



Span Divergent Limited
40th Annual Report
2019-20

BOARD OF DIRECTORS

Mr.N Gopalaswami	Chairman
Mr.Viral P Desai	Managing Director
Dr.Pradip K 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
Dr.Manjula Subramaniam	Director

COMPANY SECRETARY

Ms.Samiksha Kansara

CHIEF FINANCIAL OFFICER

Mr.Paras Desai

BANKERS

HDFC BANK LIMITED
Chaintanya Jyoti, Maskati Plot, Vibhag-2, Plot No. 32,
Opp. Raymonds Showrooms, Dumas Road, Surat - 395007

STATUTORY AUDITORS

M/S.Haribhakti & Co.LLP
Chartered Accountant
407A Pinnacle Business Park, Corporate Road, Prahalad Nagar,
Ahmedabad 380015

**HEAD OFFICE &
REGISTERED OFFICE**

9th Floor, 902-904, Rajhans Bonista,
Behind Ram Chowk Temple, Ghod Dod Road, Surat 395007

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NOTICE

To,
THE MEMBERS OF SPAN DIVERGENT LIMITED

NOTICE is hereby given that the 40th Annual General Meeting (AGM) of Shareholders of Span Divergent Limited (Formerly Span Diagnostics Limited) will be held on **Monday, September 28, 2020 at 11:30 A.M. Indian Standard Time (IST)** through Video Conferencing / Other Audio Visual Means ('VC/OAVM') facility to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:

- (a) The Audited Financial Statements of the Company for the financial year ended on March 31, 2020, and the Reports of the Board of Directors and Auditor thereon.
- (b) The Audited Consolidated Financial Statements of the Company for the financial year ended on March 31, 2020 and reports of Auditor thereon.
2. To appoint a director in place of Dr. Pradip K Desai (DIN: 00026541) who retires by rotation and being eligible, offer himself for reappointment.
3. To appoint M/s. Y. B. Desai & Associates., Chartered Accountants as Statutory Auditors of the Company and fix their remuneration in place of retiring auditor M/s. Haribhakti & Co. LLP

"RESOLVED THAT pursuant to the provisions of the Section 139, 142, and Auditors Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. Y. B. Desai & Associates (Firm Registration Number 102368W) Chartered Accountants, who have offered themselves for appointment in place of retiring auditors and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and rule 4 of the rules, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this 40th Annual General Meeting until the conclusion of 45th Annual General Meeting of the Company to be held for the year ended on March 31, 2025 on such remunerations as may be agreed upon by Board of Directors in consultation with the said Auditors.

SPECIAL BUSINESS

4. Payment of remuneration to Non- Executive Directors

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

"RESOLVED FURTHER THAT pursuant to the provisions of Regulation 17(6)(ca) and other applicable regulations of Listing Regulations as amended from time to time, Section 197, 198 and other applicable provisions of the Companies Act, 2013 including any statutory modifications(s) or re-enactment(s) thereof for the time being in force, the Consent of the members be and is hereby accorded for the payment of remuneration not exceeding INR 2,00,000 per month to Dr. Pradip K Desai, Director of the Company who is the only Non Executive Director to whom the Company is paying remuneration in his capacity as Non Executive Director and authorize the Board of Directors, may in its absolute discretion, fix, vary, alter the actual remuneration paid to Dr. Pradip K Desai, Director of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may deem necessary and authorize any of the Directors and / or Company Secretary of the Company for the purpose of giving effect to this Resolution."

