



Span Diagnostics Ltd.

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22ND ANNUAL REPORT

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FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
OPERATING RESULTS												
Sales & Other Income	2768.41	2068.56	1690.30	1907.33	1784.11	1417.44	1347.25	1250.08	1006.43	811.02	624.75	521.20
Profit/(Loss) before Depreciation	202.31	68.88	(30.68)	59.66	100.48	93.59	5.68	110.46	110.30	85.50	40.98	53.18
Depreciation	51.05	47.76	50.84	49.21	46.93	41.75	36.88	35.60	31.01	27.98	9.93	9.73
Tax	49.01*	---	---	2.50	10.00	7.00	---	26.00	37.00	22.00	17.30	23.00
Profit/(Loss) after tax	102.26	21.12	(81.52)	7.95	43.55	44.84	£ (31.20)	48.86	42.29	35.52	13.75	20.45
Dividend	36.00	---	---	---	18.00	15.00	15.00	22.25	7.16	5.96	3.51	3.51
Corporate Dividend Tax	---	---	---	---	1.80	1.50	---	---	---	---	---	---
Retained Profits	66.26	21.12	---	7.95	23.75	28.34	---	26.61	35.13	29.56	10.24	15.94
SOURCES AND APPLICATION OF FUNDS												
Source of funds												
Share Capital	300.01	300.01	300.01	300.01	300.01	300.01	300.01	300.01	59.63	59.63	39.00	19.50
Reserves and surplus	430.55	408.26	390.07	475.91	472.60	452.35	430.55	483.25	338.04	154.07	64.75	74.04
Loans	688.16	616.00	561.71	556.85	432.39	405.26	374.68	331.92	377.13	329.53	137.75	116.74
FUNDS EMPLOYED	1418.72	1324.27	1251.79	1332.77	1205.00	1157.62	1105.24	1115.18	774.80	543.23	241.50	210.28
Fixed Assets (Net)	684.78	647.56	666.35	679.39	683.74	686.15	599.24	481.96	483.79	322.14	114.79	90.28
Investments	0.36	0.36	0.28	0.28	0.18	0.18	0.10	0.08	0.06	0.11	0.10	0.10
Current Assets (Net)	733.58	676.35	585.16	653.10	521.08	471.29	505.90	633.14	290.95	220.98	126.61	119.90
NET ASSETS EMPLOYED	1418.72	1324.27	1251.79	1332.77	1205.00	1157.62	1105.24	1115.18	774.80	543.23	241.50	210.28
Debt-Equity Ratio	0.93:1	0.87:1	0.81:1	0.72:1	0.56:1	0.54:1	0.51:1	0.42:1	0.95:1	1.54:1	1.33:1	1.25:1
AMOUNT ON FACE VALUE OF Rs.10/-												
Earnings Per Share	3.41	0.70	---	0.26	1.45	1.49	---	2.65	- 7.09\$	6.0	3.5 #	10.5
Dividend	1.20	---	---	---	0.60	0.50	0.50	1.20 +	1.20\$	1.0	0.9 #	1.8
Book Value	24	24	23	26	26	25	24	26	67 \$	36	27 #	48

* Includes Deferred Tax Rs. 24.26 lacs.

On enlarged Capital after issue of Bonus shares in the ratio of 1:1

\$ on sub-divided share of Rs.10/- each.

- Annualised

+ Prorata On enlarged Capital, and after issue of Bonus shares in the ratio of 2:1

£ Inclusive of Extra Ordinary item of Income of Rs. 21.14 lacs.



