



# 32<sup>nd</sup> Annual Report 2011-12



**Span Diagnostics Ltd.**

*my trusted partner* IN DIAGNOSIS™



## Vision

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

## Mission

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

## Values

### **Trust and Respect :**

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

### **Integrity :**

Keeping company interest and ethics before self interest.

### **Sincerity :**

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

### **Innovation :**

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

### **Collaboration :**

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

<b>BOARD OF DIRECTORS</b>	<p>Dr. Ramnik H. Parekh Mr. Veeral P.Desai Dr. Pradip K. Desai Dr. Madhukanta T. Patel Ms. Lata P. Desai Mr. Sarvajna G. Kazi Dr. Sushil K. Shah Mr. S.Sundaresan Mr. Kamlesh Patel Mr. Shyamal Ghosh Dr. Pranav S. Desai Mr. Sanjay N. Mehta Mr. N.Gopaldaswami</p>	<p>Chairman Managing Director Executive Director Technical Director Director Director Director Director Director Director Director Director Alternate Director to Mr. Sarvajna G. Kazi</p>
<b>COMPANY SECRETARY</b>	Mitesh G. Rana	

<b>BANKERS</b>	<p>State Bank of India Ind. Finance Branch Marble Arch, Race Course Circle, BARODA – 390 007</p>	<p>IDBI Bank 2nd floor, Ess En House, Ghod Dod Road. Opp. Kotak House, SURAT SURAT – 395 007</p>
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<b>AUDITORS</b>	<p>M/s. Haribhakti &amp; Co., Chartered Accountants 703, Venus Atlantis, 100 Ft. Road, B/s. Reliance Petrol Pump, Prahlad Nagar, Ahmedabad-380 015.</p>
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<b>HEAD OFFICE &amp; REGISTERED OFFICE</b>	<p>173-B, New Industrial Estate Road No.6-G, Udhna Udyognagar Udhna, Surat 394210, India</p>
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## NOTICE

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

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of Shareholders of Span Diagnostics Limited will be held at Registered Office at Plot No. 173-B, New Industrial Estate, Road No. 6-G, Udhna, Surat – 394 210 on Wednesday, 08<sup>th</sup> August, 2012 at 10:30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 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. Pranav S Desai who retires by rotation and being eligible, offer himself for reappointment.
3. To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution

“RESOLVED THAT Dr. Ramnik H Parekh, a Director liable to retire by rotation who does not seek re-election, be not re-appointed a director of the Company.

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

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 Haribhakti & Co, 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 pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof) Mr. Needamangalam Gopaldaswami in respect of whom a notice in writing has been received by the Company proposing his candidature for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as 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, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956, (Act) read with Schedule XIII to the said Act and subject to the approval of the Central Government and such other approvals as may be required, the Company hereby accords its consent to the re-appointment of Dr. Madhukanta T Patel as Whole Time Director designated as a Technical Director of the Company for a period of one year with effect from 01<sup>st</sup> July, 2012 at under mentioned terms of remuneration

## NOTICE

- a) **Salary:** Rs. 1,25,000 per month in the grade of 1,25,000 – 10000 – 2,50,000 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:** Allowances and perquisites shall comprise of:
- i. House Rent Allowance at 10% of Salary.
  - ii. Medical allowance / reimbursement for self and family with a ceiling of Rs.15,000 in a year.
  - iii. Leave travel allowance / reimbursement for self and family once in a year in accordance with the rules of the company shall not exceed 50% of monthly Salary.
  - iv. Personal accident insurance in accordance with the rules of the company.
  - v. Reimbursement of club fees subject to a maximum of two clubs. This will not include admission and life membership fees.
  - vi. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - vii. Gratuity as per the rules of the company but shall not exceed half a month's salary for each completed year of service.
  - viii. Car with driver for use on company's business, cell phone and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the company.
  - ix. Earned Leave of one month for every eleven months of service on full pay and allowance as per the rules of the company. Leave accumulated but not availed of, can be encashed as per the rules of the company.
  - x. Reimbursement of entertainment, travelling and other expenses incurred in the course of legitimate business of the company.
- d) In the event of loss or inadequacy of profits in the Company Dr. 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.
- e) The Board of Directors be and are hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution and alter, vary any of the terms and conditions relating to remuneration payable to Dr. Madhukanta T Patel within the overall remuneration package approved.”
7. To consider and if thought fit to pass with or without modification the following resolution as an **Ordinary Resolution**

“RESOLVED THAT pursuant to provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sum or money as it may consider fit for the purpose of the business of the Company notwithstanding that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from Company's Banker's in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserve, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of Rs. 75 Crores (Rupees Seventy Five Crores).

**NOTICE**

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto.”

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

“RESOLVED THAT pursuant to Section 309 and Section 314 of the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, and subject to approval of Central Government, if any, the Company do hereby accord consent and approves reappointment of Mr. Shyamal Ghosh, Director of the Company as a Management Consultant on a fees not exceeding sum of Rs. 4,00,000/- (Rs. Four Lacs Only) per annum plus applicable taxes for rendering service in respect of Finance and Business Management in his capacity as a Management Consultant with effect from 01<sup>st</sup> November, 2012 for a period of 3 years.”

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

“RESOLVED THAT in accordance with provisions of section 314 and all other applicable provisions of the Companies Act, 1956 and subject to approval of Central Government, if any, required, Company hereby accords its consent to the revision in the terms of remuneration of Ms. Sujata Desai – Chief Operating Officer of the Company and a relative of Director, with effect from 01<sup>st</sup> April, 2012 at monthly remuneration not exceeding Rs. 2,50,000/- or such amount as may be prescribed under section 314(1B) of the Companies Act, 1956 as amended from time to time. The remuneration include allowances, benefits such as House Rent Allowances, Leave Travel Allowances, Ex Gratia, Medical Reimbursement and other perquisites & allowances as per the rules of the Company. The 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 and Gratuity as per the rules of the company but shall not exceed half a month's Salary for each completed year of service shall not be included in overall ceiling of remuneration.

RESOLVED FURTHER THAT Board of Directors be and are hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution and fix, alter, vary any of the terms and conditions relating to remuneration payable to Ms. Sujata Desai within the overall remuneration ceiling approved.”

**Date** : 26<sup>th</sup> May 2012

**Place** : Surat

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

**Mitesh Rana**  
**Company Secretary**

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

**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.

## NOTICE

- (b) The Register of Members and the share transfer books of the company will remain closed on 30<sup>th</sup> July, 2012 to 08<sup>th</sup> August, 2012 (both days inclusive).
- (c) Link Intime India Private Limited is the Registrar and Share Transfer Agents of the Company. Shareholders are requested to make all correspondence including change of address to them at the following address.  
 Link Intime India Private Limited  
 Unit: Span Diagnostics Limited  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (West)  
 MUMBAI – 400 078  
 Phone # 022-25963838, Fax # 022-25946969  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- (d) 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.
- (e) 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.
- (f) 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.
- (g) **GREEN INITIATIVE**

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

For supporting this initiative, if you hold shares in:

- (a) **electronic form**, please intimate your email address to your Depository Participants(DP). The same will be deemed to be your registered email address for servicing notices/documents including those covered under Section 219 of the Companies Act, 1956.
- (b) **physical form**, please send a duly signed letter quoting the name of first/ sole holder and folios to the Company's Registrar & Share Transfer Agents:  
 Link Intime India Private Limited  
 C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
 Bhandup (West), Mumbai – 400 078.

## NOTICE

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

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

### EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT 1956 AND INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:

DETAILS OF DIRECTORS BEING REAPPOINTED		
<b>Name of Director</b>	<b>Dr. Pranav Desai</b>	<b>Mr. Needamangalam Gopalswami</b>
<b>Age</b>	40 years	68 years
<b>Qualification</b>	M. D. Pathology	M.Sc. Chemistry
<b>Expertise in specific functional area</b>	He has rich experience of more than 11 years in R & D diagnostics and consulting pathology.	He has rich experience in the field of Human Resource Management & Urban Development
<b>List of companies in which outside Directorship held</b>	Desai Metropolis Health Services Private Limited.	Green Signal Bio-Pharma Private Ltd.
<b>Member of committee of the Board of Director of the Company</b>	Investor Grievances Committee	HR Committee
<b>Chairman of committee of the Board of Director in other Company</b>	NIL	NIL

#### RESOLUTION AT ITEM NO. 5

The Company has received a notice in writing from a member under the provision of Section 257 of the Companies Act, 1956 proposing candidature of Mr. Needamangalam Gopalaswami as director of the Company in place of retiring Director.

He has served as an alternate director to director Mr. Sarvajna Kazi, who retires by rotation at ensuing annual general meeting, has not sought for reappointment.

Mr. Needamangalam Gopalaswami served as an Ex Chief Election Commissioner of India. He is M.Sc (Chemistry) by qualification as well as he has done Diploma in Urban Development Planning. He belonged to Indian Administrative Service (Batch 1966) and had held various senior positions in both State Government and Central Government of India.

None of the Directors are interested in the appointment.



## NOTICE

### RESOLUTION AT ITEM NO. 6

The term of Dr. Madhukanta T Patel as Whole Time Director will expires on 30<sup>th</sup> June, 2012.

At its meeting held on 26<sup>th</sup> May, 2012 the Board of Directors reappointed Dr. Madhukanta T Patel as Whole Time Director designated as Technical Director of the Company for further period of one year with effect from 01<sup>st</sup> July, 2012. The terms and conditions of appointment are 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 rich experience in the field of diagnostics. She is with the Company since its inception. She is currently in charge of Overall production, Plant Maintenance, Quality Management Systems. Her contribution to the growth of the Company is immense.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of reappointment of Whole Time Director under Section 302 of the Companies Act, 1956.

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

None of the Directors of the Company except Dr. Madhukanta T Patel is anyway concerned or interested in the said resolution.

### RESOLUTION AT ITEM NO. 7

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors can not, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from Company's bankers in the ordinary course of business, in excess of the aggregate paid up capital and free reserves of the Company that is to say reserves not set apart for any specific purpose.

In view of the projected growth in the turnover and activities, it has become necessary to borrow funds to meet Company's increased capital expenditure and working capital requirement in line with increase in the volume of Company's business. The Shareholders had at Extra Ordinary General Meeting held on 08<sup>th</sup> June, 2007 approved limit up to Rs. 50 Crores.

The consent of the members under section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 is therefore sought to enable the Board of Directors to borrow moneys as and when required, upto a limit of Rs. 75 Crores (Rupees Seventy Five Crores Only) (apart from temporary loan obtained from the Company's bankers in the ordinary course of business.)

None of the Directors of the Company is interested in this resolution.

### RESOLUTION AT ITEM NO. 8

Mr. Shyamal Ghosh, Independent & Non Executive Director as well as Chairman of Audit Committee of the Company acts as a Management Consultant to the Company. Mr. Shyamal Ghosh belonged to the Indian Administrative Service. Mr. Shyamal Ghosh has held various senior positions in both State Government of Gujarat and Government of India. The Company has been greatly benefited by his rich experience in Administration and Business Management and has decided to reappoint him as Management Consultant on a fees not exceeding Rs. 4,00,000/- (Rupees Four Lacs) plus applicable taxes per annum with effect from 01<sup>st</sup> November, 2012.

**NOTICE**

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

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

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

**RESOLUTION AT ITEM NO. 9**

At its meeting held on 26<sup>th</sup> May, 2012, the Board of Directors revised the terms of remuneration of Ms. Sujata V Desai, Chief Operating Officer of the Company. The terms and conditions of revision are as set out in the statement. She being a relative of Directors, the payment of remuneration is subject to Section 314 and other applicable provisions of the Companies Act, 1956 and subject to approval of Central Government, if any required.

Ms. Sujata V Desai is by qualification B.E (Instruments) and having rich experience in the field of diagnostic instrument and business administration. She underwent a management education course at Indian Institute of Management, Ahmedabad. She joined the Company as an Executive in the year 1997. She has held the position of Executive Director of the Company for the period of about four years. She has been appointed as Chief Operating Officer of the Company with effect for 01<sup>st</sup> April. 2007. She is in overall charge of plant operations, R & D (Instruments), finance, technical support, inventory management, systems & audits.

