

**17<sup>th</sup>** ANNUAL REPORT  
**2009 - 2010**



**Medinova**  
Diagnostic Services Limited

**Board of Directors**

A Raghava Reddy - Chairman

P K Reddy

S Basu Thakur

D A Srinivas

A Sailaja

**Chief Operating Officer**

N Ravi Kumar

**Auditors**

M/s. J B Reddy & Co.,

Chartered Accountants

**Registered Office**

6-3-652, 'Kautilya'

Somajiguda, Hyderabad - 500 082

Ph: 040-23310066, Fax: 23327464

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



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Medinova Diagnostic Services Limited will be held on Tuesday, the 28th September, 2010 at 11.30 a.m at Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016 to transact the following business:

### ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
02. To appoint a Director in the place of Sri P K Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in the place of Sri D A Srinivas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### NOTES:

01. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll in his stead and the Proxy need not be a Member. The Proxy Forms should be lodged with the Company not less than 48 hours before the time for holding the meeting.
02. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday, the 25th September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive).
03. The Members are requested to send their correspondence, if any, to M/s. XL Softech Systems Limited, the Registrar and Share Transfer Agent.

By order of the Board

Place : Hyderabad  
Date : 3rd August, 2010

A. Raghava Reddy  
Chairman



## DIRECTORS' REPORT

To

The Members of  
Medinova Diagnostic Services Ltd,

Your Directors have pleasure in presenting the Seventeenth Annual Report of your Company together with the audited accounts for the period ended 31st March, 2010 and Report of the Auditors thereon.

### FINANCIAL & OPERATIONAL RESULTS:

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

(Rupees in Lakhs)

| Particulars                 | 2009-2010 | 2008-2009 |
|-----------------------------|-----------|-----------|
| Total Income                | 1221.95   | 1240.50   |
| Total Expenditure           | 1250.81   | 1198.28   |
| Interest                    | 25.59     | 30.19     |
| Depreciation                | 58.39     | 55.51     |
| Profit / (Loss) before      |           |           |
| Prior period adjustments    | (112.84)  | (43.48)   |
| Prior year adjustments      | 0.49      | 1.09      |
| Profit / (Loss) before Tax: | (113.33)  | (44.57)   |
| Provision for Taxes:        |           |           |
| Fringe Benefit Tax          | 0.00      | 2.24      |
| Deferred Tax                | (21.02)   | 26.07     |
| Profit / (Loss) after Tax   | (92.31)   | (72.88)   |

### DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm that

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

- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

### OPERATIONS:

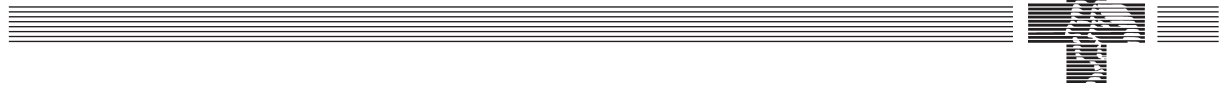
During the year 2009-10 the total Business Income was Rs.1221.95 lacs and a net loss after taxes was Rs.92.31 lacs. During the year the company had put in efforts to remain competitive and could achieve a very marginal increase in Diagnostic Receipts Income. The revenue generation from the Pune centre is yet to pick up after the shifting of the premises to a new location. The marketing teams are strengthened at Hyderabad and Pune to improve the reach of our services. To upgrade the centers, some equipment have been added namely Computed Radiography System and Semi Auto Analyzers.

### DIVIDEND:

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

### DIRECTORS:

Sri P K Reddy and Sri D A Srinivas, Directors retire by rotation and being eligible, offer themselves for re-appointment.



**AUDIT COMMITTEE:**

The Audit Committee consists of Sri A Raghava Reddy, Sri P K Reddy and Smt. A Sailaja. The Committee met five times during the financial year 2009-10 and reviewed the financial results and statements, internal control procedures, accounting procedures etc., Sri P K Reddy is the Chairman of the Audit Committee.

**AUDITORS:**

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

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

With regard to the Auditors' observation on dues to a Scheduled Bank representing the balance amount of the liability taken over by the company from M/s Standard Medical & Pharmaceuticals Ltd., a one time settlement proposal is pending for clearance with the said Bank.

**PUBLIC DEPOSITS:**

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

**PARTICULARS OF EMPLOYEES:**

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

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

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

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

**CORPORATE GOVERNANCE :**

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

**ACKNOWLEDGMENTS:**

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

for and on behalf of the Board

Place : Hyderabad  
Date : 3rd August, 2010

A Raghava Reddy  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION & ANALYSIS

#### Industry Overview :

The Indian healthcare industry is seen to be growing at a rapid pace and is expected to become a US \$280 billion industry by 2020. The Healthcare market in India is expected to reach over US \$70 billion by 2012. It is observed that the healthcare sector in India has experienced a substantial growth of 12% per annum in the last 4 years. The reasons behind this growth rate are mainly on account of 'Rising Income levels and a growing elder by population'. The changing demographics, disease profile and the shift from chronic to lifestyle diseases in the country are also the added factors for increased spending on healthcare delivery.

The majority of the Indian population is unable to access high quality healthcare provided by private players as a result of high costs. Many are now looking towards Insurance Companies for providing alternative financing options to seek better quality healthcare. Unfortunately, in India Diagnostic facilities are not coming under the cover of Insurance. However, this subject is being discussed at all levels and it is expected that very soon diagnostic services also will be covered through Insurance and a big size of Indian population will be able to access quality diagnostic services.

#### Company's Performance:

Your company is quite alive with the changes happening in the healthcare industry. To give more emphasis on the quality healthcare, efforts are on to get "NABL's" (National Accreditation Board for Testing and Calibration Laboratories) accreditation for our Centres. Kolkata Centre has already been awarded with NABL's accreditation. Efforts are also on to introduce more diagnostic tests in our all the Centres.

However, although tremendous competition has restricted the growth rate, the quality of service is getting perfected. The turnover during the year 2009-10 was Rs.1221.95 lacs and the loss after tax was Rs.92.31 lacs.

