

# Span Diagnostics Ltd.



## 29<sup>th</sup> Annual Report 2008-09



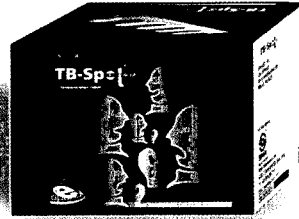
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# Developed & Delivered



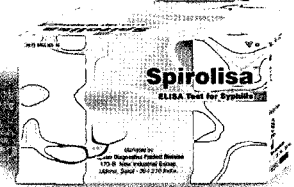
## T.B. Spot Ver. 3

Spia



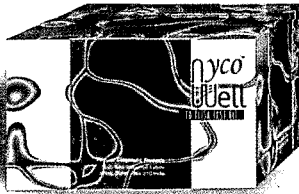
## Spirolisa

ELISA



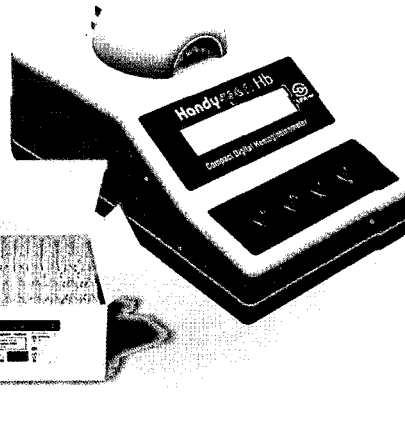
## Mycowell

ELISA



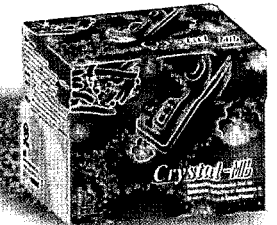
## Handyspan Hb

Compact Digital Hemoglobinometer



## Enzaid's Duet

ELISA



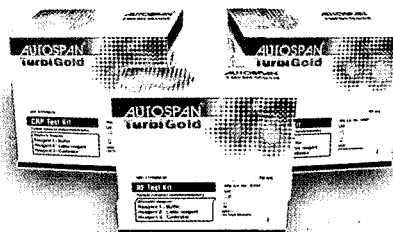
## Crystal MTb

Immuno-chromatographic Test



## Orinasys

Urine Test Strips



## Autospan Turbigold

Immunoturbidimetry Reagents



## Signal HCV Ver. 2.0

Flow Through Test

**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 (With effect from 28 April 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

**BANKERS**

Kotak Mahindra Bank Ltd.  
K.G. Point, Ghod Dod Road  
Nr. 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, Udyognagar  
Udhna, Surat 394210, India

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## NOTICE

### To THE MEMBERS OF SPAN DIAGNOSTICS LIMITED

Notice is hereby given that the 29th 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 Friday, the 31st day of July, 2009 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, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Dr. R. H. Parekh who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Dr. Pranav S Desai who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s. Y. B. Desai and Associates, Chartered Accountants are eligible for reappointment.

#### SPECIAL BUSINESS

5. To consider and, if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution. "RESOLVED THAT Mr. Sarvajna Kazi who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member under the provisions of Section 157 of the Companies Act 1956 proposing his candidature for the office of a director, be and is hereby appointed as a Director liable to retire by rotation."
6. To consider and, if thought fit to pass with or without modification, the following Resolution as a Special Resolution. **RESOLVED** that in accordance with the provisions of Sections 198, 269, 309, 314 and other applicable provisions of the Companies Act 1956, the company hereby accords its consent to the reappointment of Dr. Madhukanta T. Patel. as Whole-time Director designated as Technical Director for a period of 3 years w.e.f. 01-07-2009 on the under mentioned terms of Remuneration.
  - a) **Salary:** Rs.90000 per Month in the grade of Rs.90000 – 5000 – 125000 with increments effective from each year as may be decided by Board of Directors within above salary Scale.
  - b) Exgratia payment as per Rules of the Company.
  - c) **Perquisites:** Perquisites shall be restricted to an amount equal to the annual salary.
    - i. **Housing:** HRA at 10% of salary.
    - ii. **Medical Reimbursement :** Reimbursement of expenses incurred for self and family as per Rules of the Company.
    - iii. **Leave Travel Concession :** Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the company.
    - iv. **Entertainment Expenses:** Dr.Madhukanta T. Patel shall be entitled to reimbursement of entertainment, traveling and other expenses incurred in the course of legitimate business of the company.
    - v. **Personal Accident Insurance:** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/-.
    - vi. **Club Fees:** Subject to a maximum of two clubs. This will not include admission and life membership fees.
    - vii. **Company's Contribution :** 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.
    - viii. Gratuity as per the rules of the Company but shall not exceed half month's salary for each completed year of service.
    - ix. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Whole-time Director.
    - x. **Earned Leave :** On full pay and allowances as per the rules of the company, but not exceeding one month's leave for every eleven months of service, subject to the further condition that leave accumulated but not availed of will be allowed to be encashed as per the rules of the Company.

Resolved further that in the event of loss or inadequacy of profits in the company Miss. Madhukanta T. Patel shall be entitled to remuneration by way of salary and perquisite not exceeding the limits specified in schedule XIII to Companies Act, 1956.

Resolved further that the Board of Directors be and are hereby authorised to take such steps as may be necessary, expedient or desirable to give effect to this resolution.

By Order of the Board  
BV Mehta  
Company Secretary

Registered Office: 173-B, New Industrial Estate  
Road No. 6-G, Udhna, Surat 394 210  
Date: 30th May 2009

**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 from 21st July 2009 to 31st July 2009, both days inclusive.
- (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.
- (e) 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: isrl@intimespectrum.com
- (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.

**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. 5**

The Board of Directors of the Company at its meeting held on 28th April 2009 has appointed Mr. Sarvajna Kazi as Additional Director.

Mr. Sarvajna Kazi is an Electrical Engineer and has done his masters in Computer Science. He has also done his MBA from Stanford University USA. He has wide experience in the field of management consultancy. He was on the Board until the last AGM but did not seek re-appointment at the last Annual General Meeting for the want of DIN. Since then the DIN has been allotted to him and he has conveyed his consent to join the Company's Board.

He holds 5000 (0.15%) shares in the company.

The company has received a notice in writing from a member under the provisions of section 157 of the Companies Act 1956 proposing his candidature for the office of a director.

None of the directors except Dr. P K Desai, Mrs. Lata Desai and Mr. Veeral Desai are interested in the appointment.

**Resolution at Item No. 6**

The term of Dr. (Ms.) Madhukanta T. Patel as Whole-time Director will expire on 30-06-2009.

At its meeting held on 30<sup>th</sup> May, 2009 the Board of Directors reappointed Dr. Madhukanta T. Patel as a Wholetime Director designated as Technical Director of the company for further period of three years with effect from 1<sup>st</sup> July, 2009. The terms and conditions of appointment are as set out in the resolution No. 6 of the accompanying notice.

Dr. Madhukanta T. Patel is by qualification M.Sc., Ph.D. from South Gujarat University. She is having vast experience of 36 years in the field of diagnostics. She is with the company since its inception. She is currently in charge of R&D, Overall production, Plant maintenance, Quality Management Systems. Her contribution to the growth of the company is immense.

This explanation with the accompanying notice is and should be treated as the abstract of the terms of appointment of Wholetime Director under Section 302 of the Companies Act, 1956.

The Board recommend approvals of the appointment of Dr. Madhukanta T. Patel as a Wholetime Director of the company.

None of the Directors of the company except Dr. M. T. Patel is anyway concerned or interested in the said resolutions.

**By order of the Board**

**B V Mehta**  
**Company Secretary**

## DIRECTORS' REPORT

To,  
The Shareholders,

We take pleasure in presenting the 29th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March 2009

### FINANCIAL RESULTS

The financial performance of the company for the financial year ended 31st March 2009 along with figures of previous financial year is summarized below:

	<b>2008-09</b>	<b>Rs. In lacs</b> <b>2007-08</b>
<b>Sales and other Income</b>	6956.14	6489.78
<b>Operating Profit :</b>	889.60	765.24
Profit before tax, Depreciation and interest (Excluding extraordinary income and Foreign exchange Gain/Loss)		
Interest	368.34	281.39
Foreign exchange (Gain/Loss)	106.78	(45.07)
Extraordinary (Income/Loss)	-	(118.70)
<b>Profit before Depreciation</b>	414.48	647.62
Depreciation	182.07	144.66
<b>Profit before tax</b>	<b>232.41</b>	<b>502.96</b>
Provision of tax - Current	43.50	176.70
- Deferred Tax	53.83	16.28
- Fringe Benefit Tax	12.90	10.32
Prior period adjustments including provision for tax	14.88	3.29
<b>Profit for the year</b>	<b>107.30</b>	<b>296.37</b>
Balance brought forward	338.83	138.67
<b>Amount available for appropriation</b>	<b>446.13</b>	<b>435.04</b>
<b>APPROPRIATIONS</b>		
Proposed Dividend	Nil	63.00
Dividend Distribution tax	Nil	10.71
Transfer to General Reserve	35.00	22.50
<b>Balance carried forward</b>	<b>411.13</b>	<b>338.83</b>
	<b>446.13</b>	<b>435.04</b>

### DIVIDEND

Despite the global economic downturn which occurred during the year under review and despite adverse effect on account of exchange rate fluctuations to the tune of Rs. 106 lacs suffered during the year, your Company has performed reasonably well with good positive result. However, in view of the Company's upcoming projects for acquisition of new technologies to boost the future growth, the board has decided to conserve the available resources. Therefore the Board after detailed deliberations has reluctantly decided not to declare dividend this year in the long term interest of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry outlook

The landscape of in-vitro Diagnostic industry is progressing towards consolidation, where quality is taking a center-stage. The major forces which are driving this change can be attributed to factors such as increasing awareness at the patient level, structured marketing by laboratories and entry of multi-national Companies in the Indian market. To maintain the lead in the segment, Companies are required to sharpen their technical and marketing skills and implement better customer account management techniques.

As a manufacturer of diagnostic reagents, it is vital to take note that India is now on the threshold of being recognized as a contract manufacturing hub and significant revenue has been generated because of the same.

The global economic downturn has had a moderate impact on the industry. Mainly the capital intensive instrument business has been affected due to tighter credit norms and lack of liquidity in banking system, whereby some difficulty has been faced by customers during second half till February 2009. Despite the slowdown the estimated market growth is more than 10%.

### **Operations review**

Sales & Other income for the year increased to Rs. 6956.14 Lacs (Rs.6489.78 lacs in 2007-08) showing a growth of 7% over previous year. During the year, the company executed tenders aggregating to Rs. 19 crores under various domestic and international programs to fight AIDS and Malaria.

During the year the Company suffered a significant loss on account of Exchange rate fluctuations to the tune of Rs. 106.78 lacs, as against a gain of Rs. 45.07 lacs in the year 2007-08. It is observed that sudden and stupendous fluctuations in Forex rates, has affected the economy in general and many companies in particular. Though the forex loss was suffered till December 2008, the company has gained / recovered part of the loss by forex gains during Jan-March 09 quarter. In the forthcoming year the Company does not foresee such abnormal loss and is contemplating to take steps to insulate against such risks

Company has also taken significant steps in the direction of improving productivity and cost optimization by rationalization of human resources, working capital and carefully studying the process and activities. The result of these initiatives will be visible in the coming years.

Despite the loss of sale to the tune of 6.50 crores on account of discontinuation of various traded products, Company registered growth of 19% (excluding the sale of discontinued traded products) and overall growth of 7%. Still the dependency on Govt. orders through the tender process is high. Fortunately we have opened the year with orders on hand worth Rs. 11 crores to be executed during the coming financial year.

### **Research & Development**

From the inception of the company, the philosophy is to give thrust on indigenization of product development and offering the product of international standard at an affordable price in domestic and export market. The Company has made significant investment in acquiring technologies and effectively assimilating and absorbing them.. The major focus is in the area of Immunology, Hybridoma and Instrumentation.

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

Considering the size and level of activity of the company and implementation of SAP ERP, the present internal control system is becoming increasingly effective and institutionalized.. It 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 533 employees comprising of trained technical and managerial 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% 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. SBPL is engaged in development of the various R&D projects and which are likely to be released to Manufacturing in the 2nd quarter of the current year.

SBPL will continue to grow and offer more capabilities to SDL and other companies in new product development also as part of contract research.

Revenue for SBPL is generated primarily from:

- I. Consultancy for design, development, validation, technical support etc
- II. Royalty on completed projects
- III. Technology transfer fees
- IV. Licensing IP rights

It is a matter of great pleasure to report that SBPL has received recognition from DSIR (DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH).

SBPL has closed its books of accounts as at 31st March 2009 with a Profit After Tax (PAT) of Rs. 19.51 Lacs.

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

A joint venture company in the name of Span Diagnostics SARL was formed in November'2005, in the city of Compiègne, FRANCE with the main objectives highlighted below:

- 1) Develop it as a technology sourcing hub mainly for off patent technologies
- 2) Acquisition of technology for the production of Blood Grouping sera.
- 3) Carry out Research and Development in new as well as in existing products.
- 4) Sourcing as well as in-house development of high-tech products, which includes Clones, Antigens and antibodies.

The current stake of SPAN – India in this joint venture company is 20% and the company is registered as a YOUNG INNOVATIVE COMPANY. A team of scientists are presently working on manufacturing and purification of various recombinant proteins, Monoclonal antibodies and other such intermediate materials, which will be used as input materials at Span Diagnostics Ltd., for manufacturing final IVD products.

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

A joint venture company in the name of Span Diagnostics FZC started its operations from May'2008, in the city of Sharjah, UAE, with the main objectives highlighted below:

- 1) To address the logistic problems related to covering the African and Latin / Central American countries.
- 2) Provide the marketing support to local distributors in the entire Middle East.
- 3) Effective and focused services to distributors and end-users.

The current stake of SPAN – India in this joint venture company is of 40%.

**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. With commencement of the new plant the production capacity has been increased by three folds to meet the increased demand from the customers.

Since the operation started in December, the impact on your company's financial will be visible during next year.

**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:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that 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 31st March 2009 and of the profit of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts on a going concern basis.

**FIXED DEPOSITS**

At the close of the year, there were no fixed deposits due for payment which remained either unclaimed or unpaid. There were no claims as against the deposits outstanding as at the close of the year and the Company had complied with all the requirements of the Companies (Acceptance of Deposits) Rules, 1975.

**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. Ramnik Parekh and Dr. Pranav Desai, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Sarvajna Kazi was appointed as an additional Director of the Company. He will hold the office of director upto the date of ensuing Annual General Meeting.

**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**

M/s Y. B. Desai & Associates, Chartered Accountants, the auditors of the company are eligible for their re-appointment. The directors recommend their re-appointment for the current year.

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, State Bank of India and Government Authorities for their co-operation and assistance rendered to the Company.

**For and on behalf of the Board**

Place : Surat

Dated : 30th May 2009

**Dr. Ramnik Parekh**  
Chairman

**Veeral 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 31-03-2009 and in receipt of remuneration aggregating to Rs. 24,00,000/-</b>						
1. Dr. Pradip K Desai	Whole-time Director	64,62,200	MD (Path)	Founder director	69	None
2. Mr. Veeral P Desai	Managing Director	40,44,500	B. Pharm	11/8/1991	41	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, 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	2008-09	2007-08
<b>A.</b>	<b>Power and fuel consumption</b>		
1.	Electricity		
a)	Purchased		
	Unit (in '000 Kwh)	1,915	1,929
	Total amount (Rs. in lacs)	106.75	91.37
	Rate/unit (Rs.)	5.58	4.74
b)	Own generation		
(i)	Through diesel generator		
	Unit (in '000 Kwh)	70	32
	Unit per liter of diesel Oil	1.87	2.25
	Cost/Unit (in Rs.)	18.50	14.35
(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)	44,849	18,381
	Total Amount (Rs. In lacs)	17.07	7.27
	Average Rate (Rs./K. Liter)	38.06	39.57
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 emphasise 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 09 (Rs.)	Year ended 31 March 08 (Rs.)
a.	Capital	21,61,920	9,24,766
b.	Recurring	81,92,410	71,49,086
c.	Total	103,54,330	80,73,852
d.	Total R & D expenditure as percentage of total Turnover	1.52%	1.28%

##### **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 AND OUTGO**

1. Total Foreign Exchange Earned	Rs. in Lacs 1293.34
2. Total Foreign Exchange Outgo	(447.63) 1973.79 (1887.81)

**For and on behalf of the Board**

Date : 30th May, 2009  
Place : Surat

**Dr. Ramnik Parekh**  
Chairman

**Veeral P. Desai**  
Managing Director

**AUDITORS' REPORT ON CORPORATE GOVERNANCE****TO THE MEMBERS OF SPAN DIAGNOSTICS LTD.**

We have examined the compliance of conditions of Corporate Governance by Span Diagnostics Ltd., for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company. In our opinion and to the best of our information and according to the explanation given to us, we certify that the company complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2009, no investor grievances are pending for a period of exceeding one month against the company as per the records maintained by the company. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For M/s. Y. B. Desai & Associates,  
Chartered Accountants**

**Y. B. Desai  
Partner  
Membership No. 008767**

**Surat, May 30, 2009**

## REPORT ON CORPORATE GOVERNANCE

Business objectives of Span Diagnostics Ltd. (Span), its management and its employees is to manufacture and market the company's products in such a way as to create value that can be sustained over the long terms for consumers, shareholders, employees, business partners and the national economy. Span is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, Span endeavors to ensure that highest standard of ethical conduct are met throughout the organization. Different environment need specific solution to meet demand of legal compliances and regulations. However, there is a single thread which weaves through the tapestry of governance: that the affairs of a company be controlled and regulated in a manner which is transparent, ethical and accountable.

### BOARD OF DIRECTORS

**Composition, attendance at the Board Meetings during 2008-09 and the last Annual General Meeting, outside directorship and membership / chairmanship of Board Committees of other companies for the year ended / as at 31st March 2009**

Director	No. of Board Meetings attended	Attendance at last AGM	No. of outside Directorship held	No. of membership/ chairmanship in other Board Committees	Executive, Non-Executive / Independent
Dr. Ramnik H. Parekh	6	Yes	3	Nil	Independent Non Executive
Mrs. Lataben P. Desai	9	Yes	Nil	Nil	Promoter Non-Executive
Dr. Pradip K. Kesai	9	Yes	4	Nil	Promoter & Executive
Mr. Veeral P. Desai	9	Yes	5	Nil	Promoter & Executive
Dr. (Ms.) Madhukanta T Patel	9	Yes	1	Nil	Executive
Mr. Sanjay N. Mehta	6	Yes	3	Nil	Non-Executive
Dr. Pranav S. Desai	7	Yes	Nil	Nil	Promoter & Non-Executive
Mr. Sarvajna G. Kazi (upto 23-08-08)	---	No	Nil	Nil	Promoter & Non-Executive
Dr. Sushil K. Shah	2	Yes	11	Nil	Independent Non-Executive
Mr. Shyamal Ghosh	5	Yes	8	2	Independent Non-Executive
Mr. S. Sundaresan	5	Yes	Nil	Nil	Independent Non-Executive
Mr. Kamlesh M Patel (appointed on 28th June 08)	4	Yes	1	Nil	Independent Non-Executive

### Details of Board meeting

Date	Board Strength	No. of Directors present
4 April 2008	11	6
3 May 2008	11	8
28 June 2008	12	10
26 July 2008	12	7
23 Aug 2008	12	10
16 Oct 2008	11	10
17 Jan 2009	11	9
07 Mar 2009	11	5
25 Mar 2009	11	6

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely Mr. Shyamal Ghosh, Chairman, Dr. R. H. Parekh and Mr. S. Sundaresan. Mr. Sanjay N. Mehta, chartered accountant is a non-executive director. The composition and the Terms of Reference of the Audit Committee meet with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

There were seven meetings held during the year.

