

## BOARD OF DIRECTORS

Dr. Ramnik H. Parekh	Chairman
Smt. Lata P. Desai	Director
Dr. Pranav S. Desai	Director
Shri Shyamal Ghosh	Director
Shri Sarvajna G. Kazi (upto 26-10-2009)	Director
Shri Sanjay N. Mehta	Director
Dr. Sushil K. Shah	Director
Shri S.Sundaresan	Director
Shri Kamlesh Patel	Additional Director
Dr. Pradip K. Desai	Whole-time Director
Shri Veeral P.Desai	Managing Director
Dr. Madhukanta T. Patel	Technical Director
Mr. N. Gopalaswami (w.e.f. 26-10-2009)	Alternate Director to Shri Sarvajna Kazi

## BANKERS

Kotak Mahindra Bank Ltd.  
K.G. Point, Ghod Dod Road  
Near Ganga Palace  
Surat - 395 007

## AUDITORS

M/s. Y. B. Desai & Associates  
Chartered Accountants  
Surat

## HEAD OFFICE & REGISTERED OFFICE

173-B, New Industrial Estate  
Road No.6-G, Udhna Udyognagar  
Udhna, Surat 394210, India

## **CONTENTS**

## **PAGE NO.**

<i>Notice of Annual General Meeting</i>	2
<i>Directors' Report</i>	5
<i>Auditors' Report on Corporate Governance</i>	11
<i>Report on Corporate Governance</i>	12
<i>Compliance Certificate from Company Secretary</i>	18
<i>Auditors' Report</i>	21
<i>Balance Sheet</i>	24
<i>Profit &amp; Loss Account</i>	25
<i>Schedules forming part of Balance Sheet &amp; Profit &amp; Loss Account</i>	26
<i>Cash-flow Statement</i>	47
<i>Financial Statement &amp; Notes of Subsidiary</i>	49
<i>Auditors' Report on Consolidated Financial Statements</i>	65
<i>Consolidated Balance Sheet</i>	66
<i>Consolidated Profit &amp; Loss Account</i>	67
<i>Schedules forming part of consolidated Balance Sheet &amp; Profit &amp; Loss Account</i>	68
<i>Consolidated Cash-flow Statement</i>	80

## NOTICE

### To THE MEMBERS OF SPAN DIAGNOSTICS LIMITED

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of Shareholders of Span Diagnostics Limited will be held at Registered Office at Plot No 173-B, New Industrial Estate, Road No.6-G, Udhna, Surat 394 210 on Saturday, the 17<sup>th</sup> Day of July, 2010 at 11.00 A.M. to transact the following business:-

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 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 a director in place of Dr. Sushil Shah who retires by rotation and being eligible, offer himself for reappointment.
4. To appoint a director in place of Mr. S. Sundaresan who retires by rotation and being eligible, offer himself for reappointment.
5. To appoint a director in place of Mr. Shyamal Ghosh who retires by rotation and being eligible, offer himself for reappointment.
6. To appoint Auditors and fix their remuneration and if thought fit, to pass the following resolution with or without modification as an Ordinary resolution:-

**"RESOLVED THAT** pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s. Haribhakti & Co., Chartered Accountants be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company in place of M/s. Y.B. Desai & Associates, Chartered Accountants, the retiring Auditors of the Company, on such remuneration as may be fixed by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to implement this resolution."

#### SPECIAL BUSINESS

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

(a) **"RESOLVED THAT** pursuant to section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be increased from Rs. 5,00,00,000/- (Rupees Five Crore only) divided in to 50,00,000 (Fifty Lac) equity shares of Rs. 10/- (Rupees Ten) each to Rs. 15,00,00,000/- (Rupees Fifteen Crore only) divided in to 1,50,00,000 (One Crore Fifty Lac) equity shares of Rs. 10/- (Rupees Ten) each.

(b) **FURTHER RESOLVED THAT** the words 'The Authorised Share Capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crore only) divided in to 1,50,00,000 (One Crore Fifty Lac) equity shares of Rs. 10/- (Rupees Ten) each' be substituted for the words, 'The Authorised Share Capital of the Company is Rs 5,00,00,000/- (Rupees Five Crore only) divided in to 50,00,000 ( Fifty Lac) equity shares of Rs. 10/- (Rupees Ten) each under Capital clause of the Memorandum of Association of the Company."

