronic conditions take hold.

Growth in the Indian diagnostics market is driven by favourable changes in demographics, improvements in health awareness, increased spend on preventive care and wellness, increase in lifestyle-related ailments and rising penetration of insurance in India. According to CRISIL Research estimates, India's urban population (approximately 31% of India's total) contributes up to 74% of the overall diagnostics market revenue.

The majority of healthcare enterprises in India are more concentrated in urban areas. With increasing urbanisation (migration of population from rural to urban areas), awareness among the general populace regarding presence and availability of healthcare services for both preventive and curative care is expected to increase, thus paving the way for growth of the diagnostic industry as well.

## **Risk and concerns:**

The industry faces shortage of skilled manpower, rising cost of technology upgradation and aggressive pricing in an intensely competitive market. The situation is even more critical for standalone diagnostic centres, which may not be able to employ well-trained laboratory technicians and pathologists, thereby affecting the quality of outcomes.

Diagnostic centres have to constantly upgrade their technology to stay ahead of the competition. However, these upgrades not only involve significant capital investment, but also increase maintenance cost, thereby increasing overheads. Capital intensity is higher for advanced radiology and molecular diagnostics, which require high-end equipment.

Apart from renowned multi-regional and regional diagnostic chains/centres, the diagnostics industry is highly fragmented. Since this sector has negligible-to-few entry barriers and is largely unregulated, small laboratories have proliferated. The diagnostic chains face competition in terms of patient sample volumes and aggressive pricing of tests, causing the profitability of major chains to remain bound in the near future.



However, the last decade has seen consolidation by diagnostic chains via acquisitions of laboratories across India, as well as the establishment of regional reference laboratories to enhance penetration.

Many small diagnostic chains that operate three to four centres and are concentrated in a particular place or region are susceptible to the demand-supply dynamics of that particular location.

### **Company's Performance:**

During the year under review, the Company generated an income of Rs. 1131.63 lakhs as compared to Rs. 549.30 lakhs in the previous year from the business operations. The operations resulted in a net profit after tax of Rs. 216.57 Lakhs as against net loss of Rs. (29.57) Lakhs in the previous year.

The Company achieved consolidated revenue of Rs. 1274.35 Lakhs as against Rs. 744.70 Lakhs in the previous year. The Company has earned a consolidated net profit after tax of Rs. 190.47 Lakhs as against net loss of Rs. (22.77) Lakhs in the previous year.

The Company's operations predominantly related to providing Medical Diagnostic Services and related business services. During the year ended March 31, 2021, there are no other reportable business segments as per AS 17 "Segment reporting".

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

### **Internal Control System and their adequacy**

The Company has adequate internal control systems and procedures, covering all financial and operating functions commensurate to its size and nature of operations. 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. The internal control framework is designed in such a way to provide reasonable assurance regarding the maintenance of accounting controls and assets from unauthorised use or losses

The Audit Committee of the Company considers all internal aspects and advises corrective actions as and when required.

### **Human Resource**

'Human Resources' are recognized as a key pillar of any successful organization and so is for Medinova. The company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the company places high emphasis on professional etiquette required of every employee. As on 31.03.2021 numbers of employees employed are 77.

### **Disclosure of Accounting Treatment**

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

## REPORT ON CORPORATE GOVERNANCE

*(Pursuant to Regulation 15 of SEBI (LODR), Regulations, 2015, the Company is not required to provide Report on Corporate Governance as stipulated in Para C of Schedule V of the aforesaid Regulations. However Company is voluntarily providing the below detailed Report as part of good governance).*

### Company's Philosophy on Corporate Governance:

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

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

### Board of Directors

#### Composition of the Board

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

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

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

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

The composition of directors, their attendance and other details are as follows:

Name of the Director	Category	Number of Board meetings attended during the year 2020-21	Attendance at the last AGM held on September 25, 2020	Number of directorships in other public companies #		Number of committee Positions held in this & other public companies ##	
				Director	Chairman	Member	Chairman
Dr. Sura Surendranath Reddy	Promoter Non-Executive	4	Yes	1	1	2	0
Mr. K. Sunil Chandra	Promoter Executive	4	Yes	1	NIL	NIL	NIL
Mr. K. V. Ravindra Reddy	Independent Non-Executive	3	Yes	4	NIL	2	1
Mr. P. Kamalakar Rao	Independent Non-Executive	4	Yes	NIL	NIL	2	1
Dr. Balamba Puranam	Independent Non-Executive	4	No	NIL	NIL	NIL	NIL
Mrs. B. Vishnu Priya Reddy	Promoter Non-Executive	4	Yes	NIL	NIL	NIL	NIL

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

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

The Board met Four times in FY21. The following are the dates in which the Board Meetings were held:

June 23, 2020; August 13, 2020; November 12, 2020 and February 12, 2021.



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**The names of the listed entities where the person is a director and the category of directorship: 25(1) of Listing Regulations)**

Other than on the Board of the Company, which is a listed entity, none of the Directors are holding directorship in other listed entities.

**Disclosure of relationships between directors inter-se:**

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

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

There were no shares held by Non- Executive Directors as on March 31, 2021.

**Independent Directors Meeting**

During the year 2020-21, Independent Directors of the Company met separately on February 12, 2021 without the presence of other Directors or Management representatives, to review the performance of the Non-Independent Directors, the Board and the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Management and the Board.

**Code of Conduct**

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

**BOARD COMMITTEES:**

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

**I. Audit Committee:**

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

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

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

The Committee met four times during the year on June 23, 2020; August 13, 2020; November 12, 2020 and February 12, 2021.

The composition of the Audit Committee and details of their attendance at the meetings held during FY 2020-21 are as follows:

Name	Position	Category	No of Meetings Attended
P. Kamalakar Rao	Chairman	Non-Executive & Independent	4 of 4
K. V. Ravindra Reddy	Member	Non-Executive & Independent	3 of 4
Dr. Sura Surendranath Reddy	Member	Non-Executive & Non-Independent	4 of 4

## II. Nomination and Remuneration Committee:

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

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

During the year one meeting of the Committee was held on August 13, 2020.

The composition of the Committee and the attendance details of the members held during FY 2020-21 are given below:

Name	Status	Category	No of Meetings Attended
K. V. Ravindra Reddy	Chairman	Non-Executive & Independent	1 of 1
P. Kamalakar Rao	Member	Non-Executive & Independent	1 of 1
Dr. Sura Surendranath Reddy	Member	Non-Executive & Non-Independent	1 of 1

## Board Evaluation

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

## Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for Independent Directors is disclosed in the Board's Report.

## Remuneration of Directors

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company and its associates.

No Salary is being paid to Directors of the Company including Managing Director other than sitting fee to Non- Executive Directors.

The details of payment made to Non-Executive Directors during the financial year 2020-21 are as under

Name of the Director	Sitting Fees
K. V. Ravindra Reddy	9,000
P. Kamalakar Rao	12,000
Dr. Balamba Puranam	12,000

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

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

### III. Stakeholders Relationship Committee:

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

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

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

The Committee met four times during the year on June 23, 2020; August 13, 2020; November 12, 2020 and February 12, 2021.

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

Name	Designation	Category	No. of Meetings Attended
K. V. Ravindra Reddy	Chairman	Non-Executive & Independent	3 of 4
P. Kamalakar Rao	Member	Non-Executive & Independent	4 of 4
Dr. Sura Surendranath Reddy	Member	Non-Executive & Non-Independent	4 of 4

The Company has received 2 complaints during the year 2020-21; resolved 2 complaints and no complaints were pending as on March 31, 2021.

### General Body Meetings:

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

F.Y.	Date & Time	Location	Special Resolution Passed
2019-20	September 25, 2020 11.00 a.m.	Video Conference/Other Audio Visual Means (OAVM)	Reappointment of Mr. P. Kamalakar Rao as an Independent Director of the Company for a second term of 5 years.
2018-19	September 26, 2019 11.00 a.m.	The Central Court Hotel, Lakdikapul, Hyderabad.	<ul style="list-style-type: none"> <li>• Reappointment of Mr. Sunil Chandra Kondapally as a Managing Director.</li> <li>• Appointment of Dr. Balamba Puranam as an Independent Director of the Company for a first term of 5 years.</li> <li>• Reappointment of Mr. K. V. Ravindra Reddy as an Independent Director of the Company for a second term of 5 years.</li> </ul>
2017-18	September 28, 2018 11.00 a.m.	The Central Court Hotel, Lakdikapul, Hyderabad.	Approval for Related party transaction.

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

During the financial year 2020-21, Company has not passed any resolution through postal ballot.

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

#### Means of Communication:

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

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

#### General Shareholder Information:

<b>i.</b>	Annual General Meeting (Day, Date, Time and Venue):	28 <sup>th</sup> Annual General Meeting of the Company is scheduled on Wednesday, the 04 <sup>th</sup> August, 2021 at 11.00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
<b>ii.</b>	Financial Year:	April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of Listing Regulations.
<b>iii.</b>	Date of Book Closure:	July 29, 2021 to August 4, 2021 (Both days inclusive).
<b>iv.</b>	Listing on stock exchanges:	BSE Limited (Bombay Stock Exchange). Annual listing fee has been duly paid to the Stock Exchange.
<b>v.</b>	Corporate Identity Number (CIN):	L85110TG1993PLC015481
<b>vi.</b>	Stock codes:	BSE - Scrip Code: 526301; Scrip Id: MEDINOV
<b>vii.</b>	Company's ISIN:	INE047C01019

#### viii. Market price data

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

(Rs.)		
BSE Limited		
Month	Month's High Price	Month's Low Price
April 2020	17.9	13.51
May 2020	14.93	11.4
June 2020	16.76	11.4
July 2020	18	12.35
August 2020	15.72	12.8
September 2020	14.75	12.75
October 2020	14.5	11.97
November 2020	15.2	12.16
December 2020	25.82	13.92
January 2021	30.9	18.8
February 2021	25.55	17.65
March 2021	25.4	20.25

### ix. Registrars and Transfer Agents

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

### x. Share transfer system

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

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

### xi. Distribution of Shareholding as on March 31, 2021

Shareholdings of Nominal Value of (Rs.)	No. of Shareholders		Share Amount	
	Nos.	%	(Rs.)	%
Upto 5000	9074	95.58	14382430	14.41
5001 - 10000	231	2.43	1979710	1.98
10001 - 20000	90	0.95	1427210	1.43
20001 - 30000	31	0.33	800920	0.80
30001 - 40000	16	0.17	575340	0.58
40001 - 50000	8	0.08	384080	0.38
50001 - 100000	16	0.17	1053500	1.06
100001 & Above	28	0.29	79213210	79.36
<b>TOTAL</b>	<b>9494</b>	<b>100</b>	<b>99816400</b>	<b>100</b>

### xii. Shareholding pattern as on March 31, 2021

Category	No. of shares held	% to Total
Promoters Holdings (Bodies Corp)	6202220	62.14
<b>Public Share Holding:</b>		
Bodies Corporate	82377	0.83
NRI/Foreign Nationals	2200	0.02
Indian Public & others	3694843	37.02
<b>Total</b>	<b>9981640</b>	<b>100</b>

### xiii. Dematerialization of shares:

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

As on March 31, 2021, a total of 7924551 equity shares which form 79.43% of the share capital stand dematerialized. Your Company confirms that the entire Promoter's holding is in electronic form and the same is in line with the directions issued by SEBI.

### xiv. Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments

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



### xv. Commodity Price Risk/ Foreign Exchange Risk and Hedging

The Company did not engage in hedging activities.

### xvi. Centre Location: Location of Centre of the company

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

### xvii. Address for Correspondence:

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

### xviii. Disclosures

- During the financial year ended 31<sup>st</sup> March, 2021 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets.
- The Company has formulated and adopted formal Whistle Blower Policy/vigil mechanism and the same is hosted on the Company's Web site and no concerned person has been denied access to the Audit Committee.
- The company has framed Related Party Transaction Policy and is placed on the Investors section of Company's website [www.medinovaindia.com](http://www.medinovaindia.com).
- The Company has followed the treatment laid down in the Accounting Standards prescribed by the Institute of Chartered Accountants of India which are notified by the MCA in the preparation of financial statements.
- The Company has complied with all the applicable mandatory requirements of the Corporate Governance and also has complied with the following non-mandatory requirements as prescribed in the listing regulations:

#### Non-Mandatory requirements:

- Office for non-executive Chairman at Company's expense: Not Applicable
  - Half-yearly declaration of financial performance to each household of shareholders: Not complied
  - Modified opinion(s) in Audit Report: Not Applicable as there is no modified opinion in Audit Report
  - Reporting of Internal Auditors directly to Audit Committee: Complied
- g) A Certificate received from Mr. D. Balarama Krishna, Practising Company Secretary, Hyderabad, that none of the directors on board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority is enclosed with the report.

- h) The Managing Director (MD) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report. The MD and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.
- i) During the financial year ended March 31, 2021 the Board of Directors has accepted recommendations of the committees of the Board.
- j) Total fees for all services paid by the Company and its subsidiary LLP, on a consolidated basis, to the statutory auditors Ratnam Dhaveji & Co, Chartered Accountants for the F.Y. 2020-21 is as follows:-

Auditors Remuneration (exclusive of GST) paid as on March 31, 2021:

Particulars	(Rs.)
Audit fees (including quarterly audits)	60,000
For taxation matters	1,08,000
<b>Total</b>	<b>1,68,000</b>

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

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

I confirm that the Company has in respect of the financial year ended March 31, 2021, received from the Members of the Board and senior management personnel of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

Date: 09-07-2021  
Place: Hyderabad

Sunil Chandra Kondapally  
Managing Director  
DIN: 01409332



**Corporate Governance Compliance Certificate**

To  
The Members of  
Medinova Diagnostic Services Limited  
CIN: L85110TG1993PLC015481  
Hyderabad.