#### Risk Management:

Every business goes through some uncertainties and the same are required to be analyzed for smooth functioning of business. The same practice is in vogue in your company also and necessary steps are being taken to improve the performance of the Company by taking remedial measures to overcome those uncertainties or risks. However, enormous goodwill has been earned in the Company on account of its uncompromising approach towards maintaining quality. 'Quality services' alone can protect the image of the Company and enhance the brand value.

#### Future Outlook:

Over the years, Diagnostic services business is becoming specialized one. New areas are getting involved in the Diagnostic Services field. Your company with huge experience on its back is trying to explore those areas and remain as a Trend setter as always it is.

#### S W O T:

1. Strong Brand Name.
2. Adequate infrastructure, experienced manpower with upgraded technology in Diagnostic Services under one roof.
3. Suitable health schemes under different packages are being designed to suit the people of different categories and segments.
4. The threat to the business of the Company is that many more Diagnostic Centers and the Hospitals attached with Diagnostic Services are coming up. However, the Company is having its own plans and strategies to combat the same.

#### CORPORATE GOVERNANCE

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

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

##### Board of Directors:

The Board of the Company consists of five Directors.

##### Composition of Directors is as follows:

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

##### Board Procedure:

During the Financial Year 2009-10, five meetings of the Board were held. The maximum time gap between any two meetings was not more than three months. The details of Board, Audit Committee and Shareholders/Investors Grievance Committee Meetings held during the year 2009-10 are given below:

|   | Date of the Meeting     | Total Members | Total Members Attended |
|---|-------------------------|---------------|------------------------|
| 1. Board Meeting                                | 30.04.2009, 30.06.2009} |               |                        |
|   | 30.07.2009, 30.10.2009} | 5             | 4                      |
|   | 29.01.2010}             |               |                        |
| 2. Audit Committee                              | 30.04.2009, 30.06.2009} |               |                        |
|   | 30.07.2009, 30.10.2009} | 3             | 3                      |
|   | 29.01.2010}             |               |                        |
| 3. Shareholders / Investors Grievance Committee | 15.04.2009, 15.05.2009} |               |                        |
|   | 20.07.2009, 14.08.2009} | 2             | 2                      |
|   | 30.01.2010, 15.03.2010} |               |                        |
|   | 30.03.2010}             |               |                        |



The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2009-10 are given below:

| Name of the Director | Attendance at Board Meeting | AGM Yes/No |
|----------------------|-----------------------------|------------|
| Sri A Raghava Reddy  | 5                           | Yes        |
| Sri P K Reddy        | 5                           | Yes        |
| Sri S Basu Thakur    | 5                           | Yes        |
| Sri D A Srinivas     | Nil                         | No         |
| Smt. A Sailaja       | 5                           | No         |

**Audit Committee:-**

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

The Audit Committee met five times during the year.

**Remuneration Committee:-**

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

**Shareholders / Investors Grievance Committee:-**

The Shareholders / Investors Grievance Committee consists of Sri A Raghava Reddy, Chairman and Sri S Basu Thakur, Director. The Committee met seven times during the year. There were no complaints outstanding as on 31.03.2010. Sri N Ravi Kumar, Chief Operating Officer is the compliance officer.

**General Body Meeting:-**

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

| Year      | Location  | Date             | Time      |
|-----------|---|------------------|-----------|
| 2006-2007 | Hotel Green Park, Greenlands, Begumpet, Hyderabad | 28th Sept., 2007 | 11.30 A.M |
| 2007-2008 | Hotel Green Park, Greenlands, Begumpet, Hyderabad | 22nd Sept., 2008 | 11.30 A.M |
| 2008-2009 | Hotel Green Park, Greenlands, Begumpet, Hyderabad | 29th Sept., 2009 | 11.30 A.M |

There was no special resolution put through postal ballot.

**Disclosures:-**

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

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

**CEO/CFO Certification:**

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

**Means of Communication:**

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

**General Shareholders Information:**

The Seventeenth Annual General Meeting will be held on Tuesday, the 28th September, 2010 at 11.30 a.m at HOTEL GREEN PARK, GREEN LANDS, BEGUMPET, HYDERABAD - 500 016.

**Date of Book Closure:**

The Company's Share Transfer Books will remain closed from Saturday, the 25th September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive) for purpose of Annual General Meeting for the Financial Year ended 31st March, 2010.

**Listing on Stock Exchanges:**

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

**Stock Code:**

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

**Market Price Data : Not available**

**Distribution of Shareholdings as on 31.03.2010 (Including Dematerialized Shares):**

| No. of equity Shares held | % of share capital |
|---------------------------|--------------------|
| upto 500                  | 18.28              |
| 501 - 1000                | 2.55               |
| 1001 - 2000               | 1.60               |
| 2001 - 3000               | 0.55               |
| 3001 - 4000               | 0.42               |
| 4001 - 5000               | 0.29               |
| 5001 - 10000              | 1.45               |
| 10001 and above           | 74.86              |
| <b>TOTAL</b>              | <b>100.00</b>      |



#### Dematerialization of Shares:

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

#### Registrar and Transfer Agents:

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

#### Investor Correspondence:

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

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

#### Medinova Centres :

- Hyderabad** : 6-3-652, Anand Chambers,  
Somajiguda, Hyderabad - 500 082  
Phone Nos: 040-23311122 / 33.  
Email: hyd2\_medinova@bsnl.in
- Bangalore** : 55, Infantry Road, Bangalore - 560 001  
Phone Nos: 080-22868423 / 22860513.  
Email: medinovadsc@hotmail.com
- Pune** : CTS No.95-D, Plot No.825C, Sreeji House,  
Bhamburda, Shivajinagar, Pune - 411 005.  
Phone Nos: 020-25534987 / 25533731.  
Email: medinova@pn3.vsnl.net.in
- Kolkata** : 1, Sarat Chatterjee Avenue, Kolkata - 700 029  
Phone Nos: 033-24660780 / 24661780.  
Email: medinovakolkata@yahoo.in

#### Auditors' Certificate on Corporate Governance:

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

## DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Directors and Senior Management Personnel of the Company. It is further confirmed that all Directors and Senior Management Personnel of the company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2010 as envisaged in clause 49 of the Listing Agreement with Stock Exchange.

