DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Draft Letter of Offer is sent to you as a public equity shareholder(s) of Medinova Diagnostic Services Limited. If you require any clarification about action to be taken, you may consult your stockbroker or investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your equity shares in Medinova Diagnostic Services Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-acknowledgement and Transfer Deed (s) to the member of the stock exchange through whom the said sale was effected.

OPEN OFFER BY

M/S. VIJAYA DIAGNOSTIC CENTRE PRIVATE LIMITED (herein after referred as "Acquirer" or "VDC")

having registered office at 3-6-16 & 17, Street No.19 Himayatnagar, Hyderabad – 500 029, Andhra Pradesh, India,

Tel: 91 40 2342 0422 to 27; Fax: 91 40 2342 5087; Email: info@vijayadiagnostic.com

TO THE SHAREHOLDERS OF M/S. MEDINOVA DIAGNOSTIC SERVICES LIMITED

(herein after referred as "Target Company" or "MDSL")

having registered office at: 6-3-652, Kautilya, Somajiguda, Hyderabad – 500 082

Tel: 91 40 2339 4848/2331 0066**; Fax:** 91 40 2332 7464; **Email:** medicorp@medinovaindia.com; **Website:** www.medinovaindia.com

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 ("**Offer Price**")

Note: Shareholders holding Equity Shares on which allotment money is in arrears will be eligible to participate in the open offer only up on payment of allotment money to the Target Company along with interest @ 18% p.a from the date of allotment i.e., January 10, 1994.

This Offer is being made by the Acquirer pursuant to Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (SEBI (SAST) Regulations, 2011) for substantial acquisition of shares/voting rights accompanied with change in control and management of the Target Company.

Note:

1. This Offer is not conditional up on any minimum level of acceptance in terms of Regulation 19(1) of SEBI (SAST) Regulations, 2011.
2. To the best of the knowledge of the Acquirer, there are no statutory approvals required for the purpose of this Offer. If any statutory approvals become applicable prior to the completion of the Offer, the Offer would also be subject to such statutory approvals.
3. **This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations, 2011.**
4. **If there are competing offers, the public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirer / Target Company, no competitive bid has been announced as of the date of this Draft Letter of Offer.**
5. Upward revision/withdrawal, if any, of the Open Offer would be informed by way of a public announcement in the same newspapers where the original Detailed Public Statement ("DPS") has appeared. The Acquirer is permitted to revise the Open Offer Price upwards only at any time prior to the last three working days before the commencement of the tendering period i.e. up to May 20, 2014. Such revised Open Offer Price would be payable for all the Shares validly tendered anytime during the tendering period of the Open Offer.
6. A copy of the Public Announcement, DPS and this Draft Letter of Offer (including Form of Acceptance cum Acknowledgment) are also available on SEBI's website www.sebi.gov.in

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
KARVY INVESTMENT BANKING	KARVY Computershare
Karvy Investor Services Limited 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500 034, Andhra Pradesh, India. Ph.: 91 40 23428774/2331 2454 Fax: 91 40 2337 4714 Email: cmg@karvy.com Investor Grievance email id :igmbd@karvy.com Website: www.karvy.com Contact Persons: Mr.Ankit Bhatia	**Karvy Computershare Private Limited** Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India Telephone: 91 40 4465 5300/4465 5000 Fax : 91 40 2343 1551; Email: murali.m@karvy.com; Website: www.karvy.com Contact Person: Mr.M.Muralikrishna
OFFER OPENS ON: Monday, May 26, 2014	**OFFER CLOSES ON: Friday, June 06, 2014**

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

Nature of the Activity	Date	Day
Date of Public Announcement	March 27, 2014	Thursday
Detailed Public Statement date	April 02, 2014	Wednesday
Submission of Detailed Public Statement to BSE, Target Company and SEBI	April 03, 2014	Thursday
Last date for filing of draft letter of offer with SEBI	April 11, 2014	Friday
Last date for a competing offer	April 29, 2014	Tuesday
Last date for receipt of comments from SEBI on the draft Letter of Offer (in the event SEBI has not sought clarification or additional information from the Manager to the Offer)	May 07, 2014	Wednesday
Identified Date*	May 09, 2014	Friday
Last date for dispatch of the Letter of Offer to the public shareholders of the Target Company as on the identified Date	May 19, 2014	Monday
Last date for upward revision of the Offer Price and / or the Offer Size	May 20, 2014	Tuesday
Last date by which the recommendation of the committee of independent directors of the Target Company will be published.	May 21, 2014	Wednesday
Date of public announcement for opening of the Offer in the newspapers where this DPS has been published.	May 24, 2014	Saturday
Date of Commencement of tendering period	May 26, 2014	Monday
Date of Closing of tendering period	June 06, 2014	Friday
Last date of communicating rejection/acceptance and payment of consideration for accepted Equity Shares and /or Equity Shares Certificate /demat delivery instruction for rejected Equity Shares will be dispatched /issued.	June 20, 2014	Friday

(*) Identified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All shareholders (registered or unregistered) of equity shares of the Target Company (except Acquirer, Seller and other promoters who are not part of the SPA) are eligible to participate in the Offer any time before the closure of the Offer.

NOTE: Duly signed Form of Acceptance-cum-Acknowledgment/transfer deed(s) together with share certificate(s) (in case of physical shares) or copies of delivery instruction slips (in case of dematerialized shares) should be dispatched by registered post/courier or hand delivered to the Registrar to the Offer so as to reach on or before Closure of the Tendering Period (i.e. before Friday, June 6, 2014).

RISK FACTORS

RISKS RELATED TO THE OPEN OFFER AND THE PROBABLE RISK INVOLVED IN ASSOCIATING WITH THE ACQUIRER

RISK RELATED TO THE OFFER

1. The Offer involves an offer to acquire up to 26% of the Issued, Subscribed Capital and 26.14% of Voting Capital of MDSL. In the case of oversubscription in the Offer, as per the SEBI (SAST) Regulations, 2011 acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

2. In the event that (a) there is any litigation leading to a "stay" of the Offer, or (b) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this draft Letter of Offer. Consequently, the payment of consideration to the shareholders of the Target Company whose shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed.

3. Shareholders should note that shareholders who have tendered shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptance during the tendering period even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

4. The Shares tendered in the Offer will be held in trust by the Registrar until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the equity shares of the Target Company. Accordingly, the Acquirer make no assurance with respect to the market price of the shares both during the tendering period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any shareholder of the Target Company on whether to participate or not to participate in the Offer.

RISK IN ASSOCIATION WITH THE ACQUIRER

1. The Acquirer makes no assurance with respect to the financial performance of the Target Company and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

2. The Acquirer makes no assurance with respect to its investment/divestment decisions relating to its proposed shareholding in the Target Company.

3. The Acquirer does not provide any assurance with respect to the market price of the equity shares of the Target Company before, during or after the Offer.

The risk factors set forth above, pertain to the Offer and associating with the Acquirer, and are not in relation to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbrokers or investment consultants, if any, for analyzing all the risks with respect to their participation in the Offer.

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1. DEFINITIONS

Acquirer/VDC	M/s. Vijaya Diagnostic Centre Private Limited Registered Office: 3-6-16 & 17, Street No.19, Himayatnagar, Hyderabad – 500 029, Andhra Pradesh, India.
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited.
Detailed Public Statement or DPS	Detailed Public Statement of the Open Offer made by the Acquirer, which appeared in the newspapers on April 03, 2014.
Depository Escrow a/c	The depository account opened by the Registrar to the Offer with Karvy Stock Broking Limited. The DP ID is IN300394 and the beneficiary client ID is 18735412
Depositories	CDSL and NSDL.
DP	Depository Participant
Draft Letter of Offer/DLOF	This Draft Letter of Offer dated April 10, 2014
Eligible Person(s) / Eligible Shareholder(s) for the Offer	All shareholders / beneficial owners (registered or otherwise) of the shares of the Target Company except the Acquirer and the Seller.
Escrow Bank	HDFC Bank Limited, having registered office at HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013 , with its branch office at Lakdikapul , 6-1-73, Ground and 3rd Floor, Saeed Plaza, Lakdikapul, Hyderabad, Andhra Pradesh
Form of Acceptance/FOA	Form of Acceptance cum Acknowledgement
Identified Date	Date for the purpose of determining the names of shareholders as on such date to whom the Letter of Offer will be sent.
Karvy Investor Services Limited/KISL/Manager to the Offer/MB/Merchant Banker	Karvy Investor Services Limited, the Merchant Banker appointed by the Acquirer pursuant to Regulation 12 of the SEBI (SAST) Regulations, 2011 having registered office at 46, Avenue 4, Street No.1, Banjara Hills Hyderabad - 500 034, Andhra Pradesh, India.
Medinova Diagnostic Services Limited / MDSL / Target Company	A Company incorporated under the Companies Act, 1956 and having its registered office at 6-3-652, Kautilya, Somajiguda, Hyderabad – 500 082, Andhra Pradesh, India.
Negotiated Price	Rs. 5/- (Rupees five Only) per fully paid-up Equity Share of face value of Rs.10/- each.
NEFT	National Electronic Funds Transfer.
NSDL	National Securities Depository Limited.
Offer	Open Offer for acquisition of 24,65,227 equity shares of Rs 10/- each of the Target Company, representing 26% of Issued, Subscribed Capital and 26.14% of Voting Capital of the Target Company, to be acquired by the Acquirer at a price Rs.5/- per Equity share payable in cash.
Offer Price	Rs. 5/- (Rupees five only) per fully paid up equity share of Rs.10/- each.
PA	Public Announcement
Persons eligible to participate in the Offer	Registered, unregistered shareholders of Medinova Diagnostic Services Limited, other than the parties to the SPA.