We have examined all the relevant records of **Medinova Diagnostic Services Limited** (“the Company”) for the purpose of certifying compliance of the applicable conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2021. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended March 31, 2021.

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

Place: Hyderabad  
Date: 09.07.2021  
UDIN: F008168C000592719

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

To,  
 The Members of,  
 Medinova Diagnostic Services Limited  
 CIN: L85110TG1993PLC015481  
 Hyderabad.

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup>March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

Signature:

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

Place: Hyderabad  
 Date: 09.07.2021  
 UDIN: F008168C000592752

**COMPLIANCE CERTIFICATE**

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

To

The Board of Directors  
**Medinova Diagnostic Services Limited**

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

- (A) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2021 and based on our knowledge and belief, we state that:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (C) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (D) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) there are no significant changes in internal controls over financial reporting during the year;
  - (ii) there are no significant changes in accounting policies during the year; and
  - (iii) there are no instances of significant fraud of which we have become aware.

**For Medinova Diagnostic Services Limited**

**Sunil Chandra Kondapally**  
**Managing Director**  
**DIN: 01409332**

**Hrusikesh Behera**  
**Chief Financial Officer**

Place : Hyderabad  
Date : 23-04-2021



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

We have audited the Standalone financial statements of Medinova Diagnostic Services Limited ("the Company") which comprises the Standalone Balance Sheet as at March 31<sup>st</sup> 2021, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in equity and Standalone Statement of cash flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2021 and profit and other comprehensive income, changes in equity and its cash flow for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

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

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

**Other Information**

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

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

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



## **Managements & Board of Directors Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Standalone financial statements that give a true and fair view of the state of affairs, profit, and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



- iv. Conclude on the appropriateness of management's and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal & Regulatory Requirement**

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.





- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

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

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

Place: Hyderabad  
Date: 23.04.2021

C V Ratnam Dhaveji  
Partner  
M. No 203479  
UDIN: 21203479AAAAAW9103



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

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

- i. In respect of the Company's fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a program of physical verification of it's by all the fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the records examined by us, as the company owns no immovable properties, the requirement on reporting whether title deeds of immovable properties held in the name of the company is not applicable.
- ii. In respect of Inventories
  - a. Stocks of Diagnostic kits, Lab Chemicals, Consumables, Medicare items, house-keeping items, stationery have been physically verified by the management during the year at reasonable intervals, the frequency of which in our opinion is reasonable.
  - b. As stated by the management, no material discrepancies were observed on physical verification of stock as compared to book stocks.
- iii. In our Opinion and according to the information and explanation given to us, The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has not given any loan or guarantees or made any reportable investments as contemplated under Section 185 and 186 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public and therefore, the provisions of the Clause 3(v) of the Order are not applicable to the Company.
- vi. Reporting under Clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable
  - c. There were no amounts of applicable statutory dues which have not been deposited as at 31<sup>st</sup> March 2021 on account of dispute.
- viii. Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion, that the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or has not issued any debentures.



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

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

Place: Hyderabad  
Date: 23.04.2021

C V Ratnam Dhaveji  
Partner  
M. No 203479  
UDIN: 21203479AAAAAW9103



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**Annexure "B" to the Independent Auditor's Report**

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

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

**Opinion**

We have audited the internal financial controls with reference to the Standalone Financial Statements of Medinova Diagnostic Services Limited ("the Company") as of 31<sup>st</sup> March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note")

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

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditor's Responsibility**

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

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



We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

### **Meaning of Internal Financial Controls with Reference to Standalone Financial Statements**

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

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

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

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

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

Place: Hyderabad  
Date: 23.04.2021

C V Ratnam Dhaveji  
Partner  
M. No 203479  
UDIN: 21203479AAAAAW9103

**Medinova Diagnostic Services Limited**
**Standalone Balance Sheet as at March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	4	89.67	103.36
(b) Financial assets			
(i) Investments	5 (a)	126.82	126.82
(ii) Trade receivables	5 (b)	16.89	14.39
(iii) Loans	5 (c)	18.50	14.03
(c) Non-current tax assets (net)	20 (d)	26.47	38.56
(d) Deferred tax assets (net)	6	37.42	41.17
<b>Total non-current assets</b>		<b>315.77</b>	<b>338.33</b>
<b>II Current assets</b>			
(a) Inventories	7	13.06	6.32
(b) Financial assets			
(i) Trade receivables	5 (b)	60.27	30.68
(ii) Cash and cash equivalents	5 (d)	31.36	6.72
(iii) Bank balances other than (ii) above	5 (e)	39.50	14.53
(iv) Other financial assets	5 (f)	0.20	-
(c) Other current assets	8	3.15	5.57
<b>Total current assets</b>		<b>147.54</b>	<b>63.82</b>
<b>TOTAL ASSETS (I + II)</b>		<b>463.31</b>	<b>402.15</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	9 (a)	995.68	995.68
(b) Other Equity	9 (b)	(1,551.50)	(1,763.26)
<b>Total equity attributable to equity holders of the Company</b>		<b>(555.82)</b>	<b>(767.58)</b>
<b>Liabilities</b>			
<b>II Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	10 (a)	327.45	402.59
(b) Provisions	11	34.05	33.54
<b>Total non-current liabilities</b>		<b>361.50</b>	<b>436.13</b>
<b>III Current liabilities</b>			
(a) Financial liabilities			
(ii) Trade payables	10 (b)		
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		436.02	484.90
(iii) Other financial liabilities	10 (c)	192.31	224.62
(b) Provisions	11	14.99	12.68
(c) Current tax liabilities (net)	20 (d)	-	-
(d) Other current liabilities	12	14.31	11.40
<b>Total current liabilities</b>		<b>657.63</b>	<b>733.60</b>
<b>Total liabilities (II + III)</b>		<b>1,019.13</b>	<b>1,169.73</b>
<b>TOTAL EQUITY AND LIABILITIES (I + II + III)</b>		<b>463.31</b>	<b>402.15</b>
Corporate Information	1		
Summary of significant accounting policies	2 & 3		

The notes referred to above form an integral part of the standalone financial statements

 As per our report of even date attached  
 For **Ratnam Dhaveji & Co.**  
 Chartered Accountants  
 ICAI Firm registration number: 006677S

 For and on behalf of the Board of Directors of  
**Medinova Diagnostic Services Limited**  
 CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**  
 Partner  
 Membership Number: 203479

**Dr. Sura Surendranath Reddy** Chairman  
 DIN Number: 00108599  
**Sunil Chandra Kondapally** Managing Director  
 DIN Number: 01409332

 Place: Hyderabad  
 Date: 23 April 2021

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

 Place: Hyderabad  
 Date: 23 April 2021

**Medinova Diagnostic Services Limited**  
**Standalone Statement of Profit and Loss for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>1 Income</b>			
(a) Revenue from operations	13	1,131.63	549.30
(b) Other income	14	29.39	26.32
<b>Total income</b>		<b>1,161.02</b>	<b>575.62</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	15	146.65	85.55
(b) Employee benefits expense	16	158.57	178.91
(c) Testing Fees		334.68	31.08
(d) Finance costs	18	30.87	42.36
(e) Depreciation and amortisation expense	17	32.19	41.22
(f) Other expenses	19	228.81	223.49
<b>Total expenses</b>		<b>931.77</b>	<b>602.61</b>
<b>3 Profit before tax (PBT)</b>		<b>229.25</b>	<b>(26.99)</b>
<b>4 Tax expense</b>	20		
(a) Current tax		8.51	-
(b) Deferred tax		3.74	2.58
(c) Tax pertaining to earlier years		0.43	-
<b>Total tax expense</b>		<b>12.68</b>	<b>2.58</b>
<b>5 Profit for the year [3 - 4]</b>		<b>216.57</b>	<b>(29.57)</b>
<b>6 Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
(a) Remeasurement of defined benefit obligations		(4.82)	(0.27)
(b) Income-tax relating to above item	20	-	-
<b>Other comprehensive income for the year (net of income tax)</b>		<b>(4.82)</b>	<b>(0.27)</b>
<b>7 Total comprehensive income for the year [6 + 7]</b>		<b>211.75</b>	<b>(29.84)</b>
<b>8 Earnings per equity share (face value of Rs. 10 each, fully paid)</b>	22		
- Basic (in Rs.)		2.17	(0.30)
- Diluted (in Rs.)		2.17	(0.30)

Corporate Information

1

Summary of significant accounting policies

2 & 3

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

**For Ratnam Dhaveji & Co.**

Chartered Accountants

ICAI Firm registration number: 006677S

For and on behalf of the Board of Directors of

**Medinova Diagnostic Services Limited**

CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**

Partner

Membership Number: 203479

**Dr. Sura Surendranath Reddy**

Chairman

DIN Number: 00108599

**Sunil Chandra Kondapally**

Managing Director

DIN Number: 01409332

Place: Hyderabad

Date: 23 April 2021

**Hrusikesh Behera**

Chief Financial Officer

**V. Sri Lakshmi**

Company Secretary

Place: Hyderabad

Date: 23 April 2021

**Medinova Diagnostic Services Limited**  
**Standalone Statement of Cash Flows for the year ended March 31, 2021**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A Cash flow from operating activities</b>		
<b>Profit for the year (before tax)</b>	<b>229.25</b>	<b>(26.99)</b>
<i>Adjustments for:</i>		
Depreciation and amortisation expense	32.19	41.22
Interest income	(7.54)	(0.46)
Provision for credit impaired receivables	1.69	-
Finance cost	26.88	40.08
<b>Operating profit before changes in assets and liabilities</b>	<b>282.47</b>	<b>53.85</b>
Changes in working capital items:		
Decrease/(Increase) in trade receivables	(33.78)	(1.59)
(Increase)/ decrease in inventories	(6.74)	0.45
Decrease in other financial assets	(2.06)	(1.69)
Increase in trade payables	(48.88)	16.32
Increase in provisions and other liabilities	(21.28)	7.33
Increase in other financial liabilities	2.91	(25.42)
<b>Cash generated from operations</b>	<b>172.64</b>	<b>49.25</b>
Current taxes paid	3.15	(7.02)
<b>Net cash inflow from operating activities</b>	<b>175.79</b>	<b>42.23</b>
<b>B Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and capital work-in-progress	(18.50)	(0.30)
Deposits placed having original maturity of more than 3 months, net	(24.97)	(14.53)
Interest received	7.34	0.46
<b>Net cash outflow from investing activities</b>	<b>(36.13)</b>	<b>(14.37)</b>
<b>C Cash flows from financing activities</b>		
Loan from holding company	(70.66)	42.66
Repayment of long-term borrowings	(36.01)	(57.00)
Interest paid	(8.36)	(12.21)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(115.03)</b>	<b>(26.55)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A + B + C)</b>	<b>24.64</b>	<b>1.31</b>
Cash and cash equivalents at the beginning of the financial year	6.72	5.41
<b>Cash and cash equivalents at end of the year</b>	<b>31.36</b>	<b>6.72</b>

**Note:**

(a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

(b) Cash and cash equivalents as per above comprise of the following:

	As at March 31, 2021	As at March 31, 2020
Cash on hand	1.77	0.27
Balances with banks		
- in current accounts	29.59	6.45
<b>Total cash and cash equivalents (refer note 5(d))</b>	<b>31.36</b>	<b>6.72</b>

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached

**For Ratnam Dhaveji & Co.**

Chartered Accountants

ICAI Firm registration number: 006677S

For and on behalf of the Board of Directors of

**Medinova Diagnostic Services Limited**

CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**

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Managing Director

DIN Number: 01409332

Place: Hyderabad

Date: 23 April 2021

**Hrusikesh Behera**

Chief Financial Officer

Place: Hyderabad

Date: 23 April 2021

**V. Sri Lakshmi**

Company Secretary



**Medinova Diagnostic Services Limited**  
**Standalone Statement of Changes in Equity for the year ended March 31, 2021**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Reserves and surplus			Total
	Equity share capital	General reserve	Securities premium account	
<b>Balance as at April 01, 2019</b>	995.68	62.46	51.55	(737.74)
<b>Total comprehensive income for the year ended March 31, 2020</b>				
Loss for the year	-	-	-	(29.57)
Other comprehensive income, net of tax	-	-	-	(0.27)
<b>Total comprehensive income</b>	-	-	-	<b>(29.83)</b>
<b>Balance as at March 31, 2020</b>	<b>995.68</b>	<b>62.46</b>	<b>51.55</b>	<b>(767.57)</b>
<b>Total comprehensive income for the year ended March 31, 2021</b>				
Profit for the year	-	-	-	216.57
Other comprehensive income, net of tax	-	-	-	(4.82)
<b>Total comprehensive income for the year</b>	-	-	-	<b>211.75</b>
<b>Balance as at March 31, 2021</b>	<b>995.68</b>	<b>62.46</b>	<b>51.55</b>	<b>(555.82)</b>

As per our report of even date attached

**For Ratnam Dhaveji & Co.**

Chartered Accountants

ICAI Firm registration number: 006677S

**For and on behalf of the Board of Directors of**

**Medinova Diagnostic Services Limited**

CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**

Partner

Membership Number: 203479

**Dr. Sura Surendranath Reddy**

Chairman

DIN Number: 00108599

**Sunil Chandra Kondapally**

Managing Director

DIN Number: 01409332

Place: Hyderabad

Date: 23 April 2021

**Hrusikesh Behera**

Chief Financial Officer

Place: Hyderabad

Date: 23 April 2021

**V. Sri Lakshmi**

Company Secretary



## Medinova Diagnostic Services Limited

### Notes to the Standalone Financial Statements for the year ended March 31, 2021

#### 1 Corporate Information

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

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

#### 2 Basis of preparation and measurement

##### (i) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act under the historical cost convention on an accrual basis except for certain financial instruments, which are measured at fair values, notified under the Act and Rules prescribed thereunder.

