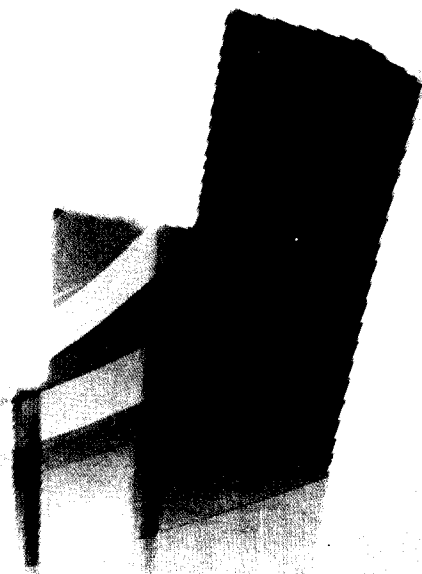


27th Annual Report 2006-2007

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FINANCIAL HIGHLIGHTS

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
	Rs. in Lacs									
OPERATING RESULT										
Sales & Other Income	5551.78	4741.45	4187.60	3535.01	2731.16	2768.41	2,068.56	1690.30	1907.33	1784.11
Profit/(Loss) before Depreciation	456.50	370.89	303.25	422.89	175.15	202.31	68.88	(30.68)	59.66	100.48
Depreciation	110.80	110.10	83.44	68.65	53.38	51.05	47.76	50.84	49.21	46.93
Tax	131.32	93.87	71.28	133.25	48.31*	49.01*	-	-	2.50	10.00
Profit/(Loss) after tax	214.38	166.92	148.53	221.00	73.47	102.26	21.12	(81.52)	7.95	43.55
Dividend	54.00	0.00	45.00	54.00	36.00	36.00	-	-	-	18.00
Corporate Dividend Tax	9.18	0.00	6.31	6.92	4.61	-	-	-	-	1.80
Retained Profits	151.20	166.92	97.22	160.08	32.86	66.26	21.12	-	7.95	23.75
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	1023.86	878.80	712.76	608.81	462.83	430.55	408.26	390.07	475.91	472.60
Loans	1759.28	1373.13	1309.41	1150.21	840.73	688.16	616.00	561.71	556.85	432.39
FUNDS EMPLOYED	3083.15	2551.94	2322.18	2059.03	1603.57	1418.72	1324.27	1251.79	1332.77	1205.00
Fixed Assets (Net)	1535.12	1222.77	1189.93	965.20	737.12	684.78	647.56	666.35	679.39	683.74
Investments	35.81	5.55	0.27	0.38	0.38	0.36	0.36	0.28	0.28	0.18
Current Assets (Net)	1512.22	1323.62	1131.98	1093.45	866.07	733.58	676.35	585.16	653.10	521.08
NET ASSETS EMPLOYED	3083.15	2551.94	2322.18	2059.03	1603.57	1418.72	1324.27	1251.79	1332.77	1205.00
Debt-Equity Ratio	1.27:1	1.16:1	1.29:1	1.27:1	1.10:1	0.93:1	0.87:1	0.81:1	0.72:1	0.56:1
AMOUNT ON FACE VALUE OF Rs. 10/-										
Earning Per Share	6.95	5.56	4.95	6.96	2.50	3.41	0.70	-	0.26	1.45
Dividend	1.80	-	1.50	1.80	1.20	1.20	-	-	-	0.60
Book Value	44	39	34	30	25	24	24	23	26	26