Date : July 10, 2020
Place : Surat

For and on behalf of the Board of Directors

Samiksha Kansara
Company Secretary

Registered Office:

**9th Floor, 902-904, Rajhans Bonista, Behind Ram Chowk Temple, Ghod Dod Road,
Surat – 395 007
CIN: L74999GJ1980PLC003710**

Notes:

- a. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), setting out the material facts with respect to the Special Business set out in the Notice is annexed hereto and forms part of this Notice. The Board of Directors of the Company considered that the special business under Item Number 4 being considered unavoidable be transacted at the 40th AGM of the Company.
- b. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
- c. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 2020 to September 28, 2020 (both days inclusive).
- d. 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 Divergent Limited ,C – 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083
Telephone No.: +91 22 4918600, Fax: +91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
- e. Process for registration of Email Id for obtaining Annual Report, User ID and password for e-voting and updation of bank account mandate
 - i. In case shares are held in physical mode, members are requested to visit the website of Company's Registrar & Transfer Agent, Link Intime India Private Limited at https://linkintime.co.in/EmailReg/Email_Register.html and upload the documents required therein
 - ii. In case shares are held in demat mode, members are requested to update Email Id and bank account details with their respective Depository Participants.

- 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 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.
- 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.
- h. The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading Information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules) which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of unclaimed amounts. In terms of the said IEPF Rules, the Company has uploaded the information of the unclaimed dividend in respect of the Final Dividend for the financial year from 2012 – 13 till dividend for the financial year 2018 – 19, on the website of the Company viz. www.span.in.
- i. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.
- j. As per Section 118(1) of the Companies Act, 2013 read with the Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India, "No gifts, gift coupons or cash in lieu of gifts shall be distributed to the members in connection with the meeting".
- k. Documents referred to in the notice are open for inspection at the registered office of the Company during business hours on any working day except Saturday and holidays up to the date of Annual General Meeting.
- l. **General instructions for accessing and participating in the AGM through VC/OAVM Facility and voting through electronic means including remote e-voting:**
 - 1) In view of the continuing CoViD-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") and MCA Circulars, the AGM of the Company will be held through VC / OAVM.
 - 2) Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form, Attendance Slip and Route Map are not annexed to the Notice.**
 - 3) In compliance with the aforesaid MCA Circulars and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website www.span.in, website of stock exchanges i.e. BSE Limited at www.bseindia.com and on the website of National Securities Depository Limited at www.evoting.nsdl.com.
 - 4) Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 - 5) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting during AGM on the date of the AGM will be provided by NSDL.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:

- 6) The remote e-voting period begins on September 25, 2020 at 9:00 A.M. (IST) and ends on September 27, 2020 at 5:00 P.M. (IST). During this period, Members of the Company, holding shares in either physical form or in dematerialized form as at the cut-off date of September 21, 2020 may cast their vote electronically. Any person who acquires shares of the Company and becomes member of the Company after dispatch of this Notice and holding shares as on September 21, 2020 may obtain the login ID and Password by sending request at evoting@nsdl.co.in. The e-voting module shall be disabled by NSDL for voting after September 27, 2020 at 5:00 P.M. (IST).
- 7) The details of process and manner for remote e-voting and e-voting during the AGM are as under:
The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>
Step 2: Cast your vote electronically on NSDL e-Voting system.

A. Detail on Step 1 is mentioned below:**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in this Notice.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

B. Detail on Step 2 is given below:**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e- Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csmiteshrana@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to evoting@nsdl.co.in

Grievances connected with e-voting may be referred to:

Mr. Pratik Bhatt, NSDL,

4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

Email Id: evoting@nsdl.co.in / pratikb@nsdl.co.in, Tel: +91 22 24994738 / 1800 222 990

8) Instructions for Members for attending the AGM through VC / OAVM:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis.
3. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered Email Id mentioning their Name, DP ID and Client ID / Folio No., PAN, Mobile No. to the Company at secretarial@span.co.in from September 15, 2020 to September 22, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
4. Members who need assistance before or during the AGM, can contact on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager, NSDL at amitv@nsdl.co.in / +91 22 24994360 / +91 9920264780 or Mr. Sagar Ghosalkar, Assistant Manager, NSDL at sagar.ghosalkar@nsdl.co.in / +91 22 24994553 / +91 9326781467.
5. **Recommendation to the Members:** It is recommended to join the AGM through laptop for better experience. You are requested to use internet with a good speed to avoid any disturbance during the meeting. Members connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their data network. It is therefore recommended to use stable wi-fi or wired connection to mitigate any kind of aforesaid glitches.
6. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
7. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to secretarial@span.co.in