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

None of the Directors of the Company except Mr. Veeral P desai, Dr. Pradip K Desai, Mr Sarvajna Kazi & Ms. Lata P Desai is anyway concerned or interested in the said resolution.

**Date : 26<sup>th</sup> May, 2012**

**Place : Surat**

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

**Mitesh Rana  
Company Secretary**

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

## DIRECTORS' REPORT

To,

**The Shareholders,**

Your Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report of the company together with the Audited Accounts for the year ended on 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

The financial performance of the company for the financial year ended 31<sup>st</sup> March 2012 along with figures of previous financial year is summarized below :

Particulars	Amount (Rs. In Lacs)	
	2011-12	2011-12
Total Income	5970.20	8446.22
Profit before tax, Depreciation and interest (Excluding extraordinary income and Foreign exchange Gain/(Loss))	<b>513.58</b>	<b>1225.26</b>
Interest	288.11	327.98
Foreign exchange Gain/(Loss)	1.58	7.88
Profit before Depreciation	<b>227.05</b>	<b>905.16</b>
Depreciation	270.63	233.44
<b>Profit before tax</b>	<b>(43.58)</b>	<b>671.72</b>
Exceptional item	290.72	Nil
Provision of tax – Current	(49.45)	(223.00)
– MAT Credit Entitlement/(Utilisation)	49.45	Nil
– Deferred Tax (Liabilities)/Asset	(124.72)	13.49
<b>Profit for the year</b>	<b>122.42</b>	<b>462.21</b>
Balance brought forward	1120.92	793.50
<b>Amount available for appropriation</b>	<b>1243.34</b>	<b>1255.71</b>
<b>APPROPRIATIONS</b>		
Proposed Dividend	Nil	72.76
Dividend Distribution tax	Nil	11.80
Dividend for earlier year (including distribution tax)	Nil	4.48
Transfer to General Reserve	12.20	45.75
<b>Balance carried forward</b>	<b>1231.14</b>	<b>1120.92</b>
	<b>1243.34</b>	<b>1255.71</b>

## DIRECTORS' REPORT

### DIVIDEND

In view of Company's ongoing projects, expansion plans and increased focus on Research & Development activities to boost the future growth, the Board has decided to conserve and plough back the available resources. Therefore the Board after detailed deliberation has thoughtfully decided not to recommend dividend for the financial year 2011 – 12 in the long term interest of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### *Industry Structure, Development & Outlook*

The Indian Diagnostics Market has been witnessing rapid growth rate. The Indian In Vitro Diagnostics market is growing at a rate of 12 to 15% p.a. and emerging as one of the best segment in Indian Health Care Industry. Toady, Span is one of the leading players in In Vitro Diagnostics industry in India.

High prevalence of life style related diseases such as Diabetes, Cancer, Cardiac disease and incidences of communicable and infectious diseases like HIV/AIDS, Malaria, Typhoid are still cause of concern. Domestically diagnostics industry has favorable growth due to growing concerns for healthcare & increasing awareness of health checkups in urban and rural area and various disease control programs run by the government with international funding. Thus, the scope of growth for the Indian diagnostic sector is huge. The future prospect of Diagnostics Industry looks promising and Span being one of the leader in this segment is bound to benefit from it.

India is emerging as a country with a vast pool of talent, adequate infrastructure and healthy and stable economic growth rate. This has resulted in a strong “Brand India” in international market. Such strong image will help Indian company looking outside to export their products or offer its manufacturing infrastructure as “Low Cost Manufacturing” alternatives. Company, having identified this scenario has plans to capitalize on this through its well conceived mid term strategic actions.

#### *Operations' review*

FY 2011-12 was a challenging year. The global economy, barely a year after recession, witnessed lower economic growth. Revenue from operations for the year decreased to Rs. 5868 Lacs ( Rs. 8379 lacs in 2010-11) showing a decline of around 30% over previous year.

During the year, the company hived off the trading business division of Hematology Analyzer to M/s Nihon Kohden India Private Limited with a view to focus on its core diagnostics reagents manufacturing business of immunology & clinical biochemistry. Another reason for the drop in bottom line is due to fall in margins on account of qualitative upgradation of human resources recruited in strategic area of R & D and Business Development and rise in raw material cost due to the sharp rupee depreciation. Company also lost substantial revenue in form of government business in FY 2011-12, due to intense price competition from international players.

In the coming years significant investments are planned to be made in building the capabilities compliant with the international standard and be “Future Ready” in terms of technology and infrastructure. Major investment will be made in Research & Development, facility expansion and upgradation of the current manufacturing facilities as per various international benchmarks like WHO-GMP requirements and build additional facilities to manufacture laboratory instruments. Company will be launching some innovative products during the year.

#### **Opportunities , Threats, Challenges, Risks & Concerns**

As growth opportunities in the developed countries are limited, focus on India and China has increased tremendously and more and more international companies are coming out with India-centric products and strategies. This poses threat as well as opportunities in terms of opening up of avenues for market expansion. At the same time, there has been constant pressure on prices due to competition on one hand and increase in input material cost due to unfavorable exchange rates and shooting up of petroleum products prices on other hand. All these factors put constant pressure on the profitability of the company. This compels us to constantly improve

## DIRECTORS' REPORT

productivity in our operations by using information technology as a management tool and invest in innovation as well as in installing world class production facilities. Therefore, there is need for the company to invest its surpluses to improve its performance so as to meet competition at home and penetrate foreign markets. Company has progressed so far in this environment, only by adopting such an approach.

### **Research & Development**

Company is committed to offer affordable and innovative diagnostic products by developing / acquiring newer technologies and manufacturing products indigenously using its state-of-the-art manufacturing infrastructure. Company is working on R&D with diverse approach such as R&D with in-house team, with special purpose subsidiary ventures, outsourcing by contract research, tie-ups with various institutions of repute in India and abroad by forming Public Private Partnership and technology acquisition. Company is developing products in the area of Immunology, Hybridoma, Biochemistry, Molecular biology, Instrumentation and development of bio materials.

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

Management is committed to continue the process of strengthening company's internal control system and the same has been improved to a great extent with very valuable inputs from the independent directors and by engaging renowned independent firm of Chartered Accountants, both as internal as well as statutory auditors. Their vast experience and knowledge base has contributed tremendously in betterment of systems and processes, resulting in better control over many functional areas throughout the company. Internal control system is further supported by periodic review by management and the Audit Committee.

The nature of the industries in which the company operates makes many of its activities highly regulated by health, safety, and environmental laws. As regulatory standards and expectations are constantly increasing, the company maintains high focus towards all regulatory compliances which is regularly reviewed by the Board.

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

The company has highly motivated employees, totaling 530 persons, comprising of trained technical, managerial and research personnel. The focus of the company is to enrich its employees by promoting learning & development and providing opportunities for enhancing their knowledge base continuously.

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

### **PARTICULARS OF EMPLOYEE**

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

### **SUBSIDIARIES AND JOINT VENTURES**

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

Span Biotronics Pvt Ltd (SBPL) is a 95.34% subsidiary of Span Diagnostics Ltd (SPAN) working on analysis, design, development, prototyping, testing and validation of lab automation need of SPAN 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 shall be used in many new products under pipeline. Product developed by SBPL will be commercialised during the current year.

SBPL has closed its books of accounts as at 31<sup>st</sup> March 2012 with a Profit After Tax (PAT) of Rs. 15.81 Lacs.

#### ***Span Biotherapeutics Pvt Ltd***

Span Biotherapeutics Pvt. Ltd. is currently at formative stage and no major activity was carried during the year.

## DIRECTORS' REPORT

### ***Span Diagnostics South Africa (PTY) Limited***

To accelerate its future growth, the company has formed a joint venture Company during year 2011-12 with Reindus Health (Pty) Limited for focusing on market developments of Span's product in SADC region, covering 14 countries of Southern African continent.

### ***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 since then continues to manufacture high quality reagents for Hematology Analysers for distribution and sale in India .

### **SUBSIDIARIES**

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

### **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 Haribhakti & Co confirming compliance with the conditions of Corporate Governance is attached to this Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March 2012 and of the profit of the Company for that year;
3. the Directors have 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;
4. the Directors have prepared the accounts on a going concern basis.

### **FIXED DEPOSITS**

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

### **CONSERVATION OF ENERGY**

The particulars are as per Annexure 'A'

## DIRECTORS' REPORT

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

The particulars are as per Annexure 'B'

#### DIRECTORS

Dr. Pranav S Desai, Director of the Company who retires by rotation at the ensuing General Meeting and being eligible offer himself for reappointment.

Dr. Ramnik H Parekh and Mr. Sarvajna Kazi who retire by rotation at the ensuing Annual General Meeting and eligible to offer themselves for reappointment but have not sought reappointment.

The Board places on record their appreciation of the valuable services rendered by Dr. Ramnik H Parekh & Mr. Sarvajna Kazi during their tenure on the Board.

The Company has received notices from member pursuant to section 257 of the Companies Act, 1956 for candidature of Mr. Needamangalam Gopaldaswami as Director of the Company. The Board recommend appointment of Mr. Needamangalam Gopaldaswami as Directors of the Company.

#### 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. Haribhakti & Co, Chartered Accountants, the auditors of the company are eligible for their reappointment. The directors recommend their reappointment 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.

#### COST AUDITORS

The Board has appointed M/s. Y R Doshi & Associates, Cost Accountant to carry out cost audit for the financial year 2012 – 13 subject to approval of the Central Government.

#### ACKNOWLEDGMENT

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

**For and on behalf of the Board**

Place: Surat  
Dated: 26<sup>th</sup> May 2012

**Veeral P Desai**  
**Managing Director**

**Dr. Pradip K Desai**  
**Executive Director**

**DIRECTORS' REPORT**
**ANNEXURE 'A'  
PARTICULARS PERTAINING TO CONSERVATION OF ENERGY**

No.	Particulars	2011-12	2010-11
<b>A.</b>	<b>Power and fuel consumption</b>		
1.	Electricity		
a)	Purchased		
	Unit (in Kwh)	1,983,090	2,071,609
	Total amount (Rs.)	12,186,971	11,745,575
	Rate/unit (Rs.)	6.15	5.67
b)	Own generation		
(i)	Through diesel generator		
	Unit (in Kwh)	27,964	32,464
	Unit per liter of diesel Oil	2.95	3.18
	Cost/Unit (in Rs.)	15.68	13.29
(ii)	Through steam turbine/generator	N.A	N.A.
	Unit (in 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)	17,400	21,600
	Total Amount (Rs.)	778,272	891,240
	Average Rate (Rs./K. Liter)	44.72	41.26
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 Others	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.	



## DIRECTORS' REPORT

### ANNEXURE 'B'

#### 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 HCV & syphilis
- Development of 4<sup>th</sup> Generation HIV ELISA Test kit
- Development of Lateral Flow test for Leishmania
- Manufacture of recombinant antigens for Treponema, Leishmania and filaria
- Manufacture of Lateral flow test for Tuberculosis antigen/ antibody
- Development of PCR based TP diagnostic assay
- Purification of HbsAg

##### 2. Benefits derived as a result of the above R & D:

- Productivity and quality improvement
- Better Product design
- Cost reduction
- Import substitution of critical raw materials and Diagnostic reagents

##### 3. Future plans:

The R & D activity will continue to emphasize the main areas set out above and especially on the development of new technologies, new products and processes.

##### Expenditure on R & D

Sr. No.	Description	2011 – 12 (Rs.)	2010 – 11 (Rs.)
1	Capital	1,285,951	2,139,486
2	Recurring	13,059,944	19,230,425
3	Total	14,345,895	21,369,911
4	Total R & D expenditure as percentage of total Turnover	2.44%	2.51%
5	Total R & D expenditure as percentage of total expenses	2.38%	2.75%

##### 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.

## DIRECTORS' REPORT

**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 Flow through test for simultaneous detection of treponemal and non-treponemal antibodies	2009	Yes	Not Applicable
b	Modified Flow through test for infectious disease	2010	Yes	Not Applicable

### 5. FOREIGN EXCHANGE EARNING AND OUTGO

	Rs.
1. Total Foreign Exchange Earned	80027752 (43697088)
2. Total Foreign Exchange Outgo	170205873 (18128158)

**For and on behalf of the Board**

Place: Surat  
Dated: 26<sup>th</sup> May 2012

**Veeral P Desai**  
Managing Director

**Dr. Pradip K Desai**  
Executive Director

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Span Diagnostics Limited

We have examined the compliance of conditions of Corporate Governance by Span Diagnostics Limited for the year ended on March 31, 2012 as stipulated in clause 49 of the Listing agreement of the said Company with stock exchange.

