

# SPAN DIAGNOSTICS LTD.

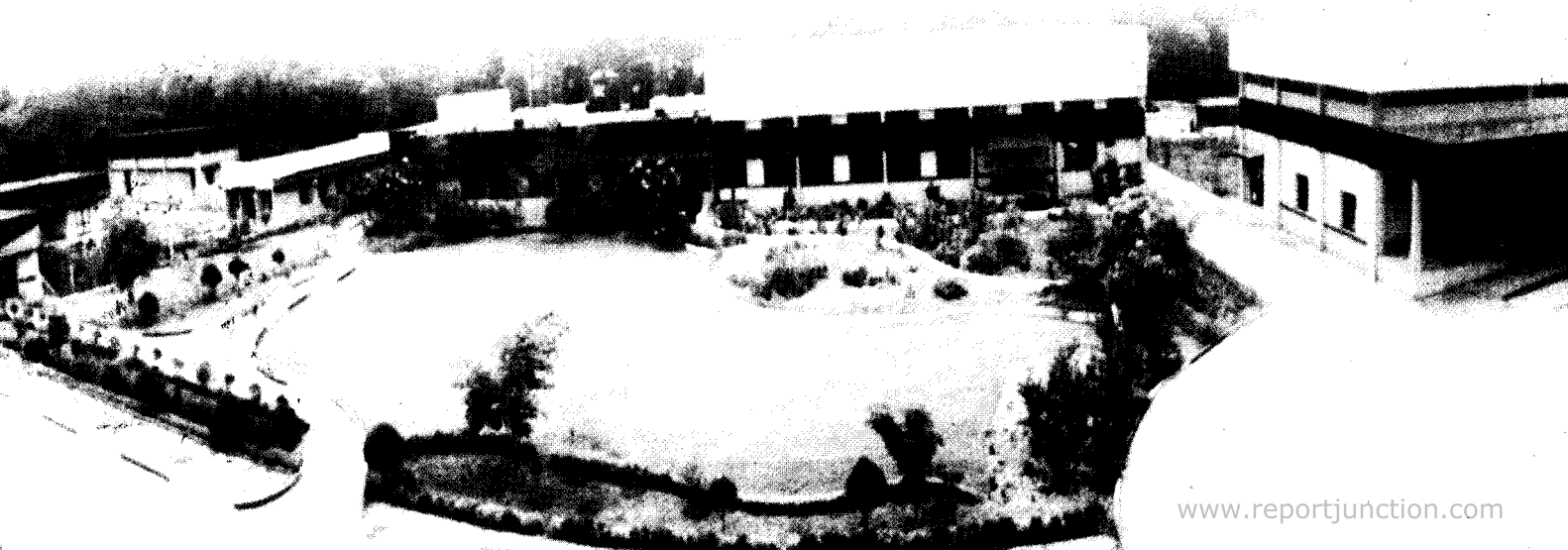
23rd Annual Report 2002 - 2003



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**IN DIAGNOSIS**



## FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
<b>OPERATING RESULTS</b>										
Sales & Other Income	2731.16	2768.41	2068.56	1690.30	1907.33	1784.11	1417.44	1347.25	1250.08	1006.43
Profit/(Loss) before Depreciation	175.15	202.31	68.88	(30.68)	59.66	100.48	93.59	5.68	110.46	110.30
Depreciation	53.38	51.05	47.76	50.84	49.21	46.93	41.75	36.88	35.60	31.01
Tax	48.31*	49.01*	---	---	2.50	10.00	7.00	---	26.00	37.00
Profit/(Loss) after tax	73.47	102.26	21.12	(81.52)	7.95	43.55	44.84	£ (31.20)	48.86	42.29
Dividend	36.00	36.00	---	---	---	18.00	15.00	15.00	22.25	7.16
Corporate Dividend Tax	4.61	---	---	---	---	1.80	1.50	---	---	---
Retained Profits	32.86	66.26	21.12	---	7.95	23.75	28.34	---	26.61	35.13
<b>SOURCES AND APPLICATION OF FUNDS</b>										
<b>Source of funds</b>										
Share Capital	300.01	300.01	300.01	300.01	300.01	300.01	300.01	300.01	300.01	59.63
Reserves and surplus	462.83	430.55	408.26	390.07	475.91	472.60	452.35	430.55	483.25	338.04
Loans	840.73	688.16	616.00	561.71	556.85	432.39	405.26	374.68	331.92	377.13
<b>FUNDS EMPLOYED</b>	<b>1603.57</b>	<b>1418.72</b>	<b>1324.27</b>	<b>1251.79</b>	<b>1332.77</b>	<b>1205.00</b>	<b>1157.62</b>	<b>1105.24</b>	<b>1115.18</b>	<b>774.80</b>
Fixed Assets (Net)	737.12	684.78	647.56	666.35	679.39	683.74	686.15	599.24	481.96	483.79
Investments	0.38	0.36	0.36	0.28	0.28	0.18	0.18	0.10	0.08	0.06
Current Assets (Net)	866.07	733.58	676.35	585.16	653.10	521.08	471.29	505.90	633.14	290.95
<b>NET ASSETS EMPLOYED</b>	<b>1603.57</b>	<b>1418.72</b>	<b>1324.27</b>	<b>1251.79</b>	<b>1332.77</b>	<b>1205.00</b>	<b>1157.62</b>	<b>1105.24</b>	<b>1115.18</b>	<b>774.80</b>
Debt-Equity Ratio	1.10:1	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
<b>AMOUNT ON FACE VALUE OF Rs.10/-</b>										
Earnings Per Share	2.45	3.41	0.70	---	0.26	1.45	1.49	---	2.65	- 7.09\$
Dividend	1.20	1.20	---	---	---	0.60	0.50	0.50	1.20 +	1.20\$
Book Value	25	24	24	23	26	26	25	24	26	67 \$

\* Includes Deferred Tax

\$ 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.