RBI	Reserve Bank of India.
Registrar/ Registrar to the Offer/ RTA	Karvy Computershare Private Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India.
Regulations / SEBI (SAST) Regulations,2011/ SAST Regulations/ Takeover Code	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof.
Rs. Or Rupees	Indian Rupees.
RTGS	Real Time Gross Settlement.
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act, 1992
Seller	M/s. Standard Medical & Pharmaceuticals Limited
Share(s)	Equity shares of Rs.10/- (Rupee Ten only) each of the Target Company
SPA / Share Purchase Agreement	Share Purchase Agreement dated March 27, 2014 entered amongst the Acquirer, Seller and Target Company.
Tendering period	10 (Ten) working days period from the date of opening of offer on May 26, 2014 to closing of offer on June 06, 2014
Working Day	A working day of SEBI.

Note: All terms beginning with a capital letter used in this Draft Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the Regulations unless specified.

2. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS, 2011. THIS REQUIREMENT IS TO FACILITATE EQUITY SHAREHOLDERS OF MEDINOVA DIAGNOSTIC SERVICES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR FOR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER KARVY INVESTOR SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED APRIL 10, 2014 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF OFFER."

3. DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 This Open Offer is being made under Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011 and is being made as a result of a direct substantial acquisition of Equity Shares and voting rights in and control over the Target Company by the Acquirer, pursuant to the Share Purchase Agreement.

3.1.2 The Acquirer has entered into a Share Purchase Agreement ("**SPA**") on March 27, 2014, with Seller and the Target Company, wherein it is proposed that the Acquirer shall purchase 27,50,220 fully paid up equity shares of the Target Company of face value Rs.10/- each, which constitutes 29.01% of the total Issued, Subscribed Capital and 29.16% of the Voting Capital of the Target Company as on March 27, 2014. The said sale is proposed to be executed at a price of Rs 5/- (Rupees Five only) per fully paid-up equity share ("**Negotiated Price**") aggregating to Rs. 1,37,51,100 (Rupees One Crore Thirty Seven Lakhs Fifty One Thousand One Hundred Only) ("**Purchase Consideration**") payable in cash. Consequent to the changes in control and management of the Target Company contemplated under the SPA, this mandatory Open Offer is being made by the Acquirer in compliance with Regulation 3(1), 4 and other applicable provision of SEBI (SAST) Regulations, 2011.

3.1.3 The Acquirer holds 23,26,800 equity shares representing 24.54% of the total Issued, Subscribed capital and 24.67% of the total voting capital of Target Company as on the date of PA.

3.1.4 **The salient features of the SPA are laid down as under:**

a. In consideration for 27,50,220 fully paid up equity shares of the Target Company of face value Rs.10/- each, the Acquirer shall pay an amount of Rs. 5/- per Equity Share aggregating to Rs. 1,37,51,100 (Rupees One Crore Thirty Seven Lakhs Fifty One Thousand One Hundred only) in cash ,to the Seller.

b. On the Closing Date (which is not later than 7 working days from the date of confirmation of conditions precedent for sale of shares as per the SPA), simultaneously with the transfer of the Sale Shares by the Seller to the Acquirer, the Purchase Price, shall be released to the Seller by way of wire transfer and the Target Company shall convene a Board Meeting for appointment of the Acquirer's nominees as additional directors on the Board of Directors, subject to compliance with Regulation 24 of the Takeover Code.

c. From the date of SPA up to the Closing Date, the Seller will not sell or otherwise transfer or agree to sell or otherwise transfer, any of the Shares of Target Company owned by the Seller or incur or permit to exist any Encumbrances, equities or claims whatsoever on such Shares.

d. The Seller during the term of the Agreement and for a period of Five (5) years from the date of cessation as shareholder in the Company, whichever is later, they shall not, without the prior written consent of the Acquirer, directly or indirectly, engage in any of the following, in any part of the world: (i)work for or with any Person which conducts a competing Business carried on by the Company; (ii) engage, set up, promote, finance or invest in a business, venture or company which deals with or offers the same or similar products or services as the Business; (iii) enter into any agreement or arrangement with any Person in a business identical with the Business, or participate in the management, operation, or control of, or be financially interested, in any business that competes with the Business; (iv) employ, engage, attempt to employ or engage, or arrange the employment or engagement by any other Person, of any Person who was during his/her/its association in the last 2 (two) years from the date of cessation as shareholder in the Company, an employee employed in a skilled or managerial capacity in the Company; (v) provide any know-how or technical assistance to any Person in relation to the Business and/or any business similar or identical thereto; (vi) divulge or disclose to any Person any information (other than information available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction) relating to the Business the identity of its customers, vendors, its products, finance, contractual arrangements, business or methods; (vii) engage in or agree to engage in any other act or thing analogous to the foregoing that would prejudice the interests of the Company.

e. The Acquirer shall complete all the formalities of purchase of Shares pursuant to the public announcement of Open Offer as prescribed in the Takeover Code and the Company shall meet its obligations as per Regulation 26 of the Takeover Code and the Directors of the Company shall meet their obligations as per Regulation 24 of the Takeover Code and the Seller along with the Company shall provide all assistance and co-operate with the Acquirer and provide any documents/information as may be required by the Acquirer to file the Offer Document with the SEBI and to complete the formalities of purchase of Shares under the Takeover Code.

f. the Seller shall indemnify and hold the Acquirer, its Affiliates nominees/observes on the Board, or directors, officers or employees (jointly, the "**Indemnified Parties**") harmless against and in respect of any and all direct and indirect Damages, losses, liabilities, obligations, costs and expenses (including attorneys' fees) that the Indemnified Parties may suffer or incur, as per the terms of SPA.

3.1.5 There is no Person Acting in Concert with the Acquirer for the present Offer.

3.1.6 There is no separate arrangement for the proposed change in control of the Target Company except for the terms as mentioned in SPA.

3.1.7 The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act, 1992, as amended or under any regulations made thereunder.

3.1.8 The Acquirer intends to take control and management over the Target Company and make changes in the Board of Directors of the Target Company, subsequent to the completion of Open Offer and as per the terms of SPA. The Acquirer proposes to appoint Dr. S Surendranath Reddy and Mr. K Sunil Chandra as directors in the Board of Directors of the Target Company.

3.1.9 As per Regulation 26(6) and 26(7) of SEBI (SAST) Regulations, 2011, the Board of Directors of the Target Company upon receipt of the DPS is required to constitute an independent committee of its Board of Directors to provide written reasoned recommendations on the Open Offer to the Shareholders and such recommendations shall be published at least two Working Days prior to the commencement of the Tendering Period in the same newspapers where the DPS was published and simultaneously a copy of such recommendation is required to be sent to SEBI, BSE and to the Manager to the Open Offer.

3.2 **Details of the Proposed Offer**

3.2.1 The Acquirer has made Detailed Public Statement pursuant to Public Announcement in the following newspapers in accordance with Regulation 14(3) and pursuant to Regulation 3 and 4 of SEBI (SAST) Regulations, 2011.

Name of the Newspaper	Edition	Date
Financial Express (English)	All Editions	April 03, 2014
Janasatta (Hindi)	All Editions	April 03, 2014
Prajasakthi (Telugu)	All Editions	April 03, 2014
Loksatta (Marathi)	All Editions	April 03, 2014

3.2.2 A copy of the Detailed Public Statement for the Open Offer is also available on the SEBI website (www.sebi.gov.in)

3.2.3 The Acquirer is making this Open Offer under the SEBI (SAST) Regulations, 2011 to acquire up to 24,65,227 Equity Shares of Rs. 10/- each representing up to 26% of the total Issued, Subscribed Capital and 26.14% of Voting Capital of the Target Company, from the Shareholders of MDSL on the terms and subject to the conditions set out in this DLOF, at a price of Rs. 5/- (Rupees Five Only) per Equity Share payable in cash. Shareholders holding Equity shares on which allotment money is in arrears will be eligible to participate in the open offer only up on payment of allotment money to the Target Company along with interest @ 18%p.a from the date of allotment i.e., January 10, 1994.

3.2.4 This is not a competing offer and there have been no competing offers as on the date of this DLOF.

3.2.5 This Offer is neither conditional nor subject to any minimum level of acceptance.

3.2.6 There are no Persons acting in Concert in relation to this Offer and the equity shares tendered and accepted pursuant to the Offer will be acquired by the Acquirer only.

3.2.7 The Manager to the Offer, Karvy Investor Services Limited does not hold any Equity Shares in the Target Company as at the date of PA. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the Equity Shares of the Target Company during the Offer Period.

3.2.8 The Acquirer has acquired 23,26,800 Equity of the Target Company, which represent 24.54% of the Issued, Subscribed Capital of MDSL and 24.67% of the Voting Capital of MDSL, on March 27, 2014 through off market purchases from the following:

Name of the Seller	No. of Shares	Price
M/s. Harvins Constructions Pvt Ltd	9,76,800	Rs.5/-
M/s. Harvins Marine Products Pvt Ltd	5,00,000	Rs.5/
M/s. Vamsi Farms Private Limited	5,00,000	Rs.5/
Mr. A Vamsee Krishna	3,50,000	Rs.5/
Total	**23,26,800**	

The Acquirer has not acquired any further shares in the Target Company after the date of PA. i.e., March 27, 2014 up to the date of this DLOF.

