





Vision

To be a trusted partner in diagnosis, providing dependable & affordable tools to healthcare professionals across the globe to secure healthier world.

Mission

At Span Diagnostics, we pursue ethical and meaningful ways that makes it the most admired for its people, products, partnership, performance and practices to become a global leader in manufacturing novel, innovative and affordable diagnostic solutions. We will continue to build a corporate which respects and values the unique strengths of our associates and perceived needs of our customers, shareholders and society.

Values

Trust and Respect :

Building and maintaining interpersonal trust and respect in a team to achieve collective goal with shared responsibility.

Integrity :

Keeping company interest and ethics before self interest.

Sincerity :

Doing every task whole heartedly with focus, attention and determination.

Innovation :

Taking initiatives for implementing 'out of box' ideas to achieve company's mission.

Collaboration :

Acceptance and utilization of the best strengths and expertise available globally.

BOARD OF DIRECTORS

Mr. N.Gopalaswami	Chairman
Mr. Veeral P.Desai	Managing Director
Dr. Pradip K. Desai	Whole-time Director
Dr. Madhukanta T. Patel	Technical Director
Ms. Lata P. Desai	Director
Dr. Sushil K. Shah	Director
Mr. Shyamal Ghosh	Director
Mr. Kamlesh Patel	Director
Dr. Pranav S. Desai	Director
Mr. Sanjay N. Mehta	Director
Mr.S.Sundaresan	Director

COMPANY SECRETARY

Mitesh G. Rana

BANKERS

State Bank of India Ind. Finance Branch Marble Arch, Race Course Circle, BARODA – 390 007	IDBI Bank 2nd floor, Ess En House, Ghod Dod Road. Opp. Kotak House, SURAT SURAT – 395 007
--	---

AUDITORS

M/s. Haribhakti & Co.,
Chartered Accountants
703, Venus Atlantis, 100 Ft. Road,
Prahlaad Nagar,Ahmedabad-380 015.

**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>Director's Report</i>	9
<i>Auditors' Certificate on Corporate Governance</i>	17
<i>Corporate Governance Report</i>	18
<i>Independent Auditors' Report</i>	26
<i>Balance Sheet</i>	30
<i>Statement of Profit & Loss</i>	31
<i>Cash Flow Statement</i>	32
<i>Notes on Financial Statements</i>	33
<i>Independent Auditors' Report on Consolidated Financial Statements</i>	52
<i>Consolidated Balance Sheet</i>	54
<i>Consolidated Statements of Profit & Loss</i>	55
<i>Consolidated Cash Flow Statement</i>	56
<i>Notes on Consolidated Financial Statements</i>	57
<i>ECS Mandate Form</i>	71
<i>Attendance Slip & Proxy Form</i>	73
<i>Green Initiative</i>	75

NOTICE

**To,
THE MEMBERS OF SPAN DIAGNOSTICS LIMITED**

Notice is hereby given that the 33rd 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, July 27, 2013 at 10:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declared dividend.
3. To appoint a director in place of Dr. Sushil K. Shah who retires by rotation and being eligible, offer himself for reappointment.
4. To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution

“RESOLVED THAT Mr. S. Sundaresan, a Director liable to retire by rotation who does not seek re-election, be not re-appointed a director of the Company.

RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company be not filled.”

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 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 Haribhakti & Co, Chartered Accountants are eligible for reappointment.

SPECIAL BUSINESS

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

“RESOLVED THAT

- A. Pursuant to the provisions of Sections 198, 269, 309, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956, (Act) read with Schedule XIII to the Companies Act, 1956 as amended from time to time and/or any enactment thereof and subject to the approval of the Central Government and such other approvals as may be required, the Company hereby accords its consent to the reappointment of Mr. Veeral P Desai, as Managing Director of the Company, for a further period of 3 years w.e.f July 01, 2013 on the under mentioned terms of Remuneration
 - a) **Salary:** Rs. 4,50,000 per month in the scale of Rs. 4,50,000-50,000-10,00,000, with such increments at such time, as may be decided by the Board of Directors.
 - b) **Commission:** upto 2% per annum of the operating net profits after tax of the Company from the financial year 2013 – 14. Such Commission will be excluding extraordinary / exceptional profits or losses arising from sale of business / assets. Sale of shares in subsidiary & Associates Companies / Special Purpose Vehicles / Joint Venture and also from sale of strategic investments / adjustments in valuation of strategic