BOARD OF DIRECTORS	: Dr. Pradip K. Desai Shri Veeral P. Desai Smt. Lata P. Desai Shri Praful R. Gandhi Shri Sanjay N. Mehta Dr. Pranav S. Desai Shri Shirish R. Mehta Shri Chandrakant R. Gandhi Dr. Suresh P. Amin Dr. Natverlal S. Patel Shri. Sarvajna G. Kazi	<i>Chairman & Whole-time Director</i> <i>Executive Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
COMPANY SECRETARY	: Mr. Pankaj Ajmera	
BANKERS	: State Bank of India Specialised Commercial Branch, Kiran Chambers, Opp. J. K. Tower, Ring Road, Surat - 395 002.	
AUDITORS	: M/s. Y. B. DESAI & ASSOCIATES Chartered Accountants, Surat.	
HEAD OFFICE & REGISTERED OFFICE	: 173-B, New Industrial Estate, Road No. 6-G, Udyognagar, Udhna-394210 (Surat) India.	
PLANT	: 1. Plot No. 336, 338, 340, Road No. 3, G.I.D.C., Sachin-394 230. Surat - India.	2. 173-B, New Industrial Estate, Road No. 6-G, Udyognagar, Udhna-394 210 (Surat) India.
SHARE TRANSFER AGENTS	: IIT Corporate Services Limited. Proto Prima Chambers, 2nd Floor, Suren Road, Andheri (East), Mumbai-400 093.	
BRANCH OFFICES	: 1. Kohinoor Complex 'C' Wing, Near Vardhman Industrial Estate, Western Express Highway, Dahisar, Mumbai-400 068.	3. C-71, Shalimar Garden, Extention-II, Shahibabad, Ghaziabad-201 005.
	2. 23 Mallikarjuna Swamy Temple Road, Natkalpa Circle, Bangalore - 560 004.	4. AE-335, Salt Lake City, Sector-1, Calcutta-700064.
LISTING OF EQUITY SHARES (Listing Fees Paid)	: 1. Vadodara Stock Exchange Ltd. Fortune Towers, P. B. No. 2547 Sayajigunj, Vadodara - 390 005.	3. The Stock Exchange, Ahmedabad Kamdhenu Complex Near Polytechnic, Panjara Pole, Ahmedabad - 380 015.
	2. The Sctock Exchange, Mumbai Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001.	

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N O T I C E

Notice is hereby given that the 22nd Annual General Meeting of Shareholders of SPAN DIAGNOSTICS LTD. will be held at Registered Office at Plot No 173-B, New Industrial Estate, Road No.6-G, Udhna Udyognagar, Udhna - 394 210. (Surat) on Saturday the 28th day of September 2002 at 11.00 A.M. to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Shri.S.R.Mehta who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of Shri.S.N.Mehta who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Director in place of Mrs. L.P.Desai who retires by rotation and being eligible, offers herself for reappointment.
5. To declare a dividend.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Y.B.Desai and Associates, Chartered Accountants are eligible for reappointment.

SPECIAL BUSINESS

7. To consider and, if thought fit to pass with or without modification the following Resolution as a Special resolution.

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below :

- (i) The following new article to be inserted as 12A after existing Article 12 under a separate chapter titled "Buy-Back of Securities" reading as follows.

BUY BACK OF SECURITIES

12A The Company is permitted to buy-back its securities, including shares, in accordance with the provisions of Section 77A, 77AA and 77B and such other applicable provisions of the Companies Act, 1956 and as per the rules and procedures prescribed therein and in compliance with the prevailing regulatory provisions and any future amendments or re-enactments.

- (ii) The following new Articles be inserted as Articles 52 A and 52 B after Article 52.

Nomination

"52A (1) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.

(2) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority."

"Transmission of Securities" "52 B (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either



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- (a) to register himself as holder of the share or debenture, as the case may be; or
 - (b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.
- (2) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- (3) A nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture, Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company. Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with".

(iii) The following new article to be inserted as 115A after existing Article 115.

Postal Ballot

115A In the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, the company shall, get such resolutions passed by means of a postal ballot, instead of transacting such business in general meeting of the Company subject to and in compliance of requirements of Section 192A and other applicable provisions of Companies Act and rules framed thereunder.

Registered Office :

173-B, New Industrial Estate,
Road No. 6-G, Udhna -394 210.
Dated : 24th August, 2002.