3.2.9 As per Clause 40A of the listing agreement read with Rule 19A of the Securities Contract (Regulation) Rules, 1957, as amended **("SCRR")**, the Target Company is required to maintain at least 25% public shareholding, on a continuous basis for listing. If, pursuant to this Open Offer, the public shareholding in the Target Company reduces below the minimum level required as per the listing agreement entered into by the Target Company with BSE Limited and read with Rule 19A of the SCRR, the Acquirer hereby undertake that its shareholding in the Target Company will be reduced, within the time period specified in the SCRR, such that the Target Company complies with the required minimum level of public shareholding.

3. 3 **Object of the Acquisition**

3.3.1 The Offer to the Shareholders of MDSL is for the purpose of acquiring up to 26% of Issued, Subscribed capital and 26.14% of Voting Capital of the Target Company. After the completion of this Open Offer and pursuant to the transfer of the shares so acquired, the Acquirer shall hold the majority of Equity Shares by virtue of which they will be in a position to exercise effective management and control over the Target Company.

3.3.2 The Acquirer intends to take control and management over the Target Company and make changes in the Board of Directors of the Target Company, subsequent to the completion of this Offer in accordance hereof. The Acquirer with its present chain of diagnostic units, intends to broad base its number of units and capitalize on the Target Company's units which are located in Pune, Hyderabad and Kolkata.

3.3.3 The Acquirer is interested in taking over the management and control of MDSL. Thus substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the offer. Further after successful completion of takeover, the Acquirer has no intention to change the existing line of business of Target Company.

3.3.4 The Acquirer has no plans to alienate any significant assets of the Target Company for a period of two years except in the ordinary course of business of the Target Company. The Target Company's future policy for disposal of its assets, if any, for two years from the completion of Offer will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders through Special Resolution passed by way of postal ballot in terms of Regulation 25(2) of SEBI (SAST) Regulations, 2011.

4 BACKGROUND OF THE ACQUIRER

4.1.1 VDC was incorporated under the provisions of the Companies Act, 1956 on June 05th, 2002 as a Private Limited Company with the Registrar of Companies, Andhra Pradesh. There has been no change in the name of VDC since its incorporation. At present the Registered Office of VDC is located at 3-6-16 & 17, Street No. 19, Himayatnagar, Hyderabad – 500 029, Tel. No.: (040) 2342 0422 to 27, Fax. No.: (040) 2342 5087, E-mail Id: info@vijayadiagnostic.com. VDC is currently engaged in the business of providing diagnostic services.

4.1.2 As on the date the Authorised Share Capital of VDC is Rs. 450.00 Lakhs comprising of 45,00,000 equity shares of Rs. 10/- each. The Issue, Subscribed and Paid-up capital of VDC is Rs. 402.00 Lakhs comprising of 40,20,000 equity shares of Rs. 10/- each.

4.1.3 The Acquirer does not belong to any group and there is no person acting in concert with the Acquirer for the present offer.

4.1.4 VDC is not related to the Target Company, its Directors and Promoters in any manner whatsoever. VDC holds 23,26,800 equity shares representing 24.54% of the total Issued, Subscribed Capital and 24.67% of the total Voting Capital of the Target Company as on the date of PA.

4.1.5 The Acquirer has not been prohibited by SEBI, from dealing in securities, in terms of Section 11B of the SEBI Act, 1992 **("SEBI Act")** or under any regulations made there under.

4.1.6 As on date, VDC does not have any partly paid-up equity shares.

4.1.7 The following are the shareholders of VDC:-

S. No.	Name of the Shareholder	No. of Equity Shares	% of Total Issued capital
Promoters			
1	Dr. S Surendranath Reddy	40,08,000	99.70
2	Mr. K Sunil Chandra	4,000	0.10
Persons Acting in Concert			
3	Mrs. Geetha Reddy	4,000	0.10
4	Mrs. S Vishnu Priya	2,000	0.05
5	Mr. C Supritha Reddy	2,000	0.05
	Total	**40,20,000**	**100.00**

4.1.8 Shareholding pattern of VDC as on the date of PA i.e., March 27, 2014 is as under:-

S. No.	Shareholders Category	No. of Shares	% of shares held
1	Promoters / Promoter Group	40,20,000	100.00
2	FII/Mutual-Funds/FIs/Banks	Nil	Nil
3	Public	Nil	Nil
Total Paid-up Capital		**40,20,000**	**100.00**

4.1.9 The board of directors of VDC as on the date of P.A. i.e., March 27, 2014 is as follows:-

Name of the Director	Age (years)	Designation	Residential Address	Date of Appointment	DIN No.	Qualification	Experience (in years)	No of shares held in the Company
Dr. S. Surendranath Reddy	65	Managing Director	8-2-178/10/3/B, Nagarjuna Hills, Hyderabad – 500 082	06.05.2002	00051770	MD (Radiology)	32	40,80,000
Mr. K. Sunil Chandra	38	Director	8-2-178/10/3/B , Nagarjuna Hills, Punjagutta, Hyderabad - 82	06.05.2002	01409332	Bachelor of Science	12	4,000

4.1.10 None of the directors of the Acquirer are directors on the Board of Directors of the Target Company.

4.1.11 Brief financial information of the Acquirer, the Limited Review Financials for the nine months period ended 31.12.2013 and audited financials for the years ended March 31, 2013, 2012 and 2011, are as follows:-

Profit & Loss Account **(Rs. in Lakhs)**

Particulars	For the nine months period ended 31st December, 2013 (Limited Review)	Year ended		
		March 31, 2013 (Audited)	March 31, 2012 (Audited)	March 31, 2011 (Audited)
Income from Operations	7,235.20	8,119.14	6,319.97	4,917.96
Other Income	12.63	52.14	77.38	31.03
Increase/(Decrease) in Stocks		-	-	-
Total Income	**7,247.83**	**8,171.28**	**6,397.35**	**4,948.99**
Total Expenditure	4,589.04	5,763.13	4,234.34	3,152.48
Profit/(Loss) before Depreciation, Interest and Tax	**2,658.79**	**2,408.15**	**2,163.01**	**1,796.51**
Depreciation	1,080.80	1,027.76	866.15	937.36
Interest	197.20	265.22	295.90	293.27
Profit before Tax	**1,380.79**	**1,115.17**	**1,000.96**	**565.88**
Provision for Tax	426.66	365.00	325.00	190.00
Profit/(loss) after tax	**954.13**	**750.17**	**675.96**	**375.88**

Balance Sheet Statement **(Rs. in Lakhs)**

Particulars	For the nine months period ended 31st December, 2013 (Limited Review)	As at March 31, 2013 (Audited)	March 31, 2012 (Audited)	March 31, 2011 (Audited)
Sources of funds				
Paid up Equity Share Capital	402.00	402.00	402.00	402.00
Reserves & Surplus (excluding revaluation reserve)	3,058.75	2,104.62	1,455.15	843.51
Net Worth	**3,460.75**	**2,506.62**	**1,857.15**	**1,245.51**
Secured Loans	2,857.29	1,545.27	1,522.15	1,887.05
Unsecured Loans	-	-	40.00	331.68
Total	**6,318.04**	**4,051.89**	**3,419.30**	**3,464.24**
Uses of funds				
Net Fixed Assets	4,902.83	4,938.70	3,485.37	4,096.74
Capital work-in progress	155.69	-	127.93	-
Non Current Investments	366.20	361.71	361.11	128.39
Net Current Assets	9.73	(1,924.29)	(1,021.11)	(1,136.29)
Long Term Loans & Advances	883.59	100.0	100.00	100.00
Other Non Current Assets	-	575.77	366.00	275.41
Total	**6,318.04**	**4,051.89**	**3,419.30**	**3,464.24**

Other Financial Data

Particulars	For the nine months period ended 31st December, 2013 (Limited Review)	March 31, 2013 (Audited)	March 31, 2012 (Audited)	March 31, 2011 (Audited)
Dividend (%)	Nil	Nil	Nil	Nil
Earnings per share (Basic and diluted) (Rs.)	23.73*	18.66	16.81	9.35

** Non annualized*

4.1.12 The Company has issued Corporate Guarantees to the extent of Rs. 3,606.20 lakhs as at December 31, 2013 which are in the nature of Contingent Liabilities.

4.1.13 VDC is a Private Limited Company and hence, the equity shares are not listed on any Stock Exchange.

4.1.14 VDC has complied with Chapter V of SEBI (SAST) Regulations, 2011 within the time specified for the following acquisition:

Date of Purchase	No. of shares acquired	Mode of Acquisition	Status of Compliance with Regulations
27.03.2014	23,26,800	Off Market	Complied Filed disclosure under Regulation 29(1) on March 28, 2014

4.1.15 The Promoters and its Directors of VDC have not acquired any Shares of the Target Company during the Twelve (12) months period prior to the date of PA.

4.1.16 VDC has not undergone for any merger/de-merger, spin-off during the past three years.

4.1.17 There are no pending litigations against the directors or promoters of VDC as on the date of PA and this Draft Letter of offer. There are no major pending litigations against the Acquirer.

4.1.18 The promoters of VDC have not promoted nor do they belong to the Promoter Group of any listed Company and the Directors of VDC are not Directors in any listed Company or associated with any Company, which is listed on any Stock Exchange.