**Span Diagnostics Ltd.**

<b>BOARD OF DIRECTORS</b>	<b>: Dr. Pradip K. Desai</b> <i>Chairman &amp; Whole-time Director</i> <b>Shri Veeral P. Desai</b> <i>Managing Director</i> <b>Dr. Madhukanta T. Patel</b> <i>Technical Director</i> <b>Smt. Sujata V. Desai</b> <i>Executive Director</i> <b>Smt. Lata P. Desai</b> <i>Director</i> <b>Shri Praful R. Gandhi</b> <i>Director</i> <b>Shri Sanjay N. Mehta</b> <i>Director</i> <b>Dr. Pranav S. Desai</b> <i>Director</i> <b>Shri Shirish R. Mehta</b> <i>Director</i> <b>Shri Chandrakant R. Gandhi</b> <i>Director</i> <b>Dr. Natverlal S. Patel</b> <i>Director</i> <b>Shri. Sarvajna G. Kazi</b> <i>Director</i>	
<b>COMPANY SECRETARY</b>	<b>: Mr. Pankaj Ajmera</b>	
<b>BANKERS</b>	<b>: State Bank of India</b> Specialised Commercial Branch, Kiran Chambers, Opp. J. K. Tower, Ring Road, Surat - 395 002.	
<b>AUDITORS</b>	<b>: M/s. Y. B. DESAI &amp; ASSOCIATES</b> Chartered Accountants, Surat.	
<b>HEAD OFFICE &amp; REGISTERED OFFICE</b>	<b>: 173-B, New Industrial Estate,</b> Road No. 6-G, Udyognagar, Udhna-394210 (Surat) India.	
<b>PLANT</b>	<b>: 1. Plot No. 336, 338, 340, Road No. 3,</b> <b>2. 173-B, New Industrial Estate,</b> G.I.D.C., Sachin-394 230.      Road No. 6-G, Udyognagar, Surat - India.      Udhna-394 210 (Surat) India.	
<b>SHARE TRANSFER AGENTS</b>	<b>: IIT Corporate Services Limited.</b> Proto Prima Chambers, 2nd Floor, Suren Road, Andheri (East), Mumbai-400 093.	
<b>BRANCH OFFICES</b>	<b>: 1. Kohinoor Complex 'C' Wing,</b> <b>3. C-71, Shalimar Garden,</b> Near Vardhman Industrial Estate, Western Express Highway, Dahisar, Mumbai-400 068.      Extention-II, Shahibabad, Ghaziabad-201 005.	
	<b>2. 23 Mallikarjuna Swamy Temple Road,</b> <b>4. AE-335, Salt Lake City, Sector-1,</b> Natkalpa Circle, Bangalore - 560 004.      Calcutta-700064.	
<b>LISTING OF EQUITY SHARES</b> (Listing Fees Paid)	<b>: 1. Vadodara Stock Exchange Ltd.</b> <b>3. The Stock Exchange, Ahmedabad</b> Fortune Towers, P. B. No. 2547 Sayajigunj, Vadodara - 390 005.      Kamdhenu Complex Near Polytechnic, Panjara Pole, Ahmedabad - 380 015.	
	<b>2. The Stock Exchange, Mumbai</b> Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001.	