* Includes Deferred Tax

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**Span Diagnostics Ltd.**

BOARD OF DIRECTORS :	Smt. Lata P. Desai Dr. Pradip K. Desai Shri Veeral P. Desai Dr. Madhukanta T. Patel Shri Praful R. Gandhi Shri Sanjay N, Mehta Dr. Pranav S. Desai Shri. Sarvajna G. Kazi Dr. Sushil K. Shah Dr. Ramnik H. Parekh Shri Shyamal Ghosh Shri S. Sundaresan	Chairperson Whole-time Director Managing Director Technical Director Director Director Director Director Director Additional Director Additional Director																				
BANKERS :	1 State Bank of India Specialised Commerical Branch, Kiran Chambers, Opp. J.K.Tower, Ring Road, SURAT-395 002.	2 I.C.I.C.I. Bank Limited, Shyam Chamber, Ring Road, Surat.																				
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-394210 (Surat) India	2 173-B, New Industrial Estate, Road No.6-G, Udhhyognagar, Udhna-394210 (Surat) India																				
SHARE TRANSFER AGENT :	Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai - 400 078																					
BRANCH OFFICES :	1 Town Center #-303, Andheri - Kurla Road, Marol Andheri (East) Mumbai - 400 059 2 23, Mallikarjuna Swamy Temple Road, Natkalpa Circle, Bangalore - 560 004.	3 C-17, Shalimar Garden, Extention-II, Shahibabad, Ghaziabad - 201 005. 4 'Lake Town Complex', Shivam Appartment, Block-D, 862(986/1), Jessore Road, Kolkata - 700 055.																				
LISTING OF EQUITY SHARES :	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001.																					
<table><tr><td>CONTENTS</td><td>PAGE NO.</td></tr><tr><td>Notice</td><td>2-3</td></tr><tr><td>Director's Report</td><td>4-8</td></tr><tr><td>Corporate Governance</td><td>9-14</td></tr><tr><td>Auditor's Report</td><td>15-17</td></tr><tr><td>Balance Sheer</td><td>18</td></tr><tr><td>Profit & Loss A/c</td><td>19</td></tr><tr><td>Schedules</td><td>20-32</td></tr><tr><td>Balance Sheet Abstract</td><td>33</td></tr><tr><td>Cash-flow Statement</td><td>34</td></tr></table>			CONTENTS	PAGE NO.	Notice	2-3	Director's Report	4-8	Corporate Governance	9-14	Auditor's Report	15-17	Balance Sheer	18	Profit & Loss A/c	19	Schedules	20-32	Balance Sheet Abstract	33	Cash-flow Statement	34
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**Span Diagnostics Ltd.****NOTICE**

Notice is hereby given that the 27th 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 25th day of August, 2007 at 11.00 A.M. to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007 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 resolve not to fill the vacancy caused by the retirement of Director, Mr. P. R. Gandhi who retires by rotation and does not seek reappointment.
4. To appoint Director in place of Dr. S. K. Shah 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, the following Resolution as a Ordinary Resolution.
"RESOLVED THAT Mr. Shyamal Ghosh 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, the following Resolution as a Ordinary Resolution.
"RESOLVED THAT Mr. S. Sundaresan 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."

Registered Office :

173-B, New Industrial Estate
Road No.6-G, Udhna -394 210. (Surat)
Dated: 23rd June, 2007

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 14th August, 2007 to 25th August, 2007 both days inclusive.
- (c) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business is annexed hereto.
- (d) In view of M/s. Intime Spectrum Registry Limited being appointed as the Registrar and share Transfer Agents of the Company, Shareholders are requested to address all correspondence to them at the following address.
M/s. Intime Spectrum Registry Limited
Unit : Span Diagnostics Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West), MUMBAI-400 078
Phone # 022-25963838, Fax # 022-25946969
Email: isrl@intimespectrum.com
- (e) Dividend as recommended by the Directors for the year ended 31st March, 2007, if declared will be payable to those shareholders whose names appears in the Register of Members as at the close of business on 25th August 2007 and the dividend warrants will be posted to them on or after the date of AGM.
- (f) Members are advised to avail of the facility for receipt of future dividends through Electronic Clearing Services (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 DCS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the company for details.
- (g) Members who are holding shares in identical order of names in more than one account are requested to intimate to the Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), MUMBAI-400 078 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.
- (h) 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.
- (i) Members are requested to notify any change in their Address to the Company.
- (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.



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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT 1956.

Resolution at Item Nos. 6

The Board of Directors of the Company at its meeting held on 28th October, 2006 appointed Mr. Shyamal Ghosh as an Additional Director w.e.f. 28/10/2006. The company has received a notice in writing from a member proposing the candidature of Mr. Shyamal Ghosh for the office of director under the provisions of Section 257 of the Companies Act, 1956.

He is by qualification M.A. (Economics). He was a Parvin Fellow at Woodrow Wilson School, Princeton University, USA. He belonged to Indian Administrative Service (IAS). He had held various senior positions in both State Government of Gujarat and Government of India.