5. BACKGROUND OF THE TARGET COMPANY

5.1 Medinova Diagnostic Services Limited having its Registered Office at 6-3-652, Kautilya, Somajiguda, Hyderabad – 500 082, Andhra Pradesh, India, was incorporated as a Public Limited Company on March 11, 1993 under the Companies Act, 1956. It received certificate of commencement of business pursuant to Section 149(3) of the Companies Act, 1956 on March 26, 1993. The name of the Target Company was not changed in the last 3 years.

The Target Company offers medical diagnostic services. The Company started its operations with one centre at Hyderabad and presently operates in Hyderabad, Pune & Kolkata. MDSL has launched its public issue in the year 1993.

The authorized share capital of MDSL as on date of PA is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One crore) Equity Shares of Rs. 10/- (Rupee Ten Only) each. The current Issued, Subscribed capital of the Target Company is Rs.9,45,68,400/- consisting of 94,32,040 Equity Shares of Rs. 10/- each and 49,600 Equity shares of Rs. 5/- each.

Paid up Equity shares of Target Company	No. of shares/ voting rights	% of shares/ voting rights
Fully Paid up equity Shares	94,32,040	99.48
Equity Shares on which allotment money is due	49,600	0.52
Partly Paid up equity shares	-	-
Total paid up equity shares	94,81,640	100
Total Voting rights in Target Company	**94,32,040**	**99.48**

5.2 The Equity shares of the Target Company are currently listed on the BSE.

5.3 The Target Company does not have any outstanding convertible instruments to be exercised at a later date.

5.4 The Board of Target Company as on the date of this Draft Letter of Offer, comprises of 4 (Four) Directors. The details of the Board of Directors of MDSL are as below:

Name & Designation	DIN	Date of Appointment	Residential Address
Mr. A Raghava Reddy – Chairman	01838089	March 11, 1993	8-2-277/A/1, Banjara Hills, Hyderabad – 500 034.
Mr.P.K Reddy – Director	02108405	June 30, 1994	8-3-169/231-B, Simhapuri Mansion, Kalyan Nagar, Hyderabad – 500 038.
Mr. S. Basu Thakur - Director	01687089	March 11, 1993	A-2/42, Mayuri Apartments, Begumpet, Hyderabad – 500 016.
Mrs. A. Sailaja - Director	02428134	October 31, 2005	Flat No.804, Bhanu Deluxe Towers, 7-1-26, Ameerpet, Hyderabad – 500 016.

Note: As on the date of this Draft Letter of Offer, there are no persons representing the Acquirer on the Board of Directors of the Target Company.

5.5 There has been no merger, de-merger and spin off in the last three years in the Target Company.

5.6 Brief financial information of the Target Company, based on Limited Review financial information for 9 months period ending December 31, 2013 and audited financials for the years ending March 31, 2013, 2012 and 2011, is as follows:-

Profit & Loss Account **(Rs. in Lakhs)**

Particulars	For the nine months period ended 31st December, 2013 (Limited Review)	Year ended		
		March 31, 2013 (Audited)	March 31, 2012 (Audited)	March 31, 2011 (Audited)
Income from Operations	878.02	1,246.46	1,296.12	1,320.85
Other Income	4.16	8.75	9.93	8.30
Total Income	**882.18**	**1,255.21**	**1,306.05**	**1,329.15**
Total Expenditure	851.65	1,203.08	1,257.68	1,293.75
Profit/(Loss) before Depreciation, Interest and Tax	**30.53**	**52.13**	**48.37**	**35.40**
Depreciation	44.40	59.37	58.21	56.44
Finance Costs	7.64	7.38	8.97	20.94
Profit before Tax and exceptional items	**(21.51)**	**(14.62)**	**(18.81)**	**(41.98)**
Exceptional Items	--	12.11	8.48	5.12
Profit before Tax and after exceptional items/prior period adjustments	**(21.51)**	**(26.73)**	**(27.29)**	**(47.10)**
Provision for Tax	**0.00**	(2.32)	(0.97)	(24.96)
Tax relating to prior years	**-**	-	-	0.25
Profit/(loss) after tax	**(21.51)**	**(24.41)**	**(26.32)**	**(22.39)**

Balance Sheet Statement **(Rs. in Lakhs)**

Particulars	For the nine months period ended 31st December, 2013 (Limited Review)	As at March 31, 2013 (Audited)	March 31, 2012 (Audited)	March 31, 2011 (Audited)
Sources of funds				
Paid up Equity Share Capital	945.68	945.68	945.68	945.68
Reserves & Surplus	(1,284.21)	(1,262.70)	(1,238.29)	(1,211.97)
Net Worth	**(338.53)**	**(317.02)**	**(292.61)**	**(266.29)**
Secured loans	10.07	2.70	3.84	4.03
Unsecured loans	1,648.27	1,627.78	1,606.56	1,596.30
Other Long Term Liabilities	4.80	3.41	4.14	2.06
Long Term Provisions	35.72	31.32	30.98	-
Total	**1,360.33**	**1,348.19**	**1,352.91**	**1,336.10**
Uses of funds				
Net Fixed Assets	516.37	555.90	610.09	580.27
Capital Work-in progress	32.31	32.31	44.43	51.54
Investments	-	-	-	--
Net Current Assets	(407.45)	(454.68)	(513.63)	(556.85)
Long Term Loans & Advances	1,206.88	1,202.44	1,202.12	1,252.21
Other Non Current Assets	7.77	7.77	7.77	7.77
Deferred Tax Asset/(Liability)	4.45	4.45	2.13	1.16
Total	**1,360.33**	**1,348.19**	**1,352.91**	**1,336.10**

Other Financial Data

Particulars	For the nine months period ended 31st December, 2013	March 31, 2013	March 31, 2012	March 31, 2011
Dividend (%)	Nil	Nil	Nil	Nil
Earnings per share (Rs.)	(0.22)*	(0.26)	(0.28)	(0.24)
Return on Net Worth (%)	-	-	-	-
Book Value per Share (Rs.)	(3.57)	(3.35)	(3.09)	(2.81)

* *Non annualized*

Target Company has provided contingent liabilities as on 31st March 2013 for Provident Fund interest demand for Rs. 5.61 lakhs.

Target Company has completed its sale of Bangalore unit on March 19, 2014, and the above financials have been prepared considering the Bangalore unit as continued operation of the Target Company upto December 31, 2013.

5.7 Pre and Post-Offer shareholding pattern of the MDSL is as per the following table:-

S.No	**Shareholders' Category**	**Shareholding & voting rights prior to the agreement/ acquisition on and after**		**Shareholding & Voting Rights acquired through SPA**		**Shares/Voting rights to be acquired in open offer (assuming full acceptances)**		**Share holding / voting rights after the acquisition and offer**	
		No	**%**	**No**	**%**	**No**	**%**	**No**	**%**
(1) Promoter Group									
a. Parties to agreement		27,50,220	29.01 & 29.16	(27,50,220)	(29.01) & (29.16)	Nil	Nil	Nil	Nil
b. Promoters other than (a) above		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total 1(a+b)		**27,50,220**	**29.01 & 29.16**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
(2) Acquirer									
a. M/s. Vijaya Diagnostic Centre Private Limited		23,26,800	24.54 & 24.67	27,50,220	29.01 & 29.16	24,65, 227	26.00 & 26.14	75,42,247	79.55 & 79.96
b. PACs		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total 2(a+b)		**23,26,800**	**24.54 & 24.67**	**27,50,220**	**29.01 & 29.16**	**24,65, 227**	**26.00 & 26.14**	**75,42,247**	**79.55 & 79.96**
(3) Public (other than parties to agreement, Acquirer)		-	-	-	-	-	-	19,39,393	20.45
a) Institutions (Mutual Funds / UTI, FIs/ Banks/ FIIs/ FVCI etc		-	-	-	-	-	-		
b) Others		44,04,620 & 43,55,020*	46.45 & 46.17	Nil	Nil	(24,65, 227)	(26.00) & (26.14)		
Total (3)(a+b)		44,04,620 & 43,55,020*	46.45 & 46.17	Nil	Nil	Nil	Nil		
GRAND TOTAL (1+2+3)		**94,81,640 & 94,32,040***	**100.00**	**27,50,220**	**29.01 & 29.16**	Nil	Nil	**94,81,640**	**100.00**

* 49,600 Equity Shares on which allotment is due do not have voting rights in the Target Company.

5.8 The number of shareholders in MDSL in public category is 11,058 as on April 05, 2014, in the Company.

5.9 The Target Company has duly complied with all the disclosure requirements as per Chapter II of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 other than a delay of 4 days in filing of disclosure as per Regulation 8 (3) for the year 2011.