### Attendance of each member at the Audit Committee meetings held during the year

Date	No. of meetings held	No. of meetings attended
Mr. Shyamal Ghosh, Chairman	7	6
Dr. Ramnik Parekh	7	7
Mr. Sanjay Mehta	7	6
Mr. S. Sundaresan	7	6

The brief description of the terms of reference of the Audit Committee is as under:

#### **Responsibilities**

1. Provide an open avenue of communication between statutory auditor, internal auditor and the Board of Directors of the company.
2. Confirm and assure independence of the statutory auditor and objectivity of the internal auditor.
3. Appoint, compensate and oversee the work of the statutory auditor (including resolving disagreements between management and the statutory auditor regarding financial reporting) for preparing / issuing an audit report.
4. Review and pre-approve all related party transactions.
5. Consider and review the adequacy of internal controls, related findings and recommendations of the statutory auditor and internal auditor together with management response.
6. Pre-approve all non-auditing services to be provided by the statutory auditors
7. Review with management and the statutory auditor, the annual audited financial statements and quarterly audited / un-audited financial statements, including the Management's Discussion and Analysis of Financial Condition and Results of Operation prior to presenting the company Annual Report to shareholders and quarterly results with the stock exchange.
8. Review the un-audited quarterly operating results.
9. Review, approve and monitor the code of ethics, risk management policies, investment policies.

#### **Power of Audit Committee**

1. Institute special investigations with full access to all books, records, facilities and personnel of the company.
2. Obtain advice and assistance from outside legal, accounting or other advisors.
3. Review its charter, structure, processes and membership requirement every three years.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises of independent directors namely Dr. Ramnik Parekh, Chairman and Mr. S. Sundaresan, non-executive directors namely Dr. Pranav S. Desai and Mr. Sanjay N. Mehta in addition to Mr. Veeral Desai, Managing Director and Dr. (Ms.) Madhukanta Patel, whole-time director.

Remuneration Committee met on 17th January 2009. The meeting was attended by all directors except Dr. P S Desai.

The main term of reference of Remuneration Committee is to review and recommend the revision in remuneration of managerial personnel to the Board of Directors. The Remuneration Committee while reviewing the remuneration considers the industry remuneration standards, educational qualification, relevant experience and performance of the concerned managerial personnel vis-à-vis the company requirements.

#### **Details of remuneration paid to all directors 2008-09**

Name of the Director	Sitting Fee	Salary, Allowance & Perquisites	Contribution to Provident Fund and other funds	Commission	Total
Dr. P. K. Desai		50,31,000	14,31,200	Nil	64,62,200
Mr. V. P. Desai		31,50,000	8,94,500	Nil	40,44,500
Dr. M. T. Patel		12,88,565	3,36,600	Nil	16,25,165
Mrs. L. P. Desai	33,000	Nil	Nil	Nil	33,000
Mr. S. N. Mehta	54,500	Nil	Nil	Nil	54,500
Dr. P. S. Desai	23,000	Nil	Nil	Nil	23,000
Dr. S. K. Shah	6,500	Nil	Nil	Nil	6,500
Dr. R. H. Parekh	51,000	Nil	Nil	Nil	51,000
Mr. Shyamal Ghosh	41,000	Nil	Nil	Nil	41,000
Mr. S. Sundaresan	41,000	Nil	Nil	Nil	41,000
Mr. Kamlesh Patel	20,000	Nil	Nil	Nil	20,000

Mr. S. N. Mehta, a non-executive director is a partner of M/s. Akkad Mehta & Co. Chartered Accountants which has professional relationship with the company. The company paid Rs. 2.25 lac (plus applicable service-tax) to them during the year.

Mr. Shyamal Ghosh was paid Rs. 2 lac (plus applicable service-tax) towards professional fees.

#### **INVESTORS GRIEVANCES COMMITTEE**

Investors Grievance Committee comprises of three non-executive directors namely Mrs. Lataben P. Desai, Dr. Pranav S. Desai and Mr. Sanjay N. Mehta; and Dr. Pradip K. Desai, whole-time director.

Mr. B V Mehta, Company Secretary is the compliance officer.

There were 12 complaints received from shareholders / investors during the year 2008-09 and were solved to the satisfaction of the complainants. All valid requests for share transfers received were acted upon by the company and no such transfer is pending.

**GENERAL BODY MEETING**

Location and time of last three Annual General Meeting were as under:

Year	Venue	Date	Time	Special Resolution passed
2007-08	Plot No. B/173, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	23rd Aug 2008	11.00 a.m.	Appointment of Mr. Kamlesh Patel as a Director liable to retire by rotation.
2006-07	Plot No. B/173, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	25th Aug 2007	11.00 a.m.	Nil
2005-06	Plot No. B/173, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	26th Aug 2006	11.00 a.m.	<ol style="list-style-type: none"> <li>1. Re-appointment of Mrs. Sujata Desai as whole-time director for a period of 3 years on a revised remuneration</li> <li>2. Re-appointment of Dr. (Ms.) Madhukanta Patel as whole-time director for a period of 3 years on a revised remuneration</li> <li>3. Amendment of Articles of Association providing for issue of and other matters relating to share warrants.</li> <li>4. Issue of 1,49,900 convertible warrants on a preferential basis to promoters</li> </ol>

There was no special resolution last year passed through postal ballot. There is no resolution proposed to be passed through postal ballot.

**DISCLOSURES**

None of the transactions with any of the related party were in conflict with the interest of the company at large. The members may refer to Note no. (k) to the Schedule 19 to the Accounts for details of transactions with the related parties.

During the year, the company allotted 1,57,500 equity shares on conversion of warrants issued on a preferential basis to the promoters at a price determined under SEBI (Disclosure & Investors Protection) Guidelines 2000.

There has not been any non-compliance, penalties or strictures imposed on the company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

The company has adopted a code of conduct for its directors and employees. This code of conduct has been communicated to each of them. A declaration signed by the Managing Director of the company is given below:

I hereby confirm that the company has obtained from all the members of the Board and management personnel, affirmation that they have complied with the Code of Conduct in respect of financial year 2008-09.

Veeral Desai  
Managing Director

**Whistle Blower Mechanism**

The company has not felt the need for whistle blower mechanism in view of its size, and extent of delegation of power. However the Company will continuously monitor the environment and introduce a whistle blowing mechanism at an appropriate time.

The company has complied with the mandatory requirements of clause 49 of the listing agreement providing for corporate governance. In view of elaborate disclosure requirement under listing agreement, publication of un-audited financial statements along with major developments every quarter and size of the company, the company has not gone for implementation of non-mandatory requirements. The company will consider their adoption at an appropriate stage.



## MEANS OF COMMUNICATION

**Half-Yearly report to shareholders, Quarterly Results, Newspaper in which published, Website etc.**

The quarterly and annual results are generally published in edition of the Economic Times, Ahmedabad and Gujarat Samachar, Surat. The half-yearly reports are not sent to shareholders. Official news releases and presentations made to analyst are sent to the stock exchange at Mumbai, where shares of the company are listed.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

On 31st day of July, 2009 at 11 a.m. at Plot NO. B/173, New Industrial Estate, Road No. 6G, Udhna, Surat 394 210

### Financial Year

1st April 2008 to 31st March 09

Publication of financial results for the quarter ending:

- 30th June 2008 : Last week of July 2008
- 30th September 2008 : Last week of October 2008
- 31st December 2008 : Last week of January 2009
- 31st March 2009 : Last week of May 2009
- Annual General Meeting : Last week of July 2009

### Date of Book Closure

21st July 2009 to 31st July 2009 (both days inclusive)

### Listing of Stock Exchange and Stock Code

Shares of the company are listed on the Bombay Stock Exchange Limited, Mumbai (Stock code # 524727)

Market Price Data : High / Low in each month of year 2008-09 on the Bombay Stock Exchange Limited, Mumbai.

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April	88.70	71.00	October	59.80	33.10
May	86.95	70.00	November	57.00	40.55
June	75.00	63.00	December	45.00	36.00
July	79.60	57.00	January	52.60	33.00
August	87.00	59.00	February	42.00	33.55
September	69.50	53.70	March	45.00	31.80

### Performance in comparison to BSE Sensex

Monts and year	Closing Sensex	% Change	Closing price of the Comapny's Share	% Change
April 2008	17287	10.50%	83.00	11.48%
May 2008	16415	-5.04%	74.00	-10.84%
June 2008	13461	-18.00%	63.75	-13.85%
July 2008	14355	6.64%	64.90	1.80%
August 2008	14564	1.46%	63.10	-2.77%
September 2008	12860	-11.70%	55.00	-12.84%
October 2008	9788	-23.89%	46.35	-15.73%
November 2008	9092	-7.11%	43.15	-6.90%
December 2008	9647	6.10%	40.00	-7.30%
January 2009	9424	-2.31%	40.95	2.38%
February 2009	8891	-5.66%	41.50	1.34%
March 2009	9708	9.19%	35.10	-15.42%

**Registrar & Transfer Agents & share transfer system**

Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078

The requests for share transfer involving less than 3000 shares are processed and approved by the Registrar & Transfer Agents under the delegated authority. Other valid requests are placed before the Investors Grievances Committee. The minutes of the Investors Grievances Committee is placed before the Board meeting for information.

The share transfer formalities are audited by a practicing company secretary on a half-yearly basis and a copy of the audit report is filed with the stock exchange under clause 47(c) of the listing agreement.

**Categories of Shareholding as on 31st March, 2009**

Category	Numbers of shares in physical form	Number of shares in dematerialized form	Number of total shares	Percentage of aggregate holding to total share capital
Promoters	256960	1019464	1276424	38.60%
Foreign institutional investors	--	--	--	--
Public financial institutions	--	--	--	--
Mutual funds	--	--	--	--
Nationalized banks and other banks	--	--	--	--
NRI's and OCB's	101419	608811	710230	21.47%
Other (includes holding of Corporate Bodies)	231022	1089824	1320846	39.93%
<b>Total</b>	<b>589401</b>	<b>2718099</b>	<b>3307500</b>	<b>100.00%</b>
<b>Percentage</b>	<b>17.82%</b>	<b>82.18%</b>	<b>100.00%</b>	

**Distribution of shareholding as on 31st March 2009**

No. of Shares	Number of Shareholders	Percentage of Total	Number of shares	Percentage of total shares
1 to 500	2,731	89.69	351,036	10.61
501 to 1000	130	4.27	110,269	3.33
1001 to 2000	57	1.87	90,402	2.73
2001 to 3000	28	0.92	73,001	2.21
3001 to 4000	11	0.36	40,736	1.23
4001 to 5000	18	0.59	89,253	2.70
5001 to 10000	23	0.76	181,763	5.50
10001 an above	47	1.54	2,371,040	71.69
<b>Total</b>	<b>3,045</b>	<b>100.00</b>	<b>3,307,500</b>	<b>100.00</b>

Outstanding ADRs / GDRs / Warrants or any convertible instruments, conversion date and likely impact on equity:  
**Not applicable.**

**Plant Location:** The company's plants are located at Plot No. 336, 338, 340, Road No. 3 GIDC, Sachin, Dist: Surat and Plot No. B/173, New Industrial Estate, Road No. 6G, Udhna, Surat 394 210.

**Address for correspondence:** B/173, New Industrial Estate, Road No. 6G, Udhna, Surat 394210

Email: fa@span.co.in

**For and on behalf of the Board**

Place: Surat

Dated: 30 May 2009

**Dr. Ramnik Parekh**  
Chairman

**Veeral P. Desai**  
Managing Director

**AUDITORS' REPORT**

To,  
**The Share Holders,**

1. We have audited the attached Balance Sheet of SPAN DIAGNOSTICS LIMITED as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies Auditor's Report (CARO) Order, 2003 as amended by the Companies Auditor's Report Amendment Order, 2004, the order issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we have to report as under:
  - (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of accounts as required by the law have been kept by the Company, so far as appears from our examination of the books;
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Sub Section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of the written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March 31, 2009, from being appointed as directors under clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read to together with notes thereon as appearing in schedule of Accounting Policies and Notes on Accounts, subject to paragraph 4 above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India –
    - (1) In case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009,
    - (2) In case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
    - (3) In case of Cash flow statement, in flow and out flow of cash for the year ended on that date.

**For M/s. Y. B. Desai & Associates,  
Chartered Accountants**

**Y. B. Desai  
Partner**

**Membership No. 008767**

**Surat, May 30, 2009**

**Annexure to the Auditors' Report**  
**Referred to in paragraph 3 of our Report of even date:**

- i)
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us, the Company has formulated a regular program of verification by which all the assets of the Company shall be verified in a phased manner, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with the book records.
  - c) There was no disposal of a substantial part of fixed assets.
- ii)
- a) As explained to us, Inventory has been physically verified during the year by the management. In our opinion frequency of verification is reasonable.
  - b) In our opinion and according to information and explanation given to us and on the basis of our examinations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to size of the Company and the nature of its business.
  - c) In our opinion and according to information and explanation given to us and on the basis of our examination of records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records and have been properly dealt with/written off in the books of accounts.
- iii)
- a) The company has granted unsecured loan to wholly owned subsidiary company. The maximum outstanding amount at any time during the year was Rs. 29 lacs and the yearend balance was Nil.
  - b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions, are prima facie not prejudicial to the interest of the Company.
  - c) The principle amounts are repayable on demand and there is no repayment schedule. The interest is payable on demand.
  - d) In respect of the said loan and its interest, the same is repayable on demand and therefore the question of overdue amounts does not arise.
  - e) The Company has taken unsecured loans of Rs. 38.73 Lacs from 4 directors listed in the Register maintained under 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was Rs. 126.92 lacs and year end balance was 40.50 lacs.
  - f) In our opinion and according to the information and explanations given to us, the rate of interest and terms and condition on which the above loans have been taken are prima facie not prejudicial to the interest of Company.
  - g) According to information and explanation given to us, in our opinion, in respect of the above loans, where stipulations are made, the Company is regular in repayment of the principal amount and interest as stipulated.
- iv)
- In our opinion and according to information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regards to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v)
- a) In our opinion, and according to information and explanation given to us, all the transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered;
  - b) As per the examination of records and according to information and explanations given to us, the transaction made in pursuance of contract or arrangement entered in the register maintained under section 301 exceeding the value of rupees five lacs have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi)
- According to information and explanation given to us, in our opinion, the company has complied with the provision of section 58A and 58AA of the Companies Act, 1956 and the companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information given to us, no order was passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- vii)
- According to information and explanation given to us, Company has internal audit system commensurate with the size of Company and nature of its business.
- viii)
- We have been informed by the management that maintenance of cost record has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 in respect of products manufactured by the Company.

- ix)
- a) As per the records of the Company, the Company is generally regular in depositing with appropriate authority undisputed statutory dues including provident fund, investor protection and education fund, employee state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authority.
- b) According to information and explanation given, there was no undisputed amount payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess were outstanding, as at 31-03-2009 for the period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of dispute are given below :

<u>Particulars</u>	<u>FY to which the matter pertains</u>	<u>Forum where dispute pending</u>	<u>Amount in Lacs Rs.</u>
Excise Duty	1993-94	Excise Authorities	1.26
Sales Tax	1990-91 & 98-99	Commissioner Appeals	6.85
Sales Tax	1988-89 & 89-90	Commissioner Appeals	12.23
Sales Tax	2005-2006	Commissioner Appeals	8.35

- x) The Company does not have any accumulated loss as at 31st March, 2009 and Company has not incurred cash losses during the current year and the immediately preceding financial year.
- xi) Based on our audit procedure and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayments of dues to financial institutions and banks.
- xii) As per the records of the Company, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) According to information and explanation given to us, we are of the opinion that the Company is neither a Chit fund nor a nidhi/mutual benefit society, hence in our opinion, the requirements of Sub Clause (xiii) of the Companies (Auditor's Report) Order, 2003 do not apply to the Company.
- xiv) As per the records of the Company and the information and explanation given to us by the management the Company is not dealing in shares, securities, debentures and other investment, therefore, the provisions of sub-clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- xv) According to information and explanation given to us, as per the records of the Company, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (xv) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvi) To the best of our knowledge and belief and according to information and explanation given to us, Term Loans obtained by the company were prima facie applied by the company during the year for the purpose for which the loans were obtained.
- xvii) According to information and explanation given to us, on overall examination of the Balance Sheet of the Company, we report that funds of Rs.221.35 lacs raised on short term basis for working capital have been used for long-term investment in Fixed Assets and Investments by the Company.
- xviii) The Company has made preferential allotment of equity shares to the promoters. However, as per the information and explanations given to us, the price at which the shares are allotted are not prima facie prejudicial to the interest of the Company.
- xix) As per the records of the Company the Company has not issued any debentures during the period covered by our report. Accordingly the provisions of clause (xix) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx) As informed to us, the Company has not raised money by way of public issues during the year.
- xxi) Based upon the audit procedure performed and information and explanations given by the management, we report that no frauds on or by the Company has been noticed or reported during the course of our audit.

