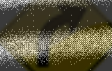




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Span Diagnostics Ltd.

24th Annual Report 2003-2004

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
OPERATING RESULTS										
Sales & Other Income	3535.01	2731.16	2768.41	2068.56	1690.30	1907.33	1784.11	1417.44	1347.25	1250.08
Profit/(Loss) before Depreciation	422.89	175.15	202.31	68.88	(30.68)	59.66	100.48	93.59	5.68	110.46
Depreciation	68.65	53.38	51.05	47.76	50.84	49.21	46.93	41.75	36.88	35.60
Tax	133.25	48.31*	49.01*	---	---	2.50	10.00	7.00	---	26.00
Profit/(Loss) after tax	221.00	73.47	102.26	21.12	(81.52)	7.95	43.55	44.84 £	(31.20)	48.86
Dividend	54.00	36.00	36.00	---	---	---	18.00	15.00	15.00	22.25
Corporate Dividend Tax	6.92	4.61	---	---	---	---	1.80	1.50	---	---
Retained Profits	160.08	32.86	66.26	21.12	---	7.95	23.75	28.34	---	26.61
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	300.01	300.01
Reserves and surplus	608.81	462.83	430.55	408.26	390.07	475.91	472.60	452.35	430.55	483.25
Loans	1150.21	840.73	688.16	616.00	561.71	556.85	432.39	405.26	374.68	331.92
FUNDS EMPLOYED										
Fixed Assets (Net)	965.20	737.12	684.78	647.56	666.35	679.39	683.74	686.15	599.24	481.96
Investments	0.38	0.38	0.36	0.36	0.28	0.28	0.18	0.18	0.10	0.08
Current Assets (Net)	1093.45	866.07	733.58	676.35	585.16	653.10	521.08	471.29	505.90	633.14
NET ASSETS EMPLOYED										
	2059.03	1603.57	1418.72	1324.27	1251.79	1332.77	1205.00	1157.62	1105.24	1115.18
Debt-Equity Ratio	1.18::1	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
AMOUNT ON FACE VALUE OF Rs.10/-										
Earnings Per Share	6.96	2.50	3.41	0.70	---	0.26	1.45	1.49	---	2.65 -
Dividend	1.80	1.20	1.20	---	---	---	0.60	0.50	0.50	1.20 +
Book Value	30	25	24	24	23	26	26	25	24	26

* Includes Deferred Tax

- 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	<i>Chairman & Whole-time Director</i>
Shri Veeral P. Desai	<i>Managing Director</i>
Dr. Madhukanta T. Patel	<i>Technical Director</i>
Smt. Sujata V. Desai	<i>Executive Director</i>
Smt. Lata P. Desai	<i>Director</i>
Shri Praful R. Gandhi	<i>Director</i>
Shri Sanjay N. Mehta	<i>Director</i>
Dr. Pranav S. Desai	<i>Director</i>
Shri. Sarvajna G. Kazi	<i>Director</i>
Dr. Sushil K. Shah	<i>Director</i>
Dr. Ramnik H. Parekh	<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. Town Center # 303
Andheri - Kurla Road,
Marol Andheri (East)
Mumbai-400 059. | 3. C-71, Shalimar Garden,
Extention-II, Shahibabad,
Ghaziabad-201 005. |
| 2. 23 Mallikarjuna Swamy Temple Road,
Natkalpa Circle, Bangalore - 560 004. | 4. 'Lake Town Complex'. Shivam Appt.,
Block-D 862(986/1), Jessore Road,
Kolkata - 700 055. |

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
Kamdheni Complex
Near Polytechnic, Panjara Pole,
Ahmedabad - 380 015. |
| 2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street, Mumbai - 400 001. | |

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NOTICE

Notice is hereby given that the 24th 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 21st day of August 2004 at 11.00 A.M. to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 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 Shri. P.R.Gandhi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Director in place of Shri. S.N.Mehta who retires by rotation and being eligible, offers himself for reappointment.
5. 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. The retiring Auditors M/s. Y.B.Desai and Associates, Chartered Accountants are eligible for reappointment.

SPECIAL BUSINESS

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

"RESOLVED THAT Dr. Sushil K. Shah 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 his candidature for the office of a Director, be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT Dr. Ramnik H. Parekh 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 his candidature for the office of a Director, be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory

modification(s) or reenactments thereof the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board'), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from The Stock Exchange - Ahmedabad and Vadodara Stock Exchange Ltd."