5.10 **Compliance Officer**
Mr. N. Ravi Kumar – Chief Operating Officer
6-3-652, Kautilya,
Somajiguda,
Hyderabad – 500 082
Tel: 91 40 2339 4848/2331 0066**;**
Fax: 91 40 23327464.
Email: medicorp@medinovaindia.com
Website: www.medinovaindia.com.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of offer price

6.1.1 The Equity Shares of the Target Company are listed on BSE. The Equity Shares of MDSL are not frequently traded within the meaning of explanation provided in Regulation 2(1)(j) of the SEBI (SAST) Regulations, 2011. The trading turnover in the Equity Shares based on the trading volumes on the BSE for the period from March 01 , 2013 to February 28, 2014 i.e., 12 calendar month preceding March 2014, the month in which the PA was issued is given below:-

Name of the Exchange	**Total No. of shares traded during 12 calendar months prior to the month of PA**	**Total Number of Equity Shares listed**	**Total Trading Turnover (as % of total equity shares listed)**
BSE	92,649	94,81,640	0.98%

(Source: www.bseindia.com)

6.1.2 The Offer Price of Rs.5/- (Rupees Five only) per Equity Share is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations, 2011 on the basis of the following:-

A	Negotiated price		Rs. 5.00 per Share
B	The volume-weighted average price paid or payable for acquisition by the Acquirer during 52 weeks immediately preceding the date of PA		Rs. 5.00 per Share
C	Highest price paid or payable for acquisitions by the Acquirer during 26 weeks immediately preceding the date of PA		Rs. 5.00 per Share
D	The Volume-Weighted Average Market Price of shares for a period of sixty trading days immediately preceding the date of the PA.		Rs.2.92 per share
E	**Other financial Parameters**	**Nine months period ended December 31, 2013**	**Year ended March 31,2013**
i	Return on Net Worth (%)	-	-
ii	Book value per share (Rs.)	(3.57)	(3.34)
iii	Earnings per Share (Rs.)	(0.22)*	(0.26)

*Not annualized

The Fair Value of MDSL is Rs. 2.92/- as certified vide valuation certificate dated March 27, 2014, by P Kamalakar Rao (Membership No. 020326) of M/s. Dendukuri Associates, Chartered Accountants, Firm Regn. No. 06574S, having their office situated at #503, Sai Ratnadeep Apartments, #3-6-190/A, Himayathnagar, Hyderabad – 500 029, Tel: 040- 6610 4817; E-mail: kamalakar.ponnapalli@gmail.com.

In view of the parameters considered and presented in table above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of Rs.5/- (Rupees five only) per share being the highest of the prices mentioned above is justified in terms of the Regulation 8 of the SEBI (SAST) Regulations, 2011.

6.1.3 In the event of further acquisition of Shares of the Target Company by the Acquirer during the Offer Period, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer shall not acquire any Shares of the Target Company after the third working day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period.

6.1.4 If there is any revision in the Offer Price on account of future purchases / competing offers, such revision will be done only up to the period prior to three (3) working days before the commencement of the Tendering Period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the escrow amounts; (ii) make a public announcement in the same newspapers in which DPS has been published; and (iii) simultaneously with the issue of such announcement, inform SEBI, BSE and the Target Company at its registered office of such revision. The revised Offer Price would be paid for all Shares accepted under the Offer.

6.1.5 If the Acquirer acquires Equity Shares of the Target Company during the period of 26 (Twenty six) weeks after the Closure of Tendering Period at a price higher than the Offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all public shareholders whose Equity Shares have been accepted in this Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the SEBI (SAST) Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009 or open market purchases made in the ordinary course on the BSE, not being negotiated acquisition of Equity Shares of the Target Company whether by way of bulk deals, block deals or in any other form.

6.2 **Financial Arrangements:**

6.2.1 The total funds required by the Acquirer for implementation of the Offer (assuming full acceptances) aggregate to Rs.1,23,26,135/- (Rupees One Crore Twenty Three Lakhs Twenty Six Thousand One Hundred and Thirty Five only).

6.2.2 As per Certificate dated March 27, 2014 from CA C V Ratnam Dhaveji (Membership No. 203479), Partner of M/s Ratnam Dhaveji & Co., Chartered Accountants, being statutory auditor of the company having their office at A-6, Durgabai Desmukh Colony, 2-2-11/5, O.U.Road, Hyderabad 500 007, Tel: 040 27403402, the Acquirer has adequate liquid resources to meet the funds requirements/obligations under this Open Offer. As per the said certificate, the aggregate liquid resources available with the Acquirer as at December 31, 2013, are Rs 10,02,23,490/- (Rupees Ten Crores Two Lakhs Twenty Three Thousand Four Hundred Ninety Only) comprising of Rs. 29,13,987/- (Rupees Twenty Nine Lakhs Thirteen Thousand Nine Hundred Eighty Seven Only) in Current Account with Banks, Rs. 9,32,02,476/- (Rupees Nine Crore Thirty Two Lakhs Two Thousand Four Hundred Seventy Six only) as Trade Receivables and Cash on hand of Rs. 41,07,027/- (Rupees Forty One Lakh Seven Thousand Twenty Seven Only).

By way of security for performance of the Acquirer obligations under the SEBI (SAST) Regulations, 2011, the Acquirer has created an Escrow Account named "Medinova Diagnostic Services Limited - Open Offer Escrow Account" (the "Escrow Account") with HDFC Bank, Lakdikapul Branch, Hyderabad (the "Escrow Bank"), and has deposited a sum of Rs. 31,00,000/- (Rupees Thirty One Lakhs only) in the Escrow Account on March 29, 2014, which represents 25.15% of the Offer Size.

The Manager to the Open Offer has entered into the Escrow Agreement pursuant to which the Acquirer has solely authorised the Manager to the Open Offer to operate the Escrow Account as per provisions of the SEBI (SAST) Regulations, 2011.

6.2.3 In terms of Regulation 17(10)(e), in case of non-fulfillment of obligations by the Acquirer, the Manager to the Offer shall ensure realization of escrow amount by way of forfeiture.

6.2.4 The Acquirer has duly empowered Karvy Investor Services Limited, the Manager to the Open Offer, to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations, 2011.

6.2.5 The Manager to the Open Offer hereby confirms that the firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Open Offer obligations.

6.2.6 The Manager to the Offer, M/s. Karvy Investor Services Limited, hereby confirms that the Acquirer is capable to implement the Offer obligations in accordance with the SEBI (SAST) Regulations, 2011.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 a. The tendering period under this Offer will commence on Monday, May 26, 2014 and will close on Friday, June 06, 2014 (as per the tentative Schedule of Activity).

b. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and hereafter.

c. This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.

d. The Identified date for this Offer is May 09, 2014.

e. MDSL has signed agreement with NSDL and CDSL for offering Shares in dematerialized form. The ISIN Number is INE047C01019.

f. The Marketable lot for the Shares of MDSL for the purpose of this Offer shall be 1(one only).

7.2. **Locked in Shares**: No Equity Shares are under lock in.

7.3. **Eligibility for accepting the Offer**

7.3.1 The Letter of Offer shall be mailed to all Equity Shareholders/Beneficial Owners holding Equity Shares (except parties to the SPA) whose names appear in register of Target Company as on the Identified Date, i.e. May 09, 2014 (as per Tentative Schedule of Activity).

7.3.2 This Offer is also open to persons who own Equity Shares in MDSL but are not registered Shareholders as on the "Identified date".

7.3.3 All Equity Shareholders (except parties to the SPA) who own Equity Shares of Target Company anytime before the closure of the Offer are eligible to participate in the Offer.

7.3.4 The Form of acceptance and other documents required to be submitted, herewith, will be accepted by Registrar to the Offer, **Karvy Computershare Private Limited**, having its office at Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Email: murali.m@karvy.com; Telephone: 91 40 4465 5300/4465 5000; Fax : 91 40 2343 1551 either by registered post / courier or by hand delivery on Monday to Friday between 10.00am to 5.00pm and on Saturday between 10.00 am to 2.00pm, on or before the date of closure of the Open Offer i.e., Friday, June 06, 2014.

7.3.5 The Public Announcement, the Detailed Public Statement, the Draft Letter of Offer, the Letter of Offer and the Form of Acceptance will also be available on the SEBI website: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer and/or the Form of Acceptance from the SEBI's website for applying in the Offer.

7.3.6 The acceptance of this Offer by the Equity Shareholders of MDSL must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

7.3.7 The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s) of MDSL.

7.3.8 The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms, Share Transfer Deed etc. during transit and the Equity Shareholders of MDSL are advised to adequately safeguard their interest in this regard.

7.3.9 The acceptance of Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

7.3.10 The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.

7.3.11 Accidental omission to dispatch this Letter of Offer to any person to whom the Offer has been made or non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.

7.3.12 The Acquirer shall accept the Shares tendered pursuant to the Offer subject to the following:

a. Applications in respect of Shares that are the subject matter of litigation or any proceedings before statutory authorities, wherein the Public Shareholders may be prohibited from transferring the Shares during the pendency of the said litigation, are liable to be rejected if directions or orders regarding these Shares are not received together with the Shares tendered under the Offer. The applications in some of these cases may be forwarded (as per the discretion of the Acquirer) to the concerned statutory authorities for further action by such authorities. Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer.

b. The Acquirer will only acquire Shares which are free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

7.3.13 If the Equity Shares tendered in the Offer are more than the Offer Size, the acquisition of Equity Shares from each shareholder will be on a proportionate basis, which shall be determined in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of the Equity Shares from a public shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. The marketable lot of the Target Company is 1(One) Equity Share.

7.3.14 There has been no revision in the Offer Price or the Offer Size as of the date of this Draft Letter of Offer. In the event of acquisition of the Equity Shares by the Acquirer during the Offer Period, whether by subscription or purchase, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer shall not acquire any Equity Shares after the 3rd Working Day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period.

7.3.15 The Manager to the Offer shall submit a final report to SEBI within 15 working days from the expiry of the tendering period in accordance with Regulation 27 (7) of the Regulations.