He was Managing Director of Gujarat State Petrochemicals Corporation Ltd. and also Director General of Foreign Trade, Ministry of Commerce. He was Secretary to Govt. of India and in that capacity he had been in charge of Ministry of Textiles, Ministry of Communication and Deptt. Of Electronics. He was also on the Board of reputed companies in India.

a) Energy & Petroleum

- I) M.D. of Gujarat Petroleum Corporation Ltd.
- II) Director of Board of HPCL ((Hindustan Petroleum Corporation Ltd.), MRL, Madras Refinery Ltd.), CRL (Cochin Refinery Ltd.), Gujarat Energy Development Agency, Surat.

b) Chemicals / Fertilizers / Pharmaceuticals

- I) Bengal Chemicals Ltd.
- II) Hindustan Organics & Chemicals Ltd. (HOC)
- III) Hindustan Insecticides Ltd. (HIL)
- IV) Hindustan Fluorocarbons Ltd. (HFL)
- V) FCI (Fertilizer Corporation Ltd.)
- VI) RCF (Rashtriya Chemicals & Fertilizers)
- VII) PDIL (Project & Development India Ltd.)

c) Textiles

- I) Chairman, NIFT (National Institute of Fashion Technology)

d) IT / Communication

- I) CDAC, Board (Chairman of Committee), (Centre for Development of Advance Computing)
- II) C-Dot, Vice Chairman (Centre for Developments of Telematics)
- III) STPI, Chairman (Software Technology Parks of India)
- IV) NCST, Chairman (National Centre for Software Technology)

e) Industry

- I) TIDC (Tripura Industries Development Corporation)
- II) Tripura Tea Company (TTC)
- III) Tripura Small Industries Corporation

Thus, he has wide experience of Administration and Business Management.

The Board recommends approvals of the appointment of Mr. Shyamal Ghosh as a Director of the Company.

None of the Directors of the company except Mr. Shyamal Ghosh is anyway concerned or interested in the said resolution.

Resolution at Item Nos. 7

The Board of Directors of the Company at its meeting held on 23rd June, 2007 appointed Mr. S. Sundaresan as an Additional Director with immediate effect.

The company has received a notice in writing from a member proposing the candidature of Shri Sahasranaman Sundaresan for the office of director under the provisions of Section 257 of the Companies Act, 1956.

He is by qualification B.Com, CAIIB and Diploma in Industrial Finance. He has wide experience in Administration and Banking. He was in service for 39 years with State Bank of India. He has held various positions in State Bank of India. During the last 10 years of his service, he has worked as General Manager (Commercial Banking) handling large industrial projects of various stages of implementation and working.

The Board recommends approvals of the appointment of Shri S. Sundaresan as a Director of the Company.

None of the Directors of the company except Shri S. Sundaresan 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: 23rd June, 2007

By Order of the Board

(Pankaj Ajmera)
Secretary



DIRECTORS' REPORT

TO,
The Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2007.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	<u>2006-2007</u>	<u>2005-2006</u>
Sales and other Income	5551.78	4741.45
Profit before Depreciation	456.50	370.89
Depreciation	110.80	110.10
Profit before tax	345.70	260.79
Provision for tax Current	111.00	87.00
- Deferred Tax	11.12	(4.13)
- Fringe Benefit Tax	9.20	11.00
NET PROFIT FOR THE YEAR	214.38	166.92
Balance brought forward	193.48	71.25
Tax Adjustment of earlier years	(8.20)	(0.39)
Prior Period Adjustments	2.18	0.70
	<u>401.84</u>	<u>238.48</u>
APPROPRIATIONS		
Proposed Dividend	54.00	-
Dividend Distribution tax	9.18	-
Transfer to General Reserve	200.00	45.00
Balance carried forward	138.66	193.48
	<u>401.84</u>	<u>238.48</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 25th August, 2007. The Dividend Distribution Tax borne by the company amounts to Rs. 9.18 lacs.

3. MANAGEMENT DISCUSSION AND ANALYSIS

a) OPERATIONS

The sales and other income for the financial year under review were Rs. 5551.78 lacs against Rs. 4741.45 lacs in previous year registering a growth of about 17.09%. The turnover of manufactured diagnostic products have increased by 21.04% and growth of traded products is of about 10.30%. The profit after tax amounted to Rs. 214.38 lacs as against of Rs. 166.92 lacs in previous year resulting increased by 28.43%, inspite of that margins were under pressure due to increased global competition change in product mix, low cost generics and significant changes in the market dynamics.