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## NOTICE

Notice is hereby given that the 23rd 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 20th day of September 2003 at 11.00 A.M. to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Director in place of Dr. N. S. Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Director in place of Shri. S. G. Kazi who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Director in place of Dr. P. S. Desai who was appointed as a Director in a casual vacancy and holds office up to the date of ensuing Annual General Meeting of the Company and is eligible for re-appointment and in respect of whom the company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director.
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 in accordance with the provisions of Sections 198, 269, 309, 314 and other applicable provisions of the Companies Act 1956, the company hereby accords its consent to the reappointment of Dr. Pradip K. Desai as Whole-time Director for a further period of 5 years w.e.f. 01-04-2003 on the under mentioned terms of Remuneration.

- a) **Salary:** Rs.1,00,000/- per month in the scale of Rs.100000-100000-200000. increments effective 1st April each year as may be decided by Board of Directors within above salary scale.
- b) **Commission :** Subject to the ceilings stipulated in sections 198 and 309 of the Act, such percentage of the net profits of the Company or such quantum, as may be determined by the Board of Directors.
- c) **Perquisites :** Perquisites shall be restricted to an amount equal to the annual salary.
  - i. **Housing:** HRA at 10% of salary.
  - ii. **Medical Reimbursement :** Reimbursement of expenses incurred for self and family subject to a ceiling of Rs.50,000 in a year or Rs. 2,50,000 in a block of five years.
  - iii. **Leave Travel Concession :** Leave Travel Concession for self and family, once in a year in accordance with the rules of the company.
  - iv. **Entertainment Expenses :** Dr. P. K. Desai shall be entitled to reimbursement of entertainment, traveling and other expenses incurred in the course of legitimate business of the company.
  - v. **Personal Accident Insurance :** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/-.
  - vi. **Club Fees :** Subject to a maximum of two clubs. This will not include admission and life membership fees.
  - vii. **Company's Contribution :** Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - viii. Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
  - ix. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Whole-time Director.
  - x. **Earned Leave :** On full pay and allowances as per the rules of the company, but not exceeding one month's leave for every eleven months of service, subject to the further condition that leave accumulated but not availed of will be allowed to be encashed as per the rules of the Company.



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Resolved further that in the event of loss or inadequacy of profits in the company, Dr.P.K.Desai shall be entitled to remuneration by way of salary and perquisite not exceeding the limits specified in Schedule XIII to the Companies Act, 1956.

Resolved further that the Board of Directors be and are hereby authorised to take such steps as may be necessary, expedient or desirable to give effect to this resolution.

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

**RESOLVED** that in accordance with the provisions of Sections 198, 269, 309, 314 and other applicable provisions of the Companies Act 1956, the company hereby accords its consent to the appointment of Shri. Veeral P. Desai as Managing Director for a period of 5 years w.e.f. 01-07-2003 on the under mentioned terms of Remuneration.