**FOR Y. B. DESAI & ASSOCIATES,  
CHARTERED ACCOUNTANTS,**

**(Y. B. Desai)  
PARTNER**

**Membership No. 008767**

**Surat, May 30, 2009**

**BALANCE SHEET AS AT 31st MARCH 2009**

	Schedule	31-3-2009 Rs.	31-3-2008 Rs.
<b>SOURCE OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	33,075,000	31,500,000
Reserves & Surplus	2	<u>144,067,265</u>	<u>125,624,916</u>
		<u>177,142,265</u>	<u>157,124,916</u>
<b>Loan funds</b>			
Secured Loans	3	254,418,458	200,022,479
Unsecured Loans	4	<u>47,864,887</u>	<u>51,042,770</u>
		<u>302,283,345</u>	<u>251,065,249</u>
<b>Deferred Tax Liability (Net)</b>		<u>15,062,000</u>	<u>9,679,000</u>
<b>TOTAL</b>		<u>494,487,610</u>	<u>417,869,165</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	306,109,281	244,827,855
Less : Depreciation / Adjustments		<u>116,366,072</u>	<u>98,585,838</u>
Net Block		189,743,209	146,242,017
Capital Work-in-Progress		<u>11,704,272</u>	<u>40,856,735</u>
		<u>201,447,481</u>	<u>187,098,752</u>
<b>Investments</b>			
	6	9,377,461	5,082,933
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	168,875,790	178,498,013
Sundry Debtors	8	200,732,048	119,840,955
Cash and Bank Balance	9	25,127,144	34,364,578
Loans and Advances	10	<u>37,308,306</u>	<u>44,838,845</u>
		<u>432,043,288</u>	<u>377,542,391</u>
Less: Current Liabilities & Provisions	11	<u>148,380,620</u>	<u>152,357,407</u>
Net Current Assets		<u>283,662,668</u>	<u>225,184,984</u>
<b>Miscellaneous Expenditure</b>	12	0	502,496
<b>TOTAL</b>		<u>494,487,610</u>	<u>417,869,165</u>
Notes on Accounts	19		

The annexed schedules and notes referred to above form an integral part of the Accounts

As per our Report of even date attached hereto :  
**For Y.B. DESAI & ASSOCIATES**  
Chartered Accountants

**Y.B.DESAI**

Partner

M.No. 008767

Place : Surat

Date : 30th May, 2009

**Dr. R. H. Parekh**

*Chairman*

**V. P. Desai**

*Managing Director*

**B. V. Mehta**

*V P (Finance) & Co. Secretary*

Place : Surat

Date : 30th May, 2009

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

	Schedule	31-3-2009 Rs.	31-3-2008 Rs.
<b>INCOME</b>			
Sales	13	680,064,626	618,251,173
Less : Excise Duty Paid		<u>16,314,308</u>	<u>20,818,015</u>
		663,750,318	597,433,158
Other Income	14	15,549,270	30,726,591
Increase/(Decrease) in stock	15	<u>(9,754,052)</u>	<u>518,370</u>
		<u><b>669,545,536</b></u>	<u><b>628,678,119</b></u>
<b>EXPENDITURE</b>			
Materials consumed & purchase of goods	16	296,378,318	284,667,207
Manufacturing and other expenses	17	294,884,566	251,109,667
Interest & Finance Charges	18	36,834,170	28,139,069
Depreciation	-	<u>18,207,407</u>	<u>14,465,868</u>
		<u><b>646,304,461</b></u>	<u><b>578,381,811</b></u>
<b>PROFIT BEFORE TAX</b>		<b>23,241,075</b>	50,296,308
Provision for Tax - Current		4,350,000	17,670,000
- Deferred Tax		5,383,000	1,628,130
- Fringe Benefit Tax		<u>1,290,000</u>	<u>1,032,000</u>
<b>PROFIT AFTER TAX</b>		<u><b>12,218,075</b></u>	<u>29,966,178</u>
Balance brought forward		33,883,004	13,866,469
Tax adjustment of earlier year		<u>(2,934,599)</u>	31,753
Prior Period Adjustments		1,446,098	<u>(360,711)</u>
<b>Profit available for Appropriation</b>		<u><b>44,612,578</b></u>	<u><b>43,503,689</b></u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		0	6,300,000
Dividend Distribution Tax		0	1,070,685
Transfer to General Reserve		3,500,000	2,250,000
Balance carried to Balance Sheet		<u>41,112,578</u>	<u>33,883,004</u>
		<u><b>44,612,578</b></u>	<u><b>43,503,689</b></u>
Earning per share Basic and diluted (Net of Tax)			
Face Value per share Rs.10		3.40	9.75
Refer Note E of Schedule 19.			
Notes on Accounts	19		
The annexed schedules and notes referred to above form an integral part of the Accounts			

As per our Report of even date attached hereto :  
**For Y.B. DESAI & ASSOCIATES**  
Chartered Accountants

**Y.B.DESAI**

Partner

M.No. 008767

Place : Surat

Date : 30th May, 2009

**Dr. R. H. Parekh**

*Chairman*

**V. P. Desai**

*Managing Director*

**B. V. Mehta**

*V P (Finance) & Co.Secretary*

Place : Surat

Date : 30th May, 2009

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	31-03-2009 Rs.	31-03-2008 Rs.
<b>Schedule 1 : SHARE CAPITAL</b>		
<b>Authorised</b> 5,000,000 (Previous year 5,000,000) Equity Shares of Rs. 10/- each.	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued, Subscribed and paid-up</b> 3,307,500 Equity Shares of Rs.10/- each fully paid (Previous year 3,150,000) Of the above 1,387,500 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares by capitalising Rs.38,75,000 out of General reserve & Rs.10,000,000 out of Revaluation Reserve and 206,250 Equity shares issued pursuant to scheme of Amalgamation with Span Biological Pvt. Ltd. and Span Biotech Pvt.Ltd.	<u>33,075,000</u>	<u>31,500,000</u>
	<u>33,075,000</u>	<u>31,500,000</u>
<b>Schedule 2 : RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Amalgamation Surplus	2,887,500	2,887,500
Add: On forfeiture of Convertible share warrants	<u>1,318,275</u>	<u>2,887,500</u>
	4,205,775	2,887,500
<b>Share Premium:</b>		
Balance as per last Balance Sheet	29,905,212	24,227,000
Add : Premium of share allotment	<u>6,394,500</u>	<u>5,678,212</u>
	36,299,712	29,905,212
<b>General Reserve:</b>		
Balance as per last Balance Sheet	58,949,200	61,405,021
Add: Transfer from Profit & Loss Account	3,500,000	2,250,000
Less : Gratuity Liability - Refer Note 2A	<u>0</u>	<u>4,705,821</u>
	62,449,200	58,949,200
<b>Surplus in Profit &amp; Loss Account</b>	<u>41,112,578</u>	<u>33,883,004</u>
	<u>144,067,265</u>	<u>125,624,916</u>



	31-3-2009 Rs.	31-3-2008 Rs.
<b>Schedule 3 : SECURED LOANS</b>		
<b>Term Loans</b>		
a) Kotak Mahindra Home Finance Loan (due within one year Rs.531,966, Previous year Rs.480,087) (Secured by Equitable Mortgage of Office Premises at , Mumbai)	2,131,990	2,612,746
b) Kotak Mahindra Bank WC Term Loan (due within one year Rs.10,130,327, Previous year Rs.3,332,027)	24,486,604	13,006,326
c) Term loan Kotak - Sachin Expansion (due within one year Rs.2,295,172 Previous year Rs.1,282,386)	7,164,648	5,005,703
d) Term loan Kotak - Udhna Expansion (due within one year Rs.1,812,618 Previous year Rs.1,617,142)	4,691,665	6,312,398
e) Term loan Kotak - SARL (due within one year Rs.3,760,668 Previous year Rs.2,879,537)	10,616,132	11,240,074
f) KMBL W.C Demand Loan-NEW (due within one year Rs.10,000,000, Previous year Rs.Nil)	10,000,000	
g) KMBL Term Loan-New D G Set (due within one year Rs.787,497, Previous year Rs.Nil) (Secured by hypothecation of Current and Moveable Assets including Plant & Machinery, and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of immovable properties at Plot No.173B at Udhna and Plot No.336 ,338,340 at Sachin., Surat and office premises at Kolkata and Office premises at Mumbai)	1,244,921	
h) Term loan - Biotech Consortium India Ltd. SBIRI (due within one year Rs.Nil, Previous year Rs.Nil) Interest Accrued but not due in SBIRI loan	5,150,000	5,150,000
	<u>55,027</u>	<u>3,527</u>
	<b>65,540,987</b>	<b>43,330,774</b>
<b>From Banks</b>		
a) Kotak Mahindra Bank Ltd. - Cash Credit/Export packing credit	179,713,492	146,468,248
b) Buyers Credit from Kotak Bank (due within one year Rs.7,690,023 Previous year Rs.7,270,781) (Secured by hypothecation of Current and Moveable Assets including Plant & Machinery, and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of immovable properties at Plot No.173B at Udhna and Plot No.336 ,338,340 at Sachin., Surat and office premises at Kolkata and Office premises at Mumbai)	7,690,023	7,270,780
c) Car loan from HDFC Bank	68,603	152,989
d) Bus Loan from Kotak Bank	1,140,770	2,377,850
e) Car Loan from ICICI Bank (Guaranteed by Directors and Company as a co-obligant) (due within one year Rs.1,392,118 Previous year Rs.1,759,092)	264,583	421,837
	<u>254,418,458</u>	<u>200,022,478</u>
<b>Schedule 4 : UNSECURED LOANS</b>		
<b>Fixed Deposits</b> (including Fixed Deposits from Directors Rs. 4,150,000. Previous year Rs.10,435,000) (due within one year Rs.13,735,000, Previous year Rs.9,456,000)		
	32,215,000	37,030,000
Interest accrued on Fixed Deposits	922,286	862,665
Deposits from Stockiest	14,727,601	13,150,105
	<u>47,864,887</u>	<u>51,042,770</u>

**Schedule 5: FIXED ASSETS**

Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1.4.2008 Rs	Additions Rs	Deduction Rs.	As at 31.03-2009 Rs	Balance as at 1.4.2008 Rs.	Depreciation /Adjustment Rs.	Deductions Rs.	Balance as at 31.3.2009 Rs.	As at 31.3.2009 Rs	As at 31.3.2008 Rs
<b>Tangible Fixed Assets</b>											
1	Land	12,337,200			12,337,200	0			0	12,337,200	12,337,200
2	Buildings & Roads	90,448,211	17,482,330		107,930,541	25,883,900	4,280,965		30,164,865	77,765,676	64,564,311
3	Plant & Machinery	59,009,383	7,425,618		66,435,001	29,993,492	4,422,582		34,416,074	32,018,927	29,015,891
4	Electrical Installations	9,019,016	1,685,990		10,705,006	6,105,817	543,758		6,649,575	4,055,431	2,913,199
5	Cold Rooms/Storages	4,379,122	2,555,549		6,934,671	2,659,480	467,878		3,127,358	3,807,313	1,719,642
6	Loose Tools, Moulds, Utilities and other Equipments	13,506,913	1,735,897		15,242,810	8,584,195	926,251		9,510,446	5,732,364	4,922,718
7	Laboratory Equipments	14,408,493	1,834,354	792,532	15,450,315	6,263,216	1,182,512	427,173	7,018,555	8,431,760	8,145,278
8	R & D Equipment	3,470,658	2,161,920		5,632,578	896,022	509,665		1,405,687	4,226,891	2,574,636
9	Furniture & Fixtures	12,282,574	2,492,968		14,775,542	6,164,263	1,390,422		7,554,685	7,220,857	6,118,311
10	Computers	8,152,694	651,403		8,804,097	6,646,067	775,811		7,421,878	1,382,219	1,506,627
11	Office Equipments	3,442,552	90,475		3,533,027	2,131,026	187,906		2,318,932	1,214,095	1,311,526
12	Vehicles	6,821,342			6,821,342	2,034,532	1,370,529		3,405,061	3,416,281	4,786,809
<b>Intangible Assets</b>											
1	Goodwill	322,120			322,120	322,120			322,120	0	0
2	Technical Know how	2,505,574	23,957,454		26,463,028	746,888	1,204,727		1,951,615	24,511,413	1,758,686
3	SAP Software	4,722,003			4,722,003	154,820	944,401		1,099,221	3,622,782	4,567,183
		244,827,855	62,073,958	792,532	306,109,281	98,585,838	18,207,407	427,173	116,399,072	189,743,209	146,242,017
	Previous Year	224,734,441	24,697,335	4,603,921	244,827,855	87,837,443	14,465,868	3,717,473	98,585,838	146,242,017	136,897,001

Capital Work-in-Progress including advances on capital account. Rs. Nil (Previous Year Rs.4.23 lacs)

11,704,272. 40,856,735

NOTE : 1) Gross Block includes Rs.12,506,178 on Revaluation of Fixed Assets as on 31-3-1994 comprising of Land Rs.87,78,812 and Buildings Rs.3,727,366.

2) Land Cost includes Rs.950/- being the cost of 19 shares fully paid up of Rs.50/- each of Udhna Udyog Nagar Sahakar Sangh Ltd., Udhna and cost of land allotted by G.I.D.C. on lease.

31-03-2009  
Rs..

31-03-2008  
Rs..

**Schedule 6 : INVESTMENTS**
**Non Trade & Long term**
**Unquoted**
**Government Securities (at cost)**

National Savings Certificates

0 17,000

**Others**

Investment in Joint Ventures

Span Diagnostics SARRL

1,718,640 2,807,112

(300 Shares of 100 Euro each fully paid up, Previous Year 490 Shares of 100 Euro each)

Span Diagnostics FZC

756,821 756,821

(600 Share of 100 DHS each fully paid-up, Previous Year 600 share)

Span Nihon kohdan Diagnostics Pvt.Ltd.

5,400,000 0

(54,000 Share of Rs.100 each fully paid-up, Previous Year- NIL)

Investment in Subsidiary

Span Biotronics Pvt.Ltd.

1,000,000 1,000,000

(10,000 Equity Shares of Rs. 100 each fully paid-up, Previous Year 10,000 Equity Shares)

Span Biotronics Pvt.Ltd.

500,000 500,000

(5,000 10% Cumulative Preference Shares of Rs.100 each fully paid-up - Redeemable not later than year 2018; Previous Year - 5000 Shares)

Sachin Infra Management Ltd.

2,000 2,000

(200 Shares of Rs.10 each fully paid-up, Previous Year - 200 shares)

9,377,461 5,082,933

	31-03-2009 Rs.	31-03-2008 Rs.
<b>Schedule 7 : INVENTORIES</b>		
(As per inventory taken valued and certified by the Management)		
Raw Materials	53,146,619	56,692,399
Primary Packing Materials	25,202,502	26,071,044
Consumable Stores	6,423,502	5,480,723
Work-in-Process	11,426,208	10,660,001
Finished Goods	72,676,959	79,593,846
	<u>168,875,790</u>	<u>178,498,013</u>
<b>Schedule 8 : SUNDRY DEBTORS :</b>		
(Un secured )		
Debts outstanding for a period exceeding six months		
Considered Good	18,795,940	39,194,550
Considered Doubtful	1,922,487	2,578,393
	<u>20,718,427</u>	<u>41,772,943</u>
Others - Considered Good	181,936,108	80,646,405
	<u>202,654,535</u>	<u>122,419,348</u>
Less : Provision for Bad and Doubtful Debts	1,922,487	2,578,393
	<u>200,732,048</u>	<u>119,840,955</u>
<b>Schedule 9 : CASH AND BANK BALANCE</b>		
Cash on Hand	54,570	103,775
Bank Balances with Scheduled Banks :		
In Current Accounts	12,173,018	19,120,127
In Fixed Deposit Accounts [Includes Rs10,616,205/- (previous year Rs.12,890,169/-) under Bank's lien]	12,899,556	15,140,676
	<u>25,127,144</u>	<u>34,364,578</u>
<b>Schedule 10: LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Loan to Subsidiary - Span Biotronics Pvt.Ltd.	0	2,731,035
Advances recoverable in cash or in kind or for value to be received	27,778,619	33,915,623
Balance with Excise Department	2,910,331	470,875
Other Deposits	6,619,356	7,721,312
	<u>37,308,306</u>	<u>44,838,845</u>
<b>Schedule 11: CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities :		
Sundry Creditors	111,870,416	105,556,255
Other Liabilities	39,472,029	41,881,604
Unclaimed Dividend #	767,357	668,805
	<u>152,109,802</u>	<u>148,106,664</u>
<b>Provision :</b>		
Proposed Dividend	0	6,300,000
Dividend Distribution Tax	0	1,070,685
Provision for Tax (Net of Advance Tax & TDS)	(3,795,542)	(2,863,539)
Provision for Fringe benefit Tax (Net of Advance Tax)	66,360	(256,404)
	<u>148,380,620</u>	<u>152,357,407</u>
# There are no amounts due and outstanding to be credited to the investor Education and Protection Fund.		
<b>Schedule 12 : MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	0	502,496
	<u>0</u>	<u>502,496</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	<b>31-3-2009</b>	<b>31-3-2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Schedule 13 : SALES</b>		
Gross Sales (Net of return)	680,811,592	619,063,896
Less : Discount & Rate Difference	746,966	812,723
	<u>680,064,626</u>	<u>618,251,173</u>
<b>Schedule 14 : OTHER INCOME</b>		
Miscellaneous Income	1,554,552	534,231
Interest Received (Gross) (TDS Rs.438,561/- Previous Year Rs.229,318)	1,447,570	1,703,943
Insurance claim	528,395	145,488
Profit on Sale of Assets -( Net)	0	406,904
Service Charges	9,012,201	6,849,528
P&L on Forward Contract.	84,323	0
Exchange rate difference	0	4,506,775
Profit on DEP B License	359,234	0
Leave and License Fees Income	1,277,500	
Excess Provision Written Back	0	2,147,231
Excise Duty Refund	0	11,869,972
Export Incentive	0	922,000
Sundry Credit Balance written back	1,285,495	1,640,519
	<u>15,549,270</u>	<u>30,726,591</u>
<b>Schedule 15 : INCREASE/(DECREASE) IN STOCK</b>		
<b>Opening Stock</b>		
Work-in-process	10,660,001	9,688,677
Finished Goods	82,146,823	84,083,461
	<u>92,806,824</u>	<u>93,772,138</u>
Less : Excise Duty	2,552,977	4,036,661
	<u>90,253,847</u>	<u>89,735,477</u>
<b>Less : Closing Stock</b>		
Work-in-process	11,426,208	10,660,001
Finished Goods	72,676,959	82,146,823
	<u>84,103,167</u>	<u>92,806,824</u>
Less : Excise Duty	3,603,372	2,552,977
	<u>80,499,795</u>	<u>90,253,847</u>
	<u>(9,754,052)</u>	<u>518,370</u>
<b>Schedule 16: MATERIALS CONSUMED AND PURCHASE OF GOODS</b>		
Raw Materials consumed	101,436,563	82,760,516
Packing Materials consumed	90,930,354	72,386,158
Goods for resale	104,011,401	129,520,533
	<u>296,378,318</u>	<u>284,667,207</u>

	<u>31-3-2009</u> Rs.	<u>31-3-2008</u> Rs.
<b>Schedule 17 : MANUFACTURING AND OTHER EXPENSES</b>		
<b>Employees Cost</b>		
Salaries, Wages, Benefits and other allowances (including Directors' Remuneration)	91,944,629	84,440,675
Contribution to Provident and other funds	12,190,644	8,733,153
Welfare Expenses	<u>3,513,817</u>	<u>4,050,517</u>
	<u>107,649,090</u>	<u>97,224,345</u>
Processing charges	10,081,781	7,940,830
Laboratory Expenses	3,312,231	2,313,546
Power and Fuel	12,388,423	10,074,964
Stores Consumed	12,922,651	8,326,155
Repairs to Building	68,627	855,250
Repairs to Plant & Machineries	763,287	220,775
Communication Expenses	5,645,274	5,821,094
Printing and Stationery	580,645	1,545,747
Travelling and Conveyance	25,284,035	24,724,538
Directors' Sitting Fees & Allowances	270,000	93,500
Rates & Taxes	490,101	420,363
Insurance Charges	1,657,945	1,831,321
Rent	1,006,649	941,273
Exchange Rate Difference	10,678,024	
Royalty	1,481,978	1,299,579
Auditors' Remuneration	230,600	234,720
Cash Discount	7,349	145,236
Target Discount	1,565,424	1,480,859
Freight Outward Expenses.	23,914,649	22,851,751
Research & Development Expenses	8,192,410	7,149,086
Legal & Prof.Charges	17,487,180	9,018,647
Sales Commission	25,563,300	23,411,491
Other Expenses	<u>23,642,913</u>	<u>23,184,598</u>
	<u>294,884,566</u>	<u>251,109,667</u>

**Schedule 18 : INTEREST AND FINANCE CHARGES**

Interest on Fixed Loans (include interest paid to Whole-time Director on fixed deposits Rs.839,881 (Previous Year Rs.728,526)	12,760,649	8,513,993
Interest on Other Loans	20,626,406	15,163,016
Bank Charges	<u>3,447,115</u>	<u>4,462,060</u>
	<u>36,834,170</u>	<u>28,139,069</u>

**Schedule 19 : Notes on accounts annexed to and forming part of Balance Sheet as at 31st March,2009 and Profit and Loss Account for the year ended on that date.**

**1. Significant Accounting Policies**

**i) Basis of Accounting**

Financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**ii) Use of Estimates**

The presentation of Financial Statements (in conformity with the generally accepted accounting principles) requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known /materialised.