7.3.16 For any assistance please contact Karvy Investor Services Limited, Manager to the Offer or the Acquirer or the Registrar to the Offer.

7.4 Statutory Approvals

7.4.1 NRI/OCB Shareholders who wish to tender their Shares in the Offer will be required to submit all the previous RBI approvals (Specific and general) that they would have obtained for acquiring the Shares of Target Company. In case the previous RBI approvals are not being submitted, the Acquirer reserves the right to reject the Shares tendered in the Offer.

7.4.2 No approval from any bank or financial institutions is required for the purpose of this Offer.

7.4.3 As on the date of this DLOF, to the best of the knowledge of Acquirer, there are no statutory or other approvals which are required to make this Offer. However, in case of any regulatory or statutory or other approval being required at a later date before the closure of the Tendering Period, the Offer shall be subject to all such approvals and the Acquirer shall make the necessary application for such approvals

7.4.4 The Open Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Open Offer.

7.4.5 In case of delay in receipt of any statutory approval, Regulation 18(11) of SEBI (SAST) Regulations, 2011, will be adhered to, i.e. SEBI have power to grant extension of time to Acquirer for payment of consideration to Shareholders subject to Acquirer agreeing to pay interest for delayed period as directed by SEBI.

7.4.6 The Acquirer shall complete all procedures relating to the Open Offer including payment of consideration to the shareholders who have accepted the open offer within 10 working days from the last date of the tendering period.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

8.1.1 The Acquirer has appointed M/s. Karvy Computershare Private Limited, as the Registrar to the Offer.

8.1.2 All eligible Equity Shareholders of MDSL, registered or unregistered who wish to avail and accept the Offer will be required to communicate their acceptance along with all relevant documents in the form and manner specified in the DLOF/FoA at below mentioned address on or before closure of the Offer i.e. Friday, June 06, 2014. The documents shall be tendered at the below mentioned centre on all working days i.e. from Monday to Friday between 10.00am to 5.00pm and on Saturday between 10.00 am to 2.00pm, on or before the date of closure of the Open Offer i.e., Friday, June 06, 2014.

Address of Collection Centre	Name of the Contact Person, Tel. No., Fax No. and Email	Mode of Delivery
Karvy Computershare Private Limited Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, Andhra Pradesh, India	Mr. M. Muralikrishna Telephone: 91 40 4465 5300/4465 5000; Fax : 91 40 2343 1551; Email: murali.m@karvy.com;	Hand Delivery /Registered Post

Shareholders are advised to ensure that the Form of Acceptance cum Acknowledgement and other documents are complete in all respects; otherwise the same are liable to be rejected. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares, not credited in favour of the special depository account before the closure of the Offer, will be rejected.

8.1.3 Shareholders should send all the relevant documents mentioned herein.

I For equity shares held in physical form – Documents to be delivered:

A Registered Shareholders should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original Share Certificate(s).
- Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with MDSL and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this LoO.
- Self attested copy of the PAN card.

B Unregistered owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s).
- Original Broker Contract Note.
- Valid Share Transfer form(s) as received from the market.
- Self attested copy of the PAN card of all the proposed transferees.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

II For Equity shares held in demat form:

C. Beneficial owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).

- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

- The Beneficial Owners who hold shares in demat form are required to execute a trade by tendering the Delivery Instruction for debiting their Beneficiary Account with the concerned DP and crediting the Special Depository Account. The credit in the Special Depository Account should be received on or before 5.00 pm as on the date of closure of the Offer, i.e., June 06, 2014.

The Delivery Instructions to be given to the DP should be in "Off-Market" mode only. A special depository account has been opened, details thereof are as under:

Account Name	KCPL - MEDINOVA DIAGNOSTIC SERVICES LTD - OPEN OFFER ESCROW ACCOUNT
Depository	National Securities Depository Limited
DP Name	Karvy Stock Broking Limited
DP ID Number	IN300394
Client ID Number	18735412
Mode	Hand Delivery/ Registered Post

Shareholders having their beneficiary account in Central Depository Services (India) Limited ("CDSL") shall be required to use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account created with NSDL. In case of non-receipt of the aforesaid documents, but receipt of the shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the shareholder.

Applicants may send their documents only by Registered Post, at their own risk, if not hand delivered at the designated collection centre, to the Registrar at the addresses as mentioned in clause 8.1.2 during business hours indicated above other than on holidays. Please note that the Share Certificates/Delivery Instruction Slip and other documents in relation to the acceptance of the Offer should not be sent to the Acquirer or the Target Company. Such documents should not be sent to the Manager to the Offer.

8.1.4 Persons who have acquired the Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date or unregistered owners or those who have not received the Letter of Offer, may participate in this Open Offer by submitting an application on a plain paper giving details set out above. Alternatively, such holders of the Equity Shares may apply in the form of acceptance-cum-acknowledgement in relation to this Open Offer that will be annexed to the Letter of Offer, which may also be obtained from the SEBI website (www.sebi.gov.in). The application is to be sent to the Registrar, so as to reach the Registrar during business hours on or before 5:00 pm on the date of closure of the tendering period of this Open Offer.

8.1.5 No Indemnity is needed from Unregistered Shareholders.

8.2 If the aggregate of the valid responses to the Offer exceeds 24,65,227 fully paid up Equity Shares, then the Acquirer shall accept the valid applications received on a proportionate basis.

8.3 In case of delay in receipt of any statutory approval, Regulation 18(11) of SEBI (SAST) Regulations, 2011, will be adhered to, i.e. SEBI have power to grant extension of time to Acquirer for payment of consideration to Shareholders of MDSL, subject to Acquirer agreeing to pay interest for delayed period as directed by SEBI. If the delay in payment consideration is not due to the above reasons, then the amount held in the Escrow Account shall be subject to forfeiture as per Regulation 17(9) and dealt in the manner provided in Regulation 17(10) of the SEBI (SAST) Regulations, 2011.

8.4 Unaccepted share certificates, transfer deeds and other documents, if any, will be returned by registered post at the shareholders' sole risk to the sole/ first shareholder. Unaccepted shares held in dematerialised form will be credited back to the beneficial owners' DP account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective depository participants when transferred by the Registrar to the Offer.

8.5 The Registrar to the Offer will hold in trust the shares/share certificates, Form of Acceptance cum Acknowledgment, if any, and the transfer form(s) on behalf of the shareholders of the Target Company who have accepted the Offer, till the cheques/drafts for the consideration and/ or the unaccepted shares/ share certificates are despatched/ returned.

8.6 Payment of consideration for the applications accepted in the Offer shall be made within 10 working days from the last date of the tendering period. Credit for the consideration will be given to the shareholders whose Equity Shares have been accepted in the Open Offer by ECS, or crossed account payee cheques/pay orders/demand drafts, RTGS and NEFT.

8.7 Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of Closure of the Offer, i.e., not later than June 06, 2014 else the application would be rejected.

8.8 The consideration received by the shareholders for Equity Shares accepted in the Offer will be subject to the capital gains tax / deduction of tax at source applicable as per the Income Tax Act, 1961. Further, the securities transaction tax will not be applicable on Equity Shares accepted in this Offer.

8.9 Unaccepted equity share certificates, transfer deeds and other documents, if any, will be returned by registered post at the public shareholders'/unregistered public shareholders' sole risk to the sole/first public shareholder. The unaccepted Equity Shares held in dematerialized form will be credited back to the same account from which they were tendered. It will be the responsibility of the public shareholders to ensure that the unaccepted Equity Shares are accepted by their respective DPs when transferred by the Registrar to the Offer. The public shareholders holding the Equity Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. It is advised that the demat account is maintained till the completion of the formalities relating to this Offer.

8.10. Payment to those public shareholders whose Equity Shares and other documents are found valid and in order and are approved by the Acquirer, will be by way of a bankers' cheque/ demand draft/ direct credit/ NECS/ NEFT/ RTGS, so as to avoid fraudulent encashment in transit. In case of the public shareholder(s) holding the Equity Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at its own risk). For Shares that are tendered in dematerialised form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the payment shall be processed with the said bank particulars and not from any details provided in the Form of Acceptance-cum- Acknowledgement. The decision regarding the acquisition (in part or full), or rejection of, the Equity Shares tendered in this Offer and (i) any corresponding payment for the acquired Equity Shares; and/or (ii) the equity share certificates for any rejected Shares, will be dispatched to the public shareholders by registered / speed post or by ordinary post as the case may be*, at the Public Shareholder's sole risk. The Equity Shares held in dematerialized form to the extent not acquired will be credited back to the same account from which they were tendered.

[Dispatches involving payment of a value in excess of Rs. 1,500 will be made by registered / speed post at the public shareholder's sole risk. All other dispatches will be made by ordinary post at the Public Shareholder's sole risk.]*

8.11 For public shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/not credited through NECS / NEFT / RTGS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered/speed post at the public shareholder's sole risk.

8.12. All bankers' cheques/demand drafts will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the public shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the bankers' cheque/demand draft.

8.13 Non Resident Shareholders

8.13.1 Non-Resident Shareholders may tender their Shares in accordance with the Procedure mentioned at 8.1.3 (as applicable) above. In case the RBI approvals are not submitted, the Acquirer reserves the right to reject such equity shares.

8.13.2 While tendering the shares under the Offer, NRIs / OCBs / foreign shareholders, in addition to the documents specified in 8.1.3, will be required to submit the previous RBI Approvals (specific or general) that they would have been required to submit to acquire the shares of the Target Company. In case the previous RBI approvals are not submitted, Acquirer reserves the right to reject such shares tendered.