Place : Hyderabad  
Date : 14th May, 2010

**A Raghava Reddy**  
Chairman

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Medinova Diagnostic Services Limited.

We have examined the compliance of conditions of Corporate Governance by Medinova Diagnostic Services Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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

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

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

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

Place : Hyderabad  
Date : 3rd August, 2010

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





## AUDITORS' REPORT

To

The Members of  
Medinova Diagnostic Services Limited,

1. We have audited the attached Balance Sheet of MEDINOVA DIAGNOSTIC SERVICES LIMITED, as at March 31, 2010 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

(v) On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director under Section 274 (1) (g) of the Companies Act, 1956;

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- b) In the case of Profit and Loss Account, of the Loss for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

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

Place : Hyderabad  
Date : 3rd August 2010

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



## ANNEXURE TO AUDITORS' REPORT

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

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. All fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. No material discrepancies were noticed on such verification.
- c. There was no substantial disposal of Fixed Assets during the Year.
- ii) a. The Management has conducted physical verification of inventory at reasonable intervals during the year.
- b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) a. The Company had taken Loans from two parties covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance was Rs.11,72,77,437/-. The said loans/ advances are interest free and other terms and conditions on which the said loans/ advances were obtained are not prima facie prejudicial to the interest of the Company. As per the information and explanations given to us, there are no specific conditions as to repayment of these loans.
- b. The Company had granted inter-corporate loans, unsecured loans (including the balances in current account under loans and advances) to a Company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved in these transactions during the year was Rs.13,30,32,148/- and the year-end balance of the said Loans & Advances was Rs.12,99,35,516/-. As per the information and explanations given to us, in view of the settlement arrangement reached with the said Company, no further interest is to be charged on the dues w.e.f 1st April, 2004 and the said dues are to be repaid by the said Company in a phased manner.
- iv) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and with regard to sale of Services. During the course of our audit no major weaknesses have been noticed in Internal controls in these areas.
- v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not accepted any deposits in the nature of public deposits.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956 for any of its products.



- ix a. The provisions of Sales Tax, Excise Duty, Cess and others are not applicable to the company. However, *the Company is not regular in depositing the Provident Fund & Employees' State Insurance Contributions and Income tax Dues.*
- b. According to the information and explanations given to us *excepting an amount of Rs.8,37,658/- representing Provident Fund and Income Tax dues*, there were no other undisputed statutory dues outstanding, at the year end for a period of more than six months from the date they became payable.
- c. According to the records of the Company and on the basis of the information and explanations given to us, there are no dues of Sales-tax, Income-tax, Custom Duty, Wealth tax, Excise Duty, Service Tax & Cess which have not been deposited on account of any dispute, *excepting the interest on Provident Fund as per the details given hereunder.*
- | Name of the Statute               | Amount (Rs.in lakhs) | Period to which the amount relates | Forum where dispute is pending                          |
|-----------------------------------|----------------------|------------------------------------|---|
| Employees Provident Fund Act,1952 | 7.47                 | 1998-2003                          | Employees Provident Fund Appellate Tribunal, New Delhi. |
- x) *The accumulated losses of the Company at the end of the financial year are more than Fifty percent of its net worth.* The Company has incurred cash losses during the financial year. However, the company has not incurred cash losses in the immediately preceding financial year.
- xi) *The company has defaulted in repayment of dues to a scheduled bank amounting to Rs.24,16,000/- representing the balance amount of the liability taken over by the company from M/s. Standard Medical & Pharmaceuticals Limited, under a scheme of spin-off.*
- xii) The Company has not granted any loans or advances on the basis of security by the way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a chit fund, nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of the order are not applicable.
- xiv) In our opinion and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the order are not applicable to the Company.
- xv) The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) Excepting the loan liability taken over from Standard Medical & Pharmaceuticals Limited under a scheme of spin off, the Company has not obtained any other Term Loan. Hence other matters specified in the Clause are not applicable to the Company.
- xvii) The funds raised on short term basis have not been used for long term investment and whereas part of long term funds were used for working capital requirement of the company.
- xviii) The Company has not made, during the year, any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures and hence creation of securities or charge for debentures does not arise.
- xx) During the year, the company has not raised any money by way of public issue. Hence other matters specified in the Clause are not applicable to the Company.
- xxi) As per the checks carried out by us, no fraud on or by the company has been noticed or reported during the year under report.

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

Place : Hyderabad  
Date : 3rd August, 2010

A V REDDY  
Partner  
M.No. 23983



## Balance Sheet as at March 31, 2010

| SOURCE OF FUNDS                                       | Schedule | As at<br>31.03.2010<br>(Rupees) | As at<br>31.03.2009<br>(Rupees) |
|---|----------|---------------------------------|---------------------------------|
| <b>1 Shareholders' Funds</b>                          |          |                                 |                                 |
| a) Share Capital                                      | A        | 9,45,68,400                     | 9,45,68,400                     |
| b) Reserves & Surplus                                 | B        | 62,45,547                       | 62,45,547                       |
|   |          | 10,08,13,947                    | 10,08,13,947                    |
| <b>2 Loan Funds</b>                                   |          |                                 |                                 |
| a) Secured Loans                                      | C        | 24,16,000                       | 24,16,000                       |
| b) Unsecured Loans                                    | D        | 17,53,68,783                    | 17,24,27,140                    |
|   |          | 17,77,84,783                    | 17,48,43,140                    |
| <b>3 Deferred Tax Liability</b>                       |          | 23,80,051                       | 44,82,114                       |
| <b>TOTAL</b>  |          | 28,09,78,781                    | 28,01,39,201                    |
| <b>APPLICATION OF FUNDS</b>                           |          |                                 |                                 |
| <b>1 Fixed Assets</b>                                 | E        |                                 |                                 |
| a) Gross Block  |          | 20,56,08,156                    | 20,21,02,313                    |
| b) Less: Depreciation                                 |          | 14,28,70,005                    | 13,70,31,201                    |
| c) Net Block  |          | 6,27,38,151                     | 6,50,71,112                     |
| <b>2 Current Assets,<br/>Loans &amp; Advances</b>     | F        | 18,26,23,781                    | 19,34,23,837                    |
| <b>Less: Current Liabilities &amp;<br/>Provisions</b> | G        | 8,95,86,641                     | 9,43,27,921                     |
| <b>Net Current Assets</b>                             |          | 9,30,37,140                     | 9,90,95,916                     |
| <b>3 Profit &amp; Loss Account</b>                    |          | 12,52,03,490                    | 11,59,72,173                    |
| Notes on Accounts                                     | L        |                                 |                                 |
| <b>TOTAL</b>  |          | 28,09,78,781                    | 28,01,39,201                    |