**iii) Revenue Recognition & other Accounting policies**

- a. Sales are recognised when goods are dispatched. Sales are accounted net of amount recovered towards sales tax and sales returns. Discount, Rate difference and Excise duty paid are shown by way of further deduction from sales.
- b. Sales returns are accounted on actual receipt of return goods / settlement of claims.
- c. Services are accounted for pro-rata over the period of contract.
- d. Rate differences are accounted on actual settlement with the parties.
- e. Insurance and other claims are accounted on cash basis.
- f. Custom Duties are accounted on cash basis.
- g. Incentive to Field staff is accounted on settlement of claims.
- h. Ex-gratia to employees covered under the Bonus Act is accounted on cash basis
- i. Lease rent/License fees are accounted on accrual basis.
- j. Leave Travel Allowance is accounted as and when claimed and paid.

**iv) Fixed Assets & Depreciation**

- a) Fixed Assets are stated at cost of acquisition / Construction, cost of improvement and any attribution cost of bringing the asset to its working condition for intended use or at revalued amounts wherever such assets have been revalued less accumulated depreciation.
- b) Depreciation on all assets except Buildings at Sachin is provided on written down value method and Depreciation on Buildings at Sachin is provided on Straight line Method at the rates and in the manner specified in schedule XIV of the Companies Act 1956.

**v) Intangible assets and amortization**

Intangible assets are recognized as per the criteria specified in accounting standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India. Lump sum fees for technical know-how is amortised over the period of agreement. Software expenses are amortised over the period of five years.

**vi) Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of the assets, upto the date the asset is put to use. All other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

**vii) Foreign Currency Transactions**

- (a) Transactions, other than those covered by forward contracts, are accounted at exchange rates prevailing on the date of accounts or the date of transaction, whichever is earlier.
- (b) Forward premium in respect of forward exchange contract is recognised over the life of contract.
- (c) Monetary foreign currency items other than those covered by forward contracts and advances to & from parties are translated at the rates of exchange on balance sheet date and the resultant transaction Profit/loss is recognised.
- (d) Non-monetary foreign currency items are carried at historical cost determined on the date of transaction.
- (e) Exchange difference in respect of liability incurred to acquire fixed assets is adjusted to the carrying amount of such fixed assets.

**viii) Retirement Benefits and other employee benefits**

- a) Short Term Employee Benefits :  
All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and the expected cost of bonus are recognized in the period in which an employee renders the related services.
- b) Post-Employment Benefits
  - i. Defined Contribution Plans : The Company's statutory provident fund, Employees' Super-annuation Fund and Employee State Insurance Scheme are defined contribution plans. The Super-annuation fund created by the company has taken Super-annuation cum life insurance policy from Life Corporation of India. The company has no further obligation for super-annuation, Provident Fund and Employee state Insurance beyond its contribution.
  - ii. Defined Benefit Plans : The Employees' Group Gratuity Fund is the Company's defined benefits plans for which Company have taken Group Gratuity - cum Life Insurance Policy from Life Insurance Corporation of India. Gratuity expenses are recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of defined benefits are charged to the profit and loss account.
  - iii. Provision for accrued leave encashment is accrued and provided for on the basis of actuarial valuations made at the year end.

**ix) Cenvat Credit**

Cenvat credit available on purchase of materials, purchase of capital goods and input services is not charged to cost of material, capital goods and services. Cenvat credit availed is accounted by way of adjustment against Excise duty payable on despatch of finished goods.

**x) Taxation****Current Tax Provision**

Provision for Income Tax and Fringe Benefit Tax is determined in accordance with the provisions of Income Tax Act, 1961.

**Deferred Tax Provision**

Deferred tax is recognised, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**xi) Valuation of stock**

The mode of valuing closing stock is as under :-

- Raw-Materials, Packing Materials  
& Dispatch Materials : On moving weighted average cost basis
- Work-in-Process : at Cost.
- Finished Goods/ Goods  
for resale : at lower of Cost or net realizable value.

The cost for the purpose of valuation of Finished Goods and work-in-process includes material cost, direct conversion cost and appropriate share of overheads incurred for bringing the goods to their present location and condition plus excise duty wherever applicable.

**xii) Miscellaneous Expenditure**

The following expenses shown under Miscellaneous expenditure are amortised as follows. Expenditure on marketing, sales promotion and consultancy where benefits are expected to be derived in the future is written off over a period of five years.

**xiii) Leases**

Assets acquired on lease and assets given on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The initial direct cost of lease is charged to profit and loss account as and when incurred. Lease rental are charged to Profit and loss Account on accrual basis.

**xiv) Provision for Bad and Doubtful debts**

Provision is made in accounts for Bad and Doubtful Debts as and when the same in opinion of the management are considered doubtful of recovery.



**xv) Impairment of Fixed Assets**

Consideration is given at each Balance Sheet date to determine whether there is any indication of carrying amount of the Company's fixed assets. If there is any indication of impairment based on internal / external factors, the an assets recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

**xvi) Investment**

Long-term investments are carried at cost. Provision for diminution is made to recognize a decline, other than temporary in value of long-term investments and is determined separately for each individual investment. Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

**xvii) Research & Development**

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred. Capital expenditure on research and development is included in additions to fixed assets.

**xviii) Provisions, contingent liabilities and contingent assets**

**Provisions :-**

Provision is recognised when

- a) The Company has a present obligation as a result of past event;
- b) It is probable that an outflow of resources embodying economic benefit is expected to settle the obligation,
- c) A reliable estimate can be made for the amount of obligation.

Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

**Contingent liability:-**

Contingent Liability is disclosed in the case of

- a) As present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) A possible obligation unless the probability of outflow of resources is remote.

**Contingent assets:-**

Contingent assets are neither recognised nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

**2. Notes on Accounts**

A. <u>Contingent Liabilities not provided for in respect of</u>	31-3-2009 Rs.	31-3-2008 Rs.
a) Sales tax demands under contest (Net of Tax)	1,820,040	1,820,040
b) Excise Demand under dispute (Net of Tax)	83,696	83,696
c) Claims against the Company not acknowledged as Debts	6,335,500	1,000,000
d) On account of guarantees given by the bank on behalf of the company in favour of customs and others.	22,344,425	23,251,386
e) The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of customs duty by undertaking obligations to export, Future outstanding export obligations under the Scheme as at 31-03-2009 aggregating of Rs.34,29,928 if not fulfilled may result in custom duty liability of (Net of tax)	428,741	688,823

B. <u>Capital Comitments</u>		
Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account had not provided for	30,068,000	35,328,000

**C. Retirement & Other employee Benefits**

As per Accounting Standard 15 "Employee Benefits" issued by Institute of Chartered Accountants of India, the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized as expense for the year are as give below.

(Rs. In Lacs)

	2008-09	2007-08
Employer's Contribution to Provident Fund/Family Pension Fund	52.50	45.92
Employer's Contribution to ESI Fund	10.59	11.77
Employer's Contribution to Super annuation Fund	14.63	6.22

### Defined Benefit Plan

The Employees' Group Gratuity Fund is the Company's defined benefits plan for which Company has taken Group Gratuity – cum Life Insurance Policy from Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### i) Reconciliation of opening and closing balance of Defined Benefit Obligation

(Rs. In lacs)

	Gratuity (Funded)	Gratuity (Funded)
	2008-09	2007-08
Defined Benefit obligation at beginning of year	175.98	178.07
On Amalgamation	--	--
Current Service Cost	13.55	17.32
Interest Cost	14.08	13.36
Actuarial (Gain)/loss	24.12	(23.48)
Benefit Paid	(22.14)	(9.29)
Settlement Cost	--	--
Defined Benefit Obligation at year end	205.59	175.98

#### ii) Reconciliation of opening and closing balance of Fair value of plan assets

(Rs. In lacs)

	Gratuity (Funded)	Gratuity (Funded)
	2008-09	2007-08
Fair Value of plan assets at beginning of year	126.16	106.78
On Amalgamation	--	--
Expected return on plan assets	14.16	10.84
Actuarial (gain) / loss	--	--
Employer's contribution	63.36	17.83
Benefit Paid	(22.14)	(9.29)
Settlement Cost	--	--
Fair value of plan assets at year end	181.54	126.16
Actual return on plan assets	14.16	10.84

#### iii) Reconciliation of Fair value assets and obligation

(Rs. In lacs)

	Gratuity (Funded)	Gratuity (Funded)
	As at 31st March 2009	As at 31st March 2008
Fair value of plan assets	181.54	126.16
Present value of obligation	205.59	175.98
Amount recognized in Balance Sheet as	24.05	49.82
liability / (asset)		

**iv) Expense recognized during the year**

(Rs. In lacs)

	Gratuity (Funded)	Gratuity (Funded)
	2008-09	2007-08
Current Service Cost	13.55	17.32
Interest Cost	14.08	13.36
Expected return on plan assets	(14.16)	(10.84)
Actuarial (gain) / loss recognized in the year	24.12	(23.48)
Net Cost recognized in Profit & Loss	37.59	(3.64)

**v) Investment Details**

The company has contracted with Life Insurance Corporation of India (LIC) to manage gratuity liability of the company. The company makes the required contribution to LIC based on computation of current service cost, expected earnings and actuarial assumptions etc. The company has not made any other investment.

**vi) Actuarial assumptions**

(Rs. In lacs)

Mortality Table (LIC) [1994-96 (Ultimate)]	Gratuity (Funded)	Gratuity (Funded)
	2008-09	2007-08
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	9.25%	9.25%
Rate of escalation in salary (per annum)	7%	7%

**D. Deferred Tax Liability / (Asset)**

Major components of Deferred Tax Assets and deferred Tax Liabilities arising on timing differences are :

(Rs. In '000)

Deferred Tax Liability	31-03-2009	31-03-2008
Difference between Depreciable Assets as per books of accounts and written down value for tax purpose	13,345	12,757
Others	2,952	875
	16,297	13,632
<b>Deferred Tax Assets</b>		
Disallowance U/S 43B		
a) Provision for leave encashment	191	1,160
b) Provision for Excise	51	51
c) Provision for bad/doubtful debts	653	876
d) Others	340	1,865
	1,235	3,952
Net Deferred tax Liability	15,062	9,680
Less : Deferred tax asset on retiring gratuity liability recognition on adoption of revised AS-15	--	--
	15,062	9,680
Net Incremental Liability / (Assets) charged/credited to Profit & Loss Account	5,383	1,628

**E. Earning per share**

a) Profit after taxation as per profit and loss account net of Prior period adjustment.	10,729,574	29,637,220
b) Weighted average number of equity shares outstanding	3,152,589	3,040,647
c) Basic and diluted earning per shares in Rupees (face value - Rs. 10 per share)	3.40	9.75

**F. Expenditure on Research and Development**

Research and development expenditure of Rs. 81.92 Lacs is recognised as revenue expenses during the year. (Previous year Rs. 71.49 lacs.)

**G. Share issue during the year**

During the year, 157,500 equity shares each of Rs. 10 were issued on a preferential basis by the company at a premium of Rs. 40.60 each aggregating to Rs. 7,969,500. The same was utilized for funding the capital expenditure / strategic investment.

**H. Impairment Loss**

There was no impairment loss on Fixed Assets on the basis of review carried out by the Management in accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India.

**I. Lease**

- i) The Company does not have financial lease arrangement.
- ii) The Company has taken residential, office and godown premises under short term cancelable lease arrangements and are renewable on mutually agreeable terms.

Rent paid under this agreement Rs. 1,006,649.

- iii) The Company has given premises under non-cancelable lease arrangements.

Rent received during the year under this agreement Rs. 1,277,500.

Future minimum lease rental in respect of assets given on non-cancelable operating lease in the form of premises is as under.

· Receivable within one year	Rs. 2,190,000
· Receivable between one year and five year	Rs. 3,102,500
· Receivable after five year	Rs. Nil

**J. Segment reporting**

The company operates in a single segment – Diagnostic Products.

**K. Related party disclosures**

Related party Disclosures as required by AS-18 are given below.

**1 Relationship.**

- (I) Other Related parties where common control exists.

Span Finstock Pvt.Ltd.

Quest Biochemicals Pvt. Ltd.

Span Diagnostics SARL

Span Diagnostics FZC

Span Biotronics Private Limited

Span Nihon Kohden Diagnostics Pvt. Ltd.

- (ii) Key Management Personnel :

Dr. Pradip. K.Desai

Mr. Veeral . P. Desai

Mrs. Sujata V . Desai

Miss Madhukanta .T. Patel

- (iii) Relatives of key management personnel and their enterprise, where transactions have taken place.

Mrs. Lata P. Desai

Mrs. Tejal V. Desai

Mrs. Shital S. Kazi

Mr. Prakash K. Desai

Shri. Pradip. K. Desai HUF

Dr. Harshad R. Gandhi

Mrs. Kokila H. Gandhi

Mr. Sunil T. Patel

Smt. Bhanuben T. Patel

- (iv) Enterprise over which persons described in (ii) above is able to exercise significant influence.

Desai Metropolis Health Services Pvt. Ltd.

Span Educational & Research Foundation

Note : Related party relationship on the basis of the requirements of Accounting Standard (AS) 18 as in 1 (i) to (iv) above is identified and certified by the Management and relied upon by the Auditors.

## 2. Transactions with related parties

Particulars	Referred In 1(i) Above	Referred In 1(ii) Above	Referred In 1(iii) Above	Referred In 1(iv) Above
<b>Sales :</b>				
Goods and Material	3,176,866 (182,480)			949,034 (1,248,125)
<b>Purchase:</b>				
Goods and Material	8,554,787 (6,312,069)			
<b>Expenses :</b>				
Remuneration/sitting Fees		12,371,884 (7,320,548)		
Interest on F.D./Loan		867,028 (755,979)	830,312 (779,348)	
Rent paid		18,000 (18,000)	66,000 (78,000)	
Dividend Paid		1,187,048 (882,043)	633,560 (480,204)	
Consultancy Charges	6,744,000 (1,600,000)			
<b>Income :</b>				
License Fees	1,277,500 (Nil)			
Interest Income	240,905 (123,268)			
<b>Capital Items :</b>				
Loan & Advances received	2,753,501 (Nil)	2,675,700 (18,00,000)	1,397,000 (800,000)	
Loan & Advances given	6,531,981 (2,731,035)			
Purchase of Technology (W.I.P)	Nil (10,645,425)			
Purchase of Asset	Nil (3,060,928)			
Investment Made	5,400,000 (1,500,000)			
Outstanding loan/Deposit payable	518,016 (Nil)	32,00,000 (8,645,000)	68,48,000 (7,488,000)	
Outstanding loan/Deposit receivable	1,992,203 (2,731,035)			
Outstanding others (Credit)/debit	(1,143,097) [(9062562)]	Nil (Nil)	Nil (Nil)	108,092 395,042

<b>Auditor's Remuneration</b>	<b>31-3-2009 Rs.</b>	<b>31-3-2008 Rs.</b>
Audit Fees	125,000	125,000
Tax Audit Fees	35,000	35,000
Certification Fees	40,000	40,000
Other services	--	--
Service tax on above fees	20,600	24,720
Out of Pocket Expense	10,000	10,000
	<b>230,600</b>	<b>234,720</b>

<b>M. <u>Director's Remuneration</u></b>	<b>31-3-2009 Rs.</b>	<b>31-3-2008 Rs.</b>
Salaries, Allowances & Perquisites	9,469,565	3,706,675
Contribution to Provident Fund and other Funds*	2,662,300	871,685
Commission	--	970,000
Sitting Fees	270,000	68,000
	<b>12,401,885</b>	<b>5,616,360</b>

Leave encashment provision is determined actuarially on an overall company basis at the end of each year and accordingly has not been considered in the above information.

<b>N. <u>Computation of net profits in accordance with section 349 of the Companies Act 1956 in respect of Commission Payable to a Director</u></b>	<b>31-3-2009 Rs.</b>	<b>31-3-2008 Rs.</b>
Profit before Taxation	23,241,074	50,296,308
Add : (1) Depreciation (as per accounts)	18,207,407	14,465,868
(2) Directors Remuneration	12,131,885	5,548,360
	53,580,366	70,310,536
Less : Depreciation as per section 350 of the Companies Act. 1956.	18,207,407	14,465,868
Less : Net Profit on Sales of Fixed Assets.	Nil	342,473
Net Profit as per Section 349	35,372,959	55,502,195
Commission to Directors :		
To Whole time Director - 0% (P.Y.-0.87%) of Net Profit	Nil@	485,000
To Managing Director - 0% (P. Y. -0.87%) of Net Profit	Nil@	485,000
	Nil	970,000

@ In view of inadequate profit in terms of section 198 of the Companies Act 1956, Managing Director and Whole time Director are not entitled to commission on profit.

**O. Sundry Creditors**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act has not been given. This has been relied upon by the Auditors.

**P. Exchange Rate Difference**

The Exchange rate difference arising on foreign currency transactions has been credited to Profit and Loss account Rs. 106.78 Lacs (Loss) [Previous Year 45.07 (Profit)].

**Q. Disclosure for Borrowing Costs capitalized**

In accordance with AS-16 related to Borrowing costs which amounts to Rs. 14.74 lacs has been capitalized during the year (Previous year Credited Rs. 20.20 Lacs).