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

**"RESOLVED THAT** in accordance with the applicable provisions of the Companies Act, 1956, and Article 242 of the Articles of Association of the Company and subject to guidelines issued by the Securities and Exchange Board of India (SEBI) in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, consent be and is hereby accorded to the Board of Directors of the Company for capitalisation of a sum not exceeding Rs.3,63,80,000/- from securities premium account of the company for the purpose of issue of the Bonus shares of Rs. 10 (Rupees ten) each, credited as fully paid-up to holders of equity shares of the Company whose names shall appear in the Register of Members on the 'Record Date' determined by the Board for the purpose, in the proportion of 1 (One) Bonus Share of Rs. 10 (Rupees Ten) each for every 1 (One) fully paid equity share of Rs. 10 (Rupees Ten) held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the Paid Up Share Capital of the Company held by each of such member, and not as income.

**RESOLVED FURTHER THAT** the Bonus Shares so issued shall rank pari passu in all respects with the fully paid up equity shares of the Company as existing on the Record Date, save and except that they shall not be entitled to any dividend for the financial year ended 31<sup>st</sup> March 2010 and any other dividend that may be declared before the 'Record Date'

**RESOLVED FURTHER THAT** the Bonus Shares so allotted shall always be subject to the terms and conditions in the Memorandum & Articles of Association of the Company.

**RESOLVED FURTHER THAT** no letter of allotment shall be issued in respect of the Bonus shares and in the case of members who hold shares or opt to receive the shares in dematerialised form, the Bonus shares shall be credited to the

respective beneficiary accounts of the members with their respective Depository Participants and in the case of members who hold equity shares in certificate form, the share certificates in respect of the Bonus shares shall be dispatched, within such time as prescribed by law and relevant authorities.

**RESOLVED FURTHER THAT** the issue and allotment of the Bonus shares to Non-resident members & other foreign investors, be subject to the approval of the Reserve bank of India under the Foreign Exchange Management Act, 1999 including any statutory modification(s) or re-enactment thereof for the time being in force

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of such shares on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreement with concerned Stock Exchanges and other applicable guidelines, rules and regulations.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, things and deeds and to give such directions as may be necessary or expedient and to settle any questions, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decisions shall be final and binding."

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

**"RESOLVED THAT** pursuant to section 309 and section 314 of the Companies Act, 1956 and all other applicable provisions if any, of the said Act, and subject to approval of Central Government, if any, the Company do hereby accord consent and approves reappointment of Mr. Shyamal Ghosh, Director of the Company as a Management Consultant on a fees not exceeding sum of Rs. 3,00,000/- (Rs. Three Lacs only) plus applicable taxes per annum for rendering service in respect of Finance and Business Management in his capacity as a Management Consultant with effect from 01-11-2009 for a period of 3 years."

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

**"RESOLVED THAT** pursuant to section 314 and other applicable provisions of the Companies Act, 1956, the Company hereby consents to M/s. Akkad Mehta & Co., a partnership firm in which Mr. Sanjay N. Mehta, a Director of this Company is a partner holding and continuing to hold an office as a advisors to the Company on a remuneration not exceeding Rs. 6,00,000/- per annum effective from 01-05-2010."

Date: 5<sup>th</sup> June 2010  
Surat

For and on behalf of the Board of Directors

Registered Office:  
173- B, New Industrial Estate  
Road No. 6G, Udhna  
Surat-394210

V. P. Desai  
Managing Director

**Notes:**

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY DULY COMPLETED MUST BE RETURNED 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 on 22<sup>nd</sup> June 2010
- (c) An explanatory statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business is annexed hereto.
- (d) Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) is the Registrar and share Transfer Agents of the Company, Shareholders are requested to make all correspondence including change of address to them at the following address.  
Link Intime India Private Limited (formerly known as 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: mumbai@linkintime.co.in
- (e) Members who are holding shares in identical order of names in more than one account are requested to intimate to Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) at the address stated above with the ledger folio of such accounts together with the share certificates to enable the Company to consolidate all the holdings into one account. The share certificates will be returned to the members after making the necessary endorsement in due course.
- (f) Members are requested to bring their copy of the Annual Report to the Annual General Meeting. As a measure of economy, no extra copies of the Annual Report will be supplied at the meeting.
- (g) Members 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.