The compliance of conditions 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 the 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 explanations given to us and based on representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause no 49 of the above mentioned Listing Agreement.

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 Haribhakti & Co.  
Chartered Accountants  
FRN No.103523W**

**Place : Surat  
Date : 26<sup>th</sup> May, 2012**

**Prashant Maharishi  
Partner  
Membership No.41452**

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Business objective of Span Diagnostics Limited (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 term 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 eco-systems need specific solution to meet demand of legal compliances and regulations. However, there is a single thread which runs through the tapestry of governance which ensures 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 2011-12 and the last Annual General Meeting, outside directorship and membership / chairmanship of Board Committees of other companies for the year ended / as at 31<sup>st</sup> March 2012.**

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
				Chairmanship	Membership	
Dr. Ramnik H. Parekh	2	No	2	1	2	Independent Non Executive
Mrs. Lataben P. Desai	5	Yes	1	1	1	Promoter Non-Executive
Dr. Pradip K. Kesai	4	Yes	7	Nil	1	Promoter & Executive
Mr. Veeral P. Desai	6	Yes	4	Nil	2	Promoter & Executive
Dr. (Ms.) Madhukanta T Patel	3	Yes	1	Nil	Nil	Executive
Mr. Sanjay N. Mehta	6	Yes	4	Nil	2	Independent Non Executive
Dr. Pranav S. Desai	4	Yes	1	Nil	1	Promoter & Non-Executive
Mr. Sarvajna G. Kazi	Nil	No	Nil	Nil	Nil	Promoter & Non-Executive
Dr. Sushil K. Shah	2	Yes	13	5	6	Independent Non-Executive
Mr. Shyamal Ghosh	5	No	5	1	8	Independent Non-Executive
Mr. S. Sundaresan	5	Yes	Nil	Nil	3	Independent Non-Executive
Mr. Kamlesh M Patel	3	Yes	1	Nil	Nil	Independent Non-Executive
Mr. Gopaldaswami	2	No/N.A.	1	1	1	Independent Non-Executive

### Details of Board meeting

Date	Board Strength	No. of Directors present
19 <sup>th</sup> April, 2011	12	8
20 <sup>th</sup> May, 2011	12	9
06 <sup>th</sup> August, 2011	12	9
05 <sup>th</sup> November, 2011	12	9
07 <sup>th</sup> February, 2012	12	9
24 <sup>th</sup> March, 2012	12	5

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE

The Audit Committee comprises of four independent non-executive directors, namely Mr. Shyamal Ghosh, Chairman, Dr. Ramnik. H. Parekh, Mr. S. Sundaresan and Mr. Sanjay N. Mehta. Mr. Mitesh Rana, Company Secretary acts as the secretary to the Audit Committee. 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 five meetings held during the year.

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

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Shyamal Ghosh, Chairman	5	4
Dr. Ramnik Parekh	5	2
Mr. Sanjay Mehta	5	5
Mr. S. Sundaresan	5	3

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.

#### Powers 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 four Directors out of which three Directors are Independent & Non Executive Director.

There was one remuneration committee meeting held during the year.

Attendance of each member at the Remuneration Committee Meetings held during the year

Name of the Director	No. of meetings held	No. of meetings attended	Designation
Dr. Ramnik H. Parekh, Chairman	1	1	Independent Non Executive Director
Mr. S. Sundaresan	1	1	Independent Non Executive Director
Mr. Shyamal Ghosh	1	1	Independent Non Executive Director
Mr. Veeral Desai	1	1	Managing Director

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.

## CORPORATE GOVERNANCE REPORT

### Details of remuneration paid to all directors 2011-12

Name of the Director	Sitting Fee	Salary, Allowance & Perquisites	Contribution to Provident Fund and other funds	Commission	Total
Dr. P. K. Desai		35,89,200	8,35,920	Nil	44,25,120
Mr. V. P. Desai		34,68,800	9,35,000	Nil	44,03,800
Dr. M. T. Patel		18,84,850	4,67,500	Nil	23,52,350
Mrs. L. P. Desai	25,000	Nil	Nil	Nil	25,000
Mr. Sanjay N. Mehta	55,000	Nil	Nil	Nil	55,000
Dr. P. S. Desai	20,000	Nil	Nil	Nil	20,000
Mr. S. G. Kazi	Nil	Nil	Nil	Nil	Nil
Dr. S. K. Shah	10,000	Nil	Nil	Nil	20,000
Dr. Ramnik H. Parekh	25,000	Nil	Nil	Nil	25,000
Mr. Shyamal Ghosh	45,000	Nil	Nil	Nil	45,000
Mr. S. Sundaresan	40,000	Nil	Nil	Nil	40,000
Mr. Kamlesh Patel	15,000	Nil	Nil	Nil	15,000
Mr. N. Gopaldaswami	15,000	Nil	Nil	Nil	15,000

Mr. Sanjay N. Mehta, an independent 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.4,50,000 (plus applicable service-tax) to them during the year.

Mr. Shyamal Ghosh, an Independent Non-executive Director was paid Rs. 3,00,000 (plus applicable service-tax) towards professional fees.

### SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

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

Mr. Mitesh Rana, Company Secretary is the compliance officer.

There were 7 complaints received from shareholders / investors during the year 2011-12 and were solved to the satisfaction of the complainants and no investor complaint was pending at the beginning or at the end of the year. All valid requests for share transfers received were acted upon by the company and no such transfer is pending.

### HUMAN RESOURCES COMMITTEE:

The Board of Directors of the Company has constituted Human Resource Committee to be called as HR Committee to review Human Resource Policy & Employee Performance. The committee comprises of two non executive directors namely Mr. N Gopaldaswami (Chairman), Mr. S. Sundaresan and one executive director namely Mr. Veeral Desai, Managing Director of the Company.

There were two HR Committee meeting held during the year.

Attendance of each member at the HR Committee Meetings held during the year.

Name of Members	No. of meetings held	No. of meetings attended	Designation
Mr. N Gopaldaswami	2	2	Independent Non Executive Director
Mr. S. Sundaresan	2	2	Independent Non Executive Director
Mr. Veeral Desai	2	2	Managing Director

## CORPORATE GOVERNANCE REPORT

### GENERAL BODY MEETING

- I) **Location and time of last three Annual General Meeting & special resolutions passed in previous three Annual General Meeting were as under:**

Year	Venue	Date	Time	Resolution passed
2010-11	Plot No. 173-B, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	6 <sup>th</sup> August 2011	2:30 p.m.	There were no resolution passed.
2009-10	Plot No. 173-B, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	17 <sup>th</sup> July 2010	11:00 a.m.	Authorised Capital of the Company increased from 5 Crore to 15 Crore.
2008-09	Plot No. 173-B, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	31 <sup>st</sup> July 2009	11:00 a.m.	Appointment of Mr. S.G. Kazi as a Director liable to retire by rotation. Re-appointment of Dr. (Ms.) Madhukanta Patel as a Whole-time Director for a further period of 3 years.

- II) **Whether any special resolution passed last year through postal ballot – details of voting pattern:**

There were no special resolutions passed through postal ballot however there is one **Ordinary Resolution** was passed through postal ballot as follows;

**RESOLVED THAT** pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Article of Association of the Company and subject to such approvals and permissions, as may be required from any government, regulatory or judicial authority, the consent of the Company be and is hereby accorded to the Board of Directors of the Company [the 'Board'] to sell, transfer, assign or otherwise dispose off the business related to Hematology Analyzer Division of the Company including inventory/goodwill, etc. (hereinafter referred as Business) to M/s Nihon Kohden India Private Limited or to such other person as identified by the Board for the consideration in Indian Rupees of approx. Rs. 4.10 crores (Rupees: Four Crores Ten Lacs only) on such terms and conditions as set out in the agreement.

**RESOLVED FURTHER THAT** Board of Directors be and are hereby authorized to complete the sale with such modification and to do all such acts, deeds, matter and things as may be deemed necessary and / or expedient, in its discretion for completion of the transaction as aforesaid in the best interest of the Company.”

Details of voting pattern is as follow :

Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Paid up Equity Capital	% of Total Issued Shares
Total postal ballot forms received	170	3517716	48.35%	48.35%
Less: Invalid postal ballot forms	Nil	N.A.	N.A.	N.A.
Net valid postal ballot forms	170	3517716	48.35%	48.35%
Postal ballot forms with assent for the resolution	161	3452584	98.15%	98.15%
Postal ballot forms with dissent for the resolution	9	65132	1.85%	1.85%

- III) **Person who conducted the postal ballot exercise:** Mr. Kunjal Dalal  
K. Dalal & Co.  
Practicing Company Secretary, Surat

- IV) **There was no resolution proposed to be conducted through postal ballot.**

- V) **Procedure for postal ballot:** Not Applicable

## CORPORATE GOVERNANCE REPORT

### 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. 32 to the Accounts for details of transactions with the related parties. During the year 2011-12, no transactions of material nature have been entered into by the Company with the Promoters or Directors or Management, their subsidiaries or their relatives that may be in potential conflict with the interests of the Company.

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 director and senior management and the code of conduct has been put on the Company's website [www.span.co.in](http://www.span.co.in). 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 2011-12

*Veeral Desai*  
Managing Director

### Whistle Blower Mechanism

The company has established a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy and the same has been communicated within organization. During the year under review, Company has not received any complaint.

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 Satyam Times, 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.

### AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from the Auditors of the Company, M/s. Haribhakti & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is attached to the Directors' Report forming part of the Annual Report.

### CEO/CFO CERTIFICATION

The Managing Director and Vice President Corporate Finance & Strategy of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of Listing Agreement.

### GENERAL SHAREHOLDER INFORMATION

#### (a) Annual General Meeting

Day, Date & Time	Wednesday, 8 <sup>th</sup> August, 2012 at 10:30 a.m.
Venue	Plot No. 173-B, New Industrial Estate, Road No. 6G, Udhna, Surat-394 210.



## CORPORATE GOVERNANCE REPORT

### (b) Financial Calender

Financial Year: 1<sup>st</sup> April to 31<sup>st</sup> March

For the financial year 2011 – 12, the results were announced as per the following details:

1 <sup>st</sup> Quarter ended on 30 <sup>th</sup> June, 2011	On 06 <sup>th</sup> August, 2011
2 <sup>nd</sup> Quarter ended on 30 <sup>th</sup> September, 2011	On 05 <sup>th</sup> November, 2011
3 <sup>rd</sup> Quarter ended on 31 <sup>st</sup> December, 2011	On 07 <sup>th</sup> February, 2012
Audited Financial Result for the year ended on 31 <sup>st</sup> March, 2012	On 26 <sup>th</sup> May, 2012

For the financial year 2012 – 13, Financial results will be announced as per the following tentative schedule:

1 <sup>st</sup> Quarter ended on 30 <sup>th</sup> June, 2012	First week of August, 2012
2 <sup>nd</sup> Quarter ended on 30 <sup>th</sup> September, 2012	First week of November, 2012
3 <sup>rd</sup> Quarter ended on 31 <sup>st</sup> December, 2012	First week of February, 2013
Audited Financial Result for the year ended on 31 <sup>st</sup> March, 2013	Last week of May, 2013

### (c) Date of Book Closure

The Company's Register of Member's & Share Transfer Book will remain closed from 30<sup>th</sup> July, 2012 to 08<sup>th</sup> August, 2012 (both days inclusive).

### (d) Listing of Stock Exchange and Stock Code

Shares of the company are listed on the Bombay Stock Exchange Limited, Mumbai (Scrip Code: 524727).

### (e) Market Price Data:

High / Low in each month of year 2011-12 on the Bombay Stock Exchange Limited, Mumbai.