- a) **Salary:** Rs.50,000/- per month in the scale of Rs.50000-50000-100000. increments effective 1st April each year as may be decided by Board of Directors within above salary scale.
- b) **Commission :** Subject to the ceilings stipulated in sections 198 and 309 of the Act, such percentage of the net profits of the Company or such quantum, as may be determined by the Board of Directors.
- c) **Perquisites :** Perquisites shall be restricted to an amount equal to the annual salary.
  - i. **Housing:** HRA at 10% of salary.
  - ii. **Medical Reimbursement :** Reimbursement of expenses incurred for self and family as per Rules of the Company.
  - iii. **Leave Travel Concession :** Leave Travel Concession for self and family, once in a year in accordance with the rules of the company.
  - iv. **Entertainment Expenses :** Shri. Veeral P. Desai shall be entitled to reimbursement of entertainment, traveling and other expenses incurred in the course of legitimate business of the company.
  - v. **Personal Accident Insurance :** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/-.
  - vi. **Club Fees :** Subject to a maximum of two clubs. This will not include admission and life membership fees.
  - vii. **Company's Contribution :** Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - viii. Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
  - ix. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Managing Director.
  - x. **Earned Leave :** On full pay and allowances as per the rules of the company, but not exceeding one month's leave for every eleven months of service, subject to the further condition that leave accumulated but not availed of will be allowed to be encashed as per the rules of the Company.

Resolved further that in the event of loss or inadequacy of profits in the company, Shri. Veeral P. Desai shall be entitled to remuneration by way of salary and perquisite not exceeding the limits specified in Schedule XIII to the Companies Act, 1956.

Resolved further that the Board of Directors be and are hereby authorised to take such steps as may be necessary, expedient or desirable to give effect to this resolution.

9. To consider and, if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution.

**RESOLVED THAT** Mrs. Sujata V. Desai who was appointed as an additional director and holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member under the provisions of section 257 of the Companies Act, 1956 proposing her candidature for the office of a Director, be and is hereby appointed as a Director.

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

**RESOLVED** that in accordance with the provisions of Sections 198, 269, 309, 314 and other applicable provisions of the Companies Act 1956, the company hereby accords its consent to the appointment of Mrs. Sujata V. Desai as Whole-time Director designated as Executive Director for a period of 3 years w.e.f. 01-07-2003 on the under-mentioned terms of Remuneration.





- a) **Salary:** Rs. 20,000 per month in the grade of Rs.20000 - 2000 - 50000 increments effective 1st April each year as may be decided by Board of Directors within above salary Scale.
- b) Exgratia payment as per the Rules of the Company.
- c) **Perquisites :** Perquisites shall be restricted to an amount equal to the annual salary.
  - i. **Housing:** HRA at 10% of salary.
  - ii. **Medical Reimbursement :** Reimbursement of expenses incurred for self and family as per Rules of the Company.
  - iii. **Leave Travel Concession :** Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the company.
  - iv. **Entertainment Expenses :** Mrs. Sujata V. Desai shall be entitled to reimbursement of entertainment, traveling and other expenses incurred in the course of legitimate business of the company.
  - v. **Personal Accident Insurance :** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/-.
  - vi. **Club Fees :** Subject to a maximum of two clubs. This will not include admission and life membership fees.
  - vii. **Company's Contribution :** Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - viii. Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
  - ix. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Whole-time Director.
  - x. **Earned Leave :** On full pay and allowances as per the rules of the company, but not exceeding one month's leave for every eleven months of service, subject to the further condition that leave accumulated but not availed of will be allowed to be encashed as per the rules of the Company.

Resolved further that in the event of loss or inadequacy of profits in the company, Mrs. Sujata V. Desai shall be entitled to remuneration by way of salary and perquisite not exceeding the limits specified in schedule XIII to Companies Act, 1956.

Resolved further that the Board of Directors be and are hereby authorised to take such steps as may be necessary, expedient or desirable to give effect to this resolution.

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

**RESOLVED THAT** Dr. Madhukanta T. Patel who was appointed as an additional director and holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member under the provisions of section 257 of the Companies Act, 1956 proposing her candidature for the office of a Director, be and is hereby appointed as a Director.

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

**RESOLVED** that in accordance with the provisions of Sections 198, 269, 309, 314 and other applicable provisions of the Companies Act 1956, the company hereby accords its consent to the appointment of Dr. Madhukanta T. Patel. as Whole-time Director designated as Technical Director for a period of 3 years w.e.f. 01-07-2003 on the under mentioned terms of Remuneration.

- a) **Salary:** Rs.28000 per month in the grade of Rs.28000 - 2000 - 50000 increments effective 1st April each year as may be decided by Board of Directors within above salary Scale.
- b) Exgratia payment as per Rules of the Company.
- c) **Perquisites :** Perquisites shall be restricted to an amount equal to the annual salary.
  - i. **Housing:** HRA at 10% of salary.
  - ii. **Medical Reimbursement :** Reimbursement of expenses incurred for self and family as per Rules of the Company.
  - iii. **Leave Travel Concession :** Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the company.