The standalone financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the standalone financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The standalone financial statements were approved by the Board of Directors and authorised for issue on April 23, 2021.

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

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

##### (iii) Basis of measurement

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

- Certain financial assets and liabilities : Measured at fair value or amortised costs
- Net defined benefit (asset)/ liability : Fair value of plan assets less present value of defined benefit obligations
- Borrowings : Amortised cost using effective interest rate method
- Equity settled share based payments : Measured at fair value

##### (iv) Use of estimates and judgements

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

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

##### *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 6- Deferred tax assets: whether the has convincing evidence to recognise deferred tax assets

##### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 26 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 11 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of
- Note 5 – impairment of financial assets;
- Note 4 - determining an asset's expected useful life and the expected residual value at the end of its life

##### (v) Measurement of fair values

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

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

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

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

## Medinova Diagnostic Services Limited

### Notes to the Standalone Financial Statements for the year ended March 31, 2021

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

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

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

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

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 29 - Financial instruments

#### (vi) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

##### Assets

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current

##### Liabilities

A liability is classified as a current when:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Company does not have an unconditional right to defer settlement of liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current.

##### Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

### 3 Summary of significant accounting policies

#### A. Revenue recognition

##### i) Income from diagnostic services

Revenue from diagnostics services is recognized on amount billed net of discounts/ concessions if any. No element of financing is deemed present as the sales are made primarily on cash and carry basis, however for institutional/ organisational customers a credit period of 30 days is given, which is consistent with market practice. Effective 1 April 2018, the Company has adopted Ind AS 115 " Revenue from contracts with customers". Based on the assessment of the Management, there is no material impact on revenue recognised.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the underlying tests are conducted, samples are processed for requisitioned diagnostic tests. Each service is generally a separate performance obligation and therefore revenue is recognised at a point in time when the tests are conducted, samples are processed. For multiple tests, the Company measures the revenue in respect of each performance obligation at its relative stand alone selling price and the transaction price is allocated accordingly. The price that is regularly charged for a test separately registered is considered to be the best evidence of its stand alone selling price. Revenue contracts are on principal to principal basis and the Company is primarily responsible for fulfilling the performance obligation.

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

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

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**
**B. Recognition of interest income**

Interest income is recognised using the effective interest rate method.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**C. Borrowing cost**

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

**D. Financial instruments**

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

**i) Initial Recognition and measurement**

Trade receivables are initially recognised when they are originated. Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii) Classification and subsequent measurement**
**Financial assets**

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

**Subsequent measurement:** For the purpose of subsequent measurement, financial assets are categorised as under:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

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

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

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

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

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

**D. Financial instruments (continued)**
**ii) Classification and subsequent measurement (continued)**

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

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

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

**Financial liabilities:**

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

## Medinova Diagnostic Services Limited

### Notes to the Standalone Financial Statements for the year ended March 31, 2021

#### iii) Derecognition

##### Financial assets

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

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

##### Financial liabilities

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

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

#### iv) Offsetting

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

## E. Property, plant and equipment

#### i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

#### ii) Depreciation

Depreciation is provided using the Written down value Method ("WDV") over the useful lives of the assets as estimated by the Management based on technical evaluation. Depreciation on additions and deletions are restricted to the period of use. Assets costing below Rs. 5,000 are depreciated in full in the same year. The estimated useful lives of items of property, plant and equipment are as follows:

Asset description	Useful life in years as Estimated	Useful life in years as per Schedule II
Leasehold improvements	10	10
Plant & Machinery	5 to 10	13 to 15
Computers	5	3
Furniture & Fixtures	3 to 5	5 to 10

Residual value is considered to be 5% on all the assets, as technically estimated by the management.

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

## F. Capital work in progress

Capital work-in-progress is recognized at cost. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

## G. Inventories

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables, these are valued at lower of cost and net realizable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any. Cost is determined on First-in-First-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item-by-item basis.

**Medinova Diagnostic Services Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

**H. Impairment of assets**

**i) Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

*Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

*Presentation of allowance for expected credit losses in the balance sheet*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**ii) Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

## Medinova Diagnostic Services Limited

### Notes to the Standalone Financial Statements for the year ended March 31, 2021

#### I. Employee benefits

##### (i) Short-term employee benefits

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

##### (ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and ESI. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

##### (iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

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

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

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

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

##### (iv) Other long-term employee benefits

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

#### J. Leases

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

##### Company as a Lessor:

Leases for which the Company is a lessor are classified as a finance or operating lease. When ever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases are recognised on straight line basis over the term of relevant lease.

##### Company as a Lessee:

The Company applied Ind AS 116 "Leases" from April 01, 2019 using the modified retrospective approach and has measured the Right of Use Asset at an amount equal to the Lease Liability adjusted for accruals and prepayments recognised in the balance sheet immediately before the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our standalone financial statements for year ended March 31, 2019.

Previously, the Company assessed leases at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of lease. On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after April 01, 2019.

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

## Medinova Diagnostic Services Limited

### Notes to the Standalone Financial Statements for the year ended March 31, 2021

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 01, 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low value.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

#### K. Income-tax

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

##### (i) Current tax

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

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

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

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

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

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

#### L. Provision, contingent liabilities and contingent assets

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

##### Contingencies:

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

##### Contingent liabilities and contingent assets:

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

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





**Medinova Diagnostic Services Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

<b>4 Property, plant and equipment</b>					
<b>Particulars</b>	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Furniture and fixtures</b>	<b>Computers</b>	<b>Total</b>
<b>A. Gross value (at cost)</b>					
As at April 01, 2019	39.44	372.89	50.64	27.69	490.66
Additions	-	-	-	0.30	0.30
Disposals	-	-	-	-	-
As at March 31, 2020	39.44	372.89	50.64	27.99	490.96
Additions	-	16.88	0.23	1.39	18.50
Disposals	-	-	-	-	-
As at March 31, 2021	39.44	389.77	50.87	29.38	509.46
<b>B. Accumulated depreciation</b>					
As at April 01, 2019	23.47	262.49	38.34	22.08	346.38
For the year ended	3.28	31.26	4.57	2.11	41.22
Disposals	-	-	-	-	-
As at March 31, 2020	26.75	293.75	42.91	24.19	387.60
For the year ended	2.61	24.97	2.89	1.73	32.19
Disposals	-	-	-	-	-
As at March 31, 2021	29.36	318.72	45.80	25.91	419.79
<b>C. Net carrying value (A-B)</b>					
As at March 31, 2021	10.08	71.05	5.07	3.47	89.67
As at March 31, 2020	12.69	79.14	7.73	3.80	103.36

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>5 Financial assets</b>		
<b>(a) Investments</b>		
<b>Non-Current</b>		
<b>A. Subsidiaries</b>		
<b>Investment in Limited Liability Partnership (LLP) [At amortised cost]</b>		
<b>Unquoted</b>		
Medinova Millennium MRI Services LLP	126.82	126.82
[55.07% (March 31, 2020: 55.07%) share in capital contribution]		
<b>Total</b>	<b>126.82</b>	<b>126.82</b>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	126.82	126.82
Aggregate amount of impairment in value of investments	-	-
Market value of quoted investments	-	-
<b>(b) Trade receivables</b>		
<i>(Unsecured)</i>		
<b>Non-Current</b>		
Considered good *	16.89	14.39
Credit impaired	1.69	-
Less: Allowance for doubtful receivables (expected credit loss allowance)	(1.69)	-
	<b>16.89</b>	<b>14.39</b>
<b>Current</b>		
Considered good *	60.27	30.68
Credit impaired	-	-
Less: Allowance for doubtful receivables (expected credit loss allowance)	-	-
	<b>60.27</b>	<b>30.68</b>
* Include amount receivable from related parties (refer note 27)		
<b>5 Financial assets (continued)</b>		
<b>(c) Non-current loans</b>		
<i>(Unsecured, considered good)</i>		
Security deposits *	5.73	5.73
Other deposits	12.77	8.30
	<b>18.50</b>	<b>14.03</b>
<b>(d) Cash and cash equivalents</b>		
Cash on hand	1.77	0.27
Balances with banks		
- in current accounts	29.59	6.45
	<b>31.36</b>	<b>6.72</b>
<b>(e) Other bank balances</b>		
<b>Current</b>		
Deposit accounts with remaining maturity of less than 12 months	39.50	14.53
	<b>39.50</b>	<b>14.53</b>

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(f) Other financial assets</b>		
<i>(Unsecured, considered good)</i>		
<b>Current</b>		
Interest accrued on bank deposits and others	0.20	-
	<b>0.20</b>	<b>-</b>
<b>6 Deferred tax asset/(liabilities) net</b>		
<b>Deferred tax assets</b>		
On account of property, plant and equipment	37.42	41.17
<b>Deferred tax asset/(liability), net</b>	<b>37.42</b>	<b>41.17</b>
<b>Movement in deferred tax assets/ (liabilities)</b>		
	<b>Property, plant and equipment and intangible assets including decommissioning liability</b>	<b>Total</b>
<b>On account of</b>		
<b>At April 01, 2019</b>	<b>43.75</b>	<b>43.75</b>
(Charged)/ credited:		
- to profit or loss	(2.58)	(2.58)
- to OCI	-	-
<b>As at March 31, 2020</b>	<b>41.17</b>	<b>41.17</b>
(Charged)/credited:		
- to profit or loss	(3.74)	(3.74)
- to OCI	-	-
<b>As at March 31, 2021</b>	<b>37.42</b>	<b>37.42</b>
<b>7 Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Chemicals, digital imaging films and consumables	13.06	6.32
	<b>13.06</b>	<b>6.32</b>
<b>8 Other assets</b>		
<i>(Unsecured, considered good)</i>		
<b>Current</b>		
Balance with government authorities	0.61	0.10
Prepaid expenses	2.54	5.47
	<b>3.15</b>	<b>5.57</b>

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at			
	March 31, 2021	March 31, 2020		
<b>9 Equity</b>				
<b>Authorised share capital</b>				
11,000,000 (March 31, 2020: 11,000,000) equity shares of Rs. 10 each	1,100.00	1,100.00		
<b>(a) Equity share capital</b>				
<b>Issued, subscribed and fully paid up capital</b>				
9,981,640 (March 31, 2020: 9,981,640) equity shares of Rs. 10 each, fully paid-up	998.16	998.16		
Less : Allotment Money Arrears	2.48	2.48		
	<b>995.68</b>	<b>995.68</b>		
<b>i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year</b>				
	March 31, 2021		March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	99,81,640	995.68	99,81,640	995.68
Shares issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>99,81,640</b>	<b>995.68</b>	<b>99,81,640</b>	<b>995.68</b>
<b>ii) Terms and rights attached to equity shares</b>				
Equity shares issued by the Company have par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
<b>iii) Details of shareholders holding more than 5% shares in the company</b>				
	March 31, 2021		March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
<b>Equity Shares:</b>				
Vijaya Diagnostic Centre Limited (Holding Company)	62,02,220	62.14%	62,02,220	62.14%
As per records the Company including registration of shareholders/ members, the above share holding represents both legal and beneficial ownership of shares. Name of the Holding Company changed to Vijaya Diagnostic Centre Limited with effective date March 26, 2021.				
<b>iv. No bonus shares are issued or shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:</b>				
<b>(b) Other equity</b>				
<b>Reserves and surplus</b>			As at	As at
			March 31, 2021	March 31, 2020
(i) General reserve			62.46	62.46
(ii) Securities premium account			51.55	51.55
(iii) Retained earnings			(1,665.51)	(1,877.26)
			<b>(1,551.50)</b>	<b>(1,763.26)</b>
<b>i) General reserve</b>				
			As at	As at
			March 31, 2021	March 31, 2020
Balance at the commencement of the year			62.46	62.46
Add: Movement during the year			-	-
<b>Balance as at the end of the year</b>			<b>62.46</b>	<b>62.46</b>
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.				
<b>ii) Securities premium</b>				
			As at	As at
			March 31, 2021	March 31, 2020
Balance at the commencement of the year			51.55	51.55
Add: Movement during the year			-	-
<b>Balance as at the end of the year</b>			<b>51.55</b>	<b>51.55</b>
Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the "Act".				
<b>iii) Retained earnings</b>				
			As at	As at
			March 31, 2021	March 31, 2020
Balance at the commencement of the year			(1,877.26)	(1,847.43)
Add: Profit for the year			216.57	(29.57)
<i>Items of other comprehensive income recognised directly in retained earnings</i>				
- Remeasurement of defined benefit obligations (net of tax)			(4.82)	(0.27)
<b>Balance as at the end of the year</b>			<b>(1,665.51)</b>	<b>(1,877.26)</b>
OCI represents remeasurement of defined employee benefit obligations: Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified to statement of profit and loss.				
<b>Total Other equity (i+ii+iii)</b>			<b>(1,551.50)</b>	<b>(1,763.26)</b>