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April	76.80	64.50	October	44.90	33.75
May	69.05	50.00	November	41.45	28.00
June	58.45	46.00	December	33.70	25.00
July	58.70	48.90	January	39.75	26.70
August	55.00	38.40	February	49.30	31.95
September	44.25	33.70	March	45.00	32.00

### (f) Performance in comparison to BSE Sensex

Mons and year	Closing Sensex	% Change	Closing price of the Company's Share	% Change
April 2011	19135.96	-1.59	67.10	-1.68
May 2011	18503.28	-3.31	55.00	-18.03
June 2011	18845.87	1.85	51.15	-7.00
July 2011	18197.20	-3.44	52.15	1.96
August 2011	16676.75	-8.36	44.40	-14.86
September 2011	16453.76	-1.34	39.75	-10.47
October 2011	17705.01	7.60	39.85	0.25
November 2011	16123.46	-8.93	30.75	-22.84
December 2011	15454.92	-4.15	28.35	-7.80
January 2012	17193.55	11.25	34.20	20.63
February 2012	17752.68	3.25	36.80	7.60
March 2012	17404.20	-1.96	37.45	1.77

## CORPORATE GOVERNANCE REPORT

### (g) Registrar & Transfer Agents & Share Transfer System

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

The requests for share transfer involving 68980 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.

### (h) Categories of Shareholding and Dematerialisation of shares as on 31<sup>st</sup> March, 2012

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	73920	3140508	3214428	44.18
Foreign institutional investors				
Public financial institutions				
Mutual funds				
Nationalized banks and other banks				
NRI's and OCB's	200818	1233377	1434195	19.71
Other (includes holding of Corporate Bodies)	401044	2226333	2627377	36.11
<b>Total</b>	<b>675782</b>	<b>6600218</b>	<b>7276000</b>	<b>100.00</b>
<b>Percentage</b>	<b>9.28</b>	<b>90.71</b>	<b>100.00</b>	

### (i) Distribution of shareholding as on 31<sup>st</sup> March 2012

No. of Shares	Number of Shareholders	Percentage of Total	Number of shares	Percentage of total shares
1 to 500	2953	84.0353	535179	7.3554
501 to 1000	240	6.8298	196116	2.6954
1001 to 2000	147	4.1833	238864	3.2829
2001 to 3000	34	0.9676	86884	1.1941
3001 to 4000	23	0.6545	85503	1.1751
4001 to 5000	11	0.3130	52299	0.7188
5001 to 10000	36	1.2045	285979	3.9304
10001 an above	70	1.9920	5795176	79.6478
<b>Total</b>	<b>3514</b>	<b>100.0000</b>	<b>7276000</b>	<b>100.00</b>

### (j) Outstanding ADRs / GDRs / Warrants or any convertible instruments, conversion date and likely impact on equity:

There were NIL convertible share warrants outstanding as on 31<sup>st</sup> March, 2012.

### (k) Plant Location:

The company's plant is located at Plot No. 336, 338, 340, Road No. 3 GIDC, Sachin, Dist: Surat

### (l) Registered Office & Address for correspondence:

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

**Email:** finance@span.co.in

**Website :** www.span.co.in

**For and on behalf of the Board**

Place: Surat  
Dated: 26<sup>th</sup> May 2012

**Mr. Veeral P. Desai**      **Pradip K. Desai**  
**Managing Director**      **Executive Director**

## AUDITORS' REPORT

To

**The Members of SPAN DIAGNOSTICS LIMITED**

1. We have audited the attached Balance Sheet of Span Diagnostics Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and 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) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, statement of profit and loss and 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.
  - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
    - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For Haribhakti & Co.  
Chartered Accountants  
FRN No.103523W**

**Prashant Maharishi  
Partner  
Membership No.41452**

**Place : Surat**

**Date : 26<sup>th</sup> May, 2012**

**Annexure to the Auditors' Report**  
**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of**  
**Span Diagnostics Limited on the financial statements for the year ended March 31<sup>st</sup> 2012]**

- (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 explanation 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. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 9,342,369 and the year- end balance of loans granted to such parties was Rs. 9,342,369.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The principal amount and accrued interest is repayable within four years starting after one and half year from the date of agreement provided the entire principal balance and any accrued but unpaid interest shall be fully paid on or before December 01, 2016.
- (d) In respect of the aforesaid loans and interest thereon, there are no overdue amounts.
- (e) The Company had taken unsecured loan from three directors and their relatives covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 8,590,000 and the year-end balance of loans taken from such parties was Rs. 7,090,000.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- (viii) We have been informed by the management that maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. in Lacs	Period to which the amount relates	Forum where dispute is pending
The Bombay Sales Tax Act, 1959	Sales Tax	4.89	1998-99	Tribunal
The Bombay Sales Tax Act, 1959	Sales Tax	1.12	1990-91	Commissioner Appeals

- (x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For Haribhakti & Co.  
Chartered Accountants  
FRN No.103523W**

**Prashant Maharishi  
Partner  
Membership No.41452**

**Place : Surat**

**Date : 26<sup>th</sup> May, 2012**

**BALANCE SHEET AS AT 31ST MARCH 2012**

	Note	As at 31-3-2012 Rs.	As at 31-3-2011 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	72,760,000	72,760,000
Reserves & Surplus	4	<u>210,887,948</u>	<u>198,646,293</u>
		<u>283,647,948</u>	<u>271,406,293</u>
<b>Non Current Liabilities</b>			
Long term Borrowings	5	102,456,753	70,007,963
Deferred Tax Liabilities (Net)	6	25,445,172	12,973,000
Long Term Provisions	7	<u>3,656,665</u>	<u>4,894,574</u>
		<u>131,558,590</u>	<u>87,875,537</u>
<b>Current Liabilities</b>			
Short Term Borrowings	8	150,186,739	97,956,710
Trade Payables	9	61,849,745	61,562,385
Other Current Liabilities	10	122,221,234	101,565,730
Short Term Provisions	11	<u>7,822,057</u>	<u>19,382,686</u>
		<u>342,079,775</u>	<u>280,467,511</u>
		<u>757,286,313</u>	<u>639,749,341</u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
Tangible Assets	12	175,477,389	165,515,706
Intangible Assets	12	49,443,685	31,662,545
Capital Work-in-Progress	12	72,594,333	21,969,707
Intangible Assets under Development	12	58,519,847	48,003,844
Non Current Investments	13	7,004,905	7,001,900
Long Term Loans and Advances	14	22,321,211	3,714,920
Other Non Current Assets	15	<u>4,798,954</u>	<u>2,988,013</u>
		<u>390,160,324</u>	<u>280,856,635</u>
<b>Current Assets</b>			
Inventories	16	167,297,083	149,010,411
Trade Receivables	17	132,252,440	101,101,941
Cash and Cash Equivalents	18	16,253,952	87,433,994
Short term Loans and Advances	19	<u>51,322,514</u>	<u>21,346,360</u>
		<u>367,125,989</u>	<u>358,892,706</u>
		<u>757,286,313</u>	<u>639,749,341</u>

TOTAL

TOTAL

Summary of Significant Accounting Policies see notes accompanying financial statements.

The notes on financial statements form an integral part of the financial statements.

As per our Report of even date :  
**For Haribhakti & Co.,**  
Chartered Accountants  
**FRN No. 103523W**

**Prashant Maharishi**  
Partner  
Membership No. 41452

**For and on behalf of The Board of Director**  
**Veeral P. Desai** *Managing Director*  
**Dr. Pradip K. Desai** *Executive Director*  
**Mitesh G. Rana** *Company Secretary*

Place : Surat  
Date : 26th May, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

	Note	2011-12 Rs.	2010-11 Rs.
<b>INCOME</b>			
Revenue form Operations	20	586,808,124	837,926,190
Other Income	21	10,211,953	6,695,638
<b>Total Revenue</b>		<u>597,020,077</u>	<u>844,621,828</u>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	22	199,061,849	228,766,858
Purchase of Stock-in-Trade		40,564,560	131,739,939
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(8,830,081)	9,784,858
Employee Benefits Expense	24	130,708,096	125,564,486
Finance Costs	25	28,810,752	32,797,970
Depreciation and Amorisatation Expense		27,063,353	23,343,512
Other Expenses	26	183,999,848	225,452,203
<b>Total Expenses</b>		<u>601,378,377</u>	<u>777,449,826</u>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS &amp; TAX</b>		(4,358,300)	67,172,002
Add : Exceptional Items	27	<u>29,072,127</u>	<u>0</u>
<b>PROFIT BEFORE TAX</b>		24,713,827	67,172,002
Current Tax		(4,945,000)	(22,300,000)
MAT Credit Entitlement (Utilisation)		4,945,000	0
Deferred Tax		(12,472,172)	1,349,000
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<u>12,241,655</u>	<u>46,221,002</u>
Earning per equity share - Basic & Diluted (Rs.) (Nominal value per share of Rs. 10/- each (Previous year-Rs. 10 each))	28	1.68	6.36
Summary of Significant Accounting Policies see notes accompanying financial statements.	2		
The notes on financial statements form an integral part of the financial statements.	29 to 36		

As per our Report of even date :

**For Haribhakti & Co.,**  
Chartered Accountants  
**FRN No. 103523W**

**Prashant Maharishi**  
Partner  
Membership No. 41452

For and on behalf of The Board of Director

**Veeral P. Desai** *Managing Director*

**Dr. Pradip K. Desai** *Executive Director*

**Mitesh G. Rana** *Company Secretary*

Place : Surat

Date : 26th May, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

	2011-12 Rs.	2010-11 Rs.
<b>A CASH FLOW FROM THE OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	24,713,827	67,172,002
Depreciation and Amortization	27,063,353	23,343,512
Investment Income	(2,761,936)	(1,252,980)
Interest Charged	28,810,752	32,797,970
Loss on Discarded Assets	0	427,003
Loss on sales of fixed assets (Net)	(35,385)	16,903
<b>Operating Profit before working capital changes</b>	77,790,611	122,504,410
<b>Adjusted for changes in</b>		
Trade and Other Receivables	(73,386,594)	93,603,953
Inventories	(18,286,672)	39,371,837
Trade Payables and other liabilities	11,506,411	(52,985,835)
<b>Cash generated from operations</b>	(2,376,244)	202,494,365
Less : Direct taxes paid during the year	12,152,991	19,277,594
Cash flow before Extra-ordinary items	(14,529,235)	183,216,771
Prior period adjustments	0	(448,355)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	(14,529,235)	182,768,416
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in Fixed Assets and Capital Work in Process	(118,683,523)	(61,293,305)
Proceeds from Sales of Fixed Assets	2,772,102	245,000
Proceeds from Sales of Investment	(3,005)	(99,900)
Interest received	2,761,936	1,252,980
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(113,152,490)	(59,895,225)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	0	4,953,782
(Repayment)/Proceeds(of)/ from Borrowings	93,764,804	(24,185,209)
Interest paid	(28,810,752)	(32,797,970)
Dividend & Corporate Dividend Tax paid	(8,452,369)	(10,084,349)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	56,501,683	(62,113,746)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(71,180,042)	60,759,444
CASH AND CASH EQUIVALENTS - OPENING BALANCE	87,433,994	26,674,550
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	16,253,952	87,433,994

As per our Report of even date :

**For Haribhakti & Co.,**  
Chartered Accountants  
**FRN No. 103523W**

**Prashant Maharishi**  
Partner  
Membership No. 41452

For and on behalf of the Board of Director

**Veeral P. Desai** *Managing Director*

**Dr. Pradip K. Desai** *Executive Director*

**Mitesh G. Rana** *Company Secretary*

Place : Surat  
Date : 26<sup>th</sup> May, 2012



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****1. CORPORATE INFORMATION**

Span Diagnostics Limited is Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange in India. The Company is engaged in the business of manufacturing, marketing and trading of diagnostics reagents, diagnostics instruments and allied products. The Company caters to both domestic and international markets. The Company also provides annual maintenance service for diagnostics instruments. It has various certifications like WHO-GMP, ISO 13485:2003 and ISO 9001:2008 and CE registration for almost 200 products thereby complying with globally accepted quality standards.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****i) Basis of Accounting.**

The 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 recognized in the period in which the results are known /materialized.

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

- a) Sales are recognized when goods are dispatched. Sales are accounted net of amount recovered towards excise duty, sales tax and sales returns.
- 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.