- 9 To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED that pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the mortgaging, hypothecating or otherwise charging by the Board of Directors of the Company of all or any of the properties and assets of the Company, movable and immovable, present and future whatsoever and wheresoever situated and the whole or substantially the whole of the undertaking of the Company as may be agreed to between the Company and the banks, financial institutions, lenders or their agents for the purpose of securing existing or proposed borrowing from financial institutions, banks, mutual funds and/or any other institutions/parties, together with interest, additional interest, compound interest, premium on prepayment, costs, charges, expenses and all other moneys due, owing or payable presently or in future by the Company within the overall limit of Rs. 20 Crores (Rupees Twenty Crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the lenders or their agents such deeds, agreements and documents for creating the aforesaid mortgage, hypothecation charge or encumbrance and to do and perform all such acts, deeds, matters and things and to execute all such documents or writings as it may consider necessary, expedient, usual, requisite or proper for the purpose of giving effect to this Resolution."

- 10 To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED that, consent of the Company pursuant to the provision of section 293(1)(d) and other applicable provisions, if any, of the Companies Act 1956, be and is hereby accorded to the Board of Directors of the Company borrowing from time to time such sum or money as it may consider fit for the purpose of the business of the Company notwithstanding that the moneys to be so

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borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers' in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Board of Directors and Outstanding at any one time shall not exceed the sum Rs.20 Crores (Rupees Twenty Crores only)."

Registered Office :

173-B, New Industrial Estate,
Road No. 6-G,

Udhna -394 210. (Surat)

Dated : 19th June, 2004.

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 12th August, 2004 to 21st August, 2004 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, 2004, if declared will be payable to those shareholders whose names appear in the Register of members as at the close of business on 21st August 2004 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 No. 6

The Board of Directors of the company at its meeting held on 20th September, 2003 appointed Dr. Sushil K.Shah as an Additional Director w.e.f. 21/09/2003. The company has received a notice in writing from a member proposing the candidature of Dr. Sushil K. Shah for the office of director under the provisions of Section 257 of the Companies Act, 1956.

Dr.Sushil K. Shah is by qualification M.D. (Path & Bact.) from Mumbai University. He is having vast experience of about 29 years in the field of Pathology & diagnostics. He is associated in various capacities with corporate Hospitals, academic societies, and social services. He has published many Research papers. He is reputed pathologist and head of renowned Metropolis laboratory. He was the first Pathologist to introduce Redio Immunoassay technique in India as well as to establish first referral laboratory for specialised tests. He is also Research Fellow of Cornell Medical Centre, New York. In view of this, it will be in the interest of the company to that Dr.Sushil K.Shah be appointed as a director of the company.

The Board recommend approvals of the appointment of Dr. Sushil K.Shah as a Director of the company.

None of the Directors of the company except Dr.Sushil K.Shah is anyway concerned or interested in the said resolution.

Resolution at Item No. 7

The Board of Directors of the company at its meeting held on 19th June, 2004 appointed Dr. Ramnik H. Parekh as an Additional Director w.e.f. 19/06/2004. The company has



received a notice in writing from a member proposing the candidature of Dr. Ramnik H. Parekh for the office of director under the provisions of Section 257 of the Companies Act, 1956.

Dr. Ramnik H. Parekh is by qualification M.B.B.S. and also holding Diploma in Industrial Medicine (Bombay) and Industrial Health (London). He is having vast experience of about 40 years in the field of Health Care. He is associated with reputed companies as Medical Advisor for Industrial Health, Hygiene and safety issues in manufacturing facilities as well as for product development etc. He is also associated with various professional societies, He has a editorial experience in Medical Journals. He has written books on occupational Health and Tax and Accounting Manual for Medical Men. etc. He has been awarded by National safety Council of India. In view of this, it will be in the interest of the company to that Dr. Ramnik H. Parekh be appointed as a director of the company.

The Board recommend approval of the appointment of Dr. Ramnik H. Parekh as a Director of the company.

None of the Directors of the company except Dr. Ramnik H. Parekh is anyway concerned or interested in the said resolution.

Resolution at Item No. 8

Presently, the Company's securities are listed at the following three Stock Exchanges in India;

- i. The Stock Exchange, Mumbai
- ii. Vadodara Stock Exchange Ltd. (the Regional Stock Exchange)
- iii. The Stock Exchange, Ahmedabad

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well as, investors have access to online dealings in the Company's securities across the country. The almost all the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's securities on all other Stock Exchanges are negligible.

The Company's Equity Shares are specified by the Securities and Exchange Board of India (SEBI) for settlement only in dematerialised form by all investors.

It is also observed that the listing fee paid to the other Stock Exchanges in disproportionately higher, and as stated herein, the trading volumes and liquidity are lower compared to the BSE.

As a part of its cost reduction and administrative measures, the Company has proposed this resolution, which will enable it to delist its equity shares from The Stock Exchange, Ahmedabad and Vadodara Stock Exchange Ltd.

As per Delisting Guidelines, a company can voluntarily delist securities from other Stock Exchanges, if the securities continue to be listed on a stock exchange having nation wide trading terminals i.e. BSE or NSE.