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>10 Financial liabilities</b>		
<b>(a) Non-Current borrowings</b>		
<b>Secured loans</b>		
Term loans		
- from banks	-	36.01
<b>Unsecured loans</b>		
<b>Loans from related parties</b>		
- from Vijaya Diagnostic Centre Limited (Holding Company)	-	70.66
- from Directors	327.45	327.45
<b>Sub-total</b>	<b>327.45</b>	<b>434.12</b>
Less: Current maturities of long term borrowings	-	31.53
	<b>327.45</b>	<b>402.59</b>
<b>Note:</b>		
<b>i. Terms of secured loans from banks:</b>		
Term loans from banks is repayable in monthly instalments repayable in 4 to 5 years and carry an interest rate of 11.05% - 11.50% per annum. The Company foreclosed these in the current year. These loans are secured by hypothecation of assets created out of the Loans, personal guarantees by Dr S Surendranath Reddy, K Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Limited.		
<b>ii. Terms of Unsecured loans from related parties:</b>		
(a) Loan from Vijaya Diagnostic Centre Limited is repayable in 3 years and carries an interest rate of 10% per annum. The loan is unsecured.		
(b) Loan from Directors is repayable in 3 to 5 years and carries an interest rate of 8% per annum. The loan is unsecured.		
<b>(b) Trade payables</b>		
Total outstanding dues of micro and small enterprises (refer note 23)	-	-
Total outstanding dues of creditors other than micro and small enterprises *	436.02	484.90
	<b>436.02</b>	<b>484.90</b>
* Includes amount payable to related parties (refer note 27)		
<b>(c) Other financial liabilities</b>		
<b>Current</b>		
Current maturities of long term borrowings	-	31.53
Payable to employees	46.62	65.92
Interest accrued but not due on borrowings	145.69	127.17
	<b>192.31</b>	<b>224.62</b>
<b>11 Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits:		
- Gratuity (Refer note 26)	30.37	30.35
- Compensated absences	3.68	3.19
	<b>34.05</b>	<b>33.54</b>
<b>Current</b>		
Provision for employee benefits:		
- Gratuity (Refer note 26)	9.50	8.28
- Compensated absences	5.49	4.40
	<b>14.99</b>	<b>12.68</b>
<b>12 Other liabilities</b>		
<b>Current</b>		
Statutory liabilities	14.31	11.40
	<b>14.31</b>	<b>11.40</b>

**Medinova Diagnostic Services Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>13 Revenue from operations</b>		
Sale of services	1,128.27	546.04
Other operating revenue		
Franchise Management Fee	3.36	3.26
	<b>1,131.63</b>	<b>549.30</b>
<b>14 Other income</b>		
Interest income on bank deposits and others	7.54	0.46
Rent received	7.20	7.20
Income from professional service	8.58	12.26
Other non-operating income	6.07	6.40
	<b>29.39</b>	<b>26.32</b>
<b>15 Cost of materials consumed</b>		
Inventory of materials as at the beginning of the year	6.32	6.77
Add: Purchases during the year	153.39	85.10
Less: Inventory of materials as at the end of the year	13.06	6.32
	<b>146.65</b>	<b>85.55</b>
<b>16 Employee benefits expense</b>		
Salaries, wages and bonus	141.47	157.21
Contribution to provident and other funds (refer note 28)	7.94	10.99
Gratuity (refer note 28)	4.72	5.68
Compensated absences	2.56	1.38
Staff welfare expenses	1.88	3.65
	<b>158.57</b>	<b>178.91</b>
<b>17 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment	32.19	41.22
	<b>32.19</b>	<b>41.22</b>
<b>18 Finance costs</b>		
Interest on borrowings measured at amortised cost	26.88	40.08
Bank charges and other borrowing costs	3.99	2.28
	<b>30.87</b>	<b>42.36</b>
<b>19 Other expenses</b>		
Power and fuel	16.63	17.15
Rent	14.47	14.79
Repairs and Maintenance		
a. Building	-	0.20
b. Plant and machinery	28.27	17.22
House keeping expenses	4.68	5.45
Security charges	3.11	6.26
Insurance	0.82	0.78
Rates and taxes	8.11	7.42
Advertisement, publicity and marketing	3.61	4.10
Travelling and Conveyance	17.78	10.26
Legal and professional charges	106.05	119.68
Payment to auditors (refer note (i) below)	1.50	1.77
Postage and communication	15.39	10.51
Printing and stationery	0.27	1.69
Provision for doubtful receivables	1.69	-
Directors Sitting Fees	0.33	0.40
Miscellaneous expenses	6.10	5.81
	<b>228.81</b>	<b>223.49</b>
<b>Notes:</b>		
<b>i. Payment to auditors (inclusive of taxes)</b>		
As auditors		
- For Taxation Matters	0.90	1.06
- For Company Law Matters	0.60	0.71
	<b>1.50</b>	<b>1.77</b>

**Medinova Diagnostic Services Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>20 Income-tax expense</b>		
<b>(a) Amount recognised in statement of profit and loss</b>		
Current tax	8.51	-
Deferred tax attributable to temporary differences	3.74	2.58
Tax pertaining to earlier years	0.43	-
<b>Tax expense</b>	<b>12.68</b>	<b>2.58</b>
<b>(b) Amount recognised in other comprehensive income</b>		
<b>Deferred tax related to items recognised in OCI</b>		
Deferred tax expense/(income) on remeasurements of defined benefit obligations	-	-
<b>Income-tax expense/(income) recognised in OCI</b>	<b>-</b>	<b>-</b>
<b>(c) Reconciliation of effective tax rate:</b>		
<b>Profit before tax</b>	<b>229.25</b>	<b>(26.99)</b>
Enacted tax rate in India*	25.17%	25.17%
<b>Tax expense at enacted rates</b>	<b>57.70</b>	<b>(6.79)</b>
<b>Tax effect of:</b>		
Losses on which deferred tax asset is not recognised	-	6.79
Losses of past period on which deferred tax asset was not recognised	(50.89)	-
Others	(6.81)	-
Tax pertaining to earlier years	0.43	-
<b>Income-tax recognised in the statement of profit and loss</b>	<b>0.43</b>	<b>-</b>
<b>(d) The following table provides the details of income tax assets and income tax liabilities:</b>		
	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Income-tax assets, net	26.47	38.56
Current tax liabilities, net	-	-
	<b>26.47</b>	<b>38.56</b>
	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Net current income-tax liability at the beginning of the year	38.56	31.54
Add: Current tax expense	8.51	-
Add: Tax pertaining to earlier years	0.43	-
Less: Tax paid / refund during the year	(3.15)	7.02
<b>Net income tax liability at the end of the year</b>	<b>26.47</b>	<b>38.56</b>



**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**21 Contingent liabilities and commitments (to the extent not provided for)**
**Contingent liabilities**

	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts: (In the matter of disputed demand for provident fund relating to the period 1998-2001)	5.61	5.61

The Company based on its legal assessment do not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

**Capital and commitments**

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	-	-

**22 Earnings per share**

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Earnings for the year</b>		
Net profit for the year attributable to equity shareholders (A)	216.57	(29.57)
<b>Shares</b>		
Weighted average number of equity shares for Basic EPS (B)	99,81,640	99,81,640
Weighted average number of equity shares for Diluted EPS (C)	99,81,640	99,81,640
<b>(a) Basic earnings per share of face value of Rs. 10 each (A/B)</b>	<b>2.17</b>	<b>(0.30)</b>
<b>(b) Diluted earnings per share of face value of Rs. 10 each (A/C)</b>	<b>2.17</b>	<b>(0.30)</b>

**23 Dues to micro and small enterprises**

The details of Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006.

Particulars	March 31, 2021	March 31, 2020
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	-	-
- Interest	-	-
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year;	-	-
<sup>and</sup> (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

**Note:** The list of undertakings covered under MSMED Act was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

**24 Disclosure as per Section 186 of the Companies Act, 2013**

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows :

- (i) Details of investments made are given in Note 5(a)
- (ii) Loans given by the Company is Nil (as at March 31, 2020: Nil)
- (iii) Guarantees given by the Company is Nil (as at March 31, 2020: Nil)

**25 Segment reporting**
**A. Basis for segmentation**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses,

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators at operational unit level and since there is single operating segment, no segment disclosures of the company is presented. The Company's operations fall within a single business segment "Diagnostic services".

**B. Geographical information**

The Company operates within India and therefore there are no assets or liabilities outside India.

**C. Major customers**

Revenue from any single customer of the Company's operating segment does not exceed 10% of the total revenue reported and hence the Management believes that there are no major customers to be disclosed.

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**26 Employee benefit plans**

The Company has following post employment benefit plans:

**(a) Defined contribution plans**

Contributions were made to provident fund (at the rate of 12% of basic salary) and Employee State Insurance in India for the employees of the Company as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any other constructive obligation. The expense recognised during the year in the standalone statement of profit and loss towards defined contribution plan is Rs. 7.94 lakhs (March 31, 2020: Rs. 10.99 lakhs).

**(b) Defined benefit plan**

The Company provides for Gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months, restricted to a sum of Rs. 20.00 lakhs. The gratuity plan is a unfunded plan.

This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

**i. Reconciliation of the net defined benefit (asset)/ liability**

The amounts recognised in the balance sheet and the movements in the defined benefit obligation and fair value of plan assets over the year are as follows:

**The amounts recognised in the balance sheet and the movements in the defined benefit obligation as per the valuation report as at March 31, 2020 are produced in the tables below**
**(a) Changes in the Present Value of Obligation**

Particulars	Year ended	
	March 31, 2021	March 31, 2020
<b>Present value of obligation as at the beginning</b>	<b>38.63</b>	<b>50.12</b>
Current service cost	2.58	2.19
Interest expense or cost	2.14	3.49
<b>Actuarial (gains) / losses</b>		
- change in demographic assumptions	-	0.00
- change in financial assumptions	(0.07)	1.86
- experience variance (i.e. Actual experience vs assumptions)	4.88	(1.60)
Benefits paid	(8.28)	(17.43)
<b>Present value of obligation as at end</b>	<b>39.88</b>	<b>38.63</b>

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

Particulars	As at	
	March 31, 2021	March 31, 2020
Current liability (Short-term)	9.50	8.28
Non-current liability (Long-term)	30.37	30.35
<b>Present value of obligation</b>	<b>39.87</b>	<b>38.63</b>

**(c) Expenses Recognised in the Statement of profit and loss**

Particulars	Year ended	
	March 31, 2021	March 31, 2020
Current service cost	2.58	2.19
Net interest cost / (income) on the net defined benefit liability / (asset)	2.14	3.49
<b>Expenses recognised in the Statement of profit and loss</b>	<b>4.72</b>	<b>5.68</b>

**(d) Other Comprehensive Income**

Particulars	Year ended	
	March 31, 2021	March 31, 2020
Actuarial (gains) / losses		
- change in demographic assumptions	-	0.00
- change in financial assumptions	(0.07)	1.86
- experience variance (i.e. Actual experience vs assumptions)	4.88	(1.60)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>4.81</b>	<b>0.27</b>

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**ii. Actuarial assumptions**

Principal actuarial assumptions for defined benefit obligation are as follows:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Discount rate	5.60%	5.55%
Salary escalation rate	6.00%	6.00%
Attrition rate	15.00%	15.00%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

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

**26 Employee benefit plans (continued)**
**(b) Defined benefit plan (continued)**
**iii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:

	<b>Increase in assumption by 1%</b>		<b>Decrease in assumption by 1%</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Discount rate	1.29	1.33	1.38	1.42
Salary escalation rate	1.36	1.40	1.30	1.34
Attrition rate	0.39	0.27	0.50	0.35

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**iv. Expected contributions to the plan for the next annual reporting period**

Expected contribution to post-employment benefit plans for the next year ending March 31, 2022 is Rs. 9.50 lakhs.

**v. Maturity profile of the defined benefit liability**

The weighted average duration of the defined benefit obligation is 4 years (March 31, 2020 - 2024). The expected maturity analysis of defined benefit obligation on an undiscounted basis is as follows:

	<b>Less than a year</b>	<b>Between 2-5 years</b>	<b>Between 6-10 years</b>	<b>More than 10 years</b>
31 March 2021	9.50	26.73	10.19	2.71
31 March 2020	8.28	28.51	9.09	1.92

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**27 Related parties**
**(a) Details of related parties**

Description of relationship	Name of the related parties
Holding Company	Vijaya Diagnostic Centre Limited
Subsidiaries	Medinova Millennium MRI Services LLP
Key Management Personnel (KMP)	Dr. Sura Surendranath Reddy, Chairman Sunil Chandra Kondapally, Managing Director N Ravikumar, Chief Financial Officer (ceased w.e.f. May 31, 2019) Hrusikesh Behera, Chief Financial Officer (w.e.f. November 07, 2019) V.Sri Lakshmi, Company Secretary (w.e.f. August 14, 2019) Vijay Gupta, Company Secretary (ceased w.e.f. June 03, 2019).

**(b) Details of transactions during the year**

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Vijaya Diagnostic Centre Limited</b>		
Diagnostic Services(Expense)	331.37	19.37
Interest on Loan	3.13	6.10
Loan Received	-	42.66
<b>Medinova Millennium MRI Services LLP</b>		
Purchase of services	0.18	8.10
Income from professional service	8.58	12.26
Collection from customers	0.02	4.79
Rent received	7.20	7.20
<b>Dr Sura Surendranath Reddy</b>		
Interest on loan	22.80	22.80
<b>K Sunil Chandra</b>		
Interest on loan	3.40	3.40
<b>Remuneration</b>		
N Ravi Kumar	-	1.16
Hrusikesh Behera	10.80	4.18
V.Sri Lakshmi*	-	-

\* V.Sri Lakshmi a whole time Company Secretary of Vijaya Diagnostic Centre Limited, the Holding company of Medinova Diagnostic Services Limited (MDSL) was appointed w.e.f. August 14, 2019 as the whole time company secretary of MDSL. No remuneration was paid separately in MDSL.

**27 Related parties (continued)**
**(c) Amounts due (to)/ from related parties**

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Unsecured Loan</b>		
Vijaya Diagnostic Centre Limited	-	70.66
Dr Sura Surendranath Reddy	285.00	285.00
K Sunil Chandra	42.45	42.45
<b>Interest payable</b>		
Vijaya Diagnostic Centre Limited	-	5.49
Dr Sura Surendranath Reddy	131.81	110.72
K Sunil Chandra	13.88	10.74
<b>Creditors for services</b>		
Vijaya Diagnostic Centre Limited	268.02	288.05
Medinova Millennium MRI Services LLP	1.87	8.59
<b>Other receivables</b>		
Medinova Millennium MRI Services LLP	0.11	3.42
<b>Investments</b>		
Medinova Millennium MRI Services LLP	126.82	126.82
<b>Remuneration to KMP and their relatives</b>		
Hrusikesh Behera	0.89	0.84

**Note:**

All transactions with these related parties are at arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured. (All the amounts of transactions and balances disclosed in this note are gross and undiscounted).