As per our report of even date

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

A V REDDY  
Partner  
M.No. 23983

Place : Hyderabad  
Date : 3rd August, 2010

for and on behalf of the Board

A RAGHAVA REDDY  
Chairman

S BASU THAKUR  
Director

N RAVIKUMAR  
Chief Operating Officer



## Profit & Loss Account for the Year ended March 31, 2010

| INCOME                                       | Schedule | For the Year<br>ended 31.03.2010<br>(Rupees) | For the Year<br>ended 31.03.2009<br>(Rupees) |
|--|----------|--|--|
| Diagnostic Centre Receipts                   |          | 11,88,41,504                                 | 11,77,12,114                                 |
| Members Subscription-Gold Card Plus Scheme   |          | 6,08,500                                     | 7,67,647                                     |
| Franchise Royalty & Service Charges          |          | 4,28,772                                     | 5,92,461                                     |
| Pharmacy Sales                               |          | 10,11,065                                    | 12,19,767                                    |
| Training Fee Receipts                        |          | 4,71,425                                     | 4,65,200                                     |
| Other Income                                 | H        | 8,33,738                                     | 32,92,885                                    |
| <b>TOTAL</b>                                 |          | <b>12,21,95,004</b>                          | <b>12,40,50,074</b>                          |
| <b>EXPENDITURE</b>                           |          |  |  |
| Chemicals & Consumables                      |          | 1,35,29,512                                  | 1,30,61,669                                  |
| Cost of Pharmacy Goods Sold                  |          | 8,40,845                                     | 11,77,137                                    |
| Staff Expenses                               | I        | 2,46,18,041                                  | 2,17,73,543                                  |
| Administrative and Other Expenses            | J        | 8,60,92,888                                  | 8,38,16,112                                  |
| Interest and Other Finance Charges           | K        | 25,59,424                                    | 30,19,334                                    |
| Depreciation                                 | E        | 58,38,804                                    | 55,50,889                                    |
| <b>TOTAL</b>                                 |          | <b>13,34,79,514</b>                          | <b>12,83,98,684</b>                          |
| Profit / (Loss) before Prior Period items    |          | (1,12,84,510)                                | (43,48,610)                                  |
| Add: Prior Year Adjustments                  |          | 48,870                                       | 1,08,956                                     |
| Profit / (Loss) before Tax                   |          | (1,13,33,380)                                | (44,57,566)                                  |
| - Fringe Benefit Tax                         |          | 0  | 2,23,971                                     |
| - Provision for Deferred Tax                 |          | (21,02,063)                                  | 26,07,084                                    |
| Profit / (Loss) after Tax                    |          | (92,31,317)                                  | (72,88,621)                                  |
| Add: Loss brought forward from earlier years |          | 11,59,72,173                                 | 10,86,83,552                                 |
| Balance carried to Balance Sheet             |          | <b>12,52,03,490</b>                          | <b>11,59,72,173</b>                          |

As per our report of even date

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

A V REDDY  
Partner  
M.No. 23983

Place : Hyderabad  
Date : 3rd August, 2010

for and on behalf of the Board

A RAGHAVA REDDY  
Chairman

S BASU THAKUR  
Director

N RAVIKUMAR  
Chief Operating Officer



|  | As at 31.03.2010<br>(Rupees) | As at 31.03.2009<br>(Rupees) |
|--|------------------------------|------------------------------|
| <b>SCHEDULE- A</b>   |                              |                              |
| Share Capital:   |                              |                              |
| Authorised:  |                              |                              |
| 1,00,00,000 Equity Shares of Rs.10/- each                                | 10,00,00,000                 | 10,00,00,000                 |
| <b>TOTAL</b>   | <b>10,00,00,000</b>          | <b>10,00,00,000</b>          |
| Issued,Subscribed & Paid-up:   |                              |                              |
| 94,81,640 Equity Shares of Rs.10/- each                                  | 9,48,16,400                  | 9,48,16,400                  |
| Subscribed and called up in full   |                              |                              |
| Less : Allotment Money Arrears   | 2,48,000                     | 2,48,000                     |
| <b>TOTAL</b>   | <b>9,45,68,400</b>           | <b>9,45,68,400</b>           |
| <b>SCHEDULE- B</b>   |                              |                              |
| Reserves & Surplus   |                              |                              |
| General Reserve  | 62,45,547                    | 62,45,547                    |
| <b>TOTAL</b>   | <b>62,45,547</b>             | <b>62,45,547</b>             |
| <b>SCHEDULE- C</b>   |                              |                              |
| Secured Loans  |                              |                              |
| Dues to a Scheduled Bank on account of<br>Foreign Currency Buyers Credit | 24,16,000                    | 24,16,000                    |
| <b>TOTAL</b>   | <b>24,16,000</b>             | <b>24,16,000</b>             |
| <b>SCHEDULE- D</b>   |                              |                              |
| Unsecured Loans  |                              |                              |
| Membership Deposits  | 5,80,91,346                  | 6,49,06,110                  |
| Inter-corporate Loans  | 11,72,77,437                 | 10,75,21,030                 |
| <b>TOTAL</b>   | <b>17,53,68,783</b>          | <b>17,24,27,140</b>          |