**Explanatory statement pursuant to provisions of Section 173 of the Companies Act 1956 and information pursuant to Clause 49 of the Listing Agreement**

**Resolution at Item No. 7:**

In view of issue of the Bonus Shares being considered a need has arisen to increase the Authorised Share Capital of the Company. The present Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crore) divided in to 50,00,000 (Fifty Lac) equity shares of Rs. 10 (Rupees Ten) the limit of which would be crossed in case of issue of the Bonus Shares. The Board therefore decided that the Authorised share capital of the Company be increased to Rs. 15,00,00,000 (Rupees Fifteen Crore) divided in to 1,50,00,000 (One Crore Fifty Lac) equity shares of Rs. 10 (Rupees Ten) each.

The proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

None of the Directors are interested or concerned in the proposed resolution.

**Resolution at Item No. 8:**

Your Directors proposes to issue of the shares by way of Bonus by increasing the Issued, Subscribed and Paid up share capital of the Company by capitalising a sum not exceeding Rs. 3,63,80,000/- from Securities Premium Account as per Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2010 and the same is proposed to be applied in paying up in full not exceeding 36,38,000 equity shares of the Rs. 10 each.

The fully paid Bonus Shares shall be distributed to the members of your Company, whose names shall appear in its Register of Members on the Record Date determined by Board of Directors of your Company for purpose of issue of Bonus Shares, in proportion of 1 (One) Bonus Share of Rs. 10 (Rupees Ten) each for every 1 (One) fully paid equity share of Rs. 10 (Rupees Ten) held by them on the Record Date to be fixed in consultation with the Stock Exchange Mumbai.

The Bonus Shares so issued shall rank pari passu in all respects with the fully paid up equity shares of the Company as existing on the Record Date, save and except that they shall not be entitled to any dividend for the financial year ended 31<sup>st</sup> March 2010 and any other dividend that may be declared before the 'Record Date'.

The proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

The Directors of your Company are interested in this resolution to the extent their respective shareholding in the Company.

**Resolution at Item No. 9:**

Mr. Shyamal Ghosh, Independent & Non-executive Director of the Company as well as Chairman of the Audit Committee acts as a Management Consultant to the company. Mr. Shyamal Ghosh belonged to the Indian Administrative Service. Mr. Ghosh has held various senior positions in both the State Government of Gujarat and Government of India. The Company has been greatly benefited by his vast experience in Administration and Business Management and has decided to reappointment him as a Management Consultant and increase his remuneration not exceeding Rs. 3,00,000/- (Rupees Three Lac) plus applicable taxes per annum w.e.f. 01-11-2009.

Under the provisions of section 314 of the Companies Act, 1956, the fees payable to Director as a Management Consultant would amount to holding office or place of profit which will require special resolution under section 314 and subject to prior approval of the Central Government if required.

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

None of the Directors except Mr. Shyamal Ghosh are interested or concerned in the proposed resolution.

**Resolution at Item No. 10:**

M/s. Akkad Mehta & Co. has a professional relationship with the Company and renders advisory services in connection with the Business, Corporate Tax, FEMA & Financial Management of the Company. Mr. Sanjay N. Mehta, Non-Executive Director of the Company is a partner in the said firm. The remuneration of M/s. Akkad Mehta & Co. has not been revised since 1994. Hence the Board has recommended payment of remuneration not exceeding Rs. 6,00,000/- per annum (Rupees Six Lac) plus applicable taxes per annum w.e.f. 01-05-2010.

Under the provisions of section 314 of the Companies Act, 1956, the fees payable to a firm in which a Director is a partner would amount to holding office or place of profit which will require special resolution under section 314 and subject to prior approval of the Central Government if required.

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

None of the Directors except Mr. Sanjay N. Mehta are interested or concerned in the proposed resolution.

**Date: 5<sup>th</sup> June 2010**  
**Surat**

**For and on behalf of the Board of Directors**

**Registered Office:**  
**173-B, New Industrial Estate**  
**Road No. 6G, Udhna**  
**Surat-394210**

**V. P. Desai**  
**Managing Director**

## DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting the 30th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March 2010.