**Medinova Diagnostic Services Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**28 Capital management**

The Company's policy is to maintain a stable and strong capital structure with a focus on equity so as to provide returns to shareholders, benefits to other stakeholders, creditors and to sustain future development and growth of the business. In order to maintain the capital structure, the Company monitors the return on capital as well as debt to total equity ratio. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of debt to total equity, debt includes its long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves.

**Gearing ratio:**

	March 31, 2021	March 31, 2020
Total debt	327.45	434.12
Total equity	(555.82)	(767.58)
<b>Debt equity ratio</b>	-	-

**29 Financial instruments**
**A. Accounting classifications and fair values**

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

Particulars	Note	March 31, 2021		March 31, 2020		Fair value level
		Amortised cost	Fair value	Amortised cost	Fair value	
<b>Financial assets</b>						
Investments	5 (a)	126.82	-	126.82	-	
Trade receivables	5 (b)	77.16	-	45.06	-	
Loans	5 (c)	18.50	-	14.03	-	
Cash and cash equivalents	5 (d)	31.36	-	6.72	-	
Other bank balances	5 (e)	39.50	-	14.53	-	
Other financial assets	5 (f)	0.20	-	-	-	
<b>Total financial assets</b>		<b>293.55</b>	-	<b>207.16</b>	-	
<b>Financial liabilities</b>						
Borrowings	10 (a)	327.45	-	434.12	-	
Trade payables	10 (b)	436.02	-	484.90	-	
Other financial liabilities	10 (c)	192.31	-	193.09	-	
<b>Total financial liabilities</b>		<b>955.78</b>	-	<b>1,112.11</b>	-	

Note: The Group has not disclosed the fair values for financial instruments such as short-term trade receivables or short-term trade payables because their carrying amounts are a reasonable approximation of fair values.

Note 1: For the purpose of above abbreviations, FVTOCI - Fair value through other comprehensive income; amortised cost - fair value through amortized cost

Note 2: Other financial assets and liabilities relate to level 3 financial instruments where the carrying value reasonably approximates to their fair value.

**Medinova Diagnostic Services Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**29 Financial instruments (continued)**

**B. Financial risk management**

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

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Trade receivables, security deposits, bank deposits and loans.	Ageing analysis. Credit score of customers/ entities.	Monitoring the credit limits of customers and obtaining security deposits
Liquidity risk	Borrowings	Cash flow forecasts managed by finance team under the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits and investment in mutual funds.

The Company's risk management is carried out by the Senior Management under policies approved by the Board of Directors. The Board of Directors provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

**i. Credit risk**

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

The Company has no significant concentration of credit risk with any counterparty.

**Trade receivables and loans:**

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

**Expected credit loss (ECL) assessment for individual customers:**

As per simplified approach, the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date.

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

	<b>&lt; 180 days</b>	<b>&gt; 180 days</b>	<b>Provision</b>	<b>Total</b>
March 31, 2021	61.96	16.89	(1.69)	77.16
March 31, 2020	36.55	8.51	-	45.06

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

**The movement in the allowance for impairment in respect of trade receivables is as follows:**

Balance at the beginning of the year	-	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Add: Allowance measured at lifetime expected credit loss	1.69	-	-
Less: Amounts written off	-	-	-
<b>Balance at the end of the year</b>	<b>1.69</b>	-	-

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by credit rating agencies. Investments primarily include investments in subsidiaries.

**Medinova Diagnostic Services Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**29 Financial instruments (continued)**

**ii. Liquidity risk**

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

The finance team monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash outflows on trade payables and other financial liabilities and any excess/ short liquidity is managed in the form of current borrowings and bank deposits and as per the approved frame work.

**Exposure to liability risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows			
			Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>March 31, 2021</b>						
Borrowings (including current maturities of long-term borrowings)	327.45	327.45	-	327.45	-	-
Trade payables	436.02	436.02	436.02	-	-	-
Other financial liabilities	192.31	192.31	192.31	-	-	-
	<b>955.78</b>	<b>955.78</b>	<b>628.33</b>	<b>327.45</b>	-	-
<b>March 31, 2020</b>						
Borrowings (including current maturities of long-term borrowings)	434.12	434.12	31.53	4.48	398.11	-
Trade payables	484.90	484.90	484.90	-	-	-
Other financial liabilities	193.08	193.08	193.08	-	-	-
	<b>1,112.10</b>	<b>1,112.10</b>	<b>709.52</b>	<b>4.48</b>	<b>398.11</b>	-

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**iii. Market risk**

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others which will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Medinova Diagnostic Services Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2021 (continued)**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**30 Disclosure as per Ind AS 115 - Revenue from contracts with customers**

	As at March 31, 2021	As at March 31, 2020
Contract assets		
- Unbilled revenue	-	-
- Trade receivables	77.16	45.06
Contract liabilities		
- Advances from customers	-	-
- Contract liability- deferred revenue	-	-

**31 Comparative figures**

The Comparative figures for the previous year have been re-arranged to conform with the current year presentation of the accounts.

As per our Report of even date attached  
**For Ratnam Dhaveji & Co.**  
 Chartered Accountants  
 ICAI Firm registration number: 006677S

For and on behalf of the Board of Directors of  
**Medinova Diagnostic Services Limited**  
 CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**  
 Partner  
 Membership Number: 203479

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

**Sunil Chandra Kondapally**  
 Managing Director  
 DIN Number: 01409332

Place: Hyderabad  
 Date: 23 April 2021

**Hrusikesh Behera**  
 Chief Financial Officer

**V. Sri Lakshmi**  
 Company Secretary

Place: Hyderabad  
 Date: 23 April 2021





## **Independent Auditors' Report**

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

#### **Opinion**

We have audited the consolidated financial statements of Medinova Diagnostic Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary LLP (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31<sup>st</sup> March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

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

#### **Other Information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



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

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

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

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

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

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

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

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

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



Consolidated Financial Statements and the Operating effectiveness of such controls based on our audit.

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

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated

Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

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

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

Hyderabad  
Date: 23.04.2021

C V Ratnam Dhaveji  
Partner  
M.No 203479  
UDIN : 21203479AAAAAV2403



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

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

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

### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2021, we have audited the internal financial controls over financial reporting of Medinova Diagnostic Services Limited (hereinafter referred to as "the Holding Company") and its subsidiary LLP, which is an LLP incorporated in India, as of that date.

In our Opinion, and to the best of our information and according to the explanations given to us, the Holding Company and subsidiary LLP incorporated in India, have in all material respects adequate internal financial controls with reference to consolidated financial statements and such financial controls were operating effectively as at 31<sup>st</sup> March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

The Board of Directors of the Company and the designated partners of its subsidiary LLP are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to the consolidated financial statements based on the criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

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

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

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

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

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



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

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

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

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

Hyderabad  
Date: 23.04.2021

C V Ratnam Dhaveji  
Partner  
M.No 203479  
UDIN : 21203479AAAAAV2403

**Medinova Diagnostic Services Limited**
**Consolidated Balance Sheet as at March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	4	187.23	240.37
(b) Financial assets			
(i) Trade receivables	5 (a)	16.89	14.39
(ii) Loans	5 (b)	18.50	14.03
(c) Deferred tax assets, (net)	6	29.31	26.13
(d) Non-current tax assets, (net)	20 (d)	30.00	40.99
<b>Total non-current assets</b>		<b>281.93</b>	<b>335.91</b>
<b>II Current assets</b>			
(a) Inventories	7	14.64	8.10
(b) Financial assets			
(i) Trade receivables	5 (a)	65.69	34.51
(ii) Cash and cash equivalents	5 (c)	31.69	6.76
(iii) Bank balances other than (iii) above	5 (d)	39.50	14.53
(iv) Other financial assets	5 (e)	0.20	-
(c) Other current assets	8	3.59	6.12
<b>Total current assets</b>		<b>155.31</b>	<b>70.02</b>
<b>TOTAL ASSETS (I + II)</b>		<b>437.24</b>	<b>405.93</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	9 (a)	995.68	995.68
(b) Other equity	9 (b)	(1,715.47)	(1,912.86)
<b>Equity attributable to owners of Parent Company</b>		<b>(719.79)</b>	<b>(917.18)</b>
Non-controlling interest		(30.70)	(18.96)
<b>Total equity</b>		<b>(750.49)</b>	<b>(936.14)</b>
<b>Liabilities</b>			
<b>II Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	10 (a)	327.45	402.59
(b) Provisions	11	65.09	61.76
<b>Total non-current liabilities</b>		<b>392.54</b>	<b>464.35</b>
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	10 (a)	119.69	130.45
(ii) Trade payables	10 (b)		
total outstanding dues of micro and small enterprises		-	-
total outstanding dues of creditors other than micro and small enterprises		451.85	496.46
(iii) Other financial liabilities	10 (c)	193.80	226.04
(b) Provisions	11	14.99	12.68
(c) Other current liabilities	12	14.86	12.09
<b>Total current liabilities</b>		<b>795.19</b>	<b>877.72</b>
<b>Total liabilities (II + III)</b>		<b>1,187.73</b>	<b>1,342.07</b>
<b>TOTAL EQUITY AND LIABILITIES (I + II + III)</b>		<b>437.24</b>	<b>405.93</b>
Corporate information	1		
Summary of significant accounting policies	2 & 3		

The notes referred to above form an integral part of the consolidated financial statements.

 As per our Report of even date attached  
**For Ratnam Dhaveji & Co.**  
 Chartered Accountants  
 ICAI Firm registration number: 006677S

**C V Ratnam Dhaveji**  
 Partner  
 Membership Number: 203479

 Place: Hyderabad  
 Date: 23 April 2021

 For and on behalf of the Board of Directors of  
**Medinova Diagnostic Services Limited**  
 CIN:L85110TG1993PLC015481

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

**Sunil Chandra Kondapally**  
 Managing Director  
 DIN Number: 01409332

**Hrusikesh Behera**  
 Chief Financial Officer

**V. Sri Lakshmi**  
 Company Secretary

 Place: Hyderabad  
 Date: 23 April 2021

**Medinova Diagnostic Services Limited**
**Consolidated Statement of profit and loss for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>1 Income</b>			
(a) Revenue from operations	13	1,274.35	744.70
(b) Other income	14	13.61	7.40
<b>Total income</b>		<b>1,287.96</b>	<b>752.10</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	15	158.40	108.84
(b) Employee benefits expense	16	172.79	191.82
(c) Testing Fees		334.68	31.08
(d) Finance costs	18	46.26	59.37
(e) Depreciation and amortisation expense	17	71.65	95.11
(f) Other expenses	19	307.96	293.45
<b>Total expenses</b>		<b>1,091.74</b>	<b>779.67</b>
<b>3 Profit Before Tax (PBT) [1 - 2]</b>		<b>196.22</b>	<b>(27.57)</b>
<b>4 Tax expense</b>	20		
(a) Current tax		8.51	-
(b) Deferred tax, net		(3.19)	(4.80)
(c) Tax pertaining earlier years		0.43	-
<b>Total tax expense</b>		<b>5.75</b>	<b>(4.80)</b>
<b>5 Profit for the year [3-4]</b>		<b>190.47</b>	<b>(22.77)</b>
<b>6 Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
(a) Remeasurement of the defined benefit obligations		(4.82)	(0.27)
(b) Income-tax relating to above item		-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>(4.82)</b>	<b>(0.27)</b>
<b>7 Total comprehensive income for the year [5+6]</b>		<b>185.65</b>	<b>(23.05)</b>
<b>Profit for the year attributable to Owners</b>		<b>202.21</b>	<b>(25.82)</b>
Profit/(Loss) for the year attributable to Non-controlling interests		(11.74)	3.05
<b>Total comprehensive income attributable to Owners</b>		<b>197.39</b>	<b>(26.10)</b>
Total comprehensive income/(loss) attributable to Non-controlling interests		(11.74)	3.05
<b>Earnings per equity share (face value of Rs. 10 each fully paid up)</b>	22		
- Basic (in Rs.)		2.03	(0.26)
- Diluted (in Rs.)		2.03	(0.26)
Corporate information	1		
Summary of significant accounting policies	2&3		

The notes referred to above form an integral part of the consolidated financial statements.