During the year, we received an overwhelming response from various government organizations and NGOs for various products and we expect the same to continue in the coming year. Due to that it was imperative to increase production capacity and automation of manufacturing operation; This will certainly improve the delivery commitments and overall efficiency. In this year company added one more feather in its cap by successfully implementing ISO 13485:2003, an international standard specific for medical devices, and got accreditation for the same. Company continues to practice quality management system ISO 9001:2000 along with the implementation of Good Manufacturing Practices - (GMP) compliance as per "WHO" guidelines. Most of our products are CE registered, a mandatory requirement for marketing in Europe. It gives immense confidence to our customers and encourage them to use our products more, which are manufactured by sincere implementation of various quality management systems approved by independent accrediting agencies.

R&D continues to be the most important and focused activity this year too. Company has successfully launched four new products during the year and is working on eight new products which will be launched during next financial year.

Span is well known for its R&D initiatives in reagent segment and has been successful in bringing many products in Indian market over the years. Span has taken yet another initiative this year to strengthen its market share in overall diagnostic market, by forming a new subsidiary company specially for R&D of instruments. We are confident that in coming years, this effort will bring lot of rewards and help Span in consolidating its position in the in-vitro diagnostic (IVD) market.



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SWOT ANALYSIS

Strength

- Span, very respected name in industry with more than 3 decades of presence
- Excellent goodwill in the market
- Widest and most comprehensive range of product
- Very good penetration in the market in terms of size of dealer network and field staff
- Dedicated diagnostics company with state-of-the-art manufacturing facility
- Good International reputation

Weakness

- Less aggressive in offering reagent rental options due to financial limitation
- No own manufactured instruments

Opportunities

- Growing Market
- Life style related diseases / infectious diseases are increasing in India
- Tremendous opportunities on horizon in Molecular Diagnostics
- Market for specialized tests are increasing due to
- Insurance sector expanding
- Increasing Medical tourism
- Contract research and Diagnostics service outsourcing

Threats

- Ever increasing competition
- Many multinational companies setting up their operations in India
- IPR puts restriction in identifying R&D projects
- Corporatisation of big laboratories

OUTLOOK

IVD business is growing rapidly, thanks to various factors like increasing awareness about health care, growing income level with rapidly expanding higher middle class segment, a number of emerging opportunities like medical tourism, contract research and deeper penetration of medical insurance. On the other hand, the competition is increasing rapidly due to very open economy with limited entry barrier. More and more companies are now importing products and offering to customers at much faster pace than ever before. Span has already taken initiative and took ample steps to strengthen R&D and new product delivery commitment. As India is gaining more and more attention due to its higher economy growth, more opportunities will be created by expansion of available market size and bringing newer technologies and product portfolio for high growth market by MNCs. Span is in favorable position to gain from this due to its wide experience, unparalleled manufacturing capabilities, enviable distribution channel and image of trusted partner in diagnostic market. Span is considered as most promising and natural choice over other competitors in India.

Assuming our role of a major Indian diagnostic manufacturer, we will continue consolidating our position by building marketing strength every year without compromising company's philosophy of indigenization of products and technology and by which offering various diagnostic products at affordable price to Indian market. We are going step-by-step in a structured manner towards building a global company, which will hold key to success in future and ensure higher returns for investors.

b) INTERNAL CONTROL SYSTEM

The company is maintaining an adequate internal control system. The systems being reviewed revised and strengthened. The Internal Audit Department regularly conducts a review of the financial and operating controls at various places and levels in the company. In order to strengthen Internal Audit operations, the company has hired experienced Chartered Accountants' firm to conduct Internal Audit. 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. During the year under review, the system evaluation audit was carried out and its suggestions were implemented

c) HUMAN RESOURCES

Your company currently employs about 588 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

Dr. S. K. Shah, Director of the company who retire by rotation at the ensuing General Meeting and being eligible offer himself for reappointment.

Mr. P. R. Gandhi, Director of the Company who retire by rotation at the Annual General Meeting and eligible to offer himself for reappointment, but has expressed his intention not to seek reappointment.

Mrs. Sujata V. Desai resigned as Director with effect from 01/04/2007.