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to secretarial@span.co.in

OTHER INSTRUCTIONS

- I. Mr. Mitesh Rana of Mitesh Rana & Co., Company Secretaries (Membership No.: 28113) has been appointed as the scrutinizer to scrutinize voting process (electronically or otherwise) in fair and transparent manner.
- II. Chairman of the Company and in his absence Mr. Viral P Desai, Managing Director will declare the voting results based on scrutinizers report received on e-voting and voting during the meeting. The voting results along with scrutinizers report will be displayed on Company's website www.span.in and Stock Exchange's website www.bseindia.com.

Date : July 10, 2020

Place : Surat

For and on behalf of the Board of Directors

Samiksha Kansara
Company Secretary

ANNEXURE TO THE NOTICE:

I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to Item No. 4 of the accompanying Notice dated July 10, 2020.

Resolution at Item No. 4

As per the provisions of Regulation 17 (6) of the Listing Regulations, all fees / compensation, payable to Non-Executive Directors shall be fixed by the Board of Directors and shall require approval of shareholders in general meeting.

Further a new clause 17(6)(ca) has been inserted in the Listing Regulations by way of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 wherein the listed companies are required approval of shareholders by way of special resolution in case the annual remuneration payable to single non executive director exceeds 50% of total annual remuneration payable to all non executive directors of the Company. Dr. Pradip K Desai is only Non – Executive Director of the Company who is being paid remuneration not exceeding Rs.2,00,000 per month. Except this remuneration paid to Dr. Pradip K Desai, your company does not give any monetary benefit to any non executive director of the Company except the sitting fees for attending the meetings of Board or Committee thereof and reimbursement of expenses, therefore the payment made to Dr. Pradip K Desai constitutes more than 50% of the total remuneration payable to all Non-Executive Directors of your Company. In view of the above, approval of Members is being sought for payment of remuneration to Non-Executive Directors as set out in the Special Resolution at Item No. 4 of this Notice. The said remuneration to Non-Executive Directors shall be in addition to the sitting fee and re-imbursement of expenses payable to them.

Save and except Dr. Pradip K Desai (himself) and Mr. Viral P Desai, Managing Director of the Company, being son of Dr. Pradip K Desai, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 04 of the Notice.

The Board recommends the Special Resolution as set out at Item No. 04 for approval by the Members.

DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015

Name of the Director	Dr. Pradip K Desai
Date of Birth	September 22, 1939
Age	82
Qualification	M. D. Pathology
Experience in Specific functional area	<p>He is the Founder Chairman and key promoter as well as Director of Span Divergent Ltd (Formerly Span Diagnostics Ltd.). He is MD (Pathology) from B. J. Medical College, Ahmedabad with brilliant academic career. While practicing as Pathologist at Surat since 1966 onwards, he established Span Diagnostics in 1972 to manufacture and market IVD products with in-house R & D efforts.</p> <p>He has published several research papers and filed Patents in field of IVD. He occupied several prestigious positions, some are as follows:</p> <ul style="list-style-type: none">▪ Founding president of Association of Diagnostics Manufacturers of India (ADMI).▪ Founder, President & Trustee, Surat Raktadan Kendra, Surat (A leading Blood bank of India).▪ Advisor in Pathology & Trustee, Muljibhai Patel Urological Hospital, Nadiad▪ Chairman, Span Education & Research Foundation, Surat.▪ Member, Govt. of India's Task force on promoting large scale use of Biotechnology (1994-99).▪ Member of Expert Group on Development of Immunodiagnostic Kits, DBT, Delhi (1996-1999)▪ Member of Gujarat Council of Biotechnology (2005-2008)▪ Member of Biotechnology Committee of FICCI (2005-2006)▪ Member of Platform Technology Committee for the formulation of 11th Five Year Plan, DBT, Delhi. (2006)
Director Since	Since Inception of the Company
List of Companies in which outside directorship held	(1) Span Bioproducts Private Limited (2) Athreyas Wellness Private Limited (3) Span Finstock Private Limited (4) Vanita Vishram
Membership of Committee of the Board of Director of the Company	Stakeholders Relationship Committee
Membership in Committee in other Companies	NA
Relationship with other Directors, Manager and other Key Managerial Personnel	Dr. Pradip K Desai is father of Mr. Viral P Desai who is Managing Director of the Company.
No. of Shares held	22,07,380

