



Span Diagnostics unlocks significant shareholder value,

Transfers in-vitro diagnostics business to ARKRAY Healthcare Private Limited

23rd January, 2014, Mumbai: In a move expected to unlock significant shareholder value, the Board of Directors of Span Diagnostics Limited (BSE ID : SPANDIAQ; BSE Code: 524727) today approved the transfer of its business undertaking comprising of in-vitro diagnostics (IVD) business on a slump sale basis to ARKRAY Healthcare Private Limited, the Indian affiliate company of Japanese IVD Company, ARKRAY, Inc. for an amount provisionally estimated at INR 734 million subject to requisite adjustments. The Board also approved the sale of Span Diagnostics' shareholding in its relevant subsidiary, forming part of the business undertaking. The transaction is subject to requisite approvals, including the approval of Span Diagnostics' shareholders and the satisfaction of certain conditions precedent.

Subject to the requisite approvals, including a shareholder approval via postal ballot and the satisfaction of conditions precedent, the transaction is expected to close within approximately four months. Dr. Pradip K. Desai and Mrs. Sujata V. Desai, two of the promoters of Span Diagnostics, have agreed to provide their expertise to the business undertaking so transferred, by joining ARKRAY Healthcare. Mr. Veeral Desai, also a promoter of Span Diagnostics, will continue as Managing Director of Span Diagnostics and going forward, Span Diagnostics intends to utilise his expertise in carefully identified non-competitive business areas, providing ample opportunities for handsome returns to Shareholder investment.

The Board of Directors of Span Diagnostics will consider how to optimally utilise the sale proceeds towards the future business and may also consider the distribution of a one-time special dividend and / or a buyback of shares post the closure of the transaction. This will be structured in accordance with the avenues available under law for such distribution and investment required to establish business. Details of this will follow in due course. Further, the Board of Directors of Span Diagnostics also proposes to evaluate the businesses to be undertaken by Span Diagnostics once the undertaking has been transferred.

The transaction factors in the synergy that combination of Span Diagnostics and ARKRAY Healthcare creates and gives ARKRAY Healthcare a leading position in the Indian IVD market. This deal comes at an opportune time for Span Diagnostics in view of a rapidly transforming market scenario, where accelerated creation of scale is critical and also allowing value creation for its shareholders.

"We welcome this transaction as it provides our customers, suppliers, employees and other stakeholders an opportunity to leverage upon the additional technical, financial and marketing strengths of ARKRAY Healthcare, while unlocking significant shareholder value" said Dr. Pradip Desai, Founder Chairman and Whole time Director of Span Diagnostics.

Dr. Pradip Desai

"This strategic action will advance ARKRAY Healthcare into the leading position in India, one of the world's most rapidly growing markets with potential for further expansion," said Takeshi Matsuda, President & CEO, ARKRAY, Inc. "Our strong position in Japan and growing presence in emerging markets is part of our ongoing diversification and expansion strategy, complementing our state-of-the-art offerings in developed markets. At the completion of this transaction, ARKRAY Healthcare will have an enhanced product portfolio as well as sales channel and domain skills, which will strengthen our market position" he added.

India's largest and most comprehensive manufacturer of diagnostic products, Span Diagnostics was founded in 1972 as the first Indian company to manufacture a comprehensive range of IVD products with strong in-house R&D and strong presence in domestic market which has more than 50% market share (in terms of number of tests) in HIV, HCV, tuberculosis, syphilis, typhoid and significant market share in blood grouping reagents, clinical chemistry reagents, rheumatology and Malaria tests. Span Diagnostics is pioneer in taking initiative for developing diagnostic tests for neglected diseases like Typhoid, Cholera, Filaria, Kala-azar and plague.

Currently, Span Diagnostics has strong nationwide sales and distribution network and also exports its products to more than 60 countries. Out of the 50,000 odd clinical laboratories in India, more than 90% of these laboratories use one or the other reagents manufactured by Span Diagnostics. Apart from these, Span Diagnostics also has been successfully supplying HIV test kits for National AIDS Control program and Malaria test kits for Malaria Control program since many years.

Span Diagnostics, headquartered in Surat, has a FDA licensed production unit, equipped with state-of-the-art manufacturing facility. Span Diagnostics craves only for the highest standards in service, R&D and in the manufacturing of quality products and achieved the status of the most dependable name in the field of IVD, among customers and distributors, during last 4 decades.

ARKRAY, Inc., headquartered in Kyoto, Japan, is one of Japan's leading companies in the area of in-vitro diagnostics, engaged in research, development, manufacture, service and distribution of in-vitro diagnostics products. ARKRAY, Inc. is one of the world's leading companies manufacturing glyco-hemoglobin A1c test device, automatic analyzer for urine testing, blood glucose device for self monitoring and other wide ranged product lines and supplying them to over 80 countries worldwide.

Singhi Advisors acted as the exclusive financial advisors to Span Diagnostics and Mizuho Securities to ARKRAY Healthcare. Wadia Ghandy & Co. acted as the legal advisors to Span Diagnostics and Vaish Associates Advocates to ARKRAY Healthcare.

For Span Diagnostics Limited



Viral Desai
Managing Director