As per our Report of even date attached

**For Ratnam Dhaveji & Co.**

Chartered Accountants

ICAI Firm registration number: 006677S

**C V Ratnam Dhaveji**

Partner

Membership Number: 203479

Place: Hyderabad

Date: 23 April 2021

For and on behalf of the Board of Directors

**Medinova Diagnostic Services Limited**

CIN:L85110TG1993PLC015481

**Dr. Sura Surendranath Reddy**

Chairman

DIN Number: 00108599

**Hrusikesh Behera**

Chief Financial Officer

Place: Hyderabad

Date: 23 April 2021

**Sunil Chandra Kondapally**

Managing Director

DIN Number: 01409332

**V. Sri Lakshmi**

Company Secretary



**Medinova Diagnostic Services Limited**
**Consolidated Statement of cash flows for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	191.41	(27.84)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	71.65	95.11
Interest income	(12.32)	(0.46)
Provision for credit impaired receivables	1.69	-
Finance cost	38.49	53.37
Interest expense on deferred credit purchases and decommissioning liability	2.82	2.57
<b>Operating profit before changes in assets and liabilities</b>	<b>293.74</b>	<b>122.75</b>
Changes in working capital items:		
(Increase)/ decrease in inventories	(6.54)	1.45
(Increase)/ decrease in trade receivables	(35.37)	1.63
(Increase)/ decrease in other financial assets	(4.68)	0.30
(Increase)/ decrease in other assets	2.53	(1.47)
Increase in trade payables	(44.61)	25.10
Decrease in provisions and other liabilities	5.59	7.33
Increase in other financial liabilities	(19.23)	(29.65)
<b>Cash generated from operations</b>	<b>191.43</b>	<b>127.42</b>
Current taxes paid	2.05	(3.44)
<b>Net cash generated from operating activities (A)</b>	<b>193.48</b>	<b>123.98</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and CWIP	(18.50)	(2.29)
Proceeds from sale of property, plant and equipment	-	0.60
Deposits made / redeemed	(24.97)	(14.53)
Interest received	12.32	0.46
<b>Net cash outflow from investing activities (B)</b>	<b>(31.15)</b>	<b>(15.76)</b>
<b>C. Cash flows from financing activities</b>		
Loan received from holding company	(70.66)	42.66
Repayment of long-term borrowings	(36.01)	(57.00)
Proceeds from/ (Repayments of) short-term borrowings, net	(10.76)	(64.86)
Interest paid	(19.97)	(28.08)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(137.40)</b>	<b>(107.28)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>24.93</b>	<b>0.94</b>
Cash and cash equivalents at the beginning of the financial year	6.76	5.82
<b>Cash and cash equivalents at end of the year</b>	<b>31.69</b>	<b>6.76</b>

**Note:**

(a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

(b) Cash and cash equivalents as per above comprise of the following:

	March 31, 2021	March 31, 2020
Cash on hand	2.10	0.31
Balances with banks		
- in current accounts	29.59	6.45
<b>Total cash and cash equivalents (refer note 5(c))</b>	<b>31.69</b>	<b>6.76</b>

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

**For Ratnam Dhaveji & Co.**  
 Chartered Accountants  
 ICAI Firm registration number: 006677S

 For and on behalf of the Board of Directors  
**Medinova Diagnostic Services Limited**  
 CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**  
 Partner  
 Membership Number: 203479

**Dr. S Surendranath Reddy**  
 Chairman  
 DIN Number: 00108599

**Sunil Chandra Kondapally**  
 Managing Director  
 DIN Number: 01409332

 Place: Hyderabad  
 Date: 23 April 2021

**Hrusikesh Behera**  
 Chief Financial Officer

**V. Sri Lakshmi**  
 Company Secretary

 Place: Hyderabad  
 Date: 23 April 2021

**Medinova Diagnostic Services Limited**  
**Consolidated Statement of Changes in Equity for the year ended March 31, 2021**  
(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Reserves and surplus				Total	Total attributable to Non-controlling interest	Total
	Equity share capital	General reserve	Securities premium account	Retained earnings			
<b>Balance as at April 01, 2019</b>	995.68	62.46	51.55	(2,000.78)	(891.09)	(22.01)	(913.10)
<b>Total comprehensive income for the year ended March 31, 2020</b>	-	-	-	(25.82)	(25.82)	3.05	(22.77)
Loss for the year	-	-	-	(0.27)	(0.27)	-	(0.27)
Other comprehensive income, net of tax	-	-	-	(26.08)	(26.08)	3.05	(23.04)
<b>Total comprehensive income</b>	-	-	-	(26.08)	(26.08)	3.05	(23.04)
<b>Balance as at March 31, 2020</b>	995.68	62.46	51.55	(2,026.87)	(917.18)	(18.96)	(936.14)
<b>Total comprehensive income for the year ended March 31, 2021</b>	-	-	-	202.21	202.21	(11.74)	190.47
Loss for the year	-	-	-	(4.82)	(4.82)	-	(4.82)
Other comprehensive income, net of tax	-	-	-	197.39	197.39	(11.74)	185.65
<b>Total comprehensive income for the year</b>	-	-	-	197.39	197.39	(11.74)	185.65
<b>Balance at March 31, 2021</b>	995.68	62.46	51.55	(1,829.48)	(719.79)	(30.70)	(750.49)

As per our Report of even date attached

**For Ratnam Dhaveji & Co.**

Chartered Accountants

ICAI Firm registration number: 006677S

For and on behalf of the Board of Directors

**Medinova Diagnostic Services Limited**

CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**

Partner

Membership Number: 203479

**Dr. Sura Surendranath Reddy**

Chairman

DIN Number: 00108599

**Sunil Chandra Kondapally**

Managing Director

DIN Number: 01409332

Place: Hyderabad

Date: 23 April 2021

**Hrusikesh Behera**

Chief Financial Officer

**V. Sri Lakshmi**

Company Secretary

Place: Hyderabad

Date: 23 April 2021

## Medinova Diagnostic Services Limited

### Notes to Consolidated Financial Statements for the year ended March 31, 2021

#### 1 Corporate Information

Medinova Diagnostic Services Limited ("the Company" or "the Parent Company") together with its subsidiaries (collectively, The Group) is engaged in the business of providing comprehensive range of diagnostic services spanning pathological investigations, radiology & imaging, conventional, specialized lab services and diagnostic cardiology.

#### 2 Basis of preparation and measurement

##### (i) Statement of compliance

These consolidated financial statements (hereinafter referred to as 'consolidated financial statements') have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act under the historical cost convention on an accrual basis except for certain financial instruments, equity settled share based payments, which are measured at fair values, notified under the Act and Rules prescribed thereunder.

The consolidated financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on April 23, 2021.

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

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

##### (iii) Basis of measurement

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

- Certain financial assets and liabilities : Measured at fair value
- Net defined benefit (asset)/ liability : Fair value of plan assets less present value of defined benefit obligations
- Borrowings : Amortised cost using effective interest rate method

##### (iv) Use of estimates and judgements

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

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

##### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 6- Deferred tax assets: whether the has convincing evidence to recognise deferred tax assets

##### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – determining an asset's expected useful life and the expected residual value at the end of its life;
- Note 5 – Impairment of financial assets;
- Note 25 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 11 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**2 Basis of preparation (continued)**

**(v) Measurement of fair values**

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

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

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

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

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

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

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

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

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

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 28 - Financial instruments

**(vi) Principles of consolidation**

**a. Subsidiaries**

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

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

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

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

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

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

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

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**2 Basis of preparation (continued)**

**b. Consolidation procedures:**

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment and intangible assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profit and losses resulting from intragroup transactions.

**c. Non-controlling interests (NCI)**

NCI is measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**d. Loss of control**

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

If the Group loses control over a subsidiary, it:

(i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.

(ii) Derecognises the carrying amount of any non-controlling interests.

(iii) Derecognises the cumulative translation differences recorded in equity.

(iv) Recognises the fair value of the consideration received.

(v) Recognises the fair value of any investment retained.

(vi) Recognises any surplus or deficit in profit or loss.

(vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**e. Subsidiaries considered in the consolidated financial statements:**

S.No.	Name of the entity	Relationship	Country of incorporation	Ownership interest in %	
				March 31, 2021	March 31, 2020
1	Medinova Millennium MRI Services LLP	Step down subsidiary	India	55.07%	55.07%

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**2 Basis of preparation (continued)**

**(vii) Current and non-current classification:**

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

**Assets**

An asset is classified as a current when it is:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is expected to be realized within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current

**Liabilities**

A liability is classified as a current when:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Group does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

**Operating Cycle**

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

**3 Summary of significant accounting policies**

**A. Revenue recognition**

**i) Income from diagnostic services**

Revenue from diagnostics services is recognized on amount billed net of discounts/ concessions if any. No element of financing is deemed present as the sales are made primarily on cash and carry basis, however for institutional/ organisational customers a credit period of 30 days is given, which is consistent with market practice. Effective April 01, 2018, the Company has adopted IND AS 115 "Revenue from contracts with customers". Based on the assessment of the Management, there is no material impact on revenue recognised..

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the underlying tests are conducted, samples are processed for requisitioned diagnostic tests. Each service is generally a separate performance obligation and therefore revenue is recognised at a point in time when the tests are conducted, samples are processed. For multiple tests, the Group measures the revenue in respect of each performance obligation at its relative stand alone selling price and the transaction price is allocated accordingly. The price that is regularly charged for a test separately registered is considered to be the best evidence of its stand alone selling price. Revenue contracts are on principal to principal basis and the Group is primarily responsible for fulfilling the performance obligation.

**B. Recognition of interest income**

Interest income is recognised using the effective interest rate method.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**3 Summary of significant accounting policies (continued)**

**C. Borrowing cost**

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

**D. Financial instruments**

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

**i) Initial measurement and recognition**

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii) Classification and subsequent measurement**

**Financial assets**

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

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are categorised as under:

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

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

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

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

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

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

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

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

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

**Financial Liabilities:**

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

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**3 Summary of significant accounting policies (continued)**

***Derecognition - Financial assets***

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

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

***Derecognition - Financial liabilities***

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

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

***Financial Instruments Offsetting***

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

**E. Property, plant and equipment**

***i) Recognition and measurement***

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

***ii) Depreciation***

Depreciation is provided using the Written down value Method ('WDV') over the useful lives of the assets as estimated by the Management. Depreciation on additions and deletions are restricted to the period of use. Assets costing below Rs. 5,000 are depreciated in full in the same year.

The Group entities, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has estimated the following useful lives to provide depreciation on its property, plant and equipment:

<i>Asset category</i>	<b>Useful life estimated by the Management</b>	<b>Useful life as per Schedule II</b>
Leasehold improvements	10 years	10 years
Plant and machinery	5 to 10 years	13 to 15 years
Furniture and fixtures	3 to 5 years	5 to 10 years
Computers	5 years	3 years

Residual value is considered to be 5% on all the assets, as technically estimated by the management.

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



**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**3 Summary of significant accounting policies (continued)**

**F. Capital work in progress**

Capital work-in-progress is recognized at cost. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

**G. Inventories**

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables, these are valued at lower of cost and net realizable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any. Cost is determined on First-in-First-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item-by-item basis.

**H. Impairment of assets**

**i) Impairment of financial instruments**

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

*Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

*Presentation of allowance for expected credit losses in the balance sheet*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**ii) Impairment of non-financial assets**

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**3 Summary of significant accounting policies (continued)**

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**I. Employee benefits**

**(i) Short-term employee benefits**

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

**(ii) Defined contribution plans:**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

**(iii) Defined benefit plans:**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

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

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

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

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

**(iv) Other long-term employee benefits**

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

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**3 Summary of significant accounting policies (continued)**

**J. Leases**

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

**Company as a Lessor:**

Leases for which the Company is a lessor are classified as a finance or operating lease. When ever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on straight line basis over the term of relevant lease.

**Company as a Lessee:**

The Company applied Ind AS 116 "Leases" from April 01, 2019 using the modified retrospective approach and has measured the Right of Use Asset at an amount equal to the Lease Liability adjusted for accruals and prepayments recognised in the balance sheet immediately before the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our consolidated financial statements for year ended March 31, 2019.

Previously, the Company assessed leases at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of lease. On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after April 01, 2019.

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

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 01, 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low value.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**K. Income-tax**

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

**(i) Current tax**

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

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

**(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

**3 Summary of significant accounting policies (continued)**

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

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

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

**M. Provision, contingent liabilities and contingent assets**

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

**Contingencies:**

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

**Contingent liabilities and contingent assets:**

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

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

**N. Earnings per share**

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

**O. Cash flow statement**

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

**P. Cash and cash equivalents**

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

**Q. Events after reporting date**

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

<b>4 Property, plant and equipment</b>					
<b>Particulars</b>	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Furniture and fixtures</b>	<b>Computers</b>	<b>Total</b>
<b>A. Gross value (at cost)</b>					
As at April 01, 2019	43.95	977.99	54.87	28.94	1,105.75
Additions	-	2.00	-	0.30	2.30
Disposals	-	(1.75)	-	-	(1.75)
As at March 31, 2020	43.95	978.24	54.87	29.24	1,106.30
Additions	-	16.88	0.23	1.39	18.50
Disposals	-	-	-	-	-
As at March 31, 2021	43.95	995.12	55.10	30.63	1,124.80
<b>B. Accumulated depreciation</b>					
As at April 01, 2019	26.03	681.35	41.77	23.10	772.25
For the year ended	3.68	84.37	4.87	2.19	95.11
Disposals	-	(1.44)	-	-	(1.44)
As at March 31, 2020	29.71	764.28	46.64	25.29	865.92
For the year ended	2.93	63.86	3.08	1.78	71.65
Disposals	-	-	-	-	-
As at March 31, 2021	32.64	828.14	49.72	27.07	937.57
<b>C. Net value (A-B)</b>					
As at March 31, 2021	11.31	166.98	5.38	3.56	187.23
As at March 31, 2020	14.24	213.96	8.23	3.95	240.37