Date : July 10, 2020

Place : Surat

For and on behalf of the Board of Directors

Samiksha Kansara
Company Secretary

Registered Office:

9th Floor, 902 – 904, Rajhans Bonista, Behind Ram Chowk Temple, Ghod Dod Road,

Surat – 395 007

CIN: L74999GJ1980PLC003710

DIRECTORS' REPORT

**To,
The Shareholders,**

Your Directors have pleasure in presenting the 40th Annual Report of Span Divergent Limited (the Company) on the business and operations of the Company together with the audited financial statements for the year ended on March 31, 2020.

1. FINANCIAL SUMMARY/PERFORMANCE OF THE COMPANY

The financial performance of the Company for the financial year ended March 31, 2020 along with figures of previous financial year is summarised below:

a) Standalone Financial Results

Particulars	Amount (Rs. In Lacs)	
	2019 - 2020	2018 - 2019
Total Revenue	319.57	296.24
Profit/(Loss) before tax, Depreciation and Finance Cost (Excluding extraordinary income/(Loss))	119.03	(0.78)
Less: Finance Cost	(23.14)	(17.26)
Profit/(Loss) before Depreciation	95.89	(18.03)
Less: Depreciation	(91.59)	(112.35)
Profit/(Loss) before tax	4.30	(130.38)
Exceptional Item	(53.57)	(183.10)
Profit/(Loss) before tax	(49.27)	(313.49)
Income Tax Expense	(14.21)	10.73
Profit/(Loss) for the period from continuing operations	(35.06)	(324.21)
Other comprehensive income		
Remeasurement costs of Post employment benefits	(0.66)	(7.98)
Deferred tax on post employment	0.18	0.02
Other comprehensive income for the year, net of tax	(0.48)	(7.96)
Total comprehensive income for the year	(35.54)	(332.17)
Earnings per equity share for profit from operation attributable to owners of the entity:		
Basic earnings per share	(0.64)	(5.94)
Diluted earnings per share	(0.64)	(5.94)

b) Consolidated Financial Performance

Consolidated Financial Statements prepared in Accordance with Section 133 of the Companies Act, 2013 read with the rules made there under and Indian Accounting Standards (Ind AS) along with Auditor's Report form part of the Annual Report.

Consolidated Sales of your Company for the financial year ended March 31, 2020 is 937.92 Lacs vis-a-vis 2413.98 Lacs in the previous year, registering a decline of 61.15%. Consolidated Net loss attributable to the owners of the Company for the financial year ended March 31, 2020 is (776.97) Lacs vis-a-vis (1217.49) Lacs in the previous year, registering a decrease by 36.18%.

2. DIVIDEND

Board after detailed deliberation and considering loss incurred during the year under review decided not to recommend any dividend for the financial Year 2019 - 20. The Dividend Distribution Policy of the Company is set out as "Annexure A".

3. TRANSFER TO RESERVES:

No amount has been transferred to Reserves for the financial year ended on March 31, 2020.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CoViD-19 pandemic is an unprecedented health situation in the world, which has swept almost all the countries under its effect. In the last month of FY 2020, government enforced nation wide lockdown in India of all economic activities.

During lockdown period, corporate office staff worked as per "work from home" policy. The Corporate office of the Company is resumed with minimum staff as per the approvals/clearances from the Government of Gujarat and the Company is complying with all the requirements related to Social Distancing, mandatory to wear face mask and have proper sanitizations frequently.