By Order of the Board

(Pankaj Ajmera)
Secretary

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
- (b) The Register of Members and the share transfer books of the company will remain closed from 16th September, 2002 to 28th September, 2002 both days inclusive.
- (c) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special business is annexed hereto.
- (d) Dividend as recommended by the Directors for the year ended 31st March, 2002, if declared will be payable to those shareholders whose names appear in the Register of members as at the close of business on 28th September 2002 and the dividend warrants will be posted to them on or after the date of AGM.
- (e) Members who are holding shares in identical order of names in more than one account are requested to intimate to the IIT Corporate Services Limited, Proto Prima Chambers, 2nd Floor, Suren Road, Andheri (East), Mumbai 400 093. the ledger folio of such accounts together with the Share Certificates to enable the Company to consolidate all the holdings into one account. The share certificates will be returned to the members after making the necessary endorsement in due course.
- (f) Members are requested to bring their copy of the Annual Report to the Annual General Meeting. As a measure of economy no extra copies of the Annual Report will be supplied at the meeting.
- (g) Members are requested to notify any change in their Address to the Company.
- (h) With a view to preventing fraudulent encashment of dividend warrants, members are advised to furnish to the company particulars of their bank account with a request to incorporate the same in the dividend warrant. A recommended format is enclosed for use to the members.
- (i) Members seeking further information on the Accounts or any other matter contained in the notice, are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.


ANNEXURE TO THE NOTICE:- EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT 1956.
Resolution at Item 7.

- 7(i) Pursuant to Section 77A, 77AA and 77B introduced vide the Companies (Amendment) Act, 1999, effective 31st October, 1998, it is now permissible for the companies to buy-back their own shares, involving financial outlay of upto 25% of the paid up capital and free reserve per year, provided such buy-back in any financial year should not exceed 25% of the total paid up capital in that financial year. Further as per recent amendment to Section 77A, of the Companies Act, Board is also now authorised to buy-back up to 10% total paid-up Capital and free reserves of the Company.

The Resolution at Item No.7 is being proposed for the limited purpose of amending the Articles of Association and to have an enabling provision, so that, if and when, the Company takes a decision in future to buy-back its shares, the absence of such an enabling provision in the Articles of Association does not become an impediment to such a decision.

- 7(ii) The Companies (Amendment) Ordinance, 1999 the holder of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company will vest in the event of his death. It would be beneficial if such a nomination clause is included in the Articles of Association of the Company.
- 7(iii) As per the provisions of Section 192A of the Companies Act, 1956, a company may pass such resolution by postal ballot in the manner prescribed therein. However, the present Articles of Association of the Company do not have any provision authorising postal ballot.

In view of this it is proposed to insert new Article 115A in the Articles of Association of the Company to give effect to the said provisions in the Special Resolution.

A copy of the Memorandum and Articles of Association of the Company would be available for inspection by the members at the Registered Office of the Company during business hours on any working day, excluding public holidays, upto and including the day of this meeting.

No Director is interested or concerned in this Special Resolution and the Board recommends the Special Resolution at Item No.7 for approval of members.

Registered Office :

173-B, New Industrial Estate,
Road No. 6-G, Udhna -394 210.
Dated : 24th August, 2002.

By Order of the Board

(Pankaj Ajmera)
Secretary





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DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting the 22nd Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2002.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	2001-02	2000-01
Sales and other income	2768.41	2063.96
Profit before Depreciation	202.31	68.88
Depreciation	51.04	47.76
Profit before tax	151.27	21.12
Provision for tax - Current	24.75	-
- Deferred Tax	24.26	-
NET PROFIT FOR THE YEAR	102.26	21.12
Balance brought forward	20.66	-
Tax Adjustment of earlier year	9.42	(1.36)
Prior Period Adjustments	(2.75)	0.90
	129.59	20.66
APPROPRIATIONS		
Proposed Dividend	36.00	-
Transfer to General Reserve	60.00	-
Balance carried forward	33.59	20.66
	129.59	20.66

2. OPERATIONS

The sales and other income for the financial year under review were Rs.2768.41 lacs against Rs.2063.96 lacs in previous year registering increase of about 34.13%. The export turnover also increased to Rs. 201.31 lacs from Rs.106.42 lacs in previous year resulting in to spurt of 89%. The profit after tax amounted to Rs. 102.26 lacs as against Profit of Rs. 21.12 lacs in previous year resulting in significant improvement. The Company's performance continued to grow not only in Sales but also in terms of profitability during the year under review. The factors such as thrust on export, focus on high potential diagnostic products - HIV test, HCV test, intensive support provided by In-house R & D through continuous innovation of products, process etc. have contributed towards improvement in overall performance.