**iv) Fixed Assets & Depreciation.**

- a) Fixed Assets are stated at cost of acquisition / construction, cost of improvement and any attributable 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 measured at cost. Lump sum fees for technical know-how is amortised over the period of agreement. SAP Software expenses are amortised over the period of five years.

**vi) Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalised as part of the cost of the assets upto the date the asset is put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**vii) Foreign Currency Transactions.**

- a) Transactions other than those covered by forward contracts are accounted at exchange rates prevailing on the date of transaction.
- 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 ( i. e. receivable, payable, etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date. Exchange difference is recognised as income/expense.
- d) Non-monetary foreign currency items are carried at historical cost determined on the date of transaction.

**viii) 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 Insurance Corporation of India. The company has no further obligation for Super-annuation, Provident Fund and Employee State Insurance beyond its contribution.
- ii. **Defined Benefit Plan:** The Employees' Group Gratuity Fund is the Company's defined benefit plan for which Company has 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 provided for on the basis of actuarial valuations made at the year end.

**ix) Taxation**
Current Tax Provision

Provision for Income 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.

**x) Valuation of stock.**

The mode of valuing closing stock is as under :

**Inventory Type**

Raw Materials, Packing Materials & Other Materials  
 Work-in-Process  
 Finished Goods / Traded Goods for resale

**Mode of Valuation**

At lower of cost or net realizable value  
 At lower cost or ner realizable value  
 At lower of cost or net realizable value

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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.

### **xi) 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.

### **xii) 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.

### **xiii) Liquidated Damages:**

Liabilities in respect of Liquidated Damages are provided if and to the extent, not disputed by the Company. Liquidated Damages disputed by the Company are treated as contingent liability. The amount of liability/contingent liability is estimated on the basis of contracted terms, facts of each case and to the extent of revenue recognised.

### **xiv) 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, then asset's 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.

### **xv) 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.

### **xvi) Research & Development**

Revenue expenditure on research is charged as an expense in the year in which it is incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the product and the costs can be measured reliably. Capital expenditure on research and development is included as additions to fixed assets.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****xvii) Provisions, contingent liabilities and contingent assets**

Provisions:-

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
<b>3</b>	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	15,000,000 Equity Shares of Rs. 10/- each. (Previous year 15,000,000)	150,000,000	150,000,000
	<b>Issued, Subscribed and paid-up</b>		
	7,276,000 (Previous year 7,276,000) Equity Shares of Rs.10/- each fully paid up	72,760,000	72,760,000

3.1 Of the above 3,638,000 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares in year 2010-11 by capitalising Rs.36,380,000 out of Securities premium.

3.2 The details of shareholders holding more than 5% shares.

Name of Shareholder	As at 31/03/2012		As at 31/03/2011	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Pradipkumar Keshavlal Desai	1,306,480	17.96	1,306,480	17.96
Lataben P. Desai	717,060	9.86	717,060	9.86
Natvarlal Shivabhai Patel	554,920	7.63	10,000	7.63
Veeral Pradipkumar Desai	5,24,632	7.21	5,24,632	7.21

3.3 The reconciliation of the number of shares outstanding is set out below

Particulars	As at 31/03/2012 No. of Shares	As at 31/03/2011 No of Shares
Equity Shares outstanding at the beginning of the year	7,276,000	3,472,750
Add: Shares Issued during the year	-	3,803,250
Less : Shares bought back during the year.	-	-
Equity Shares outstanding at the end of the year.	7,276,000	7,276,000

There was no increase in Capital During the current year. However, during the year 2010-11, 165,250 equity shares each of Rs. 10 were issued on a preferential basis by the company at a premium of Rs. 29.97 each aggregating to Rs. 6,605,042/-. Further 3,638,000 equity shares of Rs. 10 each were issued in the year 2010-11 as bonus shares in ratio of 1:1 by capitalising securities premium which in aggregate amounts to Rs. 36,380,000/-

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

4	<b>RESERVES AND SURPLUS</b>	As at	
		31-03-2012	31-03-2011
		Rs.	Rs.
	<b>Capital Reserve</b>		
	As per last Balance Sheet	4,205,775	4,205,775
		<u>4,205,775</u>	<u>4,205,775</u>
	<b>Securities Premium Reserve :</b>		
	Balance as per last Balance Sheet	9,824,798	41,252,255
	Add : Securities Premium on share allotment	0	4,952,543
	Less : Capitalisation of Securities Premium on issue of Bonus Shares	0	36,380,000
		<u>9,824,798</u>	<u>9,824,798</u>
	<b>General Reserve :</b>		
	Balance as per last Balance Sheet	72,524,200	67,949,200
	Add: Transfer from Profit & Loss Account	1,220,000	4,575,000
		<u>73,744,200</u>	<u>72,524,200</u>
	<b>Profit &amp; Loss Account :</b>		
	As per Last Balance Sheet	112,091,520	79,350,222
	Add : Profit for the year	12,241,655	46,221,002
		<u>124,333,175</u>	<u>125,571,224</u>
	Less : Appropriations		
	Proposed Dividend on Equity Shares	0	7,276,000
	[(Dividend per share Rs. Nil (Previous year Re 1/-)]		
	Dividend Distribution Tax	0	1,180,349
	Dividend for earlier year (including distribution Tax)	0	448,355
	Transfer to General Reserve	1,220,000	4,575,000
		<u>123,113,175</u>	<u>112,091,520</u>
		<u>210,887,948</u>	<u>198,646,293</u>
<b>5</b>	<b>LONG TERM BORROWINGS</b>		
		As at	
		31-03-2012	31-03-2011
		Rs.	Rs.
	<b>SECURED</b>	<b>Non Current</b>	<b>Current</b>
	Term loan from banks	48,389,553	12,527,422
	Term loan from Other Parties	14,159,200	1,769,900
	Deferred Payment Liabilities	14,741,000	0
	<b>UNSECURED</b>	<b>Non Current</b>	<b>Current</b>
	Deposits	25,167,000	12,863,000
		<u>102,456,673</u>	<u>27,160,322</u>
		<u>210,887,948</u>	<u>198,646,293</u>
5.1	Term Loan from banks other than Vehicle Loans are secured by hypothecation of plant and machineries, some of moveable properties of the company, equitable mortgage of some of the immovable properties of the company. Vehicle loans of Rs. 682,589 (Previous Year : Rs. 788,787) are secured by hypothecation of respective vehicles		
5.2	Term Loan from other parties and deferred payment liabilities are secured by hypothecation of moveable assets including Plant and Machinery and equipments which has been procured through utilization of earmarked funds and intangibles which will be generated from projects.		
5.3	Secured Loans are guaranteed by some of the Directors of the company.		
5.4	Deposits includes deposits from Related Parties of Rs. 7,190,000 (Previous year Rs. 4,933,000) (Refer Note 32) carrying rate of interest as per standard norms of deposits.		

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**5.5 Interest Rate Profile of Term Loans & Deposits are as set out below :**

Particulars	Rate of Interest (p.a.)	Amount (Rs.)
Term Loan From Banks	8.18%	9,120,114
	8.26%	38,512,112
	15.50%	12,602,160
	9.18%	167,674
	9.30%	64,915
	8.65%	450,000
Term Loan From Other Parties	1.00%	8,230,100
	2.00%	7,699,000
Deferred Payment Liabilities	5.00%	14,741,000
Deposits	10.00%	389,000
	10.50%	5,655,000
	11.00%	24,223,000
	11.50%	7,763,000
<b>Total</b>		<b>129,617,075</b>

**5.6 Maturity Profile of Term Loans & Deposits are as set out below :**

(in Rs.)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loan From Banks	12,000,000	19,500,000	16,889,553	0
Term Loan From Other Parties	1,769,900	1,769,000	1,769,900	8,849,500
Deferred Payment Liabilities	2,948,200	2,948,200	2,948,200	5,896,400
Deposits	15,333,000	9,834,000	0	0
	32,051,100	34,052,100	21,607,653	14,745,900

**6 DEFERRED TAX LIABILITIES (Net)**

As at  
31-03-2012  
Rs.

As at  
31-03-2011  
Rs.

**Deferred Tax Liability**

Difference between Depreciable Assets as per books of accounts and written down value for tax purpose	19,069,184	16,545,000
Deferred Revenue Exp. (CWIP-R&D)	9,472,238	0
	28,541,422	16,545,000

**Deferred Tax Assets**

Disallowance U/S 43B		
a) Provision for leave encashment	1,870,185	1,858,000
b) Provision for bad/doubtful debts	132,669	559,000
c) Provision for bonus	1,093,396	1,155,000
	3,096,250	3,572,000

**Net Deferred Tax Liability**

	25,445,172	12,973,000
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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

7	<b>LONG TERM PROVISIONS :</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>Provision for Employee Benefits</b>	<b>Non Current</b>	<b>Current</b>
	Leave Encashment (Unfunded)*	3,656,665	2,107,504
		3,656,665	2,107,504
		4,894,574	832,252
		4,894,574	832,252
	*Provision for accrued leave encashment is provided on the basis of actuarial valuations made at the year end.		
8	<b>SHORT TERM BORROWINGS</b>		
	<b>SECURED</b>		
	Working Capital Loans from Banks	150,186,739	97,956,710
		150,186,739	97,956,710
8.1	Working Capital Loan are secured by hypothecation of Current Assets and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of some of the immovable properties of the Company. The Interest rate in FCNR portion of working capital loan varies from 8.25% to 8.75% and that of in INR portion varies from 14% to 15.5%.		
9.	<b>TRADE PAYABLES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Micro. Small and Medium Enterprises	2,635,409	2,019,385
	Others	59,214,336	59,543,000
		61,849,745	61,562,385
10.	<b>OTHER CURRENT LIABILITIES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Current maturities of long term debt (Refer Note No. 5)	27,160,322	18,074,337
	Interest accrued but not due on borrowings	3,918,442	2,147,250
	Creditors for Capital Expenditure	3,549,767	36,384
	Forward Contract Payable (Net of receivable)	1,004,733	4,087,950
	Income received in advance	932,491	6,687,928
	Unclaimed Dividend #	659,597	655,617
	Statutory Dues	9,404,593	8,396,588
	Security Deposits*	19,261,549	17,699,579
	Advance from Customers	20,047,241	10,878,274
	Other Payable@	36,282,499	32,901,823
		122,221,234	101,565,730
	# There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
	* Security Deposit from stockiest carrying interest rates varying from 10-12% p.a.		
	@ Included Rs. 960,934 (Previous year 772,321) payable to Related parties (Refer Note No. 32)		
11.	<b>SHORT TERM PROVISIONS :</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Provision for Employees Benefits	3,370,000	3,560,000
	Proposed Dividend	0	7,276,000
	Tax on Dividend	0	1,180,349
	Provision for Tax (Net of Advance Tax & TDS)	0	3,995,700
	Provision for Current Obligation of Leave Encashment (Refer note 7)	2,107,504	832,252
	Other Provisions*	2,344,553	2,538,385
		7,822,057	19,382,686

\*Includes provision for warranty of Rs. 946,596 (Previous Year Nil) which is estimated based on historical experience and the estimates are reviewed annually for any material changes in assumptions.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### 12 FIXED ASSETS

Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 1.4.2011 Rs	Additions Rs	Deduction/ Adjustment Rs.	As at 31.03-2012 Rs	as at 1.4.2011 Rs.	For the Year Rs.	Deductions/ Adjustment Rs.	as at 31.3.2012 Rs.	As at 31.3.2012 Rs	As at 31.3.2011 Rs
<b>Tangible Fixed Assets</b>											
1	Leasehold Land	11,538,900	-	-	11,538,900	-	-	-	-	11,538,900	11,538,900
2	Free hold Land	798,300	-	-	798,300	-	-	-	-	798,300	798,300
3	Buildings & Roads	109,846,082	2,168,873	-	112,014,955	38,686,234	4,121,008	-	42,807,242	69,207,713	71,159,848
4	Plant & Machineries	83,802,655	16,412,723	38,670	100,176,708	43,397,264	7,315,538	36,619	50,676,183	49,500,525	40,405,392
5	Electrical Installations	12,746,943	1,252,129	-	13,999,072	7,868,685	780,598	-	8,649,283	5,349,789	4,878,258
6	Cold Rooms/Storages	9,098,864	1,390,576	-	10,489,440	4,411,051	740,553	-	5,151,604	5,337,836	4,687,813
7	Loose Tools, Moulds, Utilities and other Equipments	16,501,209	4,429,882	6,975	20,924,116	11,434,462	1,685,610	581	13,119,491	7,804,625	5,066,747
8	Laboratory Equipments	15,640,363	812,521	5,940,594	10,512,290	7,823,543	773,220	3,316,212	5,280,551	5,231,739	7,816,820
9	R & D Equipments	10,400,206	1,285,951	-	11,686,157	3,160,408	1,103,226	-	4,263,634	7,422,523	7,239,798
10	Furniture & Fixtures	16,624,143	1,970,258	-	18,594,401	10,228,368	1,329,092	-	11,557,460	7,036,941	6,395,775
11	Computers	8,838,518	632,623	-	9,471,141	7,371,320	733,815	-	8,105,135	1,366,006	1,467,197
12	Office Equipments	3,779,168	88,265	-	3,867,433	2,637,472	162,865	-	2,800,337	1,067,096	1,141,696
13	Vehicles	7,431,231	2,148,130	493,798	9,085,563	4,512,069	1,148,005	389,907	5,270,167	3,815,396	2,919,162
<b>Total (A)</b>		<b>307,046,582</b>	<b>23,591,931</b>	<b>6,480,037</b>	<b>333,158,476</b>	<b>141,530,876</b>	<b>19,893,530</b>	<b>3,743,319</b>	<b>157,681,087</b>	<b>175,477,389</b>	<b>165,515,706</b>
<b>Intangible Assets</b>											
1	Goodwill	322,120	-	-	322,120	322,120	-	-	322,120	-	-
2	Technical Know how	37,092,459	24,115,625	-	61,208,083	8,405,148	5,536,244	-	13,941,392	47,266,691	28,687,311
3	Software	7,700,786	835,337	-	8,536,123	4,725,551	1,633,578	-	6,359,129	2,176,994	2,975,235
<b>Total (B)</b>		<b>45,115,364</b>	<b>24,950,962</b>	<b>-</b>	<b>70,066,326</b>	<b>13,452,819</b>	<b>7,169,822</b>	<b>-</b>	<b>20,622,641</b>	<b>49,443,685</b>	<b>31,662,545</b>
<b>Total (A + B)</b>		<b>352,161,946</b>	<b>57,542,893</b>	<b>6,480,037</b>	<b>403,224,802</b>	<b>154,983,695</b>	<b>27,063,352</b>	<b>3,743,319</b>	<b>178,303,728</b>	<b>224,921,074</b>	<b>197,178,252</b>
<b>Previous Year</b>		<b>326,756,684</b>	<b>27,652,540</b>	<b>2,247,277</b>	<b>352,161,947</b>	<b>133,198,554</b>	<b>23,343,512</b>	<b>1,558,371</b>	<b>154,983,695</b>	<b>197,178,252</b>	<b>193,558,130</b>
<b>Capital Work-in-Progress</b>										<b>72,594,333</b>	<b>21,969,707</b>
<b>Intangible Assets Under Development</b>										<b>58,519,847</b>	<b>48,003,844</b>

12.1 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.

12.2 Leasehold land cost includes cost of land allotted by G.I.D.C. on lease. This lease is for 99 years and same is treated as perpetual lease hence no amortisation is done.

12.3 In accordance with AS-16 related Borrowing costs which amounts to Rs. 1,393,088 has been capitalized during the year (Previous year Rs. 581,322)

### 13 NON CURRENT INVESTMENTS

	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
<b>Non Trade Investments (Unquoted fully Paid Up)</b>		
<b>Investment in Equity Shares</b>		
<b>Investment in Joint Ventures</b>		
Span Nihon Kohden Diagnostics Pvt. Ltd. (54,000 Equity Share (Previous Year 54,000 Equity Shares) of Rs. 100 each)	5,400,000	5,400,000
Span Diagnostics South Africa (Pty.) Ltd. (460 Equity Shares (Previous Year - Nil Shares) of Rand 1 each)	3,005	0
<b>Investment in Subsidiary</b>		
Span Biotronics Pvt. Ltd. (10,000 Equity Shares (Previous Year 10,000 Equity Share) of Rs. 100 each)	1,000,000	1,000,000
Span Biotherapeutics Pvt. Ltd. (9,990 Equity Shares (Previous Year-9,990 Shares) of Rs. 10 each)	99,900	99,900
<b>Investment in Other</b>		
Sachin Infra Management Ltd. (200 Shares ( Previous Year - 200 Shares) of Rs. 10 each)	2,000	2,000
<b>Investment in Preference Shares</b>		
<b>Investment in Subsidiary</b>		
Span Biotronics Pvt. Ltd. (5,000, 10% Cumulative Preference Shares (Previous Year-5000 Shares) of Rs. 100 each - Redeemable no later than year 2018)	500,000	500,000
<b>Aggregate Amount of Unquoted Investments (At Cost)</b>	<b>7,004,905</b>	<b>7,001,900</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

<b>14</b>	<b>LONG TERM LOANS AND ADVANCES</b> (Unsecured and Considered Good)	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Capital Advances	4,044,407	2,937,776
	Loans and Advances to Related Parties (Refer Note No. 32)	9,342,369	0
	Advance Income Tax (Net of Provision)	8,157,291	0
	Security Deposits	777,144	777,144
		<u>22,321,211</u>	<u>3,714,920</u>
14.1	<b>Loans and Advances in nature of Loans given to Subsidiaries :</b>		
	<b>Loans and Advances in the Nature of Loans</b>	As at 31-03-2012 Rs.	Maximum Balance during the year
	<b>Name of the Company</b>	Rs.	As at 31-03-2011 Rs.
	Span Biotronics Private Limited	9,342,369	9,342,369
	Subsidiary		0
	(a) Loans and Advances shown above, fall under the category of Long Term Loans & Advances in nature of Loans and are re-payable within 3 to 5 years		
	(b) Above loans and advances is interest bearing.		
<b>15</b>	<b>OTHER NON CURRENT ASSETS</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Other		
	Advance to Gratuity Trust (Refer Note No. 24.1)	4,798,954	2,988,013
		<u>4,798,954</u>	<u>2,988,013</u>
<b>16</b>	<b>INVENTORIES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Raw Materials	39,814,853	38,804,410
	Raw Materials in Transit	464,224	0
	Packing Materials	24,578,619	21,914,334
	Packing Materials in Transit	4,765,982	0
	Consumable Stores	7,180,859	8,256,055
	Consumable Stores in Transit	221,983	0
	Work-in-Process	9,773,039	4,987,002
	Semi-Finished	13,140,506	14,153,844
	Finished Goods	47,542,124	39,105,168
	Stock in Trade	19,184,894	21,789,598
		<u>167,297,083</u>	<u>149,010,411</u>
<b>17</b>	<b>TRADE RECEIVABLES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>Unsecured</b>		
	Exceeding six months		
	Considered Good	11,251,807	16,574,428
	Considered Doubtful	408,903	1,724,001
	Less : Provision for Doubtful Debts	408,903	1,724,001
		<u>11,251,807</u>	<u>16,574,428</u>
	Other - Considered Good *#	121,000,633	84,527,513
		<u>132,252,440</u>	<u>101,101,941</u>

\*Trade Receivable includes debt due by the Private Company in which director is a member of Rs. 122,523 (Previous Year Rs. 25656)

# Includes trade receivable from related parties of Rs. 428267 (Previous Year NIL) (Refer Note No. 32)

17.1 Balances of sundry debtors are as per books of accounts. During the year Company has written off debtors to tune or Rs. 1,326,916 (Previous Year 1,045,012) against provision made in earlier years as are considered non-receivable.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

18	<b>CASH AND CASH EQUIVALENTS</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Bank Balances with Banks :		
	In Current Accounts*	9,187,818	61,441,156
	In Fixed Deposits Accounts # @	6,918,230	24,778,816
	Cash on Hand	147,904	214,022
		16,253,952	87,433,994
	* Includes Earmarked Balance of Rs. 685,231 (Previous Year Rs. 8,363,437) in respect of Project and Unpaid Dividend		
	# Includes deposits of Rs. 5,086,264 (Previous Year Rs. 22,706,222) held as margin money deposits against guarantees		
	@ Includes deposits of Rs. 3,836,570 (Previous Year Rs. 23,768,581) with maturity of more than 12 months.		
19	<b>SHORT TERM LOANS AND ADVANCES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>Unsecured and considered good</b>		
	Loans and Advances to Related Parties (Refer Note No. 32)	805,239	13,401
	Balance with Statutory Authorities	6,533,654	4,561,400
	Security Deposits	5,405,747	4,273,243
	Advance to Sundry Creditors	14,182,164	4,511,696
	Prepaid Expenses	20,805,656	2,742,899
	Deferred Forward Premium	2,007,180	3,358,309
	Others #	1,582,874	1,885,412
		51,322,514	21,346,360
	#Includes Loan to the Employees of Rs. 518,500 (Previous Year 646,550)		
20	<b>REVENUE FROM OPERATIONS</b>	2011-12 Rs.	2010-11 Rs.
	Sales of Products	585,186,545	831,570,919
	Sales of Services (net of service tax)	7,860,620	12,711,936
		593,047,165	844,282,855
	Less : Excise Duty recovered on Sales	6,239,041	6,356,655
		586,808,124	837,926,190
20.1	<b>PARTICULARS OF SALE OF PRODUCTS</b>	2011-12 Rs.	2010-11 Rs.
	<b>Particulars</b>		
	Diagnostics Reagents	559,245,656	746,831,540
	Medical Diagnostics Equipments	25,940,889	84,739,379
		585,186,545	831,570,919
21	<b>OTHER INCOME</b>	2011-12 Rs.	2010-11 Rs.
	Interest Income	2,761,936	1,252,980
	Profit on Sale of Assets	35,385	0
	Leave and Licence Fees Income	2,316,000	2,190,000
	Export Incentive	258,070	914,403
	Other Non Operating Income*	4,840,562	2,338,255
		10,211,953	6,695,638
	*Other Non Operating Income includes Excise Duty Refund of Rs. 1,195,478 (Previous Year Nil) Exchange rate difference gain of Rs. 158,090 (Previous Year 787,520/-)		

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

22	<b>COST OF MATERIALS CONSUMED</b>	2011-12 Rs.	2010-11 Rs.
	Raw Materials Consumed	119,101,871	122,020,281
	Packing Materials Consumed	79,959,978	106,746,577
		<u>199,061,849</u>	<u>228,766,858</u>
22.1	<b>VALUE OF MATERIALS CONSUMED</b>	<b>2011-12</b> Value in Rs.	<b>2010-11</b> Value in Rs.
		<b>% of</b>	<b>% of</b>
		<b>Consumption</b>	<b>Consumption</b>
	<b>Raw Materials</b>		
	Imported	95,701,248	80.35%
	Indigenous	23,400,623	19.65%
		<u>119,101,871</u>	<u>100.00%</u>
	<b>Packing Materials</b>		
	Imported	2,529,189	3.16%
	Indigenous	77,430,789	96.84%
		<u>79,959,978</u>	<u>100.00%</u>
22.2	<b>PARTICULARS OF MATERIALS CONSUMED</b>	2011-12 Rs.	2010-11 Rs.
	<b>Particulars</b>		
	Fine Chemicals	24,089,407	23,986,554
	Biological Chemicals	78,734,013	75,825,380
	Packing Materials	79,959,978	106,746,577
	Others	16,278,451	22,208,347
		<u>199,061,849</u>	<u>228,766,858</u>
23	<b>CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>	2011-12 Rs.	2010-11 Rs.
	<b>Closing Stock</b>		
	Work-in-Process	9,773,039	4,987,002
	Semi-Finished	13,140,506	14,153,844
	Finished Goods	47,542,123	39,105,168
	Stock-in-Trade	19,814,894	21,789,598
		<u>90,270,562</u>	<u>80,035,612</u>
	Less : Excise Duty	5,463,645	4,058,776
		<u>84,806,917</u>	<u>75,976,836</u>
	<b>Opening Stock</b>		
	Work-in-Process	4,987,002	12,818,573
	Semi-Finished	14,153,844	18,093,941
	Finished Goods	39,105,168	20,325,276
	Stock-in-Trade	21,789,598	37,267,809
		<u>80,035,612</u>	<u>88,505,599</u>
	Less : Excise Duty	4,058,776	2,743,905
		<u>75,976,836</u>	<u>85,761,694</u>
		<u>(8,830,081)</u>	<u>9,784,858</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