In line with the SEBI regulations members' approval is being sought by a Special Resolution for enabling voluntary delisting of its Securities from the said other Stock Exchanges.

The said delisting as and when the same takes place, will not adversely affect the investors. The Company's securities will continue to be listed on The Stock Exchange - Mumbai (BSE). The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommend the Special Resolution for approval of members.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

Resolution at Item No. 9

Under Section 293 (1) (a) of the Companies Act, 1956 the Board of Directors of the Company needs consent of the shareholders at the General Meeting to mortgage, hypothecate, lease or create any charges on the present or future properties/assets of the Company. The shareholder has at 16th Annual General Meeting approved limit up to Rs.7.50 Crores for the purpose of creation of charge. In view of growing business requirement, it is proposed to increase aforesaid limit to create charge on the properties of the Company to secure present and future borrowings within the limit of Rs.20 Crores.

None of the Directors of the Company is interested in this resolution.

Resolution at Item No. 10

Under Section 293 (1)(d) of the Companies Act 1956, the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from Company's bankers in the ordinary course of business, in excess of the aggregate paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

In view of the growth in the turnover and activities, it has become necessary to borrow funds to meet company's increased capital expenditure and working capital requirement in line with increase in the volume of the Company's business. The shareholders had at 13th Annual General Meeting approved the borrowing limit of Rs. 7.50 Crores.

The consent of the members under section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 is, therefore, sought to enable the Board of Directors to borrow moneys, as and when required, upto a limit of Rs. 20 Crores (Rupees twenty Crores) only (apart from temporary loans obtained from the Company's bankers in the ordinary course of business.)

None of the Directors of the Company is interested in this Resolution.

Registered Office :

173-B, New Industrial Estate,
Road No. 6-G,
Udhna -394 210. (Surat)
Dated : 19th June, 2004.

By Order of the Board

(Pankaj Ajmera)
Secretary

Annual Report 2003-2004

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2004.

1. FINANCIAL RESULTS

	2003-04	(Rs. in lacs) 2002-03
Sales and other Income	3535.00	2740.13
Profit before Depreciation	422.89	175.15
Depreciation	68.65	53.37
Profit before tax	354.24	121.78
Provision for tax - Current	122.00	43.10
- Deferred Tax	11.25	5.21
NET PROFIT FOR THE YEAR	220.99	73.47
Balance brought forward	18.03	33.59
Tax Adjustment of earlier years	(7.89)	(0.67)
Prior Period Adjustments	(4.19)	2.25
	<u>226.94</u>	<u>108.64</u>
APPROPRIATIONS		
Proposed Dividend	54.00	36.00
Dividend Distribution tax	6.92	4.61
Transfer to General Reserve	100.00	50.00
Balance carried forward	<u>66.02</u>	<u>18.03</u>
	<u>226.94</u>	<u>108.64</u>

2. DIVIDEND

Directors are pleased to recommend a dividend @18% (Rs.1.80 per share) on equity shares for the year under review. The Dividend, if approved, will be paid to eligible shareholders on 21st August, 2004. The Dividend Distribution Tax borne by the company amounts to Rs.6.92 lacs.

3. MANAGEMENT DISCUSSION AND ANALYSIS

a) OPERATIONS

The sales and other income for the financial year under review were Rs.3535.00 lacs against Rs.2740.13 lacs in previous year registering a handsome growth of about 29.01%. The key factor for this is a major success in the Institutional Business and a positive fallout of the restructuring of marketing and field operations during last few years. Despite ever increasing competition in market, and the continuing pressure on margin, the profit after tax amounted to Rs. 220.99 lacs as against Profit of Rs. 73.47 lacs in previous year resulting in an exemplary growth of 200.79%.

During the year, we also upgraded our quality management system to ISO 9001:2000 by putting in vigorous efforts. This, along with the implementation of Good Manufacturing Practices - (GMP) Compliance as per 'W H O' guidelines has enabled us to produce highest quality products conforming to international standards at competitive price.

During the year under report a distinct trend was observed in respect of the major multinational companies making their presence felt in India, as Indian diagnostic market is perceived to be growing at much faster rate than the developed countries in the world. As a result, they are becoming more and more competitive and aggressive. At the other end, the regional players continue to be aggressive in order to survive in this highly competitive market place.

In view of this scenario, where products of international quality has to be offered at competitive price, it is heartening to note that company's manufactured product sales registered a growth of 32.68%, successfully competing with the multinational companies on one hand and very competitive regional players on other hand.

During the year, company has maintained healthy growth in existing product range as well as some new product segments such as ELISA kits, Instruments and industrial products.