**R. Interest in Joint Ventures**

Jointly controlled Entities			
Name of Joint Venture	Country of Residence	Proportion of Ownership (%) as on	
		31-03-09	31-03-08
Foreign Joint Ventures			
Span Diagnostics SARL	France	20%*	49%
Span Diagnostics (FZC)	UAE/India	40%	40%
Indian Joint Venture			
Span Nihon Kohden Diagnostics Pvt. Ltd.	India	45%	--

\* Span Diagnostics Limited has disinvested shares after 31.12.08 and hence its share dilutes to 20% from 32.67% as on 31.12.08.

**Financial interest in Jointly Controlled Entities**

Rs. In '000

As at 31st March 2009

Particulars	Span Diagnostics SARL as at 31.12.08 (Audited)	Span Diagnostics (FZC) as at 31.12.08 (Audited)	Span Nihon Kohden Diagnostics Pvt. Ltd as at 31.03.09 (Unaudited)
Assets	11,359	1364	9011
Liabilities	7,768	1376	4942
Income	5,597	1299	2297
Expenses	5,564	1641	3603
Tax	5	—	25

**S. Balances of sundry debtors are as per books of accounts**

**T. The figures for the previous year have been regrouped/recast wherever necessary in conformity with those of current year.**

**U. Additional information** pursuant to part II of Schedule VI of the Companies Act, 1956 (As certified by the management)

	31-3-2009 Rs.	31-3-2008 Rs.
<b>a) Earnings in Foreign Exchange</b> Export of Goods calculated on F.O.B. basis	129,334,706	44,763,318
<b>b) Expenditure in foreign currency Other matters</b>		
1. Royalty	1,504,605	99,836
2. Professional Fees		811,455
3. Interest on Bank	559,950	974,169
4. Dividend (Paid on 61500 shares to 10 Non-Resident shareholders for the year 2007-08)(Previous year 61500 shares to 10 NRI shareholders for the year 2006-07)	123,000	110,700
5. Technical know hc w	5,344,125	405,325
6. Other Expenses	6,311,541	4,917,847

	31-3-2009 Rs.	31-3-2008 Rs.
<b>c) Value of imports calculated on CIF basis</b>		
Raw Materials & Packing Materials	93,590,055	75,062,719
Goods for result	83,369,192	99,202,033
Capital Goods	3,526,495	5,421,507
Consumable Stores	3,050,479	1,777,070

d) Raw Material Consumed	Unit of Measurement	Qty	31-3-2009 Value Rs.	Qty	31-3-2008 Value Rs.
Chemicals etc.	Litres	177293	101,436,563	45976	82,760,516
	Others	---			
Packing Material		unascertained	90,930,354	unascertained	72,386,158

e) Value of Materials, Stores Spares Consumed	Value Rs.	%	Value Rs.	%
<b>a) Raw Materials</b>				
Imported	91,985,121	90.68	74,065,513	89.49
Indigenous	9,451,442	9.32	8,695,003	10.51
	101,436,563	100.00	82,760,516	100.00
<b>b) Packing Materials</b>				
Imported	13,090,040	14.40	5,519,177	7.62
Indigenous	77,840,314	85.60	66,866,981	92.38
	90,930,354	100.00	72,386,158	100.00
<b>c) Stores and Spares</b>				
Imported	852,830	6.60	2,208,751	26.53
Indigenous	12,069,821	93.40	6,117,404	73.47
	12,922,651	100.00	8,326,155	100.00

**Note :** Quantity of chemical etc. as stated in note U above is certified by the management and relied upon by the auditors.

**f) Quantitative Details (Trading)**

(Rs.in Lacs)

Sr. No.	Group	Annual Purchase No. of Units	Annual Purchase Rs. in Lacs	Opening Stock		Closing Stock		Sales	
				Units	Rs.	Units	Rs.	Units	Rs.
1.	Medical Diagnostic Equipments	515 (332)	805.90 (880.58)	181 (299)	342.90 (384.69)	234 (181)	364.39 (342.90)	462 (450)	922.73 (1244.21)
2.	Diagnostic Reagent	61,991 (98,322)	204.22 (414.63)	67,984 (69,417)	125.77 (136.03)	47,893 (67,984)	74.28 (125.77)	82,082 (99,755)	305.52 (574.22)
TOTAL			1010.12 (1295.21)		468.67 (521.72)		438.67 (468.67)		1,228.25 (1818.43)

**g) Quantitative Details (Manufacturing)**

Sr. No.	Group	Licenced Capacity	Annual Installed Capacity	Annual Production	Opening Stock		Closing Stock		Sales	
					Quantity	Rs. in Lacs	Quantity	Rs. in Lacs	Quantity	Rs. in Lacs
1.	Diagnostics Reagents	400000 litres	400000 litres	517857 litres (421,664 litres)	(No of Units) 179,422 (158,465)	195.93 (195.69)	(No of Units) 147323 (179,422)	152.04 (195.93)	(No of Units/test) 947,578 (532353)	1633.26 (1451.62)
2.	Elisa kit for Aids	120000 litres	120000 litres	1319 litres (268 litres)	59 (1,056)	0.35 (6.38)	1,852 (59)	13.43 (0.35)	11,774 (3,440)	119.44 (33.65)
3.	Agglutinating Sera	15000 litres	15000 litres	4056 litres (5887 litres)	46,721 (38,488)	33.80 (35.91)	30,499 (46,721)	45.97 (33.80)	320,754 (761,503)	592.80 (543.90)
4.	Bacteriological Products	15000 litres	15000 litres	11,860 litres (7825 litres)	27,893 (32,203)	13.69 (17.62)	60,121 (27,893)	18.53 (13.69)	468,285 (262,503)	461.93 (296.11)
5.	Rapid Immuno Diagnostics tests	510 lac test	510 lac test	190.73 lacs test (154.26 lacs test)	9.31 (5.60)	55.16 (63.51)	18.61 (9.31)	58.13 (55.16)	688.22 (152.24)	2764.96 (2045.44)
TOTAL						298.93 (319.11)		288.10 (298.93)		5572.39 (4370.72)

- NOTES :**
- Licenced Capacity : As per Industrial Entrepreneur Memorandum filed with Government of India. In respect of the products presently manufactured by the company.
  - Sales are shown after discount and sales return.
  - Materials produced for captive use excluded from sales.
  - Previous year figures are shown in brackets.
  - Annual Installed capacity being a technical matter, it is as certified by the production manager and accepted by the auditors.

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration Details</b>		
Corporate Identity Number (CIN)		L24299GJ1980PLC003710
State Code		04
Balance Sheet Date		31/03/2009
<b>II. Capital Raised during the Year (Amount in Rs. Thousands)</b>		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement (Equity issue on a preferential basis)		Nil
<b>III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>		
Total Liabilities		494,488
Total Assets		494,488
<b>Sources of Funds</b>		
Paid-up Capital		33,075
Reserves and Surplus		144,067
Secured Loan		254,418
Unsecured Loan		47,865
Deferred Tax Liability		15,062
<b>Application of Funds</b>		
Net Fixed Assets		201,447
Investments		9,377
Net Current Assets		283,663
Miscellaneous Expenditure		0
Accumulated Losses		Nil
<b>IV. Performance of the Company (Amount in Rs. Thousands)</b>		
Turnover (including Other Income)		669,546
Total Expenditure		646,304
Profit Before Tax		23,241
Profit After Tax		12,218
Earning per share in Rs.		3.40
Dividend Rate %		Nil
<b>V. Generic Names of Principal Products of the Company</b>		
Product Description		Item Code No. (ITC Code)
Diagnostic Reagent		382200.09
Agglutinating Sera		300210.07
Other Bacteriological Products		300290.09

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

	31.03.2009 Rs.	31.03.2008 Rs.
<b>A. CASH FLOW FROM THE OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEM ADJUSTED FOR	23,241,075	50,296,308
Depreciation	18,207,407	14,465,868
Preliminary Expenses/Deferred Revenue Expenses	502,496	502,497
Investment Income	(1,447,570)	(1,703,943)
Interest Charged	36,834,170	28,139,069
Profit/loss on sales of fixed assets	0	(342,473)
<b>Operating Profit before working capital changes</b>	<b>77,337,578</b>	<b>91,357,326</b>
<b>ADJUSTED FOR CHANGES IN</b>		
Trade and Other Receivables	(73,360,554)	(21,493,376)
Inventories	9,622,222	(15,465,539)
Trade Payables	4,003,138	(19,328,655)
Cash generated from operations	17,602,384	35,069,756
Direct taxes paid	(9,183,840)	(23,331,443)
Cash flow before Extra-ordinary items	8,418,544	11,738,313
Prior period adjustments	1,446,098	(360,711)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>9,864,642</b>	<b>11,377,602</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(32,921,495)	(48,939,055)
Sales of Fixed Assets	365,359	1,228,921
Sales / (Purchase) of Investments	(4,294,528)	(1,502,000)
Interest received	1,447,570	1,703,943
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(35,403,094)</b>	<b>(47,508,191)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	9,287,775	7,177,212
Proceeds from Borrowings	51,218,098	75,137,093
Interest paid	(36,834,170)	(28,139,069)
Dividend & Corporate Dividend Tax paid	(7,370,685)	(6,317,941)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>16,301,018</b>	<b>47,857,295</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(9,237,434)</b>	<b>11,726,706</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>34,364,578</b>	<b>22,637,872</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>25,127,144</b>	<b>34,364,578</b>

**B. V. Mehta**

V P (Finance) & Co. Secretary

Surat, Dated : 30th May 2009.

For and on behalf of the Board

**Dr. R.H.Parekh**

Chairman

**V.P.Desai**

Managing Director

#### AUDITORS' REPORT

We have verified the above cash flow statement of SPAN DIAGNOSTICS LIMITED derive J from the audited annual financial statements for the year ended March 31, 2009 and March 31, 2008, and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

for **Y.B.DESAI & ASSOCIATES**  
Chartered Accountants

Surat, Dated : 30th May 2009.

**Y.B.Desai**  
Partner  
M.No. 008767

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies :**

Name of the subsidiary company Financial year of the subsidiary company ended on	Span Biotronics Private Limited 31st March, 2009
Number of Shares in the subsidiary company held by Span Diagnostics Ltd at the above date : Equity Shares Preference Shares	10000 5000
Extent of Span Diagnostics Ltd's holding in the subsidiary company at the above date : Equity Shares Preference Shares	95.24% 100%
The net aggregate of profit(loss) of the subsidiary company so far as it concerns the members of Span Diagnostics Ltd.  1) Dealt with in the accounts of Span Diagnostics Ltd amounted to : (a) for the subsidiary's financial year ended March 31, 2009. (b) for previous financial years of the subsidiary since it became subsidiary of Span Diagnostics Ltd.  2) Not dealt with in the accounts of Span Diagnostics Ltd amounted to : (a) for the subsidiary's financial year ended March 31, 2009. (b) for previous financial years of the subsidiary since it became subsidiary of Span Diagnostics Ltd.	(Rs. In Lacs)  Nil Nil  19.51 (23.79)
Changes in the interest of Span Diagnostics Ltd between the end of the subsidiary's financial year and March 31, 2009 : Number of shares acquired Material changes between the end of the subsidiary's financial year and March 31,2009: i) Fixed assets (net additions) ii) Investments iii) Money lent by the subsidiary iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	Nil Nil Nil Nil Nil

For and on behalf of the Board

**Dr. R. H. Parekh** *Chairman*

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

**B.V. Mehta** *V P (Finance) & Co.Secretary*

Surat, 30th May 2009.

**SPAN BIOTRONICS PRIVATE LIMITED**  
Registered Office: 2 Vatika, 14 Baptista Road, Ville Parle (W)  
Mumbai 400056

**DIRECTORS' REPORT**

**To**  
**The Shareholders**

Your Directors have pleasure in presenting the SECOND ANNUAL REPORT for the period ended 31st March 2009 together with Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the financial period ended on that date.

**FINANCIAL RESULTS**

	Period ended on 31.03.2009 Rs.	Period ended on 29.03.2008 Rs.
<b>Sales &amp; Other Income</b>	<b>6,744,000</b>	<b>1,602,625</b>
The net operating income/(loss) for the second financial period ended 31st March, 2009 after deducting all charges and expenses excluding depreciation amounted to	2,204,820	(2,291,576)
Depreciation	72,392	61,235
Provision for Tax:		
Current Tax	230,000	-
Deferred Tax	(71,480)	7,439
Fringe Benefit Tax	22,380	19,022
<b>PROFIT AFTER TAX</b>	<b>1,951,528</b>	<b>(2,379,272)</b>
Balance brought forward	(2,379,272)	-
	<u>(427,744)</u>	<u>(2,379,272)</u>
<b><u>APPROPRIATIONS</u></b>		
Balance carried to Balance Sheet	(427,744)	(2,379,272)
	<u>(427,744)</u>	<u>(2,379,272)</u>

**OPERATIONS**

Your Directors have pleasure in informing you that the company has made a profit of Rs.19.51 Lac after depreciation and tax provisions during the period under consideration (Previous year loss Rs. 23.79 lacs).

## OUTLOOK FOR THE CURRENT YEAR AND FUTURE PROSPECTS

Span Biotronics Pvt Ltd (SBPL) is helping Span Diagnostics Ltd (SDL) in requirement analysis, design, development, prototyping, testing and validation 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. Span Biotronics Pvt Ltd (SBPL) is engaged in development of the various R&D projects which are likely to be released to Manufacturing in the current year.

SBPL will continue to grow and offer more capabilities to SDL and other companies in new product development also as part of contract research.

Revenue for SBPL is generated primarily from the following four mechanisms:

- I. Consultancy for design, development, validation, technical support etc
- II. Royalty on completed projects
- III. Technology transfer fees
- IV. Licensing IP rights

For projects, the designs and documents will be transferred to the respective company and the customer company only will engage in batch production, mass production, quality control, sales, and technical support. SBPL's role is and will be only in R & D and SBPL does not intend to undertake manufacturing or commercial activities.

In addition to instrumentation projects, SBPL may take up Reagent R & D projects in the coming years.

It is matter of pleasure to note that SBPL has received the DSIR recognition.

## DIVIDEND

In view of the need to conserve the resources for future growth the company has decided not to declare dividend for the period under review.

## BORROWINGS

The company has not accepted any fixed deposits from public. There are no other borrowings.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Considering the nature of services rendered by the company, it does not have significant power consumption. Similarly, during the year, the company has not acquired any new technology. Accordingly, the company has not taken any measures for energy conservation and technology absorption.

The company has neither used nor earned any foreign exchange during the year.

## DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA)

WE, THE Board of Directors of Span Biotronics Pvt. Ltd. confirm:

- a. That in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures if any.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are responsible and prudent, so as to give true and fair view of state of affairs of the company at the end of the financial period.
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the Annual accounts on a going concern basis.



**PARTICULARS OF EMPLOYEES**

There are no employees drawing remuneration of Rs. 2400000 per annum or more, if employed throughout the year or Rs. 200000 per month or more, if employed for the part of the year. Hence provisions of the section 217(2A) of the Companies Act, 1956 are not applicable to the company.

**AUDITORS**

M/s A J Shah & Co. Chartered Accountants, Auditors of the company retire at the ensuing Annual General Meeting. They are however, eligible for reappointment. A certificate to the effect that their reappoint, if made, will be in accordance with the limits specified in sub-section (1B) of section 224 of the Companies Act, 1956 has been furnished. The Directors recommend their reappointment.

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 employees.

On behalf of the Board

**For SPAN BIOTRONICS PVT. LTD.**

Place: Mumbai

Date: 28th May 2009

**V.P. Desai**  
Director

**S.V. Desai**  
Director

**AUDITOR'S REPORT**

To,  
The Members of  
**SPAN BIOTRONICS PRIVATE LIMITED.**

1. We have audited the attached balance sheet of **SPAN BIOTRONICS PRIVATE LIMITED ('Company')** as at 31<sup>st</sup> March, 2009, the Profit & Loss Account and the Cash Flow Statement for the period ended 31<sup>st</sup> March, 2009 are annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditors Report) Order-2003 issued by Department of the Companies affairs, in terms of section 227 (4A) of the Companies Act, 1956 since in our opinion and according to the explanation given to us, the said order is not applicable to the Company.
4. We report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been maintained by the Company, so far as appears from our examination of the books;
  - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
  - (e) On the basis of written representations received from the directors of the company as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes to the accounts thereon, give the information required by the Companies Act, 1956 in the manner so enquired and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company, as at 31<sup>st</sup> March, 2009;
- (ii) in the case of the Profit and Loss Account, of the profit for the period ended on that date and
- (iii) in the case of Cash Flow Statement, the cash flow for the period ended on that date.

**For A.J. SHAH AND COMPANY  
CHARTERED ACCOUNTANTS**

**PLACE: MUMBAI  
DATE : 28 May, 2009**

**(HIREN SHAH)  
PARTNER  
MEMBERSHIP NO.100052**

**SPAN BIOTRONICS PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2009**

<u>SOURCE OF FUNDS</u>	Schedule	31-3-2009 Rs.	29-3-2008 Rs.
<b>Shareholders' Funds</b>			
Share Capital	1	1,550,000	1,500,000
Unsecured Loans	2	--	2,600,000
Deferred Tax Liability		--	7,439
		<u>1,550,000</u>	<u>4,107,439</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block (At Cost)	3	341,422	313,440
Depreciation		133,627	61,235
<b>Net Block</b>		<u>207,795</u>	<u>252,205</u>
Deferred Tax Asset		64,041	--
Current Assets, Loans and Advances	4	1,581,140	1,969,733
Less : Current Liabilities & Provisions	5	769,827	545,913
		811,313	1,423,820
Miscellaneous Expenditure (To the extent not written off or adjusted)	6	39,107	52,142
Profit and Loss Account-Debit		427,744	2,379,272
Notes on Accounts and Significant Accounting policies	10	<u>1,550,000</u>	<u>4,107,439</u>

Notes : Schedule 1 to 6 and 10 referred to herein form an integral part of the Balance Sheet

For **SPAN BIOTRONICS PVT LTD.**

As per our Report of even date :

**For A. J. SHAH & CO.**

Chartered Accountants

**HIREN SHAH**

Partner

**V. P. Desai**  
Director

**S. V. Desai**  
Director

Membership No. 100052

Mumbai, Dated : 28 May 2009

**SPAN BIOTRONICS PRIVATE LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2009**

<b>INCOME</b>	<b>Schedule</b>	<b>31-3-2009 Rs.</b>	<b>29-3-2008 Rs.</b>
Research and Development Consultancy Fees		6,744,000	1,600,000
Other Income		--	2,625
		<u><b>6,744,000</b></u>	<u><b>1,602,625</b></u>
<b>EXPENDITURE :</b>			
Employee's Remuneration	7	3,140,697	1,781,334
Administrative Expenses	8	1,252,826	1,971,322
Interest and Finance Charges	9	132,622	128,509
Depreciation		72,392	61,235
Preliminary Expenses Written Off		13,035	13,035
		<u><b>4,611,572</b></u>	<u><b>3,955,435</b></u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>2,132,428</b>	<b>(2,352,811)</b>
Less : Provision for taxation			
Current Tax		230,000	--
Deferred tax expenses/ (savings)		(71,480)	7,439
Fringe Benefit Tax		22,380	19,022
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>1,951,528</b>	<b>(2,379,272)</b>
<b>APPROPRIATIONS</b>			
Balance brought forward from the previous year		(2,379,272)	--
Balance carried to Balance Sheet		(427,744)	(2,379,272)
		<u><b>(427,744)</b></u>	<u><b>(2,379,272)</b></u>
Earning per share basis and diluted		190.74	(388.77)
Notes on accounts and Significant Accounting Policies (Refer Note 10)			

Notes : Schedule 7 to 10 referred to herein form an integral part of the Profit and Loss Account.