Span Divergent Limited (SDL) is a Holding Company and it has its investment in various businesses run by the subsidiary companies/LLPs. Its ability to be run as a going concern largely depends upon the ability of the various subsidiary companies.

During the Financial Year 2019-20, the Company has incurred losses which includes an exceptional item of Rs 53,56,834 contributed by Impairment of capital invested in a subsidiary company, Aranya Agribiotech LLP. The principal reasons for such losses are attributed to the fact that the Company's investments are in two business verticals, which are into start-up phase.

Company is operating in various businesses through specific subsidiary firm formed for each of the businesses.

Your Company has wholly owned overseas subsidiary company viz. Span Diagnostics South Africa (Pty) Limited in South Africa and a Pvt Limited Company based in India operating in Joint Venture with UK based company Micronclean viz M/s. Biospan Contamination Control Solutions Private Limited. In terms of proviso to sub-section (3) of the Section (3) of Section 129 of the Act, the salient features of the financial statement of the subsidiaries are set out in the prescribed Form AOC - 1 which forms part of the Annual Report.

The details of firms and brief status of each of subsidiary, where Company is actively pursuing the business development are as follows:

Dryfruit Factory LLP (DFFL):

LLP has Dry Fruits processing plant near Ahmedabad; Gujarat for processing of Raw Cashew Nuts (RCNs) into a finished cashew, whose commercial production started since second quarter of FY2018 and which is accredited with ISO 9001:2015 and Food Safety System Certification (FSSC) 22000.

LLP has entered in to long term Tolling Agreement to ensure that plant is utilized for its maximum capacity.

Tolling Operation was continued till the nationwide lock down was declared with substantial pending Work in Progress inventory and upon lifting of the lockdown, fresh stock of Raw Cashew Nuts for processing has been received by DFFL.

However, due to such intermittent nation-wide disruption of operations, it was not possible to get plant run on full capacity by April 2020 as per original plans. Under these circumstances, there is likely hood of achieving breakeven level sales turnover with significant delay as compared to original plan due to the continued effect of lock down and on-going pandemic situation.

During the year under review, the LLP yielded Total Revenue of INR 801.77 lacs and net loss of INR (354.28) Lacs as against Total Revenue INR 1937.56 Lacs and net loss of INR (580.12) Lacs of previous year. The Total Comprehensive Income of the LLP for the year ended March 31, 2020 is INR (354.29) lacs as against INR (582.31) Lacs in previous year. The loss is attributed mainly to the less utilization of plant capacity in the initial phase of Tolling Agreement, and LLP was under the stabilization period for the tolling contract in terms of establishing process equipment to achieve full capacity, Sudden nationwide lock down in the last week of March 2020 also contributed to the loss, as substantial inventory remained unprocessed in Work-in-progress stage.

Aranya Agri Biotech LLP (AABL):

LLP has ventured in to Plant Tissue Culture business by setting up a business in and around Vadodara, Gujarat. The LLP has already acquired an asset of an existing non-operative unit which was in the business of Plant Tissue Culture, which has helped LLP getting strong head way in starting its operation and the LLP become fully operational, in second half of FY2018. Apart from the already available product range, LLP also has started Research and Development to embark upon new products which can be cultivated through tissue culture techniques.

AABL is involved in Plant Tissue Culture business which falls into the Agriculture Activities. The cycle time for the business operation is 13-15 months and agriculture produce in form of Hardened Plants are ready to be sold between the month of June and September. At the end of March 2020, all the plants were in the laboratory, undergoing growth cycle. Also, as part of alternate strategy of manufacturing as a trial to reduce cost, some plants were transferred to another company (Manufacturing was outsourced). The onset of CoViD-19 during the period has an impact on the operation outsourced to the Lab situated at Maharashtra. Due to Lock down, the work has stopped and there is higher mortality than estimated in the outsourced manufacturing unit as well as in the hardening. Due to this LLP is likely to have major impact of revenue in top line for the seasonal sale. However, the financial impact is expected to be relatively lower in terms of cost overrun, as payment for outsourced manufacturing is based on delivery of healthy plants. In fact, LLP has orders in hand and plants are getting shipped during the season as soon as the plants become ready and transporters resume operation ensuring timely delivery commitments.