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	As at March 31, 2021	As at March 31, 2020	
<b>5 Financial assets</b>			
<b>(a) Trade receivables</b>			
<i>(Unsecured)</i>			
<b>Non-current</b>			
Considered good *	16.89	14.39	
Credit impaired	1.69	-	
Less: Allowance for doubtful receivables (expected credit loss allowance)	(1.69)	-	
	<b>16.89</b>	<b>14.39</b>	
<b>Current</b>			
Considered good *	65.69	34.51	
Credit impaired	-	-	
Less: Allowance for doubtful receivables (expected credit loss allowance)	-	-	
	<b>65.69</b>	<b>34.51</b>	
* Includes amount receivable from related parties (refer note 26)			
<b>(b) Non-current Loans</b>			
<i>(Unsecured, considered good)</i>			
Security deposits	18.50	14.03	
	<b>18.50</b>	<b>14.03</b>	
<b>(c) Cash and cash equivalents</b>			
Cash on hand	2.10	0.31	
Balances with banks			
- in current accounts	29.59	6.45	
- deposits have maturity period of less than 3 months	-	-	
	<b>31.69</b>	<b>6.76</b>	
<b>(d) Other bank balances</b>			
<b>Current</b>			
Deposit accounts with remaining maturity of less than 12 months	39.50	14.53	
	<b>39.50</b>	<b>14.53</b>	
<b>(e) Other financial assets</b>			
<i>(Unsecured, considered good)</i>			
<b>Current</b>			
Interest accrued on bank deposits and others	0.20	-	
	<b>0.20</b>	<b>-</b>	
<b>6 Deferred tax asset/(liabilities), net</b>			
<b>Deferred tax assets</b>			
- On account of property, plant and equipment	20.71	19.22	
- On account of decommissioning liability	8.60	6.91	
<b>Deferred tax asset/(liability), net</b>	<b>29.31</b>	<b>26.13</b>	
<b>Movement in deferred tax assets/ (liabilities)</b>			
<b>On account of</b>	<b>Property, plant and equipment</b>	<b>Provision for decommissioning liability</b>	<b>Total</b>
<b>As at April 01, 2019</b>	<b>16.03</b>	<b>5.31</b>	<b>21.34</b>
(Charged)/ credited:			
- to profit and loss	3.19	1.60	4.80
- to OCI	-	-	-
<b>As at March 31, 2020</b>	<b>19.22</b>	<b>6.91</b>	<b>26.14</b>
(Charged)/credited:			
- to profit and loss	1.50	1.69	3.19
- to OCI	-	-	-
<b>As at March 31, 2021</b>	<b>20.71</b>	<b>8.60</b>	<b>29.31</b>
<b>7 Inventories</b>			
<i>(Valued at lower of cost and net realisable value)</i>			
Reagents, chemicals, digital imaging films and consumables	14.64	8.10	
	<b>14.64</b>	<b>8.10</b>	
<b>8 Other assets</b>			
<i>(Unsecured, considered good)</i>			
<b>Current</b>			
Prepaid expenses	2.98	6.02	
Others	0.61	0.10	
	<b>3.59</b>	<b>6.12</b>	

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>9 Equity</b>		
<b>Authorised share capital</b>		
11,000,000 (March 31, 2020: 11,000,000) equity shares of Rs. 10 each	1,100.00	1,100.00
<b>Equity share capital</b>		
<b>(a) Issued, subscribed and fully paid up capital</b>		
9,981,640 (March 31, 2020: 9,981,640) equity shares of Rs. 10 each, fully paid-up	998.16	998.16
Less : Allotment Money Arrears	2.48	2.48
	<b>995.68</b>	<b>995.68</b>

**i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year**

	March 31, 2021		March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	99,81,640	995.68	99,81,640	995.68
Shares issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>99,81,640</b>	<b>995.68</b>	<b>99,81,640</b>	<b>995.68</b>

**ii) Terms and rights attached to equity shares**

Equity shares issued by the Company have par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**iii) Details of shareholders holding more than 5% equity shares in the Company**

	March 31, 2021		March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Vijaya Diagnostic Centre Limited (Holding Company)	62,02,220	62.14%	62,02,220	62.14%

As per records the Company including registration of shareholders/ members, the above share holding represents both legal and beneficial ownership of shares. Name of the Holding Company changed to Vijaya Diagnostic Centre Limited with effective date March 26, 2021.

**iv. No bonus shares are issued or shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

**(b) Other equity**

	March 31, 2021	March 31, 2020
General reserve	62.46	62.46
Securities premium	51.55	51.55
Retained earnings	(1,829.48)	(2,026.87)
	<b>(1,715.47)</b>	<b>(1,912.86)</b>

**i) General reserve**

	March 31, 2021	March 31, 2020
Balance at the commencement of the year	62.46	62.46
Less: Movement during the year	-	-
<b>Balance as at the end of the year</b>	<b>62.46</b>	<b>62.46</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

**ii) Securities premium**

	March 31, 2021	March 31, 2020
Balance at the commencement of the year	51.55	51.55
Add: Movement during the year	-	-
<b>Balance as at the end of the year</b>	<b>51.55</b>	<b>51.55</b>

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the "Act".

**iii) Retained earnings**

	As at March 31, 2021	As at March 31, 2020
Balance at the commencement of the year	(2,026.87)	(2,000.78)
Add: Profit for the year	202.21	(25.82)
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurement of defined benefit plans, net of tax	(4.82)	(0.27)
<b>Balance as at the end of the year</b>	<b>(1,829.48)</b>	<b>(2,026.87)</b>

OCI represents Re-measurement on defined employee benefit obligations: Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified to statement of profit and loss.

<b>Total Other equity (i+ii+iii)</b>	<b>(1,715.47)</b>	<b>(1,912.86)</b>
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**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>10 Financial liabilities</b>		
<b>(a) Borrowings</b>		
<b>Non-Current</b>		
<b>Secured loans</b>		
Term loans		
- from banks	-	36.01
<b>Unsecured loans</b>		
-from Vijaya Diagnostic Centre Limited (Holding Company)	-	70.66
- from Directors	327.45	327.45
	<b>327.45</b>	<b>434.12</b>
Less: Current maturities of long-term borrowings	-	(31.53)
	<b>327.45</b>	<b>402.59</b>
<b>Note:</b>		
<b>i. Terms of secured loans from banks:</b>		
Term loans from banks is repayable in monthly instalments repayable in 4 to 5 years and carry an interest rate of 11.05% - 11.50% per annum. The Company foreclosed these in the current year. These loans are secured by hypothecation of assets created out of the Loans, personal guarantees by Dr S Surendranath Reddy, K Sunil Chandra Directors and Corporate guarantee by Vijaya Diagnostic Centre Limited.		
<b>ii. Terms of Unsecured loans from related parties:</b>		
(a) Loan from Vijaya Diagnostic Centre Limited is repayable in 3 years and carries an interest rate of 10% per annum. The loan is		
(b) Loan from Directors is repayable in 3 to 5 years and carries an interest rate of 8% per annum. The loan is unsecured.		
<b>Current</b>		
<b>Secured</b>		
Overdraft from bank	119.69	130.45
	<b>119.69</b>	<b>130.45</b>
<b>Note:</b>		
Borrowing represents overdraft facility taken by the subsidiary. The said overdraft facility is secured with underlying Fixed Deposit given by partner in the subsidiary. The loan carries interest of bank's fixed deposit plus 2%.		
<b>(b) Trade payables</b>		
Total outstanding dues of micro and small enterprises (refer note 23)	-	-
Total outstanding dues of creditors other than micro and small enterprises*	451.85	496.46
	<b>451.85</b>	<b>496.46</b>
* Includes amount payable to related parties (refer note 26)		
<b>(c) Other financial liabilities</b>		
<b>Current</b>		
Current maturities of long term borrowings	-	31.53
Interest accrued but not due on borrowings	145.69	127.17
Employee payables	48.11	67.34
	<b>193.80</b>	<b>226.04</b>



**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>11 Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits:		
- Gratuity (refer note 25)	30.37	30.35
- Compensated absences	3.68	3.19
Others:		
- Decommissioning liability	31.04	28.22
	<b>65.09</b>	<b>61.76</b>
<b>Current</b>		
Provision for employee benefits:		
- Gratuity (refer note 25)	9.50	8.28
- Compensated absences	5.49	4.40
	<b>14.99</b>	<b>12.68</b>
<b>Note:</b>		
<b>i. Movement in provision for others:</b>		<b>Decommissioning liability</b>
<b>Carrying amount as at April 01, 2019</b>		25.64
Add: Provision created during the year		2.58
Less: Provision reversed during the year		-
<b>Balance as at March 31, 2020</b>		<b>28.22</b>
<b>Carrying amount as at April 01, 2020</b>		<b>28.22</b>
Add: Provision created during the year		2.82
Less: Provision reversed during the year		-
<b>Balance as at March 31, 2021</b>		<b>31.04</b>
<b>12 Other liabilities</b>		
<b>Current</b>		
Statutory liabilities	14.86	12.09
	<b>14.86</b>	<b>12.09</b>

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>13 Revenue from operations</b>		
Sale of services	1,270.99	741.44
Other operating revenue		
- Income from franchise	3.36	3.26
	<b>1,274.35</b>	<b>744.70</b>
<b>14 Other income</b>		
Interest income on bank deposits and others	12.32	0.46
Other non operating income	1.29	6.94
	<b>13.61</b>	<b>7.40</b>
<b>15 Cost of materials consumed</b>		
Inventory of materials as at the beginning of the year	8.11	9.54
Add: Purchases during the year	164.93	107.40
Less: Inventories of materials as at the end of the year	(14.64)	(8.10)
	<b>158.40</b>	<b>108.84</b>
<b>16 Employee benefits expense</b>		
Salaries, wages and bonus	154.73	168.98
Contribution to provident and other funds [refer note 26]	8.74	11.87
Gratuity [refer note 26]	4.72	5.68
Compensated absences	2.56	1.38
Staff welfare expenses	2.04	3.91
	<b>172.79</b>	<b>191.82</b>
<b>17 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment [refer note 4]	71.65	95.11
	<b>71.65</b>	<b>95.11</b>
<b>18 Finance costs</b>		
Interest on borrowings measured at amortised cost	38.49	53.37
Interest expense on deferred credit purchases and decommissioning liability	2.82	2.57
Bank charges and other borrowing costs	4.95	3.43
	<b>46.26</b>	<b>59.37</b>
<b>19 Other expenses</b>		
Power and fuel	34.24	35.12
Rent	15.77	16.09
Repairs and maintenance		
- Buildings	-	0.20
- Plant and equipments	56.20	28.53
House keeping expenses	4.68	5.45
Security charges	3.11	6.26
Insurance	1.13	0.96
Rates and taxes	8.63	7.75
Advertisement, publicity and marketing	3.62	4.26
Travelling and conveyance	18.12	10.68
Legal and professional fees	135.41	155.70
Payment to auditors [refer note (i) below]	1.68	1.95
Postage and communication	15.49	10.66
Printing and stationery	0.27	1.69
Provision for doubtful receivables	1.69	-
Directors Sitting Fees	0.33	0.40
Miscellaneous expenses	7.59	7.75
	<b>307.96</b>	<b>293.45</b>

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Notes:</b>		
<b>i. Payment to auditors (inclusive of taxes)</b>		
As auditors		
- For Taxation Matters	1.08	1.24
- For Company Law Matters	0.60	0.71
	<b>1.68</b>	<b>1.95</b>
<b>20 Income-tax expense</b>		
<b>(a) Amount recognised in statement of profit and loss</b>		
Current tax	8.51	-
Deferred tax attributable to temporary differences	(3.19)	(4.80)
Tax pertaining to earlier years	0.43	-
<b>Tax expense</b>	<b>5.75</b>	<b>(4.80)</b>
<b>(b) Amount recognised in other comprehensive income</b>		
<b>Deferred tax related to items recognised in OCI</b>		
Deferred tax expense/(income) on remeasurements of defined benefit obligations	-	-
<b>Income-tax expense/(income) recognised in OCI</b>	<b>-</b>	<b>-</b>
<b>(c) Reconciliation of effective tax rate:</b>		
<b>Profit before tax</b>	<b>196.22</b>	<b>(27.57)</b>
Enacted tax rate in India*	25.17%	25.17%
<b>Tax expense at enacted rates</b>	<b>49.39</b>	<b>(6.94)</b>
<b>Tax effect of:</b>		
Losses on which deferred tax asset is not recognised	-	6.94
Losses of past period on which deferred tax asset was not recognised	(50.89)	-
Others	1.50	-
	-	-
Tax pertaining to earlier years	0.43	-
<b>Income-tax recognised in the statement of profit and loss</b>	<b>0.43</b>	<b>-</b>
<b>(d) The following table provides the details of income tax assets and income tax liabilities:</b>		
	As at March 31, 2021	As at March 31, 2020
Income-tax assets, (net)	30.00	40.99
Current tax liabilities, (net)	-	-
	<b>30.00</b>	<b>40.99</b>
	Year ended March 31, 2021	Year ended March 31, 2020
Net income-tax assets at the beginning of the year	40.99	37.55
Less: Current income tax expense	8.51	-
Less: Tax pertaining to earlier years	0.43	-
Add: Tax paid during the year	(2.05)	3.44
<b>Net income tax assets as at the end of the year</b>	<b>30.00</b>	<b>40.99</b>

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**21 Contingent liabilities and commitments (to the extent not provided for)**
**Contingent liabilities**

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Claims against the Company not acknowledged as debts: Demand for Provident Fund for the year 1998-2001 [refer note (i) below]	5.61	5.61

**Notes:**

i. Provident fund matter relates to the years 1998-2001 towards interest and provident fund.

The Group based on its legal assessment do not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

**Capital and other commitments**

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	Nil	Nil

**22 Earnings per share**

	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Earnings for the year</b>		
Net profit for the year (A)	202.21	(25.82)
<b>Shares</b>		
Weighted average number of equity shares for Basic EPS (B)	99,81,640	99,81,640
Weighted average number of equity shares for Diluted EPS (C)	99,81,640	99,81,640
<b>(a) Basic earnings per share of face value of Rs. 10 each (A/B)</b>	<b>2.03</b>	<b>(0.26)</b>
<b>(b) Diluted earnings per share of face value of Rs. 10 each (A/C)</b>	<b>2.03</b>	<b>(0.26)</b>

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**23 Dues to micro and small enterprises**

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	March 31, 2021	March 31, 2020
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	-	-
- Interest	-	-
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

**Note:** The list of undertakings covered under MSMED Act was determined by the Group on the basis of information available with the Group and has been relied upon by the auditors.