24	<b>EMPLOYEE BENEFITS EXPENSES</b>	2011-12 Rs.	2010-11 Rs.
	Salaries, Wages, Benefies and other allowances (including Directors' Remuneration)	116,846,437	113,048,953
	Contribution to Provident and other finds	9,433,850	8,113,148
	Staff Welfare Expenses	4,427,809	4,402,385
		<u>130,708,096</u>	<u>125,564,486</u>
24.1	<b>EMPLOYEE BENEFITS</b>		
	Disclosures pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits'		
	<b>Defined Contribution Plan</b>		
	Contribution to Defined Contribution Plan recognised as expense for the year are as given below.		
		2011-12 Rs.	2010-11 Rs.
	Employer's Contribution to Provident Fund and Family Pension Fund	5,595,537	5,640,322
	Employer's Contribution to Employee State Insurance fund	1,482,555	1,429,934
	Employer's Contribution to Super Annuation Fund	1,418,676	1,672,470
	<b>Defined Benefit Plan</b>		
	The Employee's Group Gratuity Fund is the Company's defined benefits plan for which the 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 recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up final obligation.		
	<b>(i) Reconciliation of opening and closing balance of defined Benefit Obligation :</b>		
		Gratuity (Funded) 2011-12 Rs.	Gratuity (Funded) 2010-11 Rs.
	Defined Benefit obligation at beginning of year	21,903,981	22,329,736
	Current Service Cost	8,821,877	1,509,119
	Interest Cost	1,807,078	1,786,379
	Actuarial (gain) / loss	(7,747,796)	(2,648,033)
	Benefit Paid	(1,382,719)	(1,073,220)
	Defined Benefit obligation at year end	<u>23,402,421</u>	<u>21,903,981</u>
	<b>(ii) Reconciliation of opening and closing balance of Fair value of plan assets :</b>		
		Gratuity (Funded) 2011-12 Rs.	Gratuity (Funded) 2010-11 Rs.
	Fair value of plan assets at beginning of year	24,891,9994	22,560,712
	Expected return on plan assets	1,991,360	2,080,363
	Actuarial (gain) / loss	333,413	--
	Employers Contribution	2,367,327	1,324,139
	Benefit Paid	(1,382,719)	(1,073,220)
	Fair value of plan assets at year end	<u>28,201,375</u>	<u>24,891,994</u>
	Actual return on plan assets	<u>2,324,773</u>	<u>2,080,363</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**Reconciliation of Fair Value of assets and obligation :**

	Gratuity (Funded) As at 31st March 2012 Rs.	Gratuity (Funded) As at 31st March 2011 Rs.
Fair value of plan assets	28,201,375	24,891,994
Present value of obligation	23,402,421	21,903,981
Amount recognised in Balance Sheet as liability / (asset)	(4,798,954)	(2,988,013)

**Expense Recognised during the year :**

	Gratuity (Funded) 2011-12 Rs.	Gratuity (Funded) 2010-11 Rs.
Current Service Cost	8,821,877	1,509,119
Interest Cost	1,807,078	1,786,379
Expected return on plan assets	(1,991,360)	(2,080,363)
Actuarial (gain) / loss recognised in the year	(8,081,209)	(2,648,033)
Net Cost recognised in Profit & Loss account	556,386	(1,432,898)

**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 assumption etc. The Company has not made any other investment for defined benefit plan.

**Actuarial Assumptions :**

<b>Mortality Table (LIC) [1994-96 (Ultimate)]</b>	Gratuity (Funded) 2011-12	Gratuity (Funded) 2010-11
Discount rate (per annum)	8.75%	8.00%
Expected rate of return on plan assets (per annum)	8.60%	9.25%
Rate of escalation in salary (per annum)	7.00%	7.00%

**(vii) Disclosure as required under para 120 (n) :**

	Gratuity (Funded) 2011-12	Gratuity (Funded) 2010-11	Gratuity (Funded) 2009-10	Gratuity (Funded) 2008-09	Gratuity (Funded) 2007-08
Fair Value of plan assets	28,201,375	24,891,994	22,560,712	18,153,907	12,615,993
Present value of obligation	23,402,421	21,903,981	22,329,736	20,558,602	17,597,713
Surplus (Deficit) in Plan	4,798,954	2,988,013	230,976	(2,404,695)	(4,981,720)

**25**
**FINAL COST**

	2011-12 Rs.	2010-11 Rs.
Interest Expenses*	19,660,592	23,551,123
Other Borrowing Costs #	9,150,160	9,246,847
	<u>28,810,752</u>	<u>32,797,970</u>

\* Include interest paid to Related Parties on fixed deposits Rs. 789,147 (Previous Year Rs. 464,194)

# Includes Forward Premium Expense of Rs. 49,80,115 (Previous Year Rs. 2,734,541)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

26	OTHER EXPENSES	2011-12 Rs.	2010-11 Rs.
	<b>Manufacturing Expenses</b>		
	Processing charges	16,233,761	16,704,593
	Laboratory Expenses	2,026,553	6,134,859
	Power and Fuel	13,018,252	12,711,189
	Stores Consumed	19,160,359	15,509,993
	Excise duty paid	6,627,046	6,596,74
	Repairs to Building	184,780	192,319
	Repairs to Plant & Machineries	819,261	471,992
	Research & Development Expenses	13,059,944	19,230,425
	Other Manufacturing Expenses	132,267	156,945
		<u>71,262,223</u>	<u>77,709,068</u>
	<b>Selling &amp; Distribution Expenses</b>		
	Liquidated Damage	2,825,563	7,274,661
	Royalty	2,825,862	2,704,939
	Target Discount	2,376,570	2,308,655
	Bad Debts	0	976,380
	Freight Outward Expenses	24,617,089	28,207,037
	Sales Commission	13,183,013	34,419,467
	Traveling and Conveyance (Marketing)	17,107,287	17,536,136
	Sales Promotion Expense	6,523,293	5,869,685
	Provision for Doubtful Debts	11,818	326,458
	Other Selling & Distribution Expenses	2,400,555	1,300,708
		<u>71,871,050</u>	<u>100,924,127</u>
	<b>Administration and Other Expenses</b>		
	Communication Expenses	4,314,496	4,729,699
	Printing and Stationery	1,126,920	1,223,780
	Travelling and Conveyance (Others)	6,862,903	9,497,213
	Directors' Sitting Fees & Allowance	250,000	310,000
	Rates & Taxes	1,201,718	821,938
	Insurance Charges	1,331,625	1,589,329
	Rent	1,071,000	1,199,592
	Payment to Auditors	622,006	546,777
	Legal & Professional Charges	9,839,347	10,167,867
	Electricity Charges	1,619,750	1,445,689
	House Keeping Expenses	1,506,505	1,191,786
	Security Charges	1,193,878	900,565
	Other Expenses	9,926,426	13,194,773
		<u>40,866,574</u>	<u>46,819,009</u>
		<u>183,999,848</u>	<u>225,452,203</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

26.1	<b>VALUE OF STORES &amp; SPARES CONSUMED</b>	2011-12	2010-11
	Value in Rs.	%of Consumption	Value in Rs. %of Consumption
	<b>Stores and Spares</b>		
	Imported	6,071,957	31.69%
	Indigenous	13,088,402	68.31%
		<b>19,160,359</b>	<b>100.00%</b>
26.2	<b>AUDITOR'S REMUNERATIONS</b>	2011-12	2010-11
		Rs.	Rs.
	<b>Particulars</b>		
	Audit Fees	325,000	325,000
	Tax Audit Fees	75,000	75,000
	Certification Fees	96,500	74,500
	Service tax on above fees	48,012	48,874
	Reimbursement of Expenses	77,494	23,403
		<b>622,006</b>	<b>546,777</b>
26.3	<b>EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE</b>	2011-12	2010-11
		Rs.	Rs.
	<b>a) Earnings in Foreign Exchange</b>		
	Export of Goods calculated of F.O.B. basis	80,027,752	43,697,088
	<b>b) Expenditure in foreign currency</b>		
	1. Royalty	2,376,998	1,277,249
	2. Bank Interest	7,890,177	3,336,496
	3. Dividend	153,000	128,750
	(Paid dividend on 153000 share to 12 Non-Resident Shareholders for the year 2010-11){(revious Year on 51500 8 Non-Resident Shareholders for the year 2009-10)		
	4. Research & Development Expense	245,064	9,396
	5. Technical Know-how	12,019,642	22,972,797
	6. Other Expenses	7,182,090	8,439,967
	<b>c) Value of Imports calculated on CIF basis</b>		
	Raw Materials & Packing Materials	101,477,986	71,145,713
	Goods for resale	25,734,431	60,496,346
	Capital Goods	7,063,718	7,895,271
	Consumable Store	6,062,767	5,579,596
27	<b>EXCEPTIONAL ITEMS</b>		
	<p>Considering overall strategy of the Company and to focus on core diagnostic reagent manufacturing business of the Company and to obtain optimum price, the Company has decided to hive off its Hematology business by way of business asset transfer including inventory, goodwill, etc. to M/s. Nihon Kohden India Private Limited, a subsidiary of Nihon Kohden Corporation, Japan subject to terms and condition mutually decided and as set out in the agreement. The Company has recorded Rs 29,072,127 on account of transfer of goodwill in light of this transactions.</p>		
28	<b>EARNING PER SHARE</b>	2011-12	2010-11
		Rs.	Rs.
	Profit after taxation as per Profit and Loss account net of Prior period adjustment	12,241,655	46,221,002
	Weighted average number of equity shares outstanding	7,276,000	7,267,851
	Basic and Diluted Earning per shares (face value - Rs. 10 per share)	<b>1.68</b>	<b>6.36</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**29 CONTINGENT LIABILITIES AND COMMITMENTS**
**A. Contingent Liabilities**

Particulars	31-3-2012 Rs.	31-3-2011 Rs.
a) Taxes		
(1) Sales tax:		
Demands under contest (Net of Tax)	406,103	401,459
C-Form Pending	752,563	1,144,652
(2) Income Tax		
Demands under dispute	21,607,889	21,607,889
b) Disputed Liquidated Damages with respect to institutional customers (Net of Tax)	Nil	1,232,982
c) Claims against the Company not acknowledged as Debts	6,338,418	6,196,668
d) On account of guarantees given by the bank on behalf of the company in favor of customs and others.	42,200,736	29,728,407
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 on 31-03-2012 aggregating of US\$ 10946 if not fulfilled may result in custom duty liability of (Net of tax)	70,090	438,656
f) The Company has imported material under the Advance Authorization Scheme of the Government of India, at concessional rates of customs duty by undertaking obligations to export certain quantity of specified products, For the future outstanding export obligations quantity under the Scheme as at 31-03-2012, which if not fulfilled may result in custom duty liability of (Net of tax)	201,165	919,218

**B. Capital Commitments**

Particulars	31-3-2012 Rs.	31-3-2011 Rs.
Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account nad not provided for	53,221,934	35,302,859

**30 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.

	2011-12 (Rs.)	2010-11 (Rs.)
Rent paid under this agreement	1,071,000	1,199,592

- iii) The Company has given premises under non-cancelable lease arrangements. These asset have been capitalised and consequently depreciation has also been provided on the asset.

	2011-12 (Rs.)	2010-11 (Rs.)
Rent received during the year under this agreement	2,316,000	2,190,000

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

	2011-12 (Rs.)	2010-11 (Rs.)
Receivable within one year	2,190,000	912,500
Receivable between one year and five year	3,102,500	Nil
Receivable after five year	Nil	Nil

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****31 SEGMENT REPORTING**

The company operates in a single segment – Diagnostic Products.