For **SPAN BIOTRONICS PVT LTD.**

As per our Report of even date :

**For A. J. SHAH & CO.**

Chartered Accountants

**HIREN SHAH**

Partner

**V. P. Desai**  
Director

**S. V. Desai**  
Director

Membership No. 100052

Mumbai, Dated : 28 May 2009

**SPAN BIOTRONICS PRIVATE LIMITED  
SCHEDULES FORMING PART OF ACCOUNTS**

**SCHEDULE:1 - SHARE CAPITAL**

<b>Authorised Capital</b>	<b>31-03-2009 Rs.</b>	<b>29-03-2008 Rs.</b>
12,500 Equity shares of Rs.100/- each	1,250,000	1,250,000
12,500 Preference shares of Rs.100/- each	1,250,000	1,250,000
	2,500,000	2,500,000
 <b>Issued, Subscribed and Paid-up</b>		
10,500 Equity shares of Rs.100/- each fully paid-up (Previous year 10000 Equity shares of Rs. 100 fully paid up)	1,050,000	1,000,000
5,000 Preference shares of Rs.100/- each fully paid-up (Out of the above, Equity shares 10,000 Equity shares of Rs.100/- each and 5,000 Preference shares of Rs.100 each are held by Span Diagnostics Ltd. Holding Company and its nominees.)	500,000	500,000
	1,550,000	1,500,000

**SCHEDULE:2 - UNSECURED LOANS**

From Holding Company	--	2,600,000
	--	2,600,000

**SCHEDULE:3 - FIXED ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 29.3.2008 Rs	Additions Rs	As at 31.03-2009 Rs	as at 30-3-2008 Rs.	For the period Rs.	as at 31.3.2009 Rs.	As at 31.3.2009 Rs	As at 29.3.2008 Rs
Office Equipment	69,139	--	69,139	21,296	6,655	27,951	41,188	47,843
Furniture and Fixtures	25,605	26,250	51,855	1,482	7,456	8,938	42,917	24,123
EPBX System	16,848	--	16,848	1,498	2,135	3,633	13,215	15,350
Computers	158,348	1,732	160,080	32,561	50,707	83,268	76,812	125,787
Air Conditioners	43,500	--	43,500	4,398	5,439	9,837	33,663	39,102
	<b>313,440</b>	<b>27,982</b>	<b>341,422</b>	<b>61,235</b>	<b>72,392</b>	<b>133,627</b>	<b>207,795</b>	<b>252,205</b>
Previous Year	--	313,440	313,440	--	61,235	61,235	252,205	--

**SPAN BIOTRONICS PRIVATE LIMITED**
**SCHEDULE:4 - CURRENT ASSETS, LOANS & ADVANCES**

	<b>31-03-2009</b>	<b>29-03-2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>CURRENT ASSETS</b>		
Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding more than six months	--	--
Others (Due from Holding Company)	393,636	1,594,073
<b>Cash and Bank Balances</b>		
Cash in hand	3,382	673
Balance with a Scheduled bank	12,580	--
<b>LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
Advance recoverable in cash or kind for value to be received	149,050	153,800
Advance Income Tax	982,907	203,687
FBT Advance Tax	39,585	17,500
	<u>1,581,140</u>	<u>1,969,733</u>

**SCHEDULE:5 - CURRENT LIABILITIES & PROVISIONS**
**Current Liabilities**

Sundry Creditors for Expenses	254,306	58,261
Other Liabilities	244,119	312,193
Balance Overdrawn in Bank Current Account	--	25,402
Due to Holding Company	--	131,035
	<u>498,425</u>	<u>526,891</u>

**Provisions**

For Income Tax	230,000	--
For Fringe Benefit Tax	41,402	19,022
	<u>271,402</u>	<u>19,022</u>
	<u>769,827</u>	<u>545,913</u>

**SCHEDULE:6 - MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Preliminary Expenditure	39,107	52,142
	<u>39,107</u>	<u>52,142</u>

**SPAN BIOTRONICS PRIVATE LIMITED**

<b><u>SCHEDULE:7 - EMPLOYEES' REMUNERATION</u></b>	<b><u>31-03-2009</u></b>	<b><u>29-03-2008</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
Salaries and Allowances	2,919,378	1,616,067
Medical Expenses	30,152	16,048
Staff Welfare Expenses	86,162	35,271
Leave salary	47,947	79,333
Gratuity	57,058	34,615
	<u>3,140,697</u>	<u>1,781,334</u>

**SCHEDULE:8 - ADMINISTRATIVE EXPENSES**

Electricity Expenses	143,622	35,364
Professional Fees	280,000	140,757
Auditors Remuneration	35,000	20,000
Telephone and Mobile Charges	113,493	54,688
Printing & Stationery	31,638	31,334
Motor Car Expense	161,789	162,481
Membership and Subscription	9,000	16,500
Conveyance Expenses	1,466	3,995
Travelling Expenses	3,809	29,312
Rent for Office Premises	291,600	312,621
Repairs and Maintenance	7,525	36,368
Office renovation Expenses	100,723	968,808
Project Expenses	--	8,881
VAT Paid	5,905	63,909
Other Expenses	67,256	86,304
	<u>1,252,826</u>	<u>1,971,322</u>

**SCHEDULE:9 - INTEREST AND FINANCE CHARGES**

Bank Charges	16,772	5,241
Interest on Loan	115,850	123,268
	<u>132,622</u>	<u>128,509</u>

**SCHEDULE:10 - NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

**INTRODUCTION**

During the year Company has changed accounting year end from 29th March to 31st March, hence previous year figures are not comparable



## SPAN BIOTRONICS PRIVATE LIMITED

### 1. Significant Accounting Policies

- a) **Basis of Accounting**  
Financial Statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956.
- b) **Amortisation of Expenses**  
Preliminary expenses will be amortised over a period of 5 years in accordance with Section 35 D of the Income Tax Act, 1961 .
- c) **Use of Estimates**  
The presentation of Financial Statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.
- d) **Revenue Recognition**  
Research and Development Consultancy fees are accounted on accrual basis.
- e) **Expenses**  
All expenses are provided for on accrual basis.
- f) **Fixed assets**  
Fixed assets are stated at cost of acquisition/installation less accumulated depreciation.
- g) **Depreciation**  
Depreciation on fixed assets is provided on written down value at the rates and in the manner prescribed in Schedule XIV to the Companies Act 1956.
- i) **Employees Benefits**  
Gratuity liability and Leave Encashment benefits are accounted for on estimated basis as per the rules of the Company.
- j) **Taxes on Income**  
Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a certainty that the assets will be realised in future.
- k) **Fringe Benefit Tax**  
Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961
- l) **Provisions, Contingent Liabilities and Contingent Assets:**  
Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements

2. Contingent Liability not provided for Nil
3. No amount is due to Micro and Small Scale Undertakings in excess of Rs. 1,00,000/- each, due for more than 30 days.
4. In the opinion of the board Directors, the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.

**SPAN BIOTRONICS PRIVATE LIMITED**

5. Auditors remuneration excluding service tax	31-03-2009	29-03-2008
	Rs.	Rs.
Audit Fees	20,000	20,000
<u>Tax Audit Fees</u>		--
For the Year 2007-08	7,500	
For the Year 2008-09	7,500	
	35,000	20,000

6. Disclosure as required by Accounting Standard 19 (AS-19) "Leases" issued by the Institute of Chartered Accountants of India are given below. The Company has taken residential and godown premises under short term lease arrangements and are renewable on mutually agreeable terms. Lease rentals are expensed with reference to lease terms.		
Rent paid under this arrangement	291,600	312,621

**7. Related Party Transaction**
**(A) Relationships**
**(a) Where control exists**

Holding Company -  
Span Diagnostics Ltd

**(b) Key Management Personnel**

P K Desai - Director  
Sanjay Mehta - Director  
Sujata Desai - Director  
Veeral Desai - Director  
Dr B Prasad - Chief Executive Officer

**(c) Relatives of key management personnel and their enterprises, where transaction have taken place.**

Akkad Mehta & Co

**(d) Other Related Parties**

Nil

Note :- Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in 1 (a) to (d) above is identified and certified by the Management and relied upon by the Auditors.

**(B) Transactions with related parties**

Particulars	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
Income :				
Consultancy fees	6,744,000	--	--	--
Expenses :				
Interest	115,850	--	--	--
Remuneration	--	1,489,348	--	--
Professional Fees	--	--	200,000	--
Outstanding :				
Receivable	393,636	--	--	--

**SPAN BIOTRONICS PRIVATE LIMITED**

8. Earnings per share		
a) Net Profit after Tax (including prior period items) available for Equity shareholders	1,951,528	(2,379,272)
b) Weighted average number of Equity Shares of Rs.. 100 each outstanding during the year. (No.'s of shares)	10,232	6,120
c) Basic/ Diluted earnings per share (a/b) (Rs.)	190.74	(388.77)

9. Deferred Tax Asset / (Liability)

The break up of deferred tax Assets/ (liability) is as under : (In Rs.)

Deferred Tax Working	31-03-2009	29-03-2008
<b>Deferred Tax Liabilities ( A )</b>		
( i ) Difference between Book & Tax Depreciation	10,381	7,439
Total ( A )	10,381	7,439
<b>Deferred Tax Assets ( B )</b>		
( i ) Leave Encashment	31,160	--
( ii ) Gratuity	43,262	--
Total ( B )	74,422	--
Net Deferred Tax Asset/(Liability)	64,041	(7,439)

10 Additional Information pursuant to the provisions of the paragraph 3 and 4 of the Part II of Schedule VI to the Companies Act, 1956. (As certified by a Director and relied upon by Auditors)

a) Quantitative information	Not Applicable
b) Value of Imports calculated on CIF basis	Nil
c) Expenditure on foreign currency	Nil
d) Earnings in foreign exchange	Nil

11 Cash Flow Statement for the period ended 31st March, 2009 is disclosed in the statement annexed to these Accounts as Annexure 1.

Signatures to Schedule 1 to 10  
As per our Report of even date

For **A J SHAH & CO.**  
Chartered Accountants

For **SPAN BIOTRONICS PVT LTD**

**HIREN SHAH**  
Partner  
Membership No.100052  
Mumbai, Dated: 28 May 2009

**V.P. Desai**  
DIRECTOR

**S.V. Desai**  
DIRECTOR

**SPAN BIOTRONICS PRIVATE LIMITED**
**Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.**
**Balance Sheet Abstract and General Business Profile**

I.	<u>Registration Details</u>	
	Registration No. :	U33125MH2006PTC165417
	Balance Sheet Date :	<b>31-03-2009</b>
	State Code :	11
II.	<u>Capital Raised during the Year [Amount in Rs.]</u>	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	50,000
III.	<u>Position of Mobilisation and Deployment of Funds</u> [amount in Rs.]	
	Total Liabilities	1,550,000
	Total Assets	1,550,000
	<u>Sources of Funds</u>	
	Paid-up Capital	1,550,000
	Reserves and Surplus	-
	Secured Loan	-
	Unsecured Loan	-
	Deferred Tax Liability	-
	Application of Funds	
	Net Fixed Assets	207,795
	Deferred Tax Assets	64,041
	Investments	-
	Net Current Assets	811,313
	Miscellaneous Expenditure	39,107
	Accumulated Losses	427,744
IV.	<u>Performance of the Company [Amount in Rs.]</u>	
	Turnover including other income	6,744,000
	Total Expenditure	4,611,572
	Profit Before Tax	2,132,428
	Profit After Tax	1,951,528
	Earning per share in Rs.	190.74
	Dividend Rate %	-
V.	<u>Generic Names of Principal Products of the Company</u>	
	Product Description	Item Code No. (ITC Code)
	Research and Development Services	

As per our Report of even date

For **A J SHAH & CO.**  
Chartered Accountants

For **SPAN BIOTRONICS PVT LTD**
**HIREN SHAH**  
Partner  
Membership No.100052  
Mumbai, Dated: 28 May 2009

**V.P. Desai**  
DIRECTOR

**S.V. Desai**  
DIRECTOR

**SPAN BIOTRONICS PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2009**

A. Cash Flow from Operating activities	31-03-2009 Rs.	29-03-2008 Rs.
Net Profit before tax and extraordinary items	2,132,428	(2,352,811)
Adjustments for:		
Depreciation	72,392	61,235
Interest and Finance expenses	132,622	128,509
Preliminary expenses written off	13,035	13,035
<b>Operating Profit before Working Capital changes</b>	<b>2,350,477</b>	<b>(2,150,032)</b>
Adjustments for change in :-		
Trade & other Receivables	1,205,188	(1,747,873)
Trade Payables	(3,063)	501,489
<b>Cash generated from operations</b>	<b>3,552,600</b>	<b>(3,396,417)</b>
Taxes paid (Net)	801,305	221,187
Cash flow before extraordinary items	2,751,295	(3,617,604)
Extraordinary items	--	--
<b>Net Cash from Operating Activities</b>	<b>2,751,295</b>	<b>(3,617,604)</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets	(27,982)	(313,440)
Preliminary Expenses	--	(65,177)
<b>Net Cash used in Investing Activities</b>	<b>(27,982)</b>	<b>(378,617)</b>
<b>C. Cash Flow from Financing activities</b>		
Proceeds/(Repayment) from/ of borrowings	(2,600,000)	2,600,000
Proceeds from issue of shares	50,000	1,500,000
Interest and Finance expenses	(132,622)	(128,509)
<b>Net Cash used in Financing Activities</b>	<b>(2,682,622)</b>	<b>3,971,491</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>40,692</b>	<b>(24,729)</b>
<b>Cash and Cash equivalents - Opening Balance</b>	<b>(24,729)</b>	<b>--</b>
<b>Cash and Cash equivalents - Closing Balance</b>	<b>15,962</b>	<b>(24,729)</b>

Notes to the Cash Flow Statement for the period ended 31st March, 2009

- The cash flow statement has been prepared as per the indirect method as prescribed in the Accounting Standard - 3 "Cash Flow Statement" issued by ICAI.
- The previous year's figures have been regrouped/ restated wherever necessary to conform to this year's classification.

As per our Report of even date

For **A J SHAH & CO.**  
Chartered Accountants

For **SPAN BIOTRONICS PVT LTD**

**HIREN SHAH**  
Partner  
Membership No.100052  
Mumbai, Dated: 28 May 2009

**V.P. Desai**  
DIRECTOR

**S.V. Desai**  
DIRECTOR

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Board of Directors,  
Span Diagnostics Ltd.

1. We have examined the attached consolidated Balance Sheet of **SPAN DIAGNOSTICS LIMITED and its Subsidiaries ("the Group")** as at 31st March 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of:
  - i) One Subsidiary company whose financial statements reflect total assets (net) of Rs. 10.19 Lacs and total revenues of Rs. 67.44 Lacs as at March 31, 2009.

These financial statements of the subsidiary were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of these subsidiaries are based solely on the reports of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of the Accounting Standard – 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India on the basis of the individual financial statements of Span Diagnostics Ltd. and its subsidiary included in the consolidated financial statements.

4. On the basis of the information and the explanation given to us and on the consideration of the separate audit reports, on individual audited financial statements of the company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (i) In case of Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2009,
  - (ii) In case of Consolidated Profit and Loss Account, of the Consolidated result of the Group for the year then ended and
  - (iii) In case of Consolidated Cash-flow statement, of the consolidated cash-flow of the Group of the year ended on that date.