8.13.3 While tendering shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by Acquirer under the Income Tax Act, 1961 (the "Income Tax Act"), before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

8.13.4 The above documents should not be sent to the Acquirer or to MDSL or to the Manager to the Offer. The same should be sent to the Registrar to the Offer only at the address given in 8.1.2.

8.14 **Tax Provisions**

8.14.1 As per the provisions of Section 195(1) of the Income Tax Act, 1961, any person responsible for paying to a nonresident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). The consideration payable to the non-resident public shareholders for Shares accepted in the Offer may be chargeable to tax in India either as capital gains under Section 45 of the Income Tax Act, 1961 or as business profits, depending on the facts and circumstances in respect of such public shareholder. The Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such capital gains/business profits subject to benefit available to such public shareholder under the applicable Double Taxation Avoidance Agreement.

8.14.2 The payment of any interest by the Acquirer to a resident / non-resident public shareholder may be chargeable to tax, as interest income under the Income Tax Act, 1961. The Acquirer is required to deduct tax at source at the applicable rate under Section 194A of the Income Tax Act on such interest (paid for delay in payment of Offer Price, if any).

8.14.3 Based on the documents and information submitted by the public shareholders, the final decision to deduct tax or not, or the quantum of taxes to be deducted rests solely with the Acquirer.

8.14.4 Taxes once deducted will not be refunded by the Acquirer under any circumstances.

8.14.5 The Acquirer shall deduct tax (if required) as per the information provided and representation made by the Public Shareholders. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the public shareholders, such public shareholders will be responsible to pay such income tax demand (including interest, penalty, etc.) and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before any income tax/appellate authority.

8.14.6 All public shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.

8.15 General

a. The Form of Acceptance and instructions contained therein are integral part of this DLoF.

b. Neither the Acquirer nor the Manager nor the Registrar nor the Target Company will be responsible for any loss in transit or delay in receipt of the completed Form of MDSL.

c. The Offer Price is denominated and payable in Indian Rupees only.

d. All the communication in connection with the Form of Acceptance should be addressed to the Registrar to the Offer as mentioned above, with full name of the sole/first applicant, folio number, Number of Equity Shares tendered, date of lodgment of the Form of Acceptance and other relevant particulars.

e. If there is any upward revision in the Offer Price by the Acquirer at any prior to commencement of the last three working days before the commencement of the tendering period viz., May 20, 2014, the same would be informed by way of another Public Announcement in the same newspapers in which the detailed Public Statement pursuant to Public Announcement was published as per Regulation 18(7) of SEBI (SAST) Regulations, 2011.

8.16 For Shares held in physical form by resident Public Shareholders, the Acquirer may, in its sole discretion, deem the Shares to have been accepted under the Offer in case of non-receipt of the duly completed Form of Acceptance-cum- Acknowledgement, but receipt of other documents (including the original share certificates, valid transfer deeds and PAN), prior to the Closure of the Tendering Period.

8.17 For Shares held in electronic form by resident public shareholders, the Form of Acceptance-cum-Acknowledgement has to be executed by the beneficial holder of the Equity Shares only. In case of non-receipt of the documents mentioned in 8.1.3, but receipt of the Equity Shares in the Depository Escrow Account by the Registrar to the Offer, the Acquirer may, in his sole discretion, deem the Equity Shares to have been accepted under the Offer.

8.18 Public Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

a) Duly attested death certificate and succession certificate/probate/letter of administration (in case of single Public Shareholder) if the original Public Shareholder has expired;

b) Duly attested power of attorney if any person apart from the Public Shareholder has signed the application form and/or transfer deeds;

c) In case of companies, the necessary corporate authorization (including certified copy of board resolutions) and specimen signatures of authorized signatories;

d) Banker's certificate certifying inward remittances of funds for acquisition of Shares; and

e) Any other relevant documents

9. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at Karvy House, 46 Avenue 4, Street No.1, Banjara Hills – 500 034 from 10.30 a.m. to 1.00 p.m. on all working days, except Saturdays, Sundays and Holidays until the closure of the Offer.

1. Certificate of Incorporation, Memorandum and Articles of Association of the Target Company.

2. Board Resolution of the Acquirer authorizing this Offer dated March 27, 2014.

3. Escrow Agreement dated March 27, 2014, entered into by the Acquirer with Manager to the Offer and Escrow Bank.

4. Certificate dated March 27, 2014 from CA C V Ratnam Dhaveji (Membership No. 203479), Partner of M/s Ratnam Dhaveji & Co., Chartered Accountants, being statutory auditor of the company having their office at A-6, Durgabai Desmukh Colony, 2-2-11/5, O.U.Road, Hyderabad 500 007, Tel: 040 27403402 , certifying the net worth of the Acquirer and confirming that the Acquirer has adequate financial resources available for meeting its obligations under the Open Offer.

5. Audited Financials of Medinova Diagnostic Services Limited for the years ended March 31, 2013, 2012, 2011 and Limited Review results for the nine months period ended 31st December, 2013.

6. Audited Financials of Vijaya Diagnostic Centre Private Limited for the years ended March 31, 2013, 2012, 2011 and Limited Review results for the nine months period ended 31st December, 2013.

7. Copy of letter dated March 29, 2014 from HDFC Bank Limited confirming the cash deposit of Rs. 31,00,000 (Rupees Thirty One Lakhs Only) in the escrow account .

8. Copy of the SPA dated March 27, 2014 amongst the Acquirer, Seller and the Target Company for acquisition of 27,50,220 Equity Shares.

9. Copy of the PA dated March 27, 2014.

10. Published copy of the Detailed Public Statement which appeared in the newspapers on April 3, 2014.

11. Copy of the recommendation made by MDSL Board of Independent Directors dated [•].

12. Memorandum of Understanding dated March 27, 2014 between Lead Manager i.e. Karvy Investor Services Limited and Acquirer.

13. SEBI Observation Letter dated [●], 2014 bearing reference number [●].

14. A copy of the agreement entered into with the DP for opening a special depository account for the purpose of the Open Offer.

10. DECLARATION BY THE ACQUIRER

For the purpose of disclosures in this Draft Letter of Offer relating to the Target Company and the Seller, the Acquirer has relied on the information available from public sources or provided by the Target Company and/ or the Seller and the accuracy thereof has not been independently verified by the Acquirer and/or the Manager to the Offer. Subject to the aforesaid, the Acquirer, including the Board of Directors of VDC accept full responsibility for the information contained in this Draft Letter of Offer and also accepts responsibility for the obligations of the Acquirer as laid down in terms of the SEBI (SAST) Regulations, 2011. All the information contained in this document is as on date of the Public Announcement, unless stated otherwise.

M/s. Vijaya Diagnostic Centre Private Limited

Sd/-
K Sunil Chandra
Director
(Authorized vide Board resolution dated March 27, 2014)

Date: April 10, 2014
Place: Hyderabad

Encl.:
Form of Acceptance-cum-Acknowledgement
Blank Share Transfer Deed(s) in the case of shares held in physical mode.

FORM OF ACCEPTANCE – CUM – ACKNOWLEDGEMENT

MEDINOVA DIAGNOSTIC SERVICES LIMITED – OPEN OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(All terms and expressions used herein shall have the same meaning as described thereto in the Letter of Offer)
(Please send this Form with enclosures to M/s. Karvy Computershare Private Limited, Registrar to the Offer at their address given overleaf)

OFFER OPENS ON : May 26, 2014
OFFER CLOSES ON : June 06, 2014

FOR OFFICE USE ONLY	
Acceptance Number:	
Number of Equity Shares offered:	
Number of Equity Shares accepted:	
Purchase Consideration (Rs.):	
Cheque/ Demand Draft/Pay Order No/ECS:	

PLEASE READ THE INSTRUCTIONS OVERLEAF BEFORE FILLING-IN THIS FORM OF ACCEPTANCE

From:

Name:

Address:

Status: Resident/ Non Resident

Permanent Account Number:

Folio No. / DP ID / Client ID:	Sr. No:	No of Shares Held:
Tel. No: Fax No: E-Mail:		

To,
Vijaya Diagnostic Services Private Limited
C/o. Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081,
Andhra Pradesh, India

Dear Sir,

Sub.: Cash Offer for purchase of 24,65,227 (Twenty Four Lakhs Sixty Five Thousand Two Hundred and Twenty Seven Only) Equity Shares of Medinova Diagnostic Services Limited at a price of Rs. 5/- (Rupees five Only) per Share by the Acquirer under SEBI (SAST) Regulations, 2011.

I/We refer to the Public Announcement dated March 27, 2014, Detailed Public Statement dated April 2, 2014 and the Letter of Offer dated [•] for acquiring the Equity Shares held by me/us in MDSL.

I/We, the undersigned, have read the Letter of Offer, Detailed Public Statement and understood their contents including the terms and conditions and procedure as mentioned therein and unconditionally agree to such terms and conditions.

FOR SHARES HELD IN PHYSICAL FORM

I/We, hold the following shares in physical form and accept the Offer and enclose the original Share certificate (s) and duly signed share transfer deed (s) in respect of my/our Shares as detailed below:

Sr.No	Certificate No.	Distinctive No(s)		No of Equity Shares
		From	To	
Total Number of Equity Shares				

(Please attach authenticates additional sheets, if required)

I/We confirm that the equity shares of MDSL which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and the valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer. Where the original equity share certificates are required to be split, all the documents will be returned only upon receipt of equity share certificates from the Target Company.