**32 RELATED PARTY DISCLOSURES**

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

**A. Relationship.****(i) Related parties where control exists :**

Span Biotherapeutics Pvt Ltd (Subsidiary)  
Span Biotronics Pvt. Ltd. (Subsidiary)  
Span Nihon Kohden Diagnostics Pvt. Ltd. (Joint Venture)  
Span Diagnostics SA (Pty.) Ltd. - (Joint Venture)

**(ii) Key Management Personnel :**

Dr. Pradip K. Desai  
Mr. Veeral P. Desai  
Ms. Sujata V. Desai  
Dr. Madhukanta T. Patel

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

Ms. Lata P. Desai  
Ms. Tejal V. Desai  
Ms. Shital S. Kazi  
Mr. Prakash K. Desai  
Shri. Pradip. K. Desai HUF  
Dr. Harshad R. Gandhi  
Ms. Kokila H. Gandhi  
Mr. Sunil T. Patel  
Ms. Bhanuben T. Patel  
Ms. Sudhaben I. Patel

**(iv) Enterprise over which persons described in (ii), (iii) above is able to exercise significant influence :**

Span Diagnostics SARL  
Quest Biochemicals Pvt. Ltd

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.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**B. Transactions with related parties**

Particulars	Referred In A (i) Above	Referred In A (ii) Above	Referred In A (iii) Above	Referred In A (iv) Above
<b>Sales :</b>				
Goods and Material	428,267 <i>Nil</i>			Nil 881,575
<b>Purchase:</b>				
Goods and Material	8,948,725 59,475,754			916,796 189,745
<b>Expenses :</b>				
Remuneration/sitting Fees		13,501,220 15,910,917		
Interest on F.D./Loan		448,635 234,467	340,512 229,727	
Rent paid		2,000 24,000	192,000 172,000	
Dividend Paid		1,203,748 1,504,685	1,598,860 1,998,575	
R&D Outsourcing Charges	Nil 9,140,000			
Selling & Marketing Expense	2,055,904 <i>Nil</i>			
Royalty				1,409,064 1,154,651
<b>Income :</b>				
License Fees	2,190,000 2,190,000			
Other Income	342,854 <i>Nil</i>			
<b>Capital Items :</b>				
Loan & Advances received	Nil <i>Nil</i>	1,767,000 900,000	1,490,000 250,000	
Loan & Advances given	9,920,221 116,647			21,184 <i>Nil</i>
Purchase of Technology	10,964,000 <i>Nil</i>			16,528,334 <i>Nil</i>
Purchase of Asset	Nil <i>Nil</i>			
Investment Made	3,005 99,900			
Loss on Sale of Investment	Nil <i>Nil</i>			
<b>Balance as at 31st March, 2012</b>				
Investments	7,002,905 6,999,900			
Trade Receivables	428,267 <i>Nil</i>			
Loans & Advances	10,126,424 19,439			21,184 <i>Nil</i>
Deposits	500,000 500,000	2,902,000 2,635,000	3,788,000 2,298,000	
Trade and Other Payables	960,934 12,281,460			3,681,633 372,759

Figures of Previous Year are represented in Italic form.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**Disclosure in respect of material related party transaction during year :**

- a. Sales of goods and material includes Span Diagnostics SA. (Pty.) Ltd. Rs.428,267 (Previous Year Rs.NIL), Span Diagnostics SARL Rs.NIL (Previous Year Rs.881,575)
- b. Purchases/material consumed from Span Nihon-Kohden Diagnostics Pvt. Ltd. Rs.8,948,725(Previous Year Rs.59,475,754), Span Diagnostics SARL Rs.900,261 (Previous Year Rs.189,745), Quest Biochemicals Pvt. Ltd. Rs.16535 (Previous Year Rs.NIL)
- c. Remuneration includes payment to Dr.Pradip K. Desai Rs.4,425,120 ( Previous Year 6,830,600), Mr. Veeral P. Desai Rs.4,403,800 (Previous Year Rs.4,403,800), Dr.Madhukanta T. Patel Rs.2,352,350(Previous Year Rs.2,356,567), Ms. Sujata V. Desai Rs.2,319,950 (Previous Year Rs.2,319,950)
- d. Interest on F.D./Loan includes Dr. Madhukanta T. Patel Rs.307,691 (Previous Year Rs.228,048), Ms.Sujata V Desai Rs.11,000 (Previous Year Rs.6,419), Dr.Pradip K. Desai Rs.129,944 (Previous Year Rs.NIL), Ms. Shital S. Kazi Rs.8,044 (Previous Year Rs.NIL), Ms. Tejal V.Desai Rs.103,449 (Previous Year Rs.3,315), Dr.Harshad R. Gandhi Rs.78,500 (Previous Year Rs.77,927), Ms.Kokila H. Gnathi Rs. 117,730 (Previous Year Rs.116,427), Mr. Sunil T. Patel Rs.32,789 (Previous Year Rs.32,058)
- e. Rent paid to Mr. Veeral P. Desai Rs.2,000 (Previous Year Rs.24,000), Ms. Bhanuben T. Patel Rs.60,000 (Previous Year Rs.60,000), Ms. Sudhaben I. Patel Rs.132,000 (Previous Year Rs. 112,000)
- f. Dividend Paid to Dr.Pradip K. Desai Rs.521,580 (Previous Year Rs. 651,975), Mr. Veeral P. Desai Rs.524,632 (Previous Year Rs.655,790), Dr.Madhukanta T. Patel Rs.55,960 (Previous Year Rs.69,950), Ms. Sujata V. Desai Rs.101,576 (Previous Year Rs. 126,970), Ms. Lataben P. Desai Rs.717,060 (Previous Year Rs. 896,325), Ms.Shital S. Kazi Rs.39,500 (Previous Year Rs.49,375), Ms.Tejal V. Desai Rs.10,000 (Previous Year Rs.12,500), Mr. Prakash K. Desai Rs.27,000 (Previous Year Rs. 33,750), Shri. Pradip K. Desai(HUF) Rs.785,300 (Previous Year Rs. 981,625), Mr. Sunil T. Patel Rs.10,000 (Previous Year Rs. 12,500), Ms.Sudhaben I. Patel Rs.10,000 (Previous Year Rs. 12,500)
- g. R&D Outsourcing Charges paid to Span Biotronics Pvt. Ltd. Rs.NIL (Previous Year Rs.9140,000)
- h. Sales and Distribution Expenses includes Span Diagnostics SA. (Pty.) Ltd. Rs.2,055,904 (Previous Year Rs.NIL)
- i. Royalty paid to Span Diagnostics SARL Rs.1,409,064 (Previous Year Rs. 1,154,651)
- j. License Fees from Span Nihon-Kohden Pvt. Ltd. Rs.2,190,000 ( Previous Year Rs.21,90,000)
- k. Other Income from Span Biotronics Pvt Ltd Rs. 342,854 (Previous Year Rs.NIL)
- l. Loan received in the nature of fixed deposit from Dr.Pradip K.Desai Rs.1,500,000 (Previous Year Rs.NIL), Dr.Madhukanta T.Patel Rs.267,000 (Previous Year Rs. 800,000), Ms. Sujata V. Desai Rs.NIL (Previous Year Rs. 100,000), Ms. Tejal V. Desai Rs.1,290,000 (Previous Year Rs.250,000), Ms.Shital S. Kazi Rs.200,000 (Previous Year Rs.NIL)
- m. Loans & Advances in nature of expense reimbursement given during the year includes Span Nihon-Kohden Pvt. Ltd. Rs.113,740 ( Previous Year Rs.106,465 ), Span Biotherapeutics Pvt. Ltd. Rs.NIL ( Previous Year Rs.6,038 ), Span Biotronics Pvt. Ltd. Rs.9,033,800 ( Previous Year Rs.4,144 ), Span Diagnostics SA. (Pty.) Ltd. Rs.772,681 (Previous Year Rs.NIL), Quest Biochemicals Pvt. Ltd. Rs.21,184 ( Previous Year Rs.NIL)
- n. Purchase of Technology includes Span Biotronics Pvt Ltd Rs. 10,964,000 (Previous Year Rs.NIL), Span Diagnostics SARL Rs.16,528,334 (Previous Year Rs. NIL)
- o. Purchase of Investment includes Span Biotherapeutics Pvt. Ltd. Rs.NIL (Previous Year Rs. 99,900), Span Diagnostics SA. (Pty.) Ltd. Rs. 3,005 (Previous Year NIL)

**33 INTEREST IN JOINT VENTURES**
**Jointly Controlled Entities**

Name of Joint Ventures	Country of Incorporation	Proportion of Ownership (%) as on	
		31-03-12	31-03-11
<b>Indian Joint Venture</b>			
Span Nihon Kohden Diagnostics Pvt. Ltd.	India	45%	45%
Span Diagnostics South Africa (Proprietary) Ltd.*	South Africa	46%	Nil

\* Date of investment in JV - 06-02-2012

**Financial interest in jointly controlled entities**

Particulars	As at 31-03-12(Unaudited)		As at 31-03-11 (Unaudited)
	Span Nihon Kohden Diagnostics Pvt. Ltd.	Span Diagnostics South Africa Proprietary) Ltd.	Span Nihon Kohden Diagnostics Private Ltd.
Assets	27,966,828	1,301,252	20,172,445
Liabilities	6,476,101	1,628,168	2,341,834
Contingent Liabilities	560,017	Nil	560,017
Capital Commitments	Nil	Nil	Nil
Income	22,962,052	120,810	23,256,210
Expenses	11,248,145	450,759	11,515,235
Tax	4,453,790	Nil	3,949,852

**34 FINANCIAL AND DERIVATIVE INSTRUMENTS**
**Derivative contracts entered into by the Company and outstanding as on 31st March, 2012**

- (i) For hedging interest rate related risks derivative contract in nature of forward contract is entered into by the Company and outstanding of which as on 31st March,2012 amount to Rs 110,180,885 (Previous Year Rs. 109,995,200).
- (ii) Foreign currency exposures that are not hedged by derivative instruments as on 31st March,2012 amount to Rs. 22,589,704 (Net) (Previous year Rs. 18,550,313)

**35** The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements

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

## AUDITORS' REPORT

### On Consolidated Financial Statements of Span Diagnostics Limited

#### To, The Board of Directors of Span Diagnostics Limited

1. We have audited the attached Consolidated Balance Sheet of Span Diagnostics Limited ("the Company") and its Subsidiaries, and joint ventures (collectively referred to as "the group") as at 31st March, 2012 and also the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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. We did not audit the financial statements of any subsidiaries, whose financial statements reflect total assets of ` Rs. 15,297,395 as at 31st March, 2012, total revenues of Rs. 11,022,189 and cash inflows amounting to Rs. 234,715 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We did not audit the financial statements of any joint ventures, whose financial statements reflect total assets of ` Rs. 29,268,080 as at 31st March, 2012, total revenues of Rs. 23,082,861 and net cash inflows amounting to Rs. 11,747,123 for the year then ended. As stated in note no. 29 to the consolidated financial statements, these financial statements and other financial information are based on the management estimates and are not audited by their auditors.
5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", and Accounting standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Span Diagnostics Limited, its subsidiaries and joint ventures.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2012;
  - (b) in the case of the Consolidated Statement of Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

**For Haribhakti & Co.  
Chartered Accountants  
FRN No.103523W**

**Prashant Maharishi  
Partner  
Membership No.41452**

**Place : Surat**

**Date : 26<sup>th</sup> May, 2012**

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

	Note	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	72,760,000	72,760,000
Reserves & Surplus	3	218,259,050	212,138,767
		291,019,050	284,898,767
<b>Minority Interest</b>		178,433	103,172
<b>Non Current Liabilities</b>			
Long Term Borrowings	4	103,354,923	70,017,963
Deferred Tax Liabilities (Net)	5	25,068,517	12,634,783
Long Term Provisions	6	3,853,492	5,076,377
		132,276,932	87,729,123
<b>Current Liabilities</b>			
Short Term Borrowings	7	150,186,739	97,956,710
Trade Payables	8	62,797,264	56,992,268
Other Current Liabilities	9	122,887,643	102,596,334
Short Term Provisions	10	12,458,025	18,594,771
		348,329,671	276,140,083
<b>TOTAL</b>		771,804,086	648,871,145
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
Tangible Assets	11	179,109,007	169,271