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- iv. **Entertainment Expenses** : Dr. Madhukanta T. Patel shall be entitled to reimbursement of entertainment, traveling and other expenses incurred in the course of legitimate business of the company.
- v. **Personal Accident Insurance** : Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/-.
- vi. **Club Fees** : Subject to a maximum of two clubs. This will not include admission and life membership fees.
- vii. **Company's Contribution** : Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- viii. **Gratuity** as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
- ix. **Car for use** on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Whole-time Director.
- x. **Earned Leave** : On full pay and allowances as per the rules of the company, but not exceeding one month's leave for every eleven months of service, subject to the further condition that leave accumulated but not availed of will be allowed to be encashed as per the rules of the Company.

Resolved further that in the event of loss or inadequacy of profits in the company Miss. Madhukanta T. Patel shall be entitled to remuneration by way of salary and perquisite not exceeding the limits specified in Schedule XIII to Companies Act, 1956.

Resolved further that the Board of Directors be and are hereby authorised to take such steps as may be necessary, expedient or desirable to give effect to this resolution.

13. To consider and, if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution.

Resolved that pursuant to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government under section 372 and other applicable provisions, if any, of the Companies Act, 1956 or any amendments or modifications thereof and subject to such other approvals / permissions as may be necessary under any other statute for the time being in force, the Board of Directors of the Company be and is hereby authorised to invest in the shares of one or more bodies corporate, and whether in India or outside India, which may or may not be subsidiaries of the Company as the Board may think fit, notwithstanding that the investment made by the Company in such body corporate together with the proposed investments may exceed the percentage(s) prescribed from time to time by and under the provisions of Section 372 of the Companies Act, 1956 or amendment or modifications thereof provided that the aggregate of the investments so made by the Board in all other bodies corporate shall not, except with the previous approval of the Central Government, exceed.

- i) thirty per cent of the aggregate of the subscribed capital and free reserves of the Company, and
- ii) thirty per cent of aggregate of the subscribed capital and free reserves of the Company, where such other bodies corporate are in the same group as the Company, or such other percentages as may be prescribed from time to time or Rs.1 Crore whichever is higher. Provided further that in computing the aforesaid limit the investments which are exempted under section 372(14). shall not be taken into account.

Resolved further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution.

**Registered Office :**

173-B, New Industrial Estate,  
Road No. 6-G, Udhna -394 210. (Surat)  
Dated : 28th June, 2003.

**By Order of the Board**

(Pankaj Ajmera)  
Secretary

**Note:**

- (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 08th September, 2003 to 20th September, 2003 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, 2003, if declared will be payable to those shareholders whose names appear in the Register of members as at the close of business on 20th September 2003 and the dividend warrants will be posted to them on or after the date of AGM.
- (e) Members are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations. Members holding shares in dematerialized mode are requested to contact their respective Depository Participants (DPs) for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company for details.
- (f) 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.
- (g) 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.
- (h) Members are requested to notify any change in their Address to the Company.
- (i) 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.
- (j) 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.
- (k) Details under clause 49 of the listing Agreement with stock exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting are furnished in the Report on Corporate Governance published in this Annual Report.

**ANNEXURE TO THE NOTICE:- EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT 1956.**

**Resolution at Item 5.**

Dr. Pranav S. Desai was appointed as a Director of the company on 26-04-2001 in the casual vacancy caused by resignation of Dr. Suresh D. Desai. Pursuant to Section 262 of the Companies Act, Dr.P.S.Desai will hold office of Director upto the date of the ensuing Annual General Meeting when Dr. S. D. Desai would have retired, had he continued as a Director. The Company has received a notice in writing from a member proposing the candidature of Dr.P.S.Desai for the office of a Director under the provision of Section 257 of the Companies Act 1956.

None of the Directors of the Company except Dr. P. S. Desai is interested in the resolution.