Further as a part of restructuring, AABL has already decided to down size its business operation, by focusing on high value niche products developed by its in-house R & D. This further reduces the vulnerability of the business to any uncertainty. New R&D laboratory has been started at Vadodara, Gujarat.

During the year under review, the LLP yielded Total Revenue of INR 194.17 lacs and net loss of INR (429.06) Lacs as against Total Revenue INR (369.94) Lacs and net loss of INR (331.31) Lacs of previous year. The Total Comprehensive Income of the LLP for the year ended March 31, 2020 is INR (425.04) lacs as against INR (332.20) Lacs in previous year. The principal reason for loss in the initial years are very long operating cycle of plant tissue culture products handled by the LLP (13-15 months), undertaken in an expensive leased premises which called for large operating expenditures.

Desai Farmharvest LLP:

During the year, Span has raised its stake in Desai Farmharvest LLP from 85% to 99%. No operation has started in this LLP. It will be operational at an appropriate time in line with the overall strategy of the LLP. During the year under review, the LLP incurred net loss of INR 0.12 Lacs as against net loss of INR 0.04 lacs in previous year. The Total Comprehensive Income of the LLP for the year ended March 31, 2020 is INR - 0.12 lacs as against INR - 0.04 Lacs in previous year.

Biospan Scientific LLP (BSLLP):

LLP had introduced a niche and selective product portfolio to serve Indian customers in Health Care and Academia segments. Biospan Scientific's portfolio focuses on the areas of Microbiology, Protein research and Scientific Laboratory products. As of now, LLP has limited products under its name. No significant business is carried out under this subsidiary LLP and there was no significant impact of CoViD-19 on the business of BSLLP as of March 31, 2020.

During the year under review, the LLP yielded Total Revenue of INR 31.88 lacs and net profit of INR 8.85 Lacs as against Total Revenue INR 56.11 Lacs and net loss of INR (9.83) Lacs of previous year. The Total Comprehensive Income of the LLP for the year ended March 31, 2020 is INR 8.85 lacs as against INR (9.83) Lacs in previous year.

Biospan Contamination Control Solutions Private Limited: (BSCCS):

BSCCS is a joint venture formed between Span Divergent Ltd. and Micronclean, UK, with Span having 67 % equity stake. It caters to the niche segment of Pharmaceutical and Biotechnology industry having clean room consumable requirement. The products are imported from Joint Venture Partner Company from UK and other reputed companies world-wide operating in the same segment. It is expected to have some more-tie-ups in coming year to increase the product portfolio.

BSCCS has been able to supply all the pending orders till the nation-wide lockdown was announced on March 24, 2020. Due to very nature of the products, (being protective gears and disinfectants) the demand of such products is expected to increase in future and outlook for the business is very optimistic.

During the year under review, the Company yielded Total Revenue of INR 42.23 lacs and net loss of INR (110.02) Lacs as against Total Revenue INR 82.93 Lacs and net loss of INR 166.51 Lacs of previous year. The Total Comprehensive Income of the Company for the year ended March 31, 2020 is INR (110.32) lacs as against INR (169.35) Lacs in previous year.

Span Diagnostics LLP:

No operation has started in this LLP. It will be operational at an appropriate time in line with the overall strategy of the Company. During the year under review, the LLP incurred net loss of INR 0.32 Lacs as against net loss of INR 0.05 lacs in previous year. The Total Comprehensive Income of the LLP for the year ended March 31, 2020 is INR - 0.32 lacs as against INR - 0.05 Lacs in previous year.

Span Diagnostics South Africa (PTY) Limited:

To explore the business potential in strategically important region, the company had established wholly owned overseas subsidiary Company in South Africa.