### FINANCIAL RESULTS

The financial performance of the company for the financial year ended 31st March 2010 along with figures of previous financial year is summarized below:

	Rs. In lacs	
	2009-10	2008-09
<b>Sales and other Income</b>	8187.28	6956.14
<b>Operating Profit :</b>	<b>1224.43</b>	<b>889.60</b>
Profit before tax, Depreciation and interest (Excluding extraordinary income and Foreign exchange Gain/Loss)		
Interest	311.28	368.34
Foreign exchange (Gain)/Loss	(61.51)	106.78
Extraordinary (Income)/Loss	-	-
Profit before Depreciation	974.66	414.48
Depreciation	208.60	182.07
<b>Profit before tax</b>	<b>768.06</b>	<b>232.41</b>
Provision of tax - Current	250.00	43.50
- Deferred Tax	(7.40)	53.83
- Fringe Benefit Tax	-	12.90
Prior period adjustments including provision for tax	(13.49)	14.88
<b>Profit for the year</b>	<b>538.95</b>	<b>107.30</b>
Balance brought forward	411.12	338.83
<b>Amount available for appropriation</b>	<b>950.07</b>	<b>446.13</b>
<b>APPROPRIATIONS</b>		
Proposed Dividend	86.82	Nil
Dividend Distribution tax	14.75	Nil
Transfer to General Reserve	55.00	35.00
<b>Balance carried forward</b>	<b>793.50</b>	<b>411.13</b>
	<b>950.07</b>	<b>446.13</b>

### DIVIDEND

Your directors have recommended Rs.2.5 per share as dividend for the financial year ended 31<sup>st</sup> March 2010 aggregating to Rs.101.57 lacs including the dividend distribution tax. Equity shares allotted on conversion of convertible share warrants before book closure for payment of dividend is entitled to receive full dividend. Therefore the amount of proposed dividend will be increased to the tune of Rs.4.13 Lacs.

### BONUS SHARES

The Board of Directors, have at their Board Meeting held on 5<sup>th</sup> June 2010, recommended the issue of Bonus Shares in the ratio of one Bonus Equity Share for every one Equity Share of Rs.10/- each held on the Record Date to be fixed in consultation with the stock exchange and subject to the approval of the shareholders and other requisite approvals.

The Bonus shares are entitled to receive dividend that may be declared / paid on or after the allotment of Bonus shares for the financial year ending 31<sup>st</sup> March 2011.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry outlook

The in-vitro Diagnostic industry in India has maintained its positive growth momentum of 13-15% and considering the general positive sentiments in Indian economy it will continue to display similar growth. At product level, industry is at cross roads and ample opportunities have become visible for expansion in instrument based diagnosis as well as non-instrumental tests. Your company is strong in non-instrumental tests and now will also be focusing on instrument-reagent bundling along with addition of new products in both categories.

As growth opportunities in the developed countries are limited, focus on India and China has increased tremendously and more companies are coming out with India-centric products and strategies. This poses threat as well as opening lot of avenues for market expansion.

### **Operations review**

Sales & Other income for the year increased to Rs. 8187.28 Lacs (Rs.6956.14 lacs in 2008-09) showing a growth of 17.70% over previous year. During the year, the company has executed tenders aggregating to Rs. 28 Crores under various domestic and international programs to fight AIDS and Malaria.

During this year your company has registered an all time high sales as well as profit. This reflects improved performance of the company particularly on account of increase in productivity and optimization of cost. Considering increase in demand of the product, pending orders on hand and with stringent regulatory norms, company will be required to make significant capital expense during the coming year. Company has also made significant gain in the new products launched during last 2 years and look forward to continue the momentum.

The company continues to get valued support from government by getting opportunity to participate in their programs. This trend is likely to be continued in year 2010-11 with orders currently on hand worth Rs. 24 Crores.

### **Research & Development**

Company is committed to offer affordable and innovative diagnostic products by acquiring newer technologies and indigenous manufacturing using available infrastructure. It has also made significant contribution by import substitution of important intermediate raw materials. It has been successful in commercializing the products which has been jointly developed by Public Private Partnership with various institutions of repute in India and abroad. Company is working on various in-house R&D projects in the area of Immunology, Hybridoma, Biochemistry, Molecular biology and Instrumentation.

Keeping in tune with the philosophy of the company, the expenditure in R&D has been stepped up considerably.