**Resolution at Item 7**

The term of Dr. Pradip K. Desai as Wholetime Director expired on 31st March, 2003. The Board of Directors at their meeting held on 26th April, 2003 have approved the reappointment of Dr. P. K. Desai as Wholetime Director for a further period of 5 years w.e.f. 01/04/2003 on the terms and conditions contained in the agreement, subject to the approval of shareholders. A copy of agreement would be available for inspection by the members at the Registered office of Company during business hours on any working day.

The terms and conditions of reappointment of Dr. P. K. Desai are set out in agreement entered into by the company with him. The remuneration committee of the Board of Directors has recommended the same remuneration as set in the said agreement / resolution. This explanatory statement and terms as stated in Resolution may be regarded as an abstract and memorandum under section 302 of the Companies Act, 1956.

The Board recommend the Resolution appearing at item No. 7 of the accompanying notice seeking your approval to the reappointment of Dr. P. K. Desai as Wholetime Director of the company. None of other Directors except Dr.P.K.Desai, Smt. L. P. Desai, Shri V. P. Desai, Smt. S. V. Desai of the company are concerned or interested in the resolution.

**Resolution at Item 8**

The Board of Directors of the Company at its meeting held on 28th June 2003, appointed Shri. Veeral P. Desai as a Managing Director of the Company for a period of 5 years w.e.f. 1-07-2003 on the terms and conditions of appointment as set out in the resolution No.8 of the accompanying Notice. The remuneration committee of Board of Directors has recommended the same remuneration as set out in the said Resolution.

Shri Veeral P. Desai is B.Pharm by qualification. He joined the Company in 1991 as a Executive. He was appointed as executive Director in 1994. Thereafter he was reappointed as Executive Director for a period of 5 years w.e.f. 1-4-1999. His contract will expire on 31-3-2004. During his tenure he was in charge of overall administrative and sales & marketing of the company. He is responsible for overall management of the company. He has made significant contribution in restructuring the marketing operations





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and created infrastructure for sustained growth oriented business development. In view of foregoing, Board at its meeting held on 28th June 2003, decided to appoint him as Managing Director of the Company and terminate his contract as Executive Director.

This explanation with the accompanying notice is and should be treated as the abstract of the terms of appointment of Managing Director under Section 302 of the Companies Act 1956.

The Board recommends approval of the appointment of Shri. Veeral P. Desai as a Managing Director of the Company.

None of other Directors except Shri V. P. Desai, Dr.P.K.Desai, Smt. L. P. Desai, Smt. S. V. Desai of the company are concerned or interested in the said resolution.

### Resolution at Item Nos. 9 & 10

The Board of Directors of the company at its meeting held on 28th June, 2003 appointed Mrs. Sujata V. Desai as an Additional Director. The company has received a notice in writing from a member proposing the candidature of Mrs. Sujata V. Desai for the office of director under the provisions of Section 257 of the Companies Act, 1956.

Smt. Sujata V. Desai is a Graduate Instrument Engineer from Gujarat University. She underwent a management education course at Indian Institute of Management, Ahmedabad. She is having experience of 8 years in the field of diagnostic instrumentation. She joined the company as Executive in the year 1997. She is currently in charge of instrument division and ISO system. In view of this, it will be in the interest of the company to that Mrs. Sujata V. Desai be appointed as a director of the company.

At its meeting held on 28th June, 2003, the Board of Directors also appointed Mrs. Sujata V. Desai as a Wholetime Director designated as Executive Director of the company for a period of 3 years with effect from 1st July, 2003. The terms and conditions of appointment are as set out in the resolution No. 10 of the accompanying Notice. The remuneration committee of the Board of Directors has recommended the same remuneration as set in the said Resolution.

This explanation with the accompanying notice is and should be treated as abstract of the terms of appointment of Wholetime Director under Section 302 of the Companies Act, 1956.

The Board recommends approval of the appointment of Mrs. Sujata V. Desai as a Wholetime Director of the company.

None of the Directors of the company except Mrs. S. V. Desai, Mr. V. P. Desai, Dr.P.K.Desai, Mrs. L. P. Desai is anyway concerned or interested in the said resolutions.

### Resolution at Item No. 11 & 12

The Board of Directors of the company at its meeting held on 28th June, 2003 appointed Dr. Madhukanta T. Patel as an Additional Director. The company has received a notice in writing from a member proposing the candidature of Dr. Madhukanta T. Patel for the office of director under the provisions of Section 257 of the Companies Act, 1956.