NOTICE

investments.

c) Allowances & Perquisites: Allowances and perquisites shall comprise of:

- i. House Rent Allowance at 10% of salary
- ii. Medical allowance / reimbursement for self and family with a ceiling of Rs.15,000 in a year.
- iii. Leave travel allowance / reimbursement for self and family once in a year in accordance with the rules of the company shall not exceed 50% of monthly Salary.
- iv. Personal accident insurance in accordance with the rules of the company.
- v. Reimbursement of club fees subject to a maximum of two clubs. This will not include admission and life membership fees.
- vi. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- vii. Gratuity as per the rules of the company but shall not exceed half a month's Salary for each completed year of service.
- viii. Car with driver for use on company's business, cell phone and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the company.
- ix. Earned Leave of one month for every eleven months of service on full pay and allowance as per the rules of the company. Leave accumulated but not availed of, can be encashed as per the rules of the company.
- x. Reimbursement of entertainment, travelling and other expenses incurred in the course of legitimate business of the company.

B. In the event of loss or inadequacy of profits, Mr. Veeral P Desai shall be entitled to above stated remuneration subject to the approval of the Central Government. In the event of non-approval / pending approval of remuneration by the Central Government, Mr. Veeral P. Desai shall be entitled to remuneration as under:

- i. At the slab stipulated in Table B of Section II of Part II of Schedule XIII to the Companies Act, 1956; together with
- ii. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- iii. Gratuity as per the rules of the company but shall not exceed half a month's Salary for each completed year of service; and
- iv. Earned Leave of one month for every eleven months of service on full pay and allowance as per the rules of the company. Leave accumulated but not availed of, can be encashed as per the rules of the company.

The Board of Directors be and are hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution and alter, vary any of the terms and conditions relating to remuneration payable to Mr. Veeral P. Desai within the overall remuneration package approved."

For and on behalf of the Board of Directors

Date: May 15, 2013
Place: Surat

Mitesh Rana
Company Secretary

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

NOTICE**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 July 18, 2013 to July 27, 2013 (both days inclusive).
- (c) Link Intime India Private 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
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: rnt.helpdesk@linkintime.co.in
- (d) Dividend as recommended by the Directors for the year ended on March 31, 2013, if approved, will be payable to those shareholder whose names appears in the Register of Members as at the Close of business on July 27, 2013 and the dividend warrants will be posted to them after the date of AGM.
- (e) 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 ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company's Registrar & Share Transfer Agent for details.
- (f) 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.
- (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 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.
- (i) **GREEN INITIATIVE**

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. In terms of the enabling provisions of these Circulars, the Company will henceforth effect electronic delivery of documents including the annual report, half yearly shareholder communication, notices of meetings/postal ballot, etc. to the members at the email address registered for the said purpose.

NOTICE

For supporting this initiative, if you hold shares in:

- (a) **electronic form**, please intimate your email address to your Depository Participants(DP). The same will be deemed to be your registered email address for servicing notices/documents including those covered under Section 219 of the Companies Act, 1956.
- (b) **physical form**, please send a duly signed letter quoting the name of first/ sole holder and folios to the Company's Registrar & Share Transfer Agents:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai – 400 078

Kindly note that if you do not register your email address, a physical copy of the annual report and other communication / documents will be sent to you free of cost, as per current practice. Such documents will also be displayed on the Company's website www.span.co.in.

We strongly urge you to support this 'Green Initiative' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live. In case your shares are in physical form, we also urge you to have your shares dematerialized by approaching Depository Participant (DP) of your choice.