For M/s. Y. B. Desai & Associates,  
Chartered Accountants

Y. B. Desai  
Partner  
Membership No. 008767

Surat, May 30, 2009

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2009**

<b>SOURCES OF FUNDS</b>	<b>Schedule</b>	<b>31-03-2009</b>	<b>31-03-2008</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>Shareholders' Funds</b>			
Share Capital	1	33,075,000	31,500,000
Reserves & Surplus	2	<u>143,659,880</u>	<u>123,245,644</u>
		<u>176,734,880</u>	<u>154,745,644</u>
<b>Minority Interest</b>		29,640	--
<b>Loan funds</b>			
Secured Loans	3	254,418,458	200,022,480
Unsecured Loans	4	<u>47,864,887</u>	<u>51,042,770</u>
		302,283,345	251,065,250
<b>Deferred Tax Liability (Net)</b>		14,997,959	9,686,439
<b>TOTAL</b>		<u>494,045,824</u>	<u>415,497,334</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	5		
Gross Block		306,450,703	245,141,295
Less : Depreciation / Adjustments		<u>116,499,699</u>	<u>98,647,073</u>
Net Block		189,951,004	146,494,222
Capital Work-in-Progress		<u>11,704,272</u>	<u>40,856,735</u>
		<u>201,655,276</u>	<u>187,350,957</u>
<b>Investments</b>	6	7,877,461	3,582,933
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	168,875,791	178,498,013
Sundry Debtors	8	200,732,048	121,435,028
Cash and Bank Balance	9	25,143,105	34,339,849
Loans and Advances	10	<u>37,457,356</u>	<u>42,465,297</u>
		432,208,300	376,738,187
Less: Current Liabilities & Provisions	11	<u>147,734,319</u>	<u>152,729,381</u>
Net Current Assets	11	284,473,981	224,008,806
<b>Miscellaneous Expenditure</b>	12	39,107	554,638
<b>TOTAL</b>		<u>494,045,824</u>	<u>415,497,334</u>
Notes on Accounts	19		

The annexed schedules and notes referred to above form an integral part of the Accounts

As per our Report of even date attached hereto :  
**For Y.B. DESAI & ASSOCIATES**  
Chartered Accountants

**Y.B.DESAI**  
Partner  
M.No. 008767

Place : Surat  
Date : 30th May, 2009

**Dr. R. H. Parekh** *Chairman*

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

**B.V. Mehta** *V P (Finance) & Co.Secretary*

Place : Surat  
Date : 30th May, 2009

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDER 31st MARCH 2009**

	Schedule	31-03-2009 Rs.	31-03-2008 Rs.
<b>INCOME</b>			
Sales	13	680,064,626	618,251,173
Less : Excise Duty Paid		16,314,308	20,818,015
		<u>663,750,318</u>	<u>597,433,158</u>
Other Income	14	15,433,420	26,222,441
Increase/(Decrease) in stock	15	(9,754,052)	518,370
		<u>669,429,686</u>	<u>624,173,969</u>
<b>EXPENDITURE</b>			
Materials consumed & purchase of goods	16	296,378,318	284,667,207
Manufacturing and other expenses	17	292,547,125	248,768,582
Interest & Finance Charges	18	36,850,942	28,267,577
Depreciation		18,279,799	14,527,103
		<u>644,056,184</u>	<u>576,230,471</u>
<b>PROFIT BEFORE TAX</b>		25,373,501	47,943,499
Provision for Tax-Current		4,580,000	17,670,000
-Deferred Tax		5,311,520	1,635,569
-Fringe Benefit Tax		1,312,380	1,051,022
<b>PROFIT AFTER TAX (including Minority Interest Rs.92893)</b>		<u>14,169,601</u>	<u>27,586,908</u>
<b>Less : Minority Interest</b>		92,893	
		<u>14,076,708</u>	<u>27,586,908</u>
Balance brought forward		31,503,733	13,866,469
Tax adjustment of earlier year		(2,934,599)	31,753
Prior Period Adjustments		1,446,098	(360,711)
<b>Profit available for Appropriation</b>		<u>44,091,939</u>	<u>41,124,417</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		0	6,300,000
Dividend Distribution Tax		0	1,070,685
Transfer to General Reserve		3,500,000	2,250,000
Balance carried to Balance Sheet		40,591,939	31,503,732
		<u>44,091,939</u>	<u>41,124,417</u>
Earning per share Basic and diluted (Net of Tax)			
Face Value per share Rs.10		3.99	9.07
Refer Note E of Schedule 19.			
Notes on Accounts	19		

The annexed schedules and notes referred to above form an integral part of the Accounts

As per our Report of even date attached hereto :

**For Y.B. DESAI & ASSOCIATES**

Chartered Accountants

**Y.B. DESAI**

Partner

M.No. 008767

Place : Surat

Date : 30th May , 2009

**Dr. R. H. Parekh** Chairman

**V. P. Desai** Managing Director

**B.V. Mehta** V P (Finance) & Co. Secretary

Place : Surat

Date : 30th May, 2009



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

	<u>31-03-2009</u> Rs.	<u>31-03-2008</u> Rs.
<b>Schedule 1 : SHARE CAPITAL</b>		
Authorised 5,000,000 (Previous year 5,000,000) Equity Shares of Rs. 10/- each.	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and paid-up 3,307,500 Equity Shares of Rs.10/- each fully paid (Previous year 3,150,000)	33,075,000	31,500,000
Of the above 1,387,500 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares by capitalising Rs.38,75,000 out of General reserve & Rs.10,000,000 out of Revaluation Reserve and 206,250 Equity shares issued pursuant to scheme of Amalgamation with Span Biological Pvt. Ltd. and Span Biotech Pvt.Ltd.	<u>33,075,000</u>	<u>31,500,000</u>
<b>Schedule 2 : RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Amalgamation Surplus	2,887,500	2,887,500
Add: On forfeiture of Convertible share warrants	<u>1,318,275</u>	<u>2,887,500</u>
	4,205,775	
<b>Share Premium:</b>		
Balance as per last Balance Sheet	29,905,212	24,227,000
Add : Premium of share allotment	<u>6,394,500</u>	<u>5,678,212</u>
	36,299,712	29,905,212
<b>General Reserve:</b>		
Balance as per last Balance Sheet	58,949,200	61,405,021
Add: Transfer from Profit & Loss Account	3,500,000	2,250,000
Less : Gratuity Liability - Refer Note 2A	0	4,705,821
	<u>62,449,200</u>	<u>58,949,200</u>
Surplus in Profit & Loss Account	40,591,940	31,503,733
Add : Minority Interest upto 31/03/08	<u>113,253</u>	<u>--</u>
	40,705,193	31,503,733
	<u>143,659,880</u>	<u>123,245,645</u>

	<u>31-03-2009</u> Rs.	<u>31-03-2008</u> Rs.
<b>Schedule 3 : SECURED LOANS</b>		
Term Loans		
a) Kotak Mahindra Home Finance Loan (due within one year Rs.531,966, Previous year Rs.480,087) (Secured by Equitable Mortgage of Office Premises at , Mumbai)	2,131,990	2,612,746
b) Kotak Mahindra Bank WC Term Loan (due within one year Rs.10,130,327, Previous year Rs.3,332,027)	24,486,604	13,006,326
c) Term loan Kotak - Sachin Expension (due within one year Rs.2,295,172 Previous year Rs.1,282,386)	7,164,648	5,005,703
d) Term loan Kotak - Udhna Expension (due within one year Rs.1,812,618 Previous year Rs.1,617,142)	4,691,665	6,312,398
e) Term loan Kotak - SARL (due within one year Rs.3,760,668 Previous year Rs.2,879,537)	10,616,132	11,240,074
f) KMBL W.C Demand Loan-NEW (due within one year Rs.10,000,000, Previous year Rs.Nil)	10,000,000	--
g) KMBL Term Loan-New D G Set (due within one year Rs.787,497, Previous year Rs.Nil) (Secured by hypothecation of Current and Moveable Assets including Plant & Machinery, and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of immovable properties at Plot No.173B at Udhna and Plot No.336 ,338,340 at Sachin., Surat. and office premises at Kolkata and Office premises at Mumbai)	1,244,921	--
h) Term loan - Department of Biotechnology-Govt. of India - SBIRI (due within one year Rs.Nil, Previous year Rs.Nil) Interest Accrued but not due in SBIRI loan	5,150,000	5,150,000
	<u>55,027</u>	<u>3,527</u>
	65,540,987	43,330,774
<b>From Banks</b>		
a) Kotak Mahindra Bank Ltd. - Cash Credit/Export packing credit	179,713,492	146,468,248
b) Buyers Credit from Kotak Bank (due within one year Rs.7,690,023 Previous year Rs.7,270,781) (Secured by hypothecation of Current and Moveable Assets including Plant & Machinery, and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of immovable properties at Plot No.173B at Udhna and Plot No.336 ,338,340 at Sachin., Surat. and office premises at Kolkata and Office premises at Mumbai)	7,690,023	7,270,780
c) Car loan from HDFC Bank	68,603	152,989
d) Bus Loan from Kotak Bank	1,140,770	2,377,850
e) Car Loan from ICICI Bank (Guaranteed by Directors and Company as a co-obligant) (due within one year Rs.1,392,118 Previous year Rs.1,759,092)	264,583	421,837
	<u>254,418,458</u>	<u>200,022,478</u>
<b>Schedule 4 : UNSECURED LOANS</b>		
Fixed Deposits (including Fixed Deposits from Directors Rs. 4,150,000. Previous year Rs.11,185,000) (due within one year Rs.13,735,000, Previous year Rs.9,456,000)		
	32,215,000	37,030,000
Interest accrued on Fixed Deposits	922,286	862,665
Deposits from Stockiest	14,727,601	13,150,105
	<u>47,864,887</u>	<u>51,042,770</u>

**Schedule 5: FIXED ASSETS**

Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1.4.2008 Rs	Additions Rs	Deduction Rs.	As at 31.03-2009 Rs	Balance as at 1.4.2008 Rs.	Depreciation /Adjustment Rs.	Deductions Rs.	Balance as at 31.3.2009 Rs.	As at 31.3.2009 Rs	As at 31.3.2008 Rs
<b>Tangible Fixed Assets</b>											
1	Land	12,337,200			12,337,200	0			0	12,337,200	12,337,200
2	Buildings & Roads	90,448,211	17,482,330		107,930,541	25,883,900	4,280,965		30,164,865	77,765,676	64,564,311
3	Plant & Machinery	59,009,383	7,425,618		66,435,001	29,993,492	4,422,582		34,416,074	32,018,927	29,054,993
4	Electrical Installations	9,019,016	1,685,990		10,705,006	6,105,817	543,758		6,649,575	4,055,431	2,913,199
5	Cold Rooms/Storages	4,379,122	2,555,549		6,934,672	2,659,480	467,878		3,127,358	3,807,314	1,719,642
6	Loose Tools, Moulds, Utilities and other Equipments	13,506,913	1,735,896		15,242,809	8,584,195	926,251		9,510,446	5,732,364	4,922,719
7	Laboratory Equipments	14,408,494	1,834,354	792,532	15,450,316	6,263,216	1,182,512	427,173	7,018,555	8,431,761	8,145,278
8	R & D Equipment	3,470,658	2,161,920		5,632,578	896,022	509,665		1,405,687	4,226,891	2,574,636
9	Furniture & Fixtures	12,308,179	2,519,218		14,827,397	6,165,745	1,397,878		7,563,623	7,263,774	6,142,434
10	Computers	8,311,042	653,135		8,964,177	6,678,628	826,518		7,505,146	1,459,031	1,632,414
11	Office Equipments	3,572,039	90,475		3,662,514	2,158,218	202,135		2,360,353	1,302,161	1,374,719
12	Vehicles	6,821,341			6,821,341	2,034,532	1,370,529		3,405,061	3,416,280	4,786,809
<b>Intangible Assets</b>											
1	Goodwill	322,120			322,120	322,120			322,120	0	0
2	Technical Know how	2,505,574	23,957,454		26,463,028	746,888	1,204,727		1,951,615	24,511,413	1,758,686
3	SAP Software	4,722,003			4,722,003	154,820	944,401		1,099,221	3,622,782	4,567,183
		<b>245,141,295</b>	<b>62,101,940</b>	<b>792,532</b>	<b>306,450,703</b>	<b>98,647,073</b>	<b>18,279,799</b>	<b>427,173</b>	<b>116,499,699</b>	<b>189,951,004</b>	<b>146,494,222</b>
Previous Year		224,734,441	25,010,775	4,603,921	245,141,295	87,837,443	14,527,103	3,717,473	98,647,073	146,494,222	136,897,001

Capital Work-in-Progress including advances on capital account. Rs. Nil (Previous Year Rs.4.23 lacs)

11,704,272

40,856,735

NOTE : 1) Gross Block includes Rs.12,506,178 on Revaluation of Fixed Assets as on 31-3-1994 comprising of Land Rs.87,78,812 and Buildings Rs.3,727,366.

2) Land Cost includes Rs.950/- being the cost of 19 shares fully paid up of Rs.50/- each of Udhna Udyog Nagar Sahakari Sangh Ltd., Udhna and cost of land allotted by G.I.D.C. on lease.

**Schedule 6 : INVESTMENTS**
**Non Trade & Long term**
**Unquoted**

## Government Securities (at cost)

National Savings Certificates

0

17,000

## Others

Investment in Joint Ventures

Span Diagnostics SARL

1,718,640

2,807,112

(300 Shares of 100 Euro each fully paid up, Previous Year 490 Shares of 100 Euro each)

Span Diagnostics FZC

756,821

756,821

(600 Share of 100 DHS each fully paid-up, Previous Year 600 share)

Span Nihon kohden Diagnostics Pvt.Ltd.

5,400,000

0

(54,000 Share of Rs.100 each fully paid-up, Previous Year- NIL)

Sachin Infra Management Ltd.

2,000

2,000

(200 Shares of Rs.10 each fully paid-up, Previous Year - 200 shares)

**7,877,461**
**3,582,933**
**Schedule 7 : INVENTORIES**

(As per inventory taken, valued and certified by the Management)

Raw Materials

53,146,619

56,692,399

Primary Packing Materials

25,202,502

26,071,044

Consumable Stores

6,423,503

5,480,723

Work-in-Process

11,426,208

10,660,001

Finished Goods

72,676,959

79,593,846

**168,875,791**
**178,498,013**

	<u>31-03-2009</u> Rs.	<u>31-03-2008</u> Rs.
<b>Schedule 8 : SUNDRY DEBTORS</b>		
(Un secured )		
Debts outstanding for a period exceeding six months		
Considered Good	18,795,940	39,194,550
Considered Doubtful	1,922,487	2,578,393
	<u>20,718,427</u>	<u>41,772,943</u>
Others - Considered Good	181,936,108	82,240,478
	<u>202,654,535</u>	<u>124,013,421</u>
Less : Provision for Bad and Doubtful Debts	1,922,487	2,578,393
	<u>200,732,048</u>	<u>121,435,028</u>

**Schedule 9 : CASH AND BANK BALANCE**

Cash on Hand	57,952	104,448
Bank Balances with Scheduled Banks :		
In Current Accounts	12,185,598	19,094,725
In Fixed Deposit Accounts [Includes Rs10,616,205/- (previous year Rs.12,890,169/-) under Bank's lien]	12,899,556	15,140,676
	<u>25,143,105</u>	<u>34,339,849</u>

**Schedule 10: LOANS AND ADVANCES**

(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
	27,779,869	34,273,110
Balance with Excise Department	2,910,331	470,875
Other Deposits	6,767,156	7,721,312
	<u>37,457,356</u>	<u>42,465,297</u>

**Schedule 11: CURRENT LIABILITIES & PROVISIONS**

Current Liabilities :		
Sundry Creditors	111,731,086	105,614,516
Other Liabilities	39,716,148	42,193,797
Unclaimed Dividend #	767,357	668,805
	<u>152,214,591</u>	<u>148,477,118</u>
Provision :		
Proposed Dividend	0	6,300,000
Dividend Distribution Tax	0	1,070,685
Provision for Tax (Net of Advance Tax & TDS)	(4,548,449)	(2,863,539)
Provision for Fringe benefit Tax (Net of Advance Tax)	68,177	(254,883)
	<u>147,734,319</u>	<u>152,729,381</u>

# There are no amounts due and outstanding to be credited to the investor Education and Protection Fund.

**Schedule 12 : MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	39,107	554,638
	<u>39,107</u>	<u>554,638</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	31-03-2009	31-03-2008
	<u>Rs.</u>	<u>Rs.</u>
<b>Schedule 13 : SALES</b>		
Gross Sales (Net of return)	680,811,592	619,063,896
Less : Discount & Rate Difference	746,966	812,723
	<u>680,064,626</u>	<u>618,251,173</u>
<b>Schedule 14 : OTHER INCOME</b>		
Miscellaneous Income	1,554,552	536,856
Interest Received (Gross) (TDS Rs.438,561/- Previous Year Rs.229,318)	1,331,720	1,703,943
Insurance claim	528,395	145,488
Profit on Sale of Assets -( Net)	0	406,904
Service Charges	9,012,201	6,849,528
P&L on Forward Contract.	84,323	0
Profit on DEPB License	359,234	0
License Fees Income	1,277,500	
Excess Provision Written Back	0	2,147,231
Excise Duty Refund	0	11,869,972
Export Incentive	0	922,000
Sundry Credit Balance written back	1,285,495	1,640,519
	<u>15,433,420</u>	<u>26,222,441</u>
<b>Schedule 15 : INCREASE/(DECREASE) IN STOCK</b>		
<b>Opening Stock</b>		
Work-in-process	10,660,001	9,688,677
Finished Goods	82,146,823	84,083,461
	<u>92,806,824</u>	<u>93,772,138</u>
Less : Excise Duty	2,552,977	4,036,661
	<u>90,253,847</u>	<u>89,735,477</u>
<b>Less : Closing Stock</b>		
Work-in-process	11,426,208	10,660,001
Finished Goods	72,676,959	82,146,823
	<u>84,103,167</u>	<u>92,806,824</u>
Less : Excise Duty	3,603,372	2,552,977
	<u>80,499,795</u>	<u>90,253,847</u>
	<u>(9,754,052)</u>	<u>518,370</u>
<b>Schedule 16: MATERIALS CONSUMED AND PURCHASE OF GOODS</b>		
Raw Materials consumed	101,436,563	82,760,516
Packing Materials consumed	90,930,354	72,386,158
Goods for resale	104,011,401	129,520,533
	<u>296,378,318</u>	<u>284,667,207</u>

31-3-2009  
Rs.
31-3-2008  
Rs.
**Schedule 17 : MANUFACTURING AND OTHER EXPENSES**
**Employees Cost**

Salaries, Wages, Benefits and other allowances (including Directors' Remuneration)	94,911,954	86,136,075
Contribution to Provident and other funds	12,247,702	8,767,768
Welfare Expenses	<u>3,630,131</u>	<u>4,101,836</u>
	<u>110,789,787</u>	<u>99,005,679</u>
Processing charges	10,081,781	7,940,830
Laboratory Expenses	3,312,231	2,313,546
Power and Fuel	12,388,423	10,110,328
Stores Consumed	12,922,651	8,326,155
Repairs to Building	169,350	1,824,058
Repairs to Plant & Machineries	763,287	220,775
Communication Expenses	5,758,767	5,875,782
Printing and Stationery	612,283	1,517,413
Traveling and Conveyance	25,289,310	24,757,845
Directors' Sitting Fees & Allowances	270,000	93,500
Rates & Taxes	490,101	420,363
Insurance Charges	1,657,945	1,831,321
Rent	1,298,249	1,253,894
Exchange Rate Difference	10,678,024	-
Royalty	1,481,978	1,299,579
Auditors' Remuneration	265,600	254,720
Cash Discount	7,349	145,236
Target Discount	1,565,424	1,480,859
Freight Outward Expenses.	23,914,649	22,851,751
Research & Development Expenses	8,192,410	7,149,086
Legal & Prof.Charges	11,023,180	7,418,647
Sales Commission	25,563,300	23,411,491
Other Expenses	<u>24,051,046</u>	<u>19,265,725</u>
	<u>292,547,125</u>	<u>248,768,582</u>

**Schedule 18 : INTEREST AND FINANCE CHARGES**

Interest on Fixed Loans (include interest paid to Whole-time Director on fixed deposits Rs.839,881 (Previous Year Rs.728,526)	12,760,650	8,513,992
Interest on Other Loans	20,626,406	15,286,284
Bank Charges	<u>3,463,887</u>	<u>4,467,301</u>
	<u>36,850,942</u>	<u>28,267,577</u>

## Schedule 19 : Notes on accounts annexed to and forming part of Consolidated Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date

### 1. Significant Accounting Policies

#### i) Basis of Accounting.

Financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

#### ii) Use of Estimates

The presentation of Financial Statements (in conformity with the generally accepted accounting principles) requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### iii) Principal of Consolidation.

The financial statements of the Parent Company and Subsidiary Company have been consolidated on line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/(losses) in intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statement", and are presented to the extent possible, in the same manner as the Company's independent financial statements.

The difference between cost of investment in subsidiary company over the net asset at the time of acquisition of shares in the subsidiary is recognized in the financial statements as goodwill or capital reserve as the case may be.

Minority interest's share of net asset of consolidated subsidiary for the year is identified and presented in consolidated balance sheet separate from liabilities and equity of the company's shareholders.