Dr. Madhukanta T. Patel is by qualification M.Sc., Ph.D. from South Gujarat University. She is having vast experience of 30 years in the field of diagnostics. She is with the company since its inception. She is currently in charge of R&D Division and Quality Assurance Department. Her contribution to the growth of the company is immense. In view of this, it will be in the interest of the company to that Dr. Madhukanta T. Patel be appointed as a director of the company.

At its meeting held on 28th June, 2003 the Board of Directors also appointed Dr. Madhukanta T. Patel as a Wholetime Director designated as Technical Director of the company for a period of three years with effect from 1st July, 2003. The terms and conditions of appointment are as set out in the resolution No. 12 of the accompanying notice.

This explanation with the accompanying notice is and should be treated as the abstract of the terms of appointment of Wholetime Director under Section 302 of the Companies Act, 1956.

The Board recommend approvals of the appointment of Dr. Madhukanta T. Patel as a Wholetime Director of the company.

None of the Directors of the company except Dr. M. T. Patel is anyway concerned or interested in the said resolutions.

### Resolution at Item No. 13

The Board of Directors proposes to setup subsidiary Company abroad with a view to achieve the goal of globalisation. The company has also plans for investments in some wholly owned / majority owned subsidiaries abroad. The Board, therefore recommends this resolution for your acceptance.

None of the Directors of the company is anyway concerned or interested in the said resolution.

### Registered Office :

173-B, New Industrial Estate,  
Road No. 6-G, Udhna -394 210. (Surat)  
Dated : 28th June, 2003.

By Order of the Board

(Pankaj Ajmera)  
Secretary



## DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2003.

## 1. FINANCIAL RESULTS

	2002-03	(Rs. in lacs) 2001-02
Sales and other Income	2731.16	2768.41
Profit before Depreciation	175.15	202.31
Depreciation	53.37	51.04
Profit before tax	121.78	151.27
Provision for tax - Current	43.10	24.75
- Deferred Tax	5.21	24.26
NET PROFIT FOR THE YEAR	73.47	102.26
Balance brought forward	33.59	20.66
Tax Adjustment of earlier year	(0.67)	9.42
Prior Period Adjustments	2.25	(2.75)
	<u>108.64</u>	<u>129.59</u>
APPROPRIATIONS		
Proposed Dividend	36.00	36.00
Dividend Distribution tax	4.61	-
Transfer to General Reserve	50.00	60.00
Balance carried forward	<u>18.03</u>	<u>33.59</u>
	<u>108.64</u>	<u>129.59</u>

## 2. DIVIDEND

Directors are pleased to recommend a dividend @ 12 % (Rs. 1.20 per share) on equity shares for the year under review. The Dividend, if approved, will be paid to eligible shareholders on 20th September, 2003. The Dividend Distribution Tax borne by the company amounts to Rs. 4.61 lacs.

## 3. MANAGEMENT DISCUSSION AND ANALYSIS

## a) OPERATIONS

The sales and other income for the financial year under review were Rs.2731.16 lacs against Rs.2768.41 lacs in previous year registering marginal fall of about 1.34%. However the turnover of manufactured diagnostic products have increased by 2.39% . While there has been decline of 12.17% in trading products. This is due to restructuring of Trading business and more emphasis on manufactured goods. The delay in getting order from Government Hospitals, Organization, Institutions have also affected the sales growth during year under review. The profit after tax amounted to Rs. 73.47 lacs as against Profit of Rs. 102.26 lacs in previous year resulting in to decline by 28.15%. The stiff competition in market has pushed prices down putting pressure on margins.

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.

The current scenario of Indian diagnostics market is characterized by a number of new entrants in last few years resulting in a polarisation of the industry into the national players and unorganized sector operating at the regional level with low priced imported products, making the market very much price sensitive.

Against this backdrop of polarized and fragmented market, company's manufactured product sales registered a growth of 2.39%, successfully defeating the competition from multinationals companies on one hand and very competitive regional players on other hand.

The company has been doing consistently well in growing market of rapid tests for HIV / HCV etc. registering substantial growth in the market share as compared to previous year.