### **Internal Control system and their adequacy**

Company is constantly improving its internal control systems. SAP implementation and effective utilization of the same has helped the management in monitoring the system in real time and taking accurate and timely decisions. Internal control system is further supported by internal audit carried out by an independent firm of Chartered Accountants and periodic review by management and the Audit Committee.

### **Human resources and industrial relations**

The company has 541 employees comprising of trained technical, managerial and research personnel. The focus of the company is to enrich its employees by promoting learning and enhancing their knowledge by product training and arranging relevant training programs.

The Company continues to have cordial and harmonious relations with its employees and the union.

The particulars about the employees drawing remuneration in excess of limits specified in section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are as per Annexure 'A'.

## **SUBSIDIARIES AND JOINT VENTURES**

### **Span Biotronics Private Limited (SBPL)**

Span Biotronics Pvt Ltd (SBPL) is a 95.34% subsidiary of Span Diagnostics Ltd (SDL) working on analysis, design, development, prototyping, testing and validation of lab automation need of SDL and is also engaged in new product development independently. A multidisciplinary team of engineers and scientists are jointly making efforts to launch indigenous technologies, which will be used as modules and commercialized in many products. Product developed by SBPL will be commercialised during the current year.

SBPL has closed its books of accounts as at 31<sup>st</sup> March 2010 with a Profit After Tax (PAT) of Rs. 6.71 Lacs.

### **Span Diagnostics S.A.R.L. (France) (SARL)**

During the year under review company has divested its investment in Span Diagnostics S.A.R.L. to consolidate its R&D in India and focusing on its core fundamentals, namely affordable diagnostic tools, in its in-house research projects.

### **Span Diagnostics F.Z.C., Sharjah (FZC)**

Company also has divested its investment and closed its operation in Sharjah venture, as it was not found economically viable as a logistic hub.

### **Span Nihon Kohden Diagnostics Private Limited (SNKD)**

A joint venture company between Nihon Kohden Corporation, Japan and Span Diagnostics Ltd., India, started its operation from December 2008 and started manufacturing high quality reagents for Hematology Analysers for distribution and sale in India under license agreement with Nihon Kohden Corporation, Japan.

## CORPORATE GOVERNANCE

A report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report.

The certificate from the Auditors of the company M/s Y. B. Desai & Associates confirming compliance with the conditions of Corporate Governance is attached to this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments 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 31<sup>st</sup> March 2010 and of the profit of the Company for that year;
- (iii) 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) the Directors have prepared the accounts on a going concern basis.

## FIXED DEPOSITS

At the close of the year, there were no fixed deposits due for payment that 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.

## CONSERVATION OF ENERGY

The particulars are as per Annexure 'B'

## TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNING & OUTGO

The particulars are as per Annexure 'C'

## DIRECTORS

Dr. Sushil K Shah, Mr. Shyamal Ghosh and Mr. S. Sundaresan, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

## CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis and 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.

## AUDITORS AND AUDITORS' REPORT

The present statutory auditors M/s Y B Desai & Associates, Chartered Accountants have not offered themselves for reappointment on their retirement at the forthcoming Annual General Meeting. The Board records its appreciation for the assistance and guidance provided by them during their long tenure with the company. The Board recommends the appointment of Haribhakti & Co., Chartered Accountants as auditors of the company from the conclusion of this Annual General Meeting to the conclusion of the next Annual General meeting of the company on such remuneration as shall be fixed by the Board of Directors. The Company has received their Certificate pursuant to section 224(1-B) of the Companies Act, 1956.

The Notes on accounts, referred to in the Auditor's Report, are self explanatory and therefore do not call for any further comments.

## 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 Kotak Mahindra Bank Limited and Government Authorities for their co-operation and assistance rendered to the Company.

**For and on behalf of the Board**

Place : Surat  
Dated : 5th June 2010

**Smt. Lata P. Desai**  
Chairperson

**V. P. Desai**  
Managing Director

### ANNEXURE 'A'

#### Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956

Name	Designation & Nature of Duties	Remuneration Received Rs.	Qualification & Experience (in years)	Date of Employment	Age (Years)	Previous Employment Held
<b>Employed throughout the period ended 31-03-2010 and in receipt of remuneration aggregating to Rs. 24,00,000/-</b>						
1. Dr. Pradip K Desai	Whole-time Director	72,20,600	MD (Path)	Founder director	70	None
2. Mr. Veeral P Desai	Managing Director	44,77,550	B. Pharm	11/8/1991	42	None

#### Notes :

- Both the above appointments are contractual.
- Remuneration received includes salary, commission, allowance, medical expenses, leave travel assistance, taxable value of perquisites etc. and Company's contribution to provident fund, Group gratuity and superannuation funds.
- The employee mentioned in Sr. no 2 is son of the employee mentioned in Sr. No. 1.