I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

Enclosures (√ whichever is applicable)

- Duly attested power of attorney, if any person apart from the Public Shareholder, has signed the Form of Acceptance-cum-Acknowledgement or Equity Share transfer deed(s)
- Original equity share certificates
- Valid Equity Share transfer deed(s)
- Corporate authorization, in case of companies along with certified board resolution and specimen signatures of authorised signatories
- Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Public Shareholder), in case the original Public Shareholder has expired;
- Self attested copy of PAN card of all the transferor(s)
- Other relevant documents (please specify)
- ____

SHARES HELD IN DEMATERIALIZED FORM

I/We hold the following shares in Demat Form and accept the Offer and enclose a photocopy of the Depository Delivery Instruction(s) in "Off-market" mode duly acknowledged by my/our Depository Participant ("DP") in respect of my/our equity shares as detailed below:

DP NAME	DP ID	CLIENT ID	NAME OF THE BENEFICIARY	NO OF SHARES OFFERED

I/We have done an off market transaction for crediting the equity Shares to the special depository account in NSDL styled "**KCPL – MEDINOVA DIAGNOSTIC SERVICES LTD – OPEN OFFER ESCROW ACCOUNT**" ("Depository Escrow Account")" details are as under:

Account Name	**"KCPL-MEDINOVA DIAGNOSTIC SERVICES LTD – OPEN OFFER ESCROW ACCOUNT"**
Depository	National Securities Depository Limited
DP Name	Karvy Stock Broking limited
DP ID Number	IN300394
Client ID Number	18735412
Mode	Hand Delivery/ Registered Post

Shareholders having their beneficiary account with Central Depository Services (India) Limited (CDSL), have to use interdepository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the above mentioned Special Depository Account with NSDL. In case of non-receipt of the aforesaid documents, but receipt of the shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the shareholder. I / We authorize the Acquirer to accept the equity shares so offered or such lesser number of equity shares that the Acquirer may decide to accept in consultation with the Manager to the Offer and in terms of the said Letter of Offer and I/We note and understand that the Equity Shares will be held in the credit of the Depository Escrow Account by the Registrar to the Offer on behalf of the public shareholders who have accepted this Offer, till completion of formalities relating to this Offer. I/We also note and understand that the consideration will be paid only to those public shareholders whose Equity Shares are validly accepted in this Offer, in accordance with the terms of the Letter of Offer.

Enclosures (√ whichever is applicable)

- o Photocopy or counterfoil of the delivery instructions in "off market" mode duly acknowledged by the Public Shareholders' DP, in favour of the Depository Escrow Account
- o Duly attested power of attorney, if any person apart from the Public Shareholder, has signed the Form of Acceptance-cum-Acknowledgement
- o Corporate authorization, in case of companies along with certified board resolution and specimen signatures of authorised signatories
- o Other relevant documents (please specify)

For all Shareholders

I / We, confirm that our residential status for the purposes of tax under the Income Tax Act is:

- **Resident**
- **Non-resident. If yes, please state country of tax residency - _______________**

I / We, confirm that our status is:

□	**Individual**	□	**Association of Person / Body of Individual**
□	**Firm**	□	**Trust**
□	**Company**	□	**Any other - please specify ______________________**

My / Our execution of this Form of Acceptance shall constitute my / our warranty that the equity shares comprised in this application are owned by me / us and are transferred by me / us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said equity shares, I / we will hold the Acquirer, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirer acquiring these equity shares. I / We agree that the Acquirer may pay the Offer Price only after due verification of the document(s) and signature(s) and on obtaining the necessary approvals as mentioned in the said Letter of Offer.

I/We authorize the Acquirer to accept the Equity Shares so tendered by me/us or such lesser number of Equity Shares offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer. I/We further authorize the Acquirer to return to me/us, equity share certificate(s)/Equity Shares to the extent that the Equity Shares tendered by me /us are not accepted without specifying the reasons thereof, at my/our sole risk. I/We authorize the Acquirer/ Registrar to the Offer to split / consolidate the equity share certificates comprising the Equity Shares that are not acquired or accepted to be returned to me/us and for the aforesaid purposes the Acquirer / Registrar to the Offer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We undertake to execute such further document(s) and give such further assurance(s) as may be required or expedient to give effect to my / our agreeing to sell the said equity shares.

I / We irrevocably authorise the Acquirer to send by Speed Post / Ordinary Post / Registered Post (as prescribed in this Letter Of Offer) at my / our risk, the Cheque(s) / Demand Draft(s) / Pay Order(s) in settlement of consideration payable and excess share certificate(s), if any, to the Sole / First holder at the address given hereunder and if full address is not given below the same will be forwarded at the address registered with MDSL/DP:

Name and complete address of the Sole/ First holder (in case of member(s), address as registered with MDSL:

Name

Address

Place: — — — — — — — — Date: — — — — — — — — — Tel. No(s). : — — — — — — — — Fax No.: — — — — — —

So as to avoid fraudulent encashment in transit, the shareholder(s) are requested to kindly provide the following bank details of the first/sole shareholder and the consideration will be payable by way of ECS Mode/ cheque or demand draft will be drawn accordingly. In case of shareholders holding Shares in electronic mode, bank particulars noted with the Depository Participant (DP) and forming part of the beneficial download will be incorporated in the cheque/demand draft. In case of any change in bank particulars recorded with the DP, new bank particulars duly attested by the DP should be furnished. In order to receive payment consideration through ECS mode, the shareholders are requested to compulsorily provide their following bank details:-

Bank Account No.: -- Type of Account: -------------------------------- (Savings / Current / Other (please specify)) Name of the Bank: -- Name of the Branch and Address: --

MICR Code of Bank-- IFSC Code of Bank--

The Permanent Account No. (PAN) allotted under the Income Tax Act, 1961 is as under:

PAN No.	**1st Shareholder**	**2nd Shareholder**	**3rd Shareholder**

Enclosure (Please tick)

- o Power of Attorney, if any person apart from the shareholder, has signed the acceptance from or transfer deed(s).
- o Duly attested Death certificate/succession certificate (in case of single shareholders) in case the original shareholders has expired.
- o RBI approval (for NRI/OCB/Foreign shareholders).
- o Corporate Authorisation in case of companies along with Board resolutions and specimen signature of authorized signatory.
- o No objection certificate & Tax clearance certificate under Income Tax Act, 1961 (for NRI/OCB/Foreign shareholders).
- o Self certified copy of PAN card

Yours faithfully,
Signed and Delivered:

PARTICULARS	**FULL NAME (S) OF THE HOLDERS**	**SIGNATURE (S)**
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		

Note: In case of joint holdings, all the holders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board Resolution should be attached.

INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance.
2. The Form of Acceptance should be filled-up in English only.
3. Signature(s) other than in English the Hindi, Telugu, and thumb impressions must be attested by a Notary Public under his Official Seal.

Mode of tendering the Equity Shares Pursuant to the Offer:

I. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the equity shareholder of MDSL.

II. Shareholders of MDSL to whom this Offer is being made, are free to offer his / her / their shareholding in MDSL for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in the Offer.

Business Hours: Monday to Friday: 10.00 hours to 17.00 hours
Saturday: 10.00 hours to 14.00 hours
Holidays: Sundays and Public Holidays

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For Future Correspondence, if any, should be addressed to Registrar to the Offer at the following address
Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081,
Andhra Pradesh, India

ACKNOWLEDGEMENT SLIP

MEDINOVA DIAGNOSTIC SERVICES LIMITED OPEN OFFER
(to be filled in by the shareholders) (subject to verification)

Received from Mr. / Ms. / M/s. ____ a Form of Acceptance-cum-Acknowledgement for ______________Equity Shares along with:

Physical Shares: Folio No. ______________ / Demat Shares: DP ID: ________; Client ID: _______________

Form of Acceptance along with:

- Copy of depository instruction slip for [________] number of Shares from DP ID _________________ Client ID ______________________
- ______________ equity share certificate(s) ______________ Equity Shares transfer deed(s) under folio number(s) ________________and other relevant enclosures for accepting this Offer.

Stamp of Collection Centre		Signature of Official		Date of Receipt	

General Instructions

1. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or MDSL.

2. Non resident shareholders/FII/OCB should enclose a copy of the permission received from RBI for the equity shares held by them in MDSL. If, the shares are held under General Permission of RBI, the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.

3. Non resident shareholders/FII should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.

4. Shareholders who wish to accept the Offer and tender their Equity Shares pursuant to this Offer will be required to communicate their acceptance along with all relevant documents in the form and manner specified in the Letter of Offer to the Registrar to the Offer on or before closure of the Offer i.e. Friday, June 06 2014, The documents shall be tendered at the above centre between 10.00 am to 5.00 pm from Monday to Friday and between 10.00 am to 2.00 pm on Saturday. The centre will be closed on Sundays and Public holidays.

5. Applicants may send their documents only by Registered Post/Courier, at their own risk, if not hand delivered, to the Registrar during business hours indicated above other than Sunday and public holidays.

THE SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE FORM OF ACCEPTANCE/SHARES ARE RECEIVED BY THE REGISTRAR TO OFFER AFTER THE CLOSURE OF THE OFFER I.E. 5.00 P.M ON June 06, 2014 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE LIABLE TO BE REJECTED.