Pursuant to sale of IVD business of Span Divergent Ltd. (Formerly Span Diagnostics Limited) (SDL) to Arkray Healthcare Private Limited in India, the distribution agreement for the Southern African region (SADC Region) between SDL and Span SA also became inoperative. However, because of its strategic importance and potential of the region, Board of Directors of SDL decided to continue Span SA as an active entity in past. Being inoperative entity, it is being reviewed and appropriate decision shall be taken going further with respect to its operations

Industry Structure, Development & outlook

The Company, after selling its IVD Business Undertaking through Slump Sale to M/S. Arkray Healthcare Private Limited has invested in the business in Food & Agri and Health Care verticals and operating businesses through its Subsidiaries. The Company is mainly providing support to all the entities in terms of business management, financial, technical and operational expertise. Additionally, it also gets involved in monitoring and guiding all the entities in various compliances, providing them a vital support in networking, liasioning and building business in each of these entities.

CoViD-19 pandemic has halted the operations worldwide and there might be supply disruptions, if the pandemic is prolonged. All companies under the group are likely to continue to face interruptions in business with high degree of liquidity crunch and mounting of losses and foresee difficulties in servicing debts. However, recently announced stimulus package by government, if implemented timely and in right spirit along with some relaxation by RBI in credit policy may help the Company put its businesses on track without unsurmountable difficulties. Company is cautiously looking at all the business and in process of taking appropriate steps going further. Company will continue to look for further opportunities in these segments for further consolidating the business.

Research & Development

As Company is operating through its subsidiary, it is not having any R&D activities.

Human resources and industrial relations

As on March 31, 2020, Company has 7 employees. The focus of the Company is to enrich its employees by promoting learning & development and providing opportunities for enhancing their knowledge base continuously so that to make them multiskilled in current environment. The Company strives to empower its employees to take up independent responsibility and thereby reaping the benefits of diverse skills set of all employees. During the year, Company continues to have cordial and harmonious relations with its employees.

5. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There was no significant material order passed by the regulators or courts.

6. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

Management is committed to continue maintaining Company's internal control system, which is reviewed and monitored critically. Compliance of the same is ensured with very valuable inputs from the independent directors, Internal Auditors and Statutory Auditors. Their vast experience and knowledge base has contributed tremendously in betterment of systems and processes, resulting in better internal control. Internal control system is further supported by periodic review by management and the Audit Committee. Company maintains high focus towards all regulatory compliances, which is regularly reviewed by the Board.

The business processes were carried out normally during the lock down period; businesses were transacted as per Internal Finance Control system and authority matrix in place under controlled environment.

During the year, such controls were tested and no reportable material weakness in the design or operations were observed.

7. FIXED DEPOSITS

Company have not accepted any fixed deposits and as such no amount of principal or interest of fixed deposit was outstanding as of balance-sheet date.

8. PARTICULARS OF EMPLOYEES

During the financial year 2019-20, none of the employee of the Company has received remuneration exceeding the limit as stated in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The information required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the "Annexure B" forming part of the Report. None of the employees listed in the said Annexure is related to any Director of the Company.

9. AUDITORS & THEIR REPORTS**(1) Statutory Auditors:**

The Company's Auditor M/s. Haribhakti & Co LLP, Chartered Accountants who were appointed with your approval at the 36th Annual General Meeting till conclusion of 40th Annual General Meeting, will complete their present term on conclusion of the ensuing 40th Annual General Meeting. The Board, on the recommendation of the Audit Committee, recommended for approval of the shareholders, the appointment of M/s. Y B Desai & Associates, Chartered Accountants as the Auditors of the Company for a period of five years from the conclusion of the ensuing 40th Annual General Meeting till the conclusion of the 44th Annual General Meeting. Appropriate resolution seeking your approval to the appointment of M/s. Y B Desai & Associates, Chartered Accountants as the Statutory Auditor is included in the Notice convening 40th Annual General Meeting.