### ANNEXURE 'B'

#### PARTICULARS PERTAINING TO CONSERVATION OF ENERGY

	Particulars	2009-10	2008-09
<b>A.</b>	<b>Power and fuel consumption</b>		
1.	Electricity		
a)	Purchased		
	Unit (in '000 Kwh)	1,916	1,915
	Total amount (Rs. in lacs)	110.46	106.75
	Rate/unit (Rs.)	5.76	5.58
b)	Own generation		
(i)	Through diesel generator		
	Unit (in '000 Kwh)	60	70
	Unit per liter of diesel Oil	3.29	1.87
	Cost/Unit (in Rs.)	11.21	18.50
(ii)	Through steam turbine/generator	N.A.	N.A.
	Unit (in '000 Kwh)		
	Unit per liter of fuel		
	Cost/Unit (in Rs.)		
2.	Coal (Specify quality and where used)	N.A.	N.A.
	Quantity (tones)		
	Total Cost		
	Average Rate		
3.	Light Diesel Oil		
	Quantity (K. Liter)	22,628	44,849
	Total Amount (Rs. In lacs)	8.15	17.07
	Average Rate (Rs./K. Liter)	36.02	38.06
4.	Other/Internal generation		
	Total Cost	Nil	Nil
	Rate/Unit	Nil	Nil



B.	Consumption per unit of production	Standards if any
	Products, Units, Electricity Furnace Oil, Coal Other	Considering the number of products being manufactured by the company and production activity not being energy sensitive, 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. Regular steps are being taken to improve the energy conservation.

### ANNEXURE 'C'

#### 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 recognized 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 for development of diagnostics products, reagent chemicals, packaging and analytical process. Currently, the company is focusing on

- ? Modification of existing Flow Through test for infectious diseases
- ? Manufacture of recombinant antigens for Treponema, Leishmania and filaria
- ? Manufacture of Lateral flow test for Tuberculosis antigen/ antibody

##### 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 emphasize the main areas set out above and especially on the development of new technologies, new products and processes.

#### Expenditure on R & D

Sr. No.	Description	Year ended 31 March 10 (Rs.)	Year ended 31 March 09 (Rs.)
a.	Capital	2,628,142	2,161,920
b.	Recurring	20,236,200	8,192,410
c.	Total	22,864,342	10,354,330
d.	Total R & D expenditure as percentage of total Turnover	2.79%	1.52%

#### 4. Technology absorption, adaptation and innovation

##### 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.

**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 in house R&D. The status of absorption of technology imported for last five years are given below:

Sr. No.	Technology imported	Year of import	Has the technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.
a.	Manufacture of HCV Recombinant Antigen	2003	Yes	Not applicable
b.	Manufacture of diagnostics kit for detection of Cholera	2004	Yes	Not applicable
c.	Manufacture of diagnostics kit for detection of 'Yersinia pestis'	2006	Yes	Not applicable
d.	Manufacture of anti-sera, monoclonal antibodies and related products for the purpose of blood grouping etc.	2006	Yes	Not applicable
e.	Manufacture of fourth generation ELISA for HIV	2006	Yes	Not applicable
f.	Manufacture of third generation ELISA for Syphilis	2007	Under Process	Not applicable
g.	Manufacture of Flow through test for simultaneous detection of treponemal and non-treponemal antibodies	2009	Under Process	Not applicable

## 5. FOREIGN EXCHANGE EARNING AND OUTGO

1. Total Foreign Exchange Earned	Rs. in Lacs 546.20
2. Total Foreign Exchange Outgo	(1293.34) 1979.93 (1973.79)

**For and on behalf of the Board**

**Date :** 5th June, 2010  
**Place :** Surat

**Smt. Lata P. Desai**  
**Chairperson**

**V. P. Desai**  
**Managing Director**