The Company's efforts in vigorously pursuing and implementing Good Manufacturing Practices - (GMP)

Compliance as per 'W H O' guidelines and "ISO 9002" Quality Management System has enabled it to provide quality products at reasonable prices to Customers.

3. DIVIDEND

In view of significant improvement in performance, your Directors are pleased to recommend a dividend @ 12% (Rs. 1.20 per share) on equity shares for the year under review subject to Income-tax, as applicable. The Dividend, if approved, will be paid to eligible shareholders on 28th September 2002.

4. FIXED DEPOSITS

At the close of the year there were no fixed deposits due for payment which remained either unclaimed or unpaid. There were no claims as against the deposits outstanding as at the close of the year and the Company had complied with all the requirements of the Companies (Acceptance of Deposits) Rules, 1975.

5. OUTLOOK FOR THE CURRENT YEAR

During the current year the Company expects the same vigour and tempo in its performance, which will provide a compounding effect in surpassing the existing growth trend which in turn will be reflected in profitability due to strategic, marketing, Quality focus, R & D efforts and commitment for customer satisfaction and confidence.

6. CONSERVATION OF ENERGY

The particulars are as per Annexure 'A'

7. RESEARCH AND DEVELOPMENT

The particulars are as per Annexure 'B'

8. DIRECTORS

Shri.S.R.Mehta, Shri.S.N.Mehta and Smt. L.P.Desai Directors of the company retire by rotation at the ensuing General Meeting and being eligible offer themselves for reappointment.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2002 and of the profit of the Company for that year;



(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a going concern basis.

10. PERSONNEL

The industrial relations were by and large cordial. There are no employees drawing remuneration in excess of limits specified under section 217(2A) of the Companies Act 1956, read with companies (particulars of employees) Rules 1975.

11. AUDITORS AND AUDITORS' REPORT

The members are requested to appoint auditors for the current year. M/s.Y.B.Desai and Associates, Chartered Accountants, the existing Auditors have furnished the company with their written Certificate under sub-section(1-B) of section 224 of the Companies Act,1956 of their eligibility for reappointment. The Notes on accounts, referred to in the Auditor's Report, are self explanatory and therefore do not call for any further comments.

12. ACKNOWLEDGEMENT

Your Directors are happy to place on record their appreciation of the whole-hearted co-operation and hard work of all members of SPAN family.

The Directors would like to place on record a deep sense of gratitude to the State Bank of India, Government Authorities and Financial Institutions for their co-operation and assistance rendered to the Company.

For and on behalf of the Board

Place : Surat

Dated : 24th August, 2002

(DR. P. K. DESAI)
Chairman

ANNEXURE 'A' PARTICULARS PERTAINING TO CONSERVATION OF ENERGY

	2001-02	2000-01
A. Power and fuel consumption		
1 Electricity		
a) Purchased		
Unit (in '000 Kwh)	1020	1036
Total amount (Rs.in lacs)	52.37	51.46
Rate/unit (Rs.)	5.13	4.97
b) Own generation		
i) Through Diesel generator		
Unit (in '000 Kwh)	147	146
Unit per litre of diesel Oil	3.48	3.46
Cost/Unit (in Rs.)	5.64	5.01
ii) Through steam turbine/generator Unit		
Unit per litre of fuel	Nil	Nil
Oil / Gas	Nil	Nil
Cost/Unit		
2 Coal (Specify quality and where used)		
Quantity (tonnes)	Nil	Nil
Total Cost		
Average Rate		
3 Light diesel oil Quantity (K.litres)	42,395	42,185
Total amount (Rs.in lacs)	8.284	7.316
Average Rate (Rs./K.ltr.)	19540	17345
4 Other/Internal generation		
Total Cost	Nil	Nil
Rate / Unit	Nil	Nil

B. Consumption per unit of production

	Standards (if any)
	2001-2002 2000-2001
Products	From the records and other books
Unit	maintained by the Company in accordance
Electricity	with the provisions of the Companies Act
Furnace Oil	1956,the Company is not in a position to
Coal	give the information required as per this
Others	format for the current year as well as the
	previous year.

NOTE : Company's production activity is not energy intensive. However, regular steps are being taken to improve the energy conservation.