The Board of Directors places on record their appreciation of the valuable services rendered by Mr. P. R. Gandhi and Smt. Sujata V. Desai during their tenure on the Board.

Mr. Shyamal Ghosh and Mr. S. Sundaresan were appointed as Additional Directors of the company. They will hold the office of director upto the date of ensuing Annual General Meeting. Your approval is sought for their reappointments vide resolutions at item No. 6 and 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 2007 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 agreement with Stock Exchange. A report on Corporate Governance along with a certificate of compliance from the Auditors as per Annexure-C forms part of this Report

10. CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis as explained in the Corporate Governance Report, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied in the statement depending on the circumstances

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, ICICI Bank, Standard Chartered Bank and Government Authorities for their co-operation and assistance rendered to the Company.

For and on behalf of the Board

Place : Surat
Dated : 23rd June, 2007.

(L. P. Desai) (Veeral P. Desai)
Chairperson Managing Director



Annual Report 2006-2007

ANNEXURE 'A'**PARTICULARS PERTAINING TO CONSERVATION OF ENERGY****Power and fuel consumption**

	<u>2006-2007</u>	<u>2005-2006</u>
1 Electricity		
a) Purchased		
Unit (in '000 Kwh)	1634	1567
Total amount (Rs.in lacs)	85.32	71.79
Rate/unit (Rs.)	5.22	4.57
b) Own generation		
i) Through Diesel generator		
Unit (in '000 Kwh)	49	47
Unit per litre of diesel Oil	3.50	3.65
Cost/Unit (in Rs.)	10.78	9.29
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)	14,110	13,000
Total amount (Rs.in lacs)	5.33	4.41
Average Rate (Rs./K.ltr.)	37,748	33,920
4 Other/Internal generation		
Total Cost	Nil	Nil
Rate / Unit	Nil	Nil

B. Consumption per unit of production

Standards (if any)

	2006-2007	2005-2006
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.	
Units		
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.



Span Diagnostics Ltd.

ANNEXURE 'B'**Form of disclosure of particulars with respect to Absorption of Technology, Research & Development (R & D)****1. Specific areas in which R & D was carried out by the Company**

The company has In-house R & D unit which is recognised by the Department of Scientific and Industrial Research. The said R & D Unit provides significant support to the business through continuous innovation of products, processes, packaging modes and services. Full fledged R & D work is carried out in distinct new areas of development of Diagnostics products, reagent chemicals, packaging and analytical process.

2. Benefits derived as a result of the above R & D:

- Productivity and quality improvement.
- Product design and operating efficiencies
- Cost reduction.
- Import substitution of critical raw materials and Diagnostic reagents

3. Future plans:

- The R & D activity will continue to emphasis main area set out above and especially on the development of new technologies and new products and processes

4. Expenditure on R & D

	31-3-2007	31-3-2006
	Rs.	Rs.
a) Capital	977,984	246,921
b) Recurring	3,350,727	2,464,071
c) Total	<u>4,438,711</u>	<u>2,710,992</u>
d) Total R & D expenditure as percentage of total turnover	0.81%	0.58%

Technology absorption, adaptation and innovation**1. Efforts, in brief, made towards technology absorption, adaptation and innovation:**

The processes for new formulations were adopted by modifying them to suit local equipments and raw materials specification. Innovations were made to improve the yield.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Cost reduction was achieved due to replacement of imported raw materials with indigenous raw materials developed by R&D.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.

	(i)	(ii)	(iii)	(iv)
(a) Technology imported	For manufacture of HCV Recombinant Antigen.	For manufacture of diagnostics kit for detection of cholera	For manufacture of diagnostics kit for detection of 'pestis'	For manufacture of anti-sera, monoclonal antibodies and related products for the purpose of blood grouping etc.
(b) Year of Import	2003	2004	2006	2006-2007
(c) Has the technology been fully absorbed	Yes	Yes	Under process of absorption	Under process of absorption
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	Not Applicable	Not Applicable	Not Applicable	Not Applicable

5. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs. in Lacs
1. Total Foreign Exchange Earned	410.22
2. Total Foreign Exchange Outgo	2195.55

For and on behalf of the Board

(L.P.Desai)
Chairperson

(Veeral P. Desai)
Managing Director

Place : Surat

Dated : 23rd June, 2007.