OUTLOOK

The state of Indian Diagnostic Sector is in stabilization phase. It is undergoing major re-structuring. The prices of products are continuously going down and volume in terms of number of tests is growing up by 20-25%. With the influx of various specialty products, the value base is also broadening. This phenomenon will continue at least for next 2-3 years. Initiative from government sector for diagnostic segment is also on the rise as more funds are available from world bank and NGOs. The role of domestic manufacturers is going to be the crucial and eventually they will have to assert themselves in defining the market conditions and practices. An association of Diagnostics manufacturer of India (ADMI) has been formed and our Chairman Dr. Pradip K. Desai has been elected as the first President of this Association.

Assuming our role of as major Indian diagnostic manufacturer, we will continue restructuring and consolidating our position by building marketing strength every year. Point-of-care diagnosis and specialty diagnostic tests are gaining greater acceptance. With the health insurance sector coming up, we see more avenues for specialized diagnostic tests opening up. Your company has already taken steps to become a major player in these segments. Apart from domestic market, we are also taking constructive steps in exploiting the export market with a well laid down strategy, which should help the company in coming years to establish some of its products very strongly in International market, competing with global brands.

Continuing its focus on R&D activities during the year under report the company has launched 8 new products. Again in the coming year, there are plans to launch a number of new products coming out of its own R&D activity. This has also helped the company to reduce the manufacturing cost by increasing indigenisation and improving the efficiency. This enabled your company to maintain its competitiveness inspite of falling prices in the market.

The management is also creating a new, state-of-the-art manufacturing facility during current year, which will be put to use in August. This will further improve the operational efficiency and manufacturing process.

With all these initiatives in R&D, manufacturing, marketing and operations management are hopeful of achieving the company's long term objective, of emerging as a globally acknowledged diagnostics company.

b) INTERNAL CONTROL SYSTEM

The company is maintaining an adequate internal control system. The Internal Audit Department regularly conducts a review of the financial and operating controls at various places and levels in the company. Further the company has appointed audit committee which regularly reviews, external and internal audits and adequacy of internal control system. The company follows its well defined quality policy. Integrity and quality guides company's conduct towards its business, partners, colleagues, shareholders and general public.

c) HUMAN RESOURCES

Your company currently employs about 485 employees comprising of well qualified persons trained in technical and managerial skills. It is company's first priority to enrich its employees by promoting learning and enhancing their knowledge by product training and arranging relevant training programmes.

The company continued to have cordial and harmonious relations with its employees and the Union.

There are no employees drawing remuneration in excess of limits specified under section 217(2A) of the Companies Act read with companies (particulars of employees) Rules 1975.

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. CONSERVATION OF ENERGY

The particulars are as per Annexure 'A'

6. RESEARCH AND DEVELOPMENT

The particulars are as per Annexure 'B'

7. DIRECTORS

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

Annual Report 2003-2004

Shri. S.R.Mehta, Dr. N.S.Patel and Shri. C.R.Gandhi resigned as Director. The board places on records its appreciation of their valuable contribution during their tenure as Director.

Dr. Sushil K.Shah and Dr. Ramnik H.Parekh were appointed as an Additional Directors of the company. They will hold office of Directors upto the date of the ensuing Annual General Meeting. Your approval is sought for their reappointment vide resolution set out at item No. 6 and item No. 7 of accompanying notice.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) 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 2004 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.

9. CORPORATE GOVERNANCE

As a listed company, necessary measures are taken to comply with the listing agreements with Stock Exchanges. A report on Corporate Governance along with a certificate of compliance from the Auditors as per Annexure-C forms part of this Report

10. 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.

11. 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 : 19th June, 2004

(Dr. P. K. Desai)
Chairman

(Veeral P. Desai)
Managing Director



ANNEXURE 'A'

PARTICULARS PERTAINING TO CONSERVATION OF ENERGY

	2003-04	2002-03
A. Power and fuel consumption		
1 Electricity		
a) Purchased		
Unit (in '000 Kwh)	1176	959
Total amount (Rs. in lacs)	56.37	47.66
Rate/unit (Rs.)	4.80	4.97
b) Own generation		
i) Through Diesel generator		
Unit (in '000 Kwh)	70	76
Unit per liter of diesel Oil	3.00	3.00
Cost/Unit (in Rs.)	7.80	7.06
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. liters)	23,400	25,400
Total amount (Rs. in lacs)	5,478	5,368
Average Rate (Rs./K. ltr.)	23412	21135
4 Other/Internal generation		
Total Cost	Nil	Nil
Rate / Unit	Nil	Nil

B. Consumption per unit of production

Standards (if any)

	2003-2004	2002-2003
Products	From the records and other books maintained by the Company in accordance with the provisions of the Companies Act 1956, the Company is not in a position to give the information required as per this format for the current year as well as the previous year.	
Unit		
Electricity		
Furnace Oil		
Coal		
Others		

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