**24 Segment reporting**
**A. Basis for segmentation**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments results are reviewed regularly by the Group's Chairman and CEO to make decisions about resources to be allocated to the segments and assess their performance.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators at operational unit level and since there is single operating segment, no segment disclosures of the Group is presented. The Group's operations fall within a single business segment "Diagnostic services".

**B. Geographical information**

The Group operates within India and therefore there is no assets or liabilities outside India.

**C. Major customers**

Revenue from any single customer of the Group's operating segment does not exceed 10% of the total revenue reported and hence the Management believes that there are no major customers to be disclosed.

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**25 Employee benefit plans**

The Company has following post employment benefit plans:

**(a) Defined contribution plans**

Contributions were made to provident fund (at the rate of 12% of basic salary) and Employee State Insurance in India for the employees of the Company as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any other constructive obligation. The expense recognised during the year in the standalone statement of profit and loss towards defined contribution plan is Rs. 8.74 lakhs (March 31, 2020: Rs. 11.87 lakhs).

**(b) Defined benefit plan**

The Company provides for Gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months, restricted to a sum of Rs. 20.00 lakhs. The gratuity plan is a unfunded plan.

**i. Reconciliation of the net defined benefit (asset)/ liability**

The amounts recognised in the balance sheet and the movements in the defined benefit obligation and fair value of plan assets over the year are as follows:

**The amounts recognised in the balance sheet and the movements in the defined benefit obligation as per the valuation report as at March 31, 2020 are produced in the tables below**
**(a) Changes in the present value of obligation**

Particulars	Year ended	
	March 31, 2021	March 31, 2020
<b>Present value of obligation as at the beginning</b>	<b>38.63</b>	<b>50.12</b>
Current service cost	2.58	2.19
Interest expense or cost	2.14	3.49
<b>Actuarial (gains) / losses</b>		
- change in demographic assumptions	-	0.00
- change in financial assumptions	(0.07)	1.86
- experience variance (i.e. Actual experience vs assumptions)	4.88	(1.60)
Benefits paid	(8.28)	(17.43)
<b>Present value of obligation as at end</b>	<b>39.88</b>	<b>38.63</b>

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

Particulars	As at	
	March 31, 2021	March 31, 2020
Current liability (Short-term)	9.50	8.28
Non-current liability (Long-term)	30.37	30.35
<b>Present value of obligation</b>	<b>39.87</b>	<b>38.63</b>

**(c) Expenses Recognised in the Statement of profit and loss**

Particulars	Year ended	
	March 31, 2021	March 31, 2020
Current service cost	2.58	2.19
Net interest cost / (income) on the net defined benefit liability / (asset)	2.14	3.49
<b>Expenses recognised in the Statement of profit and loss</b>	<b>4.72</b>	<b>5.68</b>

**Medinova Diagnostic Services Limited**
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**25 Employee benefit plans (continued)**
**(b) Defined benefit plan (continued)**
**(d) Other Comprehensive Income**

Particulars	Year ended	
	March 31, 2021	March 31, 2020
Actuarial (gains) / losses		
- change in demographic assumptions	-	0.00
- change in financial assumptions	(0.07)	1.86
- experience variance (i.e. Actual experience vs assumptions)	4.88	(1.59)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>4.81</b>	<b>0.27</b>

**ii. Actuarial assumptions**

Principal actuarial assumptions for defined benefit obligation are as follows:

	March 31, 2021	March 31, 2020
Discount rate	5.60%	5.55%
Salary escalation rate	6.00%	6.00%
Attrition rate	15.00%	15.00%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

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

**iii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:

	Increase in assumption by 1%		Decrease in assumption by 1%	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	1.29	1.33	1.38	1.42
Salary escalation rate	1.36	1.40	1.30	1.34
Attrition rate	0.39	0.27	0.50	0.35

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**iv. Expected contributions to the plan for the next annual reporting period**

Expected contribution to post-employment benefit plans for the next year ending March 31, 2022 is Rs. 9.50 lakhs.

**v. Maturity profile of the defined benefit liability**

The weighted average duration of the defined benefit obligation is 4 years (March 31, 2020 - 2024 years). The expected maturity analysis of defined benefit obligation on an undiscounted basis is as follows:

	Less than a year	Between 2-5 years	Between 6-10 years	More than 10 years
31 March 2021	9.50	26.73	10.19	2.71
31 March 2020	8.28	28.51	9.09	1.92

**Medinova Diagnostic Services Limited**
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(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**26 Related parties**
**(a) Details of related parties**

Description of relationship	Name of the related parties
Holding Company	Vijaya Diagnostic Centre Limited
Key Management Personnel (KMP)	Dr. Sura Surendranath Reddy, Chairman Sunil Chandra Kondapally, Managing Director N Ravikumar, Chief Financial Officer (ceased w.e.f. May 31, 2019) Hrusikesh Behera, Chief Financial Officer (w.e.f. November 07, 2019) V.Sri Lakshmi, Company Secretary (w.e.f. August 14, 2019) Vijay Gupta, Company Secretary (ceased w.e.f. June 03, 2019)

**(b) Details of transactions during the year**

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Vijaya Diagnostic Centre Limited</b>		
Diagnostic Services(Expense)	331.37	19.72
Interest on Loan	3.13	6.10
Loan Received	-	42.66
<b>Dr Sura Surendranath Reddy</b>		
Interest on loan	22.80	22.80
<b>K Sunil Chandra</b>		
Interest on loan	3.40	3.40
<b>Remuneration</b>		
N Ravi Kumar	-	1.16
Hrusikesh Behera	10.80	4.18
V.Sri Lakshmi*	-	-

\* V.Sri Lakshmi a whole time Company Secretary of Vijaya Diagnostic Centre Limited, the Holding company of Medinova Diagnostic Services Limited (MDSL) was appointed w.e.f. August 14, 2019 as the whole time company secretary of MDSL. No remuneration was paid separately in MDSL.

**(c) Amounts due (to)/ from related parties**

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Unsecured Loan</b>		
Vijaya Diagnostic Centre Limited	-	70.66
Dr Sura Surendranath Reddy	285.00	285.00
K Sunil Chandra	42.45	42.45
<b>Interest payable</b>		
Vijaya Diagnostic Centre Limited	-	5.49
Dr Sura Surendranath Reddy	131.81	110.72
K Sunil Chandra	13.88	10.74
<b>Creditors for services</b>		
Vijaya Diagnostic Centre Limited	268.02	291.56
<b>Remuneration to KMP and their relatives</b>		
Hrusikesh Behera	0.89	0.84

**Note:**

All transactions with these related parties are at arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured. (All the amounts of transactions and balances disclosed in this note are gross and undiscounted.)



**Medinova Diagnostic Services Limited**
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**27 Capital management**

The Group's policy is to maintain a stable and strong capital structure with a focus on equity so as to provide returns to shareholders, benefits to other stakeholders, creditors and to sustain future development and growth of the business. In order to maintain the capital structure, the Group monitors the return on capital as well as debt to total equity ratio. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of debt to total equity, debt includes its long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves.

**Gearing ratio:**

	March 31, 2021	March 31, 2020
Total debt	447.14	564.57
Total equity	(554.13)	(767.58)
<b>Debt equity ratio</b>	-	-

**28 Financial instruments**
**A. Accounting classifications and fair values**

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

Particulars	Note	March 31, 2021		March 31, 2020		Fair value level
		Amortised Cost	Fair value	Amortised Cost	Fair value	
<b>Financial assets</b>						
Trade receivables	5 (a)	82.58	-	48.90	-	
Loans	5 (b)	18.50	-	14.03	-	
Cash and cash equivalents	5 (c)	31.69	-	6.76	-	
Other bank balances	5 (d)	39.50	-	14.53	-	
Other financial assets	5 (e)	0.20	-	-	-	
<b>Total financial assets</b>		<b>172.47</b>	<b>-</b>	<b>84.21</b>	<b>-</b>	
<b>Financial liabilities</b>						
Borrowings	10 (a)	447.14	-	533.04	-	
Trade payables	10 (b)	451.85	-	496.46	-	
Other financial liabilities	10 (c)	193.80	-	226.04	-	
<b>Total financial liabilities</b>		<b>1,092.79</b>	<b>-</b>	<b>1,255.54</b>	<b>-</b>	

Note: The Group has not disclosed the fair values for financial instruments such as short-term trade receivables or short-term trade payables because their carrying amounts are a reasonable approximation of fair values.

Note 1: For the purpose of above abbreviations, FVTOCI - Fair value through other comprehensive income; amortised cost - fair value through amortized cost

Note 2: Other financial assets and liabilities relate to level 3 financial instruments where the carrying value reasonably approximates to their fair value.

**Medinova Diagnostic Services Limited**  
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**28 Financial instruments - fair valuation and risk management (continued)**

**C. Financial Risk Management**

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

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Trade receivables, deposits, bank deposits and loans. Borrowings	security Ageing analysis. Credit score of customers/ entities.	Monitoring the credit limits of customers and obtaining security deposits.
Liquidity Risk		Cash flow forecasts managed by the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits and investment in mutual funds.

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

**i. Credit risk**

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

The Group has no significant concentration of credit risk with any counterparty.

**Trade receivables and loans**

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

**Expected credit loss (ECL) assessment for individual customers:**

As per simplified approach, the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date.

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

	<b>&lt; 180 days</b>	<b>&gt; 180 days</b>	<b>Provision</b>	<b>Total</b>
March 31, 2021	65.68	18.59	(1.69)	82.58
March 31, 2020	25.89	23.01	-	48.90
<b>The movement in the allowance for impairment in respect of trade receivables is as follows:</b>				
Balance at the beginning of the year				-
Add: Allowance measured at lifetime expected credit loss				1.69
Less: Amounts written off				-
<b>Balance at the end of the year</b>				<b>1.69</b>

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by credit rating agencies.

**28 Financial instruments - fair valuation and risk management (continued)**

**C. Financial risk management (continued)**

**ii. Liquidity risk**

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

The finance team monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash outflows on trade payables and other financial liabilities and any excess/short liquidity is managed in the form of current borrowings and bank deposits as per the approved frame work.

**Exposure to liability risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

**March 31, 2021**

	Carrying amount	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Total</b>					
Borrowings (including current maturities of long-term borrowings)	447.14	119.69	327.45	-	-
Trade payables	451.85	451.85	-	-	-
Other financial liabilities	193.80	193.80	-	-	-
	<b>1,092.79</b>	<b>765.34</b>	<b>327.45</b>	-	-

	Carrying amount	Contractual cash flows			
		Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Total</b>					
Borrowings (including current maturities of long-term borrowings)	564.57	161.98	4.48	398.11	-
Trade payables	496.46	496.46	-	-	-
Other financial liabilities	194.51	194.51	-	-	-
	<b>1,255.54</b>	<b>852.95</b>	<b>4.48</b>	<b>398.11</b>	-

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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**28 Financial instruments - fair valuation and risk management (continued)**

**C. Financial risk management (continued)**

**iii. Market risk**

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others which will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Market interests rate. The Group's main interest rate risk arises from short-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at	
	March 31, 2021	March 31, 2020
Cash credit - from banks	119.69	130.45
<b>Sensitivity</b>		
<b>Particulars</b>	<b>Impact on profit and loss</b>	
1% increase in interest rate	(1.20)	(1.30)
1% decrease in interest rate	1.20	1.30

The interest rate sensitivity is based on the closing balance of loans from banks.

**29 Disclosure as per Ind AS 115 - Revenue from contracts with customers**

	As at	
	March 31, 2021	March 31, 2020
<b>Contract assets</b>		
- Unbilled revenue	-	-
- Trade receivables	82.58	48.90
<b>Contract liabilities</b>		
- Advances from customers	-	-
- Contract liability- deferred revenue	-	-

**Medinova Diagnostic Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2021**  
 (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**30 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Act.**

Name of Company	March 31, 2021			March 31, 2020				
	Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)	Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)		
	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)		
<b>Parent</b>								
Medinova Diagnostic Services Limited	(555.83)	74.06%	211.76	114.07%	(767.58)	81.99%	(29.84)	129.46%
<b>Subsidiaries (including step down subsidiaries)</b>								
Medinova Millennium MRI Services LLP	(67.83)	9.04%	(26.10)	-14.06%	(29.84)	3.19%	6.77	-29.37%
<b>Non-controlling interest in all subsidiaries</b>	(30.70)	4.09%	(11.74)	-6.33%	(18.96)	2.03%	3.05	-13.21%
<b>Total</b>	<b>(654.36)</b>	<b>87.19%</b>	<b>173.92</b>	<b>93.68%</b>	<b>(816.38)</b>	<b>87.21%</b>	<b>(20.03)</b>	<b>86.88%</b>
Consolidation adjustments	(96.12)	12.81%	11.73	6.32%	(119.76)	12.79%	(3.02)	13.12%
<b>Net amount</b>	<b>(750.49)</b>	<b>100.00%</b>	<b>185.65</b>	<b>100.00%</b>	<b>(936.14)</b>	<b>100.00%</b>	<b>(23.05)</b>	<b>100.00%</b>

**Note:**

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter company transactions/ profits/ Consolidation adjustments have been disclosed separately. Based on the group structure, the Management is of the view that the above disclosure is appropriate under requirements of

As per our Report of even date attached

**For Ratnam Dhaveji & Co.**  
 Chartered Accountants  
 ICAI Firm registration number: 006677S

For and on behalf of the Board of Directors  
**Medinova Diagnostic Services Limited**  
 CIN:L85110TG1993PLC015481

**C V Ratnam Dhaveji**  
 Partner  
 Membership Number: 203479

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

**Sunil Chandra Kondapally**  
 Managing Director  
 DIN Number: 01409332

Place: Hyderabad  
 Date: 23 April 2021

**Hrusikesh Behera**  
 Chief Financial Officer

**V. Sri Lakshmi**  
 Company Secretary



**MEDINOVA DIAGNOSTIC SERVICES LIMITED**

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