#### iv) Retirement Benefits and other employee benefits

a Contributions are made towards Provident fund, Employee State Insurance scheme and Super-annuation fund, which are defined contribution scheme. Liability in respect thereof is determined on the basis of contribution as required under the statute/rules

b Gratuity liability, a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of actuarial valuations made at the year end. However, in case of subsidiary gratuity liabilities and Leave encashment are accounted for on estimated basis as per the rules of the Company.

#### v) Miscellaneous Expenditure.

The following expenses shown under Miscellaneous expenditure are amortised as follows.

a) Preliminary expenses of subsidiary are amortised in its books over a period of five years in accordance with section 35D of the Income Tax Act, 1961.

b) Expenditure on marketing, sales promotion and consultancy where benefits are expected to be derived in the future is written off over a period of five years.

#### vi) Other Significant Accounting Policies :

These are set out under "Significant Accounting Policies" as given in stand alone financial statements of Span Diagnostics Limited.

### 2. Notes on Accounts

A.	Contingent Liabilities not provided for in respect of	31-3-2009 Rs.	31-3-2008 Rs.
a)	Sales tax demands under contest (Net of Tax)	1,820,040	1,820,040
b)	Excise Demand under dispute (Net of Tax)	83,696	83,696
c)	Claims against the Company not acknowledged as Debts	6,335,500	1,000,000
d)	On account of guarantees given by the bank on behalf of the company in favour of customs and others.	22,344,425	23,251,386
e)	The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of customs duty by undertaking obligations to export, Future outstanding export obligations under the Scheme as at 31-03-2009 aggregating of Rs.34,29,928 if not fulfilled may result in custom duty liability of (Net of tax)	428,741	688,823

B. Capital Commitments	31-3-2009	31-3-2008
Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account and not provided for	30,068,000	35,328,000

**C. Retirement & Other employee Benefits**

In case of subsidiary gratuity liabilities and leave encashment benefits are accounted on estimated basis. The details mentioned below does not include benefits paid /payable by them.

As per Accounting Standard 15 "Employee Benefits" issued by Institute of Chartered Accountants of India , the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized as expense for the year are as given below

	2008-2009 (Rs. In Lacs)	2007-2008 (Rs. In Lacs)
Employer's Contribution to Provident Fund/Family Pension Fund	52.50	45.92
Employer's Contribution to ESI Fund	10.59	11.77
Employer's Contribution to Super annuation Fund	14.63	6.22

**Defined Benefit Plan**

The Employees' Group Gratuity Fund is the Company's defined benefits plan for which Company has taken Group Gratuity – cum Life Insurance Policy from Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**i) Reconciliation of opening and closing balances of Defined Benefit Obligation**

	Gratuity (Funded) 2008-2009 (Rs. In Lacs)	Gratuity (Funded) 2007-2008 (Rs. In Lacs)
Defined Benefit obligation at beginning of year	175.98	178.07
On Amalgamation	—	—
Current Service Cost	13.55	17.32
Interest Cost	14.08	13.36
Actuarial (gain) / loss	24.12	(23.48)
Benefit Paid	(22.14)	(9.29)
Settlement Cost	—	—
Defined Benefit obligation at year end	<b>205.59</b>	<b>175.98</b>

**ii) Reconciliation of opening and closing balances of Fair value of plan assets**

	Gratuity (Funded) 2008-2009 (Rs. In Lacs)	Gratuity (Funded) 2007-2008 (Rs. In Lacs)
Fair value of plan assets at beginning of year	126.16	106.78
On Amalgamation	—	—
Expected return on plan assets	14.16	10.84
Actuarial (gain) / loss	—	—
Employer's contribution	63.36	17.83
Benefit Paid	(22.14)	(9.29)
Settlement Cost	—	—
Fair value of plan assets at year end	<b>181.54</b>	<b>126.16</b>
Actual return on plan assets	14.16	10.84



## iii) Reconciliation of Fair value assets and obligation

	Gratuity (Funded) As at 31 <sup>st</sup> March 2009 (Rs. In Lacs)	Gratuity (Funded) As at 31 <sup>st</sup> March 2008 (Rs. In Lacs)
Fair value of plan assets	181.54	126.16
Present value of obligation	205.59	175.98
Amount recognized in Balance Sheet as liability/(asset)	24.05	49.82

## iv) Expense recognized during the year

	Gratuity (Funded) 2008-2009 (Rs. In Lacs)	Gratuity (Funded) 2007-2008 (Rs. In Lacs)
Current Service Cost	13.55	17.32
Interest Cost	14.08	13.36
Expected return on plan assets	(14.16)	(10.84)
Actuarial (gain) / loss recognized in the year	24.12	(23.48)
Net Cost recognized in Profit & Loss	37.59	(3.64)

## v) Investment Details

The company has contracted with Life Insurance Corporation of India (LIC) to manage gratuity liability of the company. The company makes the required contribution to LIC based on computation of current service cost, expected earnings and actuarial assumptions etc. The company has not made any other investment.

## vi) Actuarial assumptions

Mortality Table (LIC) [1994-96(Ultimate)]	Gratuity (Funded) 2008-2009	Gratuity (Funded) 2007-2008
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	9.25%	9.25%
Rate of escalation in salary (per annum)	7%	7%

## D. Deferred Tax Liability / (Asset)

Major components of Deferred Tax Assets and Deferred Tax Liabilities arising on timing differences are

	31/03/2009	Rs. (In '000) 31/03/2008
<b>Deferred Tax Liability</b>		
Difference between Depreciable Assets as per books of accounts and written down value for tax purpose Others	13,355	12,764
	2952	875
	16307	13639
<b>Deferred Tax Assets</b>		
Disallowance U/S 43B a) Provision for leave encashment	234	1160
b) Provision for Excise	51	51
c) Provision for bad/doubtful debts	653	876
d) Others	371	1865
	1309	3952
Net Deferred tax Liability	14998	9687
Net Incremental Liability/(Assets) charged/credited to Profit & Loss Account	5312	1,635

**E. Earning per share**

	31/03/2009	Rs. (In '000) 31/03/2008
a) Profit after taxation as per profit and loss account net of	12,588,208	27,257,949
Prior period adjustment and minority interest		
b) Weighted average number of equity shares outstanding	3,152,589	3,040,647
c) Basic and diluted earning per shares in Rupees (face value – Rs. 10 per share)	3.99	8.96

**F. Share issue during the year**

During the year, 157,500 equity shares each of Rs. 10 were issued on a preferential basis by the Parent company at a premium of Rs. 40.60 each aggregating to Rs. 7,969, 500. The same was utilized for funding the capital expenditure / strategic investment.

**G. Impairment Loss**

There was no impairment loss on Fixed Assets on the basis of review carried out by the Management in accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India.

**H. Lease**

- i) The Company does not have financial lease arrangement.
- ii) The Company has taken residential, office and godown premises under short term cancelable lease arrangements and are renewable on mutually agreeable terms.  
Rent paid under this agreement Rs. 1,298,249.
- iii) The Company has given premises under non-cancelable lease arrangements.  
Rent received during the year under this agreement Rs. 1,277,500.
- Future minimum lease rental in respect of assets given on non-cancelable operating lease in the form of premises is as under.
- Receivable within one year Rs. 2,190,000
  - Receivable between one year and five year Rs. 3,102,500
  - Receivable after five year Rs. Nil

**I. Segment reporting**

The company operates in a single segment – Diagnostic Products.

**J. Related party disclosures**

Related party Disclosures as required by AS-18 are given below.

**1 Relationship.**

- (I) Other Related parties where common control exists.  
Span Finstock Pvt.Ltd.  
Quest Biochemicals Pvt. Ltd.  
Span Diagnostics SARL  
Span Diagnostics FZC  
Span Nihon Kohden Diagnostics Pvt. Ltd.
- (ii) Key Management Personnel :  
Dr. Pradip K.Desai  
Mr. Veeral P. Desai  
Mrs. Sujata V. Desai  
Miss Madhukanta T. Patel  
Mr. Sanjay Mehta  
Dr. B. Prasad
- (iii) Relatives of key management personnel and their enterprise, where transactions have taken place.  
Mrs. Lata P. Desai  
Mrs. Tejal V. Desai  
Mrs. Shital S. Kazi  
Mr. Prakash K. Desai  
Shri. Pradip. K. Desai HUF  
Dr. Harshad R. Gandhi  
Mrs. Kokila H. Gandhi  
Mr. Sunil T. Patel  
Smt. Bhanuben T. Patel
- (iv) Enterprise over which persons described in (ii) above is able to exercise significant influence.  
Desai Metropolis Health Services Pvt. Ltd.  
Span Educational & Research Foundation  
Akkad Mehta & Co

Note : Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in 1 (a) to (d) above is identified and certified by the Management and relied upon by the Auditors.

## 2. Transactions with related parties

Particulars	Referred In 1(i)Above	Referred In 1(ii)Above	Referred In 1(iii)Above	Referred In 1(iv)Above
Sales : Goods and Material	3,176,866 (182,480)			949,034 (1,248,125)
Purchase: Goods and Material	8,554,787 (6,312,069)			
Expenses :				
Remuneration/sitting Fees		13,861,232 (8,652,990)		
Interest on F.D./Loan		867,028 (755,379)	830,312 (779,348)	
Professional Fees				200,000 (Nil)
Rent paid		18,000 (18,000)	66,000 (78,000)	
Dividend Paid		1,187,048 (882,043)	633,560 (480,204)	
Income :				
License Fees	1,277,500 (Nil)			
Interest Income	125,055 (Nil)			
Capital Items :				
Loan & Advances received	2,753,501 (Nil)	2,675,700 (18,00,000)	1,397,000 (800,000)	
Loan & Advances given	5,025,091 (Nil)			
Purchase of Technology (W.I.P)	Nil (10,645,425)			
Purchase of Asset	Nil (3,060,928)			
Investment Made	5,400,000 (1,500,000)			
Outstanding loan/Deposit payable	518,016 (Nil)	32,00,000 (8,645,000)	68,48,000 (7,488,000)	
Outstanding loan/Deposit receivable	1,999,093 (Nil)			
Outstanding others (Credit)/debit	(2,249,463) [(8,968,489)]	Nil (Nil)	Nil (Nil)	108,092 395,042

### K. Sundry Creditors

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act has not been given. This has been relied upon by the Auditors.

### L. Exchange Rate Difference

The Exchange rate difference arising on foreign currency transactions has been credited to Profit and Loss account Rs. 106.78 Lacs (Loss) [Previous Year 45.07 (Profit)].

### M. Disclosure for Borrowing Costs capitalized

In accordance with AS-16 related to Borrowing costs which amounts to Rs.14.74 lacs has been capitalized during the year (Previous year Credited Rs. 20.20 Lacs ).

N. Research and development expenditure of Rs.81.52 Lacs is recognised as revenue expenses during the year (Previous year 71.49 Lacs).

O. Balances of sundry debtors are as per books of accounts

P. The figures for the previous year have been regrouped/recast wherever necessary in conformity with those of current year.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31.03.2009 Rs.	31.03.2008 Rs.
<b>A. CASH FLOW FROM THE OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEM ADJUSTED FOR	25,373,501	47,943,498
Depreciation	18,279,799	14,527,103
Preliminary Expenses/Deferred Revenue Expenses	515,531	450,355
Investment Income	(1,331,720)	(1,703,943)
Interest Charged	36,850,942	28,267,578
Profit/loss on sales of fixed assets	0	(342,473)
<b>Operating Profit before working capital changes</b>	<b>79,638,053</b>	<b>89,142,118</b>
<b>ADJUSTED FOR CHANGES IN</b>		
Trade and Other Receivables	(74,289,079)	(23,444,936)
Inventories	9,622,222	(15,465,539)
Trade Payables	3,737,473	(16,227,167)
Cash generated from operations	18,758,669	34,004,476
Direct taxes paid	(10,188,829)	(23,348,943)
Cash flow before Extra-ordinary items	8,569,840	10,655,533
Prior period adjustments	1,446,097	(360,711)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>10,015,937</b>	<b>10,294,822</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(32,949,477)	(49,252,495)
Sales of Fixed Assets	365,359	1,228,921
Sales / (Purchase) of Investments	(4,294,528)	(2,000)
Interest received	1,331,720	1,703,943
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(35,546,926)</b>	<b>(46,321,631)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital (including Rs. 50,000/- 'of equity shares issued by subsidiary company to outsider)	9,337,775	7,177,212
Proceeds from Borrowings	51,218,097	75,137,093
Interest paid	(36,850,942)	(28,267,578)
Dividend & Corporate Dividend Tax paid	(7,370,685)	(6,317,941)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>16,334,245</b>	<b>47,728,786</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(9,196,744)</b>	<b>11,701,977</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>34,339,849</b>	<b>22,637,872</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>25,143,105</b>	<b>34,339,849</b>

For and on behalf of the Board

**Dr. R.H.Parekh** Chairman

**V.P.Desai** Managing Director

**B. V. Mehta** V P (Finance) & Co. Secretary

Surat, Dated : 30th May 2009.

**AUDITOR'S REPORT**

We have verified the above cash flow statement of SPAN DIAGNOSTICS LIMITED derived from the audited annual financial statements for the years ended March 31, 2009 and March 31, 2008, and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreement with stock exchanges.

**for Y.B.DESAI & ASSOCIATES**  
Chartered Accountants

**(Y.B.Desai)**  
Partner  
M.No.008767

Surat, Dated : 30th May 2009.



**SPAN DIAGNOSTICS LIMITED**

Regd. Office : 173-B, New Industrial Estate, Udhna- 394 210. Surat.

**Attendance Slip**

Name of member : \_\_\_\_\_  
(In Block Letters)

Reg. Folio No./DP/ Client ID No. (S) : \_\_\_\_\_

I hereby record my presence at the 29th ANNUAL GENERAL MEETING at Plot No. 173-B, New Industrial Estate, Road No. 6-G, Udhna Udyognagar, UDHNA, Surat-394 210 at 11.00 a.m. On Friday, the 31st day of July 2009.

**SIGNATURE OF THE ATTENDING MEMBER / PROXY.**

- Note :
1. A Shareholder / Proxy-holder wishing to attend the meeting must bring the Attendance slip to the meeting and hand over at the entrance duly Signed.
  2. A Shareholder / Proxy-holder wishing to attend the meeting should bring his copy of the Annual Report for refrence at the meeting.

Tear here

**SPAN DIAGNOSTICS LIMITED**

Regd. Office : 173-B, New Industrial Estate, Udhna- 394 210. Surat.

**Proxy**

I/We \_\_\_\_\_  
Of \_\_\_\_\_ being  
a Member / Members of the above-named Company, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_

as my / our Proxy to attend and vote for me / us on my / our behalf at the 29th Annual General Meeting of the Company, to be held at 11.00 a.m. On Friday, the 31st day of July, 2009 and at any adjournment thereof.

Reg. Folio No./DP/Client ID No.(S) : \_\_\_\_\_

Signature (S) \_\_\_\_\_

Affix  
1 rupee  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

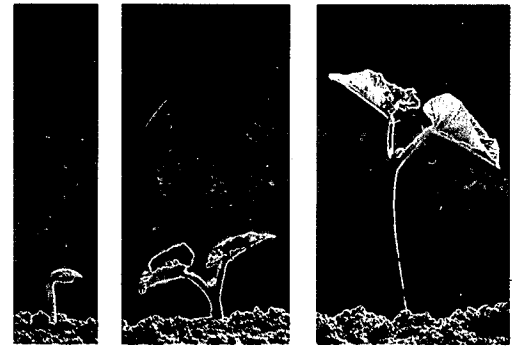
- Note :
1. The Proxy must be returned so as to reach the Registered Office of the Company, Span Diagnostics Limited, 173-B, New Industrial Estate, Udhna, Surat-394 210, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.
  2. Proxy need NOT be a member.

## FINANCIAL HIGHLIGHTS



	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>OPERATING RESULTS</b>										
Sales & Other Income	6,956.14	6,489.78	5,551.78	4,741.45	4,187.60	3,535.01	2,731.16	2,768.41	2,068.56	1,690.30
Profit/(Loss) before Depreciation	414.48	647.62	456.50	370.89	303.25	422.89	175.15	202.31	68.88	(30.68)
Depreciation	182.07	144.66	110.80	110.10	83.44	68.65	53.38	51.05	47.76	50.84
Tax	110.23	203.30	131.32	93.87	71.28	133.25	48.31 *	49.01 *	-	-
Profit/(Loss) after tax	122.18	299.66	214.38	166.92	148.53	221.00	73.47	102.26	21.12	(81.52)
Dividend	0.00	63.00	54.00	0.00	45.00	54.00	36.00	36.00	-	-
Corporate Dividend Tax	0.00	10.71	9.18	0.00	6.31	6.92	4.61	-	-	-
Retained Profits	122.18	225.95	151.20	166.92	97.22	160.08	32.86	66.26	21.12	-
<b>SOURCES AND APPLICATION OF FUNDS</b>										
<b>Source of funds</b>										
Share Capital	330.75	315.00	300.01	300.01	330.75	300.01	300.01	300.01	300.01	300.01
Reserves and surplus	1,440.67	1,256.25	1,023.86	878.80	712.76	608.81	462.83	430.55	408.26	390.07
Loans	3,022.83	2,510.65	1,759.28	1,373.13	1,309.41	1,150.21	840.73	688.16	616.00	561.71
<b>FUNDS EMPLOYED</b>	<b>4,794.25</b>	<b>4,081.90</b>	<b>3,083.15</b>	<b>2,551.94</b>	<b>2,352.92</b>	<b>2,059.03</b>	<b>1,603.57</b>	<b>1,418.72</b>	<b>1,324.27</b>	<b>1,251.79</b>
Fixed Assets (Net)	2,014.47	1,870.99	1,535.12	1,222.77	1,189.93	965.20	737.12	684.78	647.56	666.35
Investments	93.77	50.83	35.81	5.55	0.27	0.38	0.38	0.36	0.36	0.28
Current Assets (Net)	2,686.01	2,160.08	1,512.22	1,323.62	1,131.98	1,093.45	866.07	733.58	676.35	585.16
<b>NET ASSETS EMPLOYED</b>	<b>4,794.25</b>	<b>4,081.90</b>	<b>3,083.15</b>	<b>2,551.94</b>	<b>2,322.18</b>	<b>2,059.03</b>	<b>1,603.57</b>	<b>1,418.72</b>	<b>1,324.27</b>	<b>1,251.79</b>
Debt-Equity Ratio	1.71:1	1.60:1	1.27:1	1.16:1	1.29:1	1.27:1	1.10:1	0.93:1	0.87:1	0.81:1
<b>AMOUNT ON FACE VALUE OF Rs.10/-</b>										
Earnings Per Share	3.40	9.75	6.95	5.56	4.95	6.96	2.50	3.41	0.70	-
Dividend	-	2.00	1.80	-	1.50	1.80	1.20	1.20	-	-
Book Value	54	50	44	39	34	30	25	24	24	23

\* Includes Deferred Tax



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Span Diagnostics Ltd., Sachin  
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