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

RESOLUTION AT ITEM NO : 7

The term of appointment of Mr. Veeral P Desai as Managing Director is valid upto June 30, 2013. The Board of Directors at its meeting held on May 15, 2013 has accepted the recommendations of the Remuneration Committee and has approved the reappointment of Mr. Veeral P Desai as the Managing Director of the Company on revised remuneration for a further period of 3 years with effect from July 01, 2013.

The proposed remuneration of Mr. Veeral P Desai shall be governed under Table C of Section II of Part II of Schedule XIII to the Companies Act, 1956 requiring consent of the shareholders by Special Resolution for determination of remuneration for a period of 3 years and the approval of the Central Government. A statement containing the information stipulated in Schedule XIII to the Companies Act, 1956 is given in subsequent pages.

Disclosure of Interest

Mr. Veeral P. Desai is interested in approval of the proposed resolution being the beneficiary. Dr. Pradip K Desai (Whole Time Director) father of Mr. Veeral P Desai and Mrs. Lataben P. Desai (Director), mother of Mr. Veeral P Desai is deemed to be interested in proposed resolution.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms reappointment of Mr. Veeral P Desai, as the Managing Director of the Company and Memorandum of Interest of Directors u/s. 302 of the Companies Act, 1956.

The Board recommends the approval of the Special Resolution seeking your consent.

None of the Directors of Company except Dr. Pradip K Desai, Mrs. Lataben P Desai and Mr. Veeral P Desai are anyway concerned or interested in the said resolution.

STATEMENT GIVING THE INFORMATION IN ACCORDANCE WITH SCHEDULE XIII TO THE COMPANIES ACT, 1956 FOR DETERMINATION OF REMUNERATION PAYABLE TO MR. VEERAL P. DESAI, MANAGING DIRECTOR.

N O T I C E

MR. VEERAL P. DESAI

Mr. Veeral P Desai (age 44) has done his Bachelors in Pharmacy from Manipal University, Manglore. He is associated with the Company since 1991. He took over as Executive Director in 1999 responsible for sales & distribution and overall administrative functions. He restructured the marketing and distribution operations and has created infrastructure for sustained growth oriented business development. He was designated as Managing Director in 2003 responsible for overall management of the Company.

He is member of Remuneration Committee, Managing Committee & HR Committee of the Board of the Company. His other directorship is given below:

- 1) Span Biotherapeutics Private Limited
- 2) Quest Biochemicals Private Limited
- 3) Span Biotronics Private Limited
- 4) Span Nihon Kohden Diagnostics Private Limited
- 5) Span Diagnostics South Africa (Pty) Limited

GENERAL INFORMATION :

Sr. No.	Information Sought	Information		
1.	Nature of Industry	The Company is engaged in manufacturing and trading of diagnostic kits and instruments and is a part of Healthcare Industry.		
2.	Date of Commencement of Commercial Production	The Company has started its operations from 31 st March 1980.		
3.	Financial performance of the Company.	Rs. in Lacs		
		Particulars	2012 - 13	2011 - 12
		Revenue from Operations	7,896.02	5,868.08
		Profit/(Loss) before Tax	174.48	247.14
		Profit/(Loss) After Tax	93.62	122.42
		Paid-up Equity share Capital	727.60	727.60
		Reserves & Surplus	2,160.21	2,108.88
		Earning per Share (Rs.)	1.29	1.68
		Book value per share (Rs.)	1.29	1.68
4.	Export performance and net foreign exchange collaboration	The Company's export on FOB basis was Rs.898.24 lacs for 2012-13 and Rs.800.28 lacs for 2011-12.		
5.	Foreign investments or collaborations	<p>The Company has investment in the following overseas JV companies.</p> <p>a. Span Diagnostics South Africa (PTY) Ltd</p> <p>The Company has foreign collaborations as per following details:</p> <ol style="list-style-type: none"> 1. Center of disease control and prevention (CDC), USA 2. Institute Pasteur, France 3. Span Diagnostics S.A.R.L. 4. EY Laboratories Inc 		

N O T I C E

INFORMATION ABOUT THE APPOINTEE:

1.	The background details	The background details of Mr. Veeral P. Desai are given elsewhere in the notice.
2.	Past Remuneration	Mr. Veeral P Desai was drawing Rs. 44,03,800 p.a. including Company's contribution to provident, Gratuity and superannuation fund. He was also entitled for 1 month's leave for every 11 months of service.
3.	Recognition or awards	Nil
4.	Job profile and his suitability	Mr. Veeral P Desai, Managing Director provides leadership and strategic guidance to the Company in addition to supervising functional-heads of sales & marketing, finance & accounts, costing, legal & regulatory compliance, logistics, product sourcing – Management & Promotion, Projects, Corporate Communications, operations of JV etc. Given the profile of Mr. Veeral P. Desai, it is imperative that he draws the proposed remuneration.
5.	Remuneration proposed	As per details given in the resolution read with explanatory statement for Items No.7
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration payable to the appointees has been benchmarked with the remuneration being drawn by similar positions in Health-care Companies of comparable size and has been considered by the Remuneration Committee and the Board of Directors of the Company in their respective meetings held on May 14, 2013 and May 15, 2013.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Mr. Veeral P Desai is son of Dr. Pradip k Desai, Whole Time Director. There is no other pecuniary relationship directly or indirectly with the Company except to the extent of their remuneration and shareholding in the Company. This information is already disclosed elsewhere in the notice.

OTHER INFORMATION :

1.	Reasons of inadequate profits	<ul style="list-style-type: none"> • High inventory carrying cost. • High labor cost due to limitation in automation of manufacturing operation. • Highly competitive market and aggressive pricing by domestic and international Companies. • Expenditure on Expansion & Upgradation of Manufacturing facilities at plant located at Sachin to comply with FDA requirement
2.	Steps taken or proposed to be taken for improvement	<ul style="list-style-type: none"> • Reduction in cost of production due to indigenous R&D efforts • Focusing on automization of manufacturing processes wherever possible.
3.	Expected increase in productivity and profits in measurable terms	Expecting Year-on-Year 20% profit growth with the above measures.

Disclosures:

The break-up of remuneration package is mentioned in the Corporate Governance Report.

NOTICE

II. DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE

DETAILS OF DIRECTORS BEING REAPPOINTED		
Name of Director	Mr. Shyamal Ghosh	Dr. Sushil Shah
Age	71	66
Qualification	Master Degree in Economics, M.P.A Programme of Woodrow Wilson School, Retired IAS Officer	MD Pathology
Expertise in specific functional area	He has vast experience in Administration & Business Management.	He has rich experience in the field of consulting Pathology & Clinical Laboratory.
List of Companies in which outside Directorship held	Burn Standard Co Ltd. Spentix Industries Ltd. National Multi Commodity Exchange of India Ltd.	<ul style="list-style-type: none"> - Sudharma Metropolis Health Services Pvt. Ltd. - Industrial Bhavan (Worli) Ltd. - Metropolis Healthcare Limited - Golwika Metropolis Health Services (India) Pvt. Ltd. - KRD Real Estate Pvt. Ltd. - Final Diagnosis Pvt. Ltd. - Sanket Metropolis Health Services (India) Pvt. Ltd. - Metropolis Healthcare (Jodhpur) Pvt. Ltd. - Mulay Metropolis Health Care Pvt. Ltd. - Micron Metropolis Healthcare Pvt. Ltd. - Metropolis Healthcare (Chandigarh) Pvt. Ltd. - Metropolis Wellness Products Pvt. Ltd. - Ekopath Metropolis Lab Services Pvt. Ltd. - Metropolis health Product Retail Pvt Ltd
Member of Committee of the Board of Director of the Company	<ul style="list-style-type: none"> - Audit Committee - Remuneration Committee - Managing Committee 	NIL
Chairman of Committee of the Board of Director in other Company	Audit Committee	NIL

For the details of Mr. Veeral P Desai, Managing Director, please refer Explanatory in respect of Special Business statement at Item No. 7 of Notice of Meeting.

Date : May 15, 2013
Place : Surat

For and on behalf of the Board of Directors

Registered Office:
173- B, New Industrial Estate
Road No. 6G, Udhna
Surat – 394 210

Mitesh Rana
Company secretary