## SCHEDULE - E

### Fixed Assets

(in Rupees)

| Sl. No | DESCRIPTION                                       | GROSS BLOCK         |                  |                     | DEPRECIATION        |                  |                     | NET BLOCK          |                    |
|--------|---|---------------------|------------------|---------------------|---------------------|------------------|---------------------|--------------------|--------------------|
|        |   | As at 31-03-2009    | Additions        | As at 31-03-2010    | As at 31-03-2009    | For the Year     | As at 31-03-2010    | As at 31-03-2010   | As at 31-03-2009   |
| 1.     | Building including Civil Works on Lease Buildings | 2,12,40,272         | 5,67,808         | 2,18,08,080         | 42,89,682           | 3,60,137         | 46,49,819           | 1,71,58,261        | 1,69,50,590        |
| 2.     | Plant & Machinery                                 | 14,67,86,658        | 9,50,800         | 14,77,37,458        | 11,54,35,272        | 40,79,548        | 11,95,14,820        | 2,82,22,638        | 3,13,51,386        |
| 3.     | Office equipment                                  | 46,17,935           | 3,69,480         | 49,87,415           | 20,01,583           | 2,26,337         | 22,27,920           | 27,59,495          | 26,16,352          |
| 4.     | Furniture & Fixtures                              | 42,70,019           | 8,47,904         | 51,17,923           | 28,83,885           | 1,97,622         | 30,81,507           | 20,36,416          | 13,86,134          |
| 5.     | Vehicles  | 8,44,825            | 0                | 8,44,825            | 5,12,931            | 38,177           | 5,51,108            | 2,93,717           | 3,31,894           |
| 6.     | Library   | 70,250              | 0                | 70,250              | 52,784              | 3,337            | 56,121              | 14,129             | 17,466             |
| 7.     | Electrical Installation                           | 1,91,17,747         | 7,69,851         | 1,98,87,598         | 1,18,55,064         | 9,33,646         | 1,27,88,710         | 70,98,888          | 72,62,683          |
| 8.     | Capital Work-in- Progress                         | 51,54,607           | 0                | 51,54,607           | 0                   | 0                | 0                   | 51,54,607          | 51,54,607          |
|        | <b>TOTAL</b>                                      | <b>20,21,02,313</b> | <b>35,05,843</b> | <b>20,56,08,156</b> | <b>13,70,31,201</b> | <b>58,38,804</b> | <b>14,28,70,005</b> | <b>6,27,38,151</b> | <b>6,50,71,112</b> |



**SCHEDULE- F**

|  | As at 31.03.2010<br>(Rupees) | As at 31.03.2009<br>(Rupees) |
|--|------------------------------|------------------------------|
| <b>Current Assets, Loans &amp; Advances</b>                              |                              |                              |
| <b>A. Current Assets:</b>  |                              |                              |
| i) Inventories (as certified by Management)                              |                              |                              |
| Stores & Machinery Spares  | 25,52,384                    | 25,73,520                    |
| Stationery   | 9,76,581                     | 9,91,694                     |
| Chemicals & consumables  | 52,56,107                    | 56,68,809                    |
| Pharmacy Stock   | 4,16,456                     | 3,73,714                     |
| ii) Sundry Debtors (Unsecured considered good)                           |                              |                              |
| a) Debts outstanding for more than 6 months                              | 1,03,93,204                  | 1,01,43,673                  |
| b) Other Debts   | 1,17,58,734                  | 1,23,73,772                  |
| iii) Cash and Bank Balances  |                              |                              |
| Cash on Hand   | 4,50,631                     | 5,34,871                     |
| Balances with Scheduled Banks in<br>Current Accounts                     | 4,46,345                     | 14,30,669                    |
| iv) Accrued Interest   | 3,49,78,493                  | 3,64,78,493                  |
| <b>Sub-Total (A)</b>   | <u>6,72,28,935</u>           | <u>7,05,69,215</u>           |
| <b>B. Loans And Advances (Unsecured considered good)</b>                 |                              |                              |
| i) Deposits  | 93,58,379                    | 1,40,46,655                  |
| ii) Voluntary Loan Contribution with APSEB                               | 7,40,391                     | 7,40,391                     |
| iii) Advances recoverable in Cash or<br>Kind or for value to be received |                              |                              |
| Call Deposits  | 3,32,28,305                  | 3,48,28,305                  |
| Other Advances   | 7,02,92,984                  | 6,92,43,629                  |
| MAT Credit entitlement   | 7,77,538                     | 7,77,538                     |
| Staff Advances   | 7,92,980                     | 7,59,148                     |
| Prepaid Expenses   | 2,04,269                     | 24,58,956                    |
| <b>Sub Total (B)</b>   | <u>11,53,94,846</u>          | <u>12,28,54,622</u>          |
| <b>TOTAL (A + B)</b>   | <u>18,26,23,781</u>          | <u>19,34,23,837</u>          |





| SCHEDULE- G   | As at 31.03.2010<br>(Rupees) | As at 31.03.2009<br>(Rupees) |
|---|------------------------------|------------------------------|
| <b>Current Liabilities &amp; Provisions</b>                                 |                              |                              |
| <b>A. Current Liabilities</b>   |                              |                              |
| i) Sundry Creditors for supplies, expenses & others                         | 5,27,75,700                  | 5,65,46,924                  |
| ii) Members' subscription under<br>- Gold Card Plus/Service Benefit Schemes | 73,65,593                    | 77,92,639                    |
| iii) Other liabilities  | 35,76,901                    | 31,08,014                    |
| iv) Interest Payable on Membership Deposits                                 | 2,14,00,407                  | 2,25,21,589                  |
| <b>Sub Total (A)</b>  | <b>8,51,18,601</b>           | <b>8,99,69,166</b>           |
| <b>B. Provisions</b>  |                              |                              |
| Provision for   |                              |                              |
| - Fringe Benefit Tax  | 0                            | 2,23,971                     |
| - Gratuity  | 44,68,040                    | 41,34,784                    |
| <b>Sub Total (B)</b>  | <b>44,68,040</b>             | <b>43,58,755</b>             |
| <b>TOTAL (A + B)</b>  | <b>8,95,86,641</b>           | <b>9,43,27,921</b>           |

| SCHEDULE-H   | For the Year<br>ended 31.03.2010<br>(Rupees) | For the Year<br>ended 31.03.2009<br>(Rupees) |
|--|--|--|
| <b>Other Income</b>  |  |  |
| Service Charges  | 3,73,750                                     | 3,14,750                                     |
| Interest Income  | 1,73,136                                     | 1,39,392                                     |
| Excess Provision of Gratuity relating<br>to the earlier years Written Back | 0  | 26,67,873                                    |
| Profit on Sale of Assets   | 0  | 53,435                                       |
| Miscellaneous Income   | 2,86,852                                     | 1,17,435                                     |
| <b>TOTAL</b>   | <b>8,33,738</b>                              | <b>32,92,885</b>                             |

| SCHEDULE- I                                   |                    |                    |
|---|--------------------|--------------------|
| <b>Staff Expenses</b>                         |                    |                    |
| Staff Salaries, Bonus and Allowances          | 2,13,14,520        | 1,87,28,584        |
| Company's Contribution to PF, Pension and ESI | 16,46,876          | 13,53,984          |
| Gratuity                                      | 7,30,287           | 6,51,086           |
| Staff Welfare                                 | 5,67,964           | 6,06,518           |
| Other Benefits                                | 3,58,394           | 4,33,371           |
| <b>TOTAL</b>                                  | <b>2,46,18,041</b> | <b>2,17,73,543</b> |



## SCHEDULE- J

|   | For the Year<br>ended 31.03.2010<br>(Rupees) | For the Year<br>ended 31.03.2009<br>(Rupees) |
|---|--|--|
| <b>Administrative and Other Expenses</b>        |  |  |
| Electricity and Fuel Charges                    | 64,74,562                                    | 61,42,647                                    |
| Lease Rentals                                   | 23,74,751                                    | 25,97,195                                    |
| Repairs & maintenance                           |  |  |
| - Plant & Machinery                             | 42,44,293                                    | 50,44,931                                    |
| Rent  | 1,11,07,846                                  | 98,64,267                                    |
| Rates & Taxes                                   | 2,51,327                                     | 1,84,590                                     |
| Printing & Stationery                           | 13,46,319                                    | 13,73,594                                    |
| Postage, Telephones & Trunk Calls               | 11,59,278                                    | 12,08,535                                    |
| Travel & Conveyance                             | 21,75,849                                    | 17,53,328                                    |
| Legal & Professional charges                    | 5,68,992                                     | 3,27,646                                     |
| Remuneration to Auditors                        |  |  |
| - Audit Fee                                     | 84,000                                       | 84,000                                       |
| - Tax Audit Fee                                 | 25,000                                       | 25,000                                       |
| - Tax Representation Fee                        | 25,000                                       | 25,000                                       |
| Directors Sitting Fees                          | 7,500  | 6,000  |
| Insurance                                       | 47,890                                       | 41,851                                       |
| Books, Periodicals & Subscriptions              | 16,972                                       | 16,473                                       |
| Annual Listing Fees                             | 18,170                                       | 15,000                                       |
| Advertisement and Publicity                     | 1,49,429                                     | 2,11,555                                     |
| Corporate & Gold Card Concessions and Discounts | 1,97,09,165                                  | 2,22,06,790                                  |
| Development expenses                            | 1,18,71,487                                  | 1,10,66,887                                  |
| Other expenses                                  | 2,44,35,058                                  | 2,16,20,823                                  |
| <b>TOTAL</b>                                    | <b>8,60,92,888</b>                           | <b>8,38,16,112</b>                           |

## SCHEDULE- K

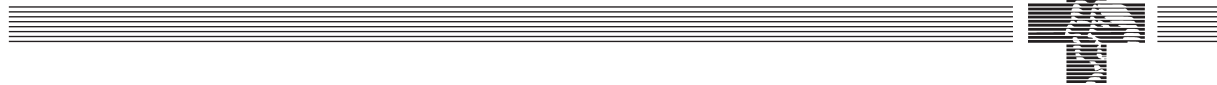
|   |                  |                  |
|---|------------------|------------------|
| <b>Interest &amp; Other Finance Charges</b> |                  |                  |
| Interest & Finance Charges                  | 22,60,378        | 27,14,362        |
| Bank Charges                                | 2,99,046         | 3,04,972         |
| <b>TOTAL</b>                                | <b>25,59,424</b> | <b>30,19,334</b> |

## SCHEDULE - L

### NOTES ON ACCOUNTS

#### 1. Significant Accounting Policies

- a) **Cost Convention:** The Accounts have been prepared under historical cost convention.
- b) **Revenue Recognition:** All incomes and expenditure are accounted on accrual basis. The Members Subscriptions under the Gold Card Plus Scheme are being accounted as income, proportionately over the scheme period of Five Years. Income from Service Benefit scheme is being accounted in the year of utilisation of services.
- c) **Fixed Assets:** Fixed Assets are valued at cost less depreciation.
- d) **Depreciation:** Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.
- e) **Inventories:** Stores, Machinery Spares, Stationary, Pharmacy stocks and Chemicals & Consumables are carried at lower of cost and net realisable value. Cost is determined on First-in-First-out basis.
- f) **Employees Benefits:**
  - i) Contribution to Provident Fund is recognised as an expenditure on accrual basis.
  - ii) The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plan of the entity is an unfunded plan. The Company accounts for the liability for future Gratuity benefits on the basis of an independent actuarial valuation.



- iii) Leave encashment is not categorised as a retirement benefit, as the company is in the practice of paying the leave encashment benefit every year.
- g) **Lease Rentals:** There were no equipment/machinery obtained on Financial Lease during the year. For the Leases entered into till 31st March, 2001, Lease Rentals are accounted as expenditure at the appropriate yearly charge based on the life of the Assets. Leases, where the lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit & loss account on straight line basis over the lease term.
- h) **Deferred Taxes:** Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.
2. Liabilities relating to foreign currency buyers credit have been guaranteed by Nationalised Banks which in turn are secured by way of hypothecation of Machinery of the Hyderabad Diagnostic Centre and further guaranteed by personal guarantee of one of the Directors.
3. **Contingent Liabilities not provided for :**
- |                                | As at 31.03.2010 | As at 31.03.2009 |
|--------------------------------|------------------|------------------|
|                                | (Rupees)         | (Rupees)         |
| Provident Fund interest demand | 7,46,889         | 7,46,889         |
4. **Managerial Remuneration:**
- |   | 2009-2010 | 2008-2009 |
|---|-----------|-----------|
|   | (Rupees)  | (Rupees)  |
| Sri. N. Ravi Kumar, Manager (Designated as Chief Operating Officer) | 2,46,700  | 1,99,200  |
5. Balances of Secured Loans, Sundry Debtors and Sundry Creditors, Loans and Advances payable or receivable are subject to confirmations to be obtained from the parties.
6. **Prior period adjustments :**
- |                   | 2009-2010 | 2008-2009 |
|-------------------|-----------|-----------|
|                   | (Rupees)  | (Rupees)  |
| Interest on taxes | 48,870    | 1,08,956  |
7. There were no dues to SSI units as at the year end.
8. **Related Party Transactions :**  
As required by Accounting Standard - AS 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, details of transactions of related parties with whom transactions have taken place during the year are as follows:
- a) **Company on which presumed significant influence exists**
- | Name of the Company   | M/s. Standard Medical & Pharmaceuticals Ltd. |                                  |
|---|--|----------------------------------|
| Nature of Relationship                                      | Presumed significant influence               |                                  |
| Nature of Transactions                                      | Volume (Rupees)                              |                                  |
|   | for the year<br>ended 31.03.2010             | for the year<br>ended 31.03.2009 |
|   | (Rupees)                                     | (Rupees)                         |
| Rendering Services  |  |                                  |
| Sharing of Expenses - Net                                   | 3,368  | 3,94,513                         |
| Amount Received - Net                                       | 31,00,000                                    | 40,00,000                        |
| <b>Amounts Outstanding as at the<br/>Balance sheet date</b> | <b>As at 31.03.2010</b>                      | <b>As at 31.03.2009</b>          |
|   | (Rupees)                                     | (Rupees)                         |
| - Call Deposit  | 3,32,28,305                                  | 3,48,28,305                      |
| - Advances (including balance in<br>current account)        | 6,17,28,718                                  | 6,17,25,350                      |
| - Accrued Interest  | 3,49,78,493                                  | 3,64,78,493                      |
| - Share Capital (credit)                                    | (2,75,02,200)                                | (2,75,02,200)                    |
- b) **Key Management Personnel**
- |   | for the year<br>ended 31.03.2010 | for the year<br>ended 31.03.2009 |
|---|----------------------------------|----------------------------------|
|   | (Rupees)                         | (Rupees)                         |
| N.Ravi Kumar, Manager (Designated as Chief Operating Officer) | 2,46,700                         | 1,99,200                         |



- c) Disclosure regarding Loans & Advances in the nature of Loans to subsidiaries, associates, etc., and their investments in shares of the Company, as required under clause 32 of Listing Agreement.

| M/s Standard Medical & Pharmaceuticals Ltd. (an associate Company and in which two Directors of the Company are also Directors). | Balance as at<br>31.03.2010<br>(Rs. in Lakhs) | Maximum Outstanding<br>at any time during the<br>year ended 31.03.2010<br>(Rs. in Lakhs) |
|--|---|--|
| i) Call Deposits, Advances including balance in current account together with interest thereon.                                  | 1299.35                                       | 1330.32  |
| ii) Investment in Company's shares by the associate Company (27,50,220 equity shares of Rs.10/- each)                            | 275.02  | 275.02   |

9. As detailed in Note No.8, dues from M/s. Standard Medical & Pharmaceuticals Limited represents advances in connection with spin-off and subsequent transactions. In view of the settlement arrangement reached with the said Company, no further interest is to be charged on the dues w.e.f. 1st April, 2004 and the said dues are to be repaid by the said Company in a phased manner. The company is confident of recovery of the same and hence no provision has been made in the accounts.

10. The Company is engaged in the business of Diagnostic Services and related business. There are no other reportable business segments.

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

The Company adopted the revised Accounting Standard - 15 Employee Benefits. The details of the components of net benefit expenses recognised in the profit and loss account with regard to gratuity and amounts recognised in the Balance Sheet are given below.

| a. Expenses Recognised in statement of Profit & Loss Account:  | for the year<br>2009-2010<br>Amount (Rs.) | for the year<br>2008-2009<br>Amount (Rs.) |
|--|---|---|
| Current Service Cost   | 1,98,948                                  | 93,715                                    |
| Interest Cost on benefit obligation                            | 3,30,782                                  | 3,05,625                                  |
| Expected return on plan assets                                 | Nil                                       | Nil                                       |
| Net Actuarial (gain) / loss recognized in the year             | 2,00,557                                  | 2,51,746                                  |
| Past services cost   | Nil                                       | Nil                                       |
| Net benefit expenses   | 7,30,287                                  | 6,51,086                                  |
| Actual return on plan assets                                   | NA  | NA  |
| b. Changes in present value of the defined benefit obligation: | As at<br>31.03.2010<br>Amount (Rs.)       | As at<br>31.03.2009<br>Amount (Rs.)       |
| Opening defined benefit obligation                             | 41,34,784                                 | 38,20,304                                 |
| Interest Cost  | 3,30,782                                  | 3,05,625                                  |
| Current Services Cost  | 1,98,948                                  | 93,715                                    |
| Benefits paid  | (3,97,031)                                | (3,36,606)                                |
| Actuarial (gains) / losses on obligation                       | 2,00,557                                  | 2,51,746                                  |
| Closing defined benefit obligation                             | 44,68,040                                 | 41,34,784                                 |
| c. Actuarial Assumptions:                                      |   |   |
| Salary Raise   | 6%  | 6%  |
| Discount Rate  | 8%  | 8%  |
| Attrition Rate   | 6%  | 6%  |
| Mortality Rate   | Table of LIC 1994-96                      | 1994-96                                   |
| Retirement Age   | 58 Years                                  | 58 Years                                  |

| 12. The break-up for the Deferred Tax Liability / (Asset) is given below : | As at 31.03.2010<br>(Rupees) | As at 31.03.2009<br>(Rupees) |
|--|------------------------------|------------------------------|
| Timing difference on   |                              |                              |
| - Depreciation   | 99,38,195                    | 1,04,42,276                  |
| - Losses   | (19,17,295)                  | (14,22,156)                  |
| - Others   | (56,40,849)                  | (45,38,006)                  |
| Total  | <u>23,80,051</u>             | <u>44,82,114</u>             |



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

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

- i) **Registration Details** :
- Registration No. :   
Balance Sheet Date :  State Code :
- ii) **Capital raised during the year** (Amount in Rs. Thousands) :
- Public Issue :  Right Issues :   
Bonus Issue :  Private Placement :
- iii) **Position of Mobilisation and Deployment of Funds** :  
(Amount in Rs. Thousands)
- Total Liabilities :  Total Assets :   
**Sources of Funds**  
Paid-up Capital :  Reserves&Surplus :   
Secured Loans :  Unsecured Loans :   
Deferred Taxes :   
**Application of Funds**  
Net Fixed Assets :  Net Current Assets :   
Accumulated Losses :
- iv) **Performance of Company** (Amount in Rs. Thousands)
- Turnover :  Total Expenditure :   
Loss before Tax :  Loss after Tax :   
Earnings per Share :  Dividend :
- v) **Generic Names of three principal products/services of Company:**  
(as per Monetary terms)
- The Company is in the business of :

As per our report of even date

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

A V REDDY  
Partner  
M.No. 23983

Place : Hyderabad  
Date : 3rd August, 2010

for and on behalf of the Board

A RAGHAVA REDDY  
Chairman

S BASU THAKUR  
Director

N RAVIKUMAR  
Chief Operating Officer



## CASH FLOW STATEMENT

|   | For the year<br>ended 31.03.2010<br>(Rupees in lakhs) | For the year<br>ended 31.03.2009<br>(Rupees in lakhs) |
|---|---|---|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                       |   |   |
| Net Profit / (Loss) before Tax and Prior period/Extraordinary items : | (112.84)  | (43.48)   |
| Adjustments for :   |   |   |
| Depreciation  | 58.39   | 55.50   |
| Interest Income   | (1.73)  | (1.39)  |
| Interest Expenditure  | 25.59   | 30.19   |
| Profit on Sale of Asset   | 0.00  | (0.53)  |
| Operating Profit before working Capital changes                       | (30.59)   | 40.29   |
| Adjustments for :   |   |   |
| Pre-paid Expenses   | 22.55   | 25.63   |
| Trade & Other receivables   | 39.71   | 41.30   |
| Inventories   | 4.06  | 2.37  |
| Trade Payables  | (40.90)   | (67.18)   |
| Subscriptions under<br>-Gold Card Plus / Service benefit Schemes      | (4.27)  | (29.68)   |
| Decrease in Membership Deposits                                       | (68.15)   | (46.04)   |
| Cash generated from operations  | (77.59)   | (33.31)   |
| Interest Paid   | (25.59)   | (30.19)   |
| Direct Taxes Paid   | (2.24)  | (5.92)  |
| Cash Flow from Operating Activities                                   | (105.42)  | (69.42)   |
| Prior period/Extraordinary items                                      | 0.49  | 1.09  |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                        | <b>(105.91)</b>                                       | <b>(70.51)</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                       |   |   |
| Purchase of Fixed Assets  | (35.06)   | (68.04)   |
| Sale of Fixed Assets  | 0.00  | 2.30  |
| Decrease in Accrued Interest  | 15.00   | 18.00   |
| Interest received   | 1.73  | 1.39  |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                        | <b>(18.33)</b>  | <b>(46.35)</b>  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>                       |   |   |
| Decrease in Call Deposits   | 16.00   | 22.00   |
| Increase in Inter-Corporate Loans                                     | 97.56   | 103.74  |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                        | <b>113.56</b>   | <b>125.74</b>   |
| Net (Decrease) / Increase in cash and cash equivalents (A+B+C)        | (10.68)   | 8.88  |
| Cash and Cash equivalents as at the beginning of the year             | 19.65   | 10.77   |
| Cash and Cash equivalents as at the end of the year                   | 8.97  | 19.65   |

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

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

for and on behalf of the Board

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

**A RAGHAVA REDDY**  
Chairman

**S BASU THAKUR**  
Director

Place : Hyderabad  
Date : 3rd August, 2010

**N RAVIKUMAR**  
Chief Operating Officer



## Medinova Diagnostic Services Limited

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

### SEVENTEENTH ANNUAL GENERAL MEETING ATTENDANCE SLIP

Folio No. :

Name :

Address :

Client ID :

D.P. ID :

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company being held at Hotel Green Park, Greenlands, Begumpet, Hyderabad at 11.30 A.M, on Tuesday, the 28th September, 2010.

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

Name of the Shareholder/Proxy\*

Signature of the Shareholder/Proxy\*

\* Strike out whichever is not applicable.



## Medinova Diagnostic Services Limited

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

### SEVENTEENTH ANNUAL GENERAL MEETING PROXY FORM

Client ID :

Folio No. :

D.P. ID :

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

of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him

\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as

my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, the 28th September, 2010 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Affix Re. 1/-  
Revenue  
Stamp

**Signature**

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

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*If undelivered please return to :*



**Medinova Diagnostic Services Limited**

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