MEDINOVA DIAGNOSTIC SERVICES LIMITED

Registered Office: 6-3-652, Kautilya, Somajiguda, Hyderabad – 500 082, Andhra Pradesh, India
Tel: 91 40 2339 4848/2331 0066; Fax: 91 40 2332 7464; Email: medicorp@medinovaindia.com; Website: www.medinovaindia.com.

Recommendations of the Committee of Independent Directors (IDC) on the Open Offer to the Shareholders of Medinova Diagnostic Services Limited under Regulation 26(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (SEBI (SAST) Regulations, 2011).

1.	Date	May 26, 2014
2.	Name of the Target Company (TC)	Medinova Diagnostic Services Limited (MDSL)
3.	Details of the Offer pertaining to TC	The Open Offer is being made by the Acquirer to acquire up to 24,65,227 Equity Shares of Rs.10/- each, representing in aggregate 26% of Issued, Subscribed Capital and 26.14% of the Voting Capital of MDSL, at a offer price of Rs.5/- (Rupees Five only) per Equity Share payable in cash pursuant to Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011.
4.	Name(s) of the acquirer and PAC with the acquirer	**Acquirer:** Vijaya Diagnostic Centre Private Limited (VDC). There is no Person Acting in Concert with the Acquirer.
5.	Name of the Manager to the offer	Karvy Investor Services Limited 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500 034, Andhra Pradesh, India SEBI Registration No.: MB/INM000008365
6.	Members of the Committee of Independent Directors (IDC)	Mr. Ponaka Krishna Reddy (Chairman) Mrs. Sailaja Aluru
7.	IDC Member's relationship with the TC (Director, Equity shares owned, any other contract / relationship), if any	IDC members are the Independent Directors of the TC and they are holding Equity Shares in the TC as follows: Mr. Ponaka Krishna Reddy - 1000 Mrs. Sailaja Aluru - 15,700 Other than the position of Directorship and holding of equity shares as above in the TC, there are no other contracts / relationship with the TC.
8.	Trading in the Equity shares/other securities of the TC by IDC Members	None of the IDC members have traded in the equity shares of TC during the twelve months prior to the date of Public Announcement dated March 27, 2014.
9.	IDC Member's relationship with the acquirer (Director, Equity shares owned, any other contract / relationship), if any.	None of the IDC members have any relationship with the Acquirer.
10.	Trading in the Equity shares/other securities of the acquirer by IDC Members	None of the IDC members have at anytime acquired or sold equity shares of the Acquirer.
11.	Recommendation on the Open offer, as to whether the offer is fair and reasonable	IDC members believe that the Open Offer price of Rs.5/- per equity share is fair and reasonable and in line with SEBI (SAST) Regulations, 2011.
12.	**Summary of reasons for recommendation**	i) The negotiated price as per the Share Purchase Agreement entered amongst M/s. Standard Medical & Pharmaceuticals Limited, VDC and MDSL is Rs. 5/- per Equity Share. ii) MDSL has been making losses and the Net worth of MDSL as on December 31, 2013, based on the limited review report is Rs. 338.53 lakhs in negative. iii) The Fair Value of MDSL is Rs. 2.92/- per fully paid up Equity Share, which has been calculated considering the Supreme Court's decision in the Hindustan Lever Employees' Union vs. Hindustan Lever limited (1995) reported at (83 Companies Cases 30) and in terms of Regulation 8(2) of SEBI (SAST) Regulations, 2011, as certified vide valuation certificate dated March 27, 2014, by P Kamalakar Rao of M/s. Dendukuri Associates, Chartered Accountants, Hyderabad, India. iv) IDC Members are of the opinion that the Offer Price of Rs. 5/- per equity share offered by the Acquirer is in accordance with the relevant regulations prescribed in the SEBI (SAST) Regulations, 2011 and prima facie appear to be justified. v) The Acquirer with its present chain of diagnostic units, intends to broad base its number of units and capitalize on the TC units which are located in Pune, Hyderabad and Kolkata. vi) On account of above points, the offer seems fair and reasonable, considering the present scale of business operations of TC.
13.	Details of Independent Advisors, if any.	-
14.	Any other matter(s) to be highlighted	None

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the TC under the SEBI (SAST) Regulations, 2011.

For **Medinova Diagnostic Services Limited**

CONCEPT

Sd/-
Ponaka Krishna Reddy
Chairman – Committee of Independent Directors

Sd/-
Sailaja Aluru
Director

Place: Hyderabad
Date: May 26, 2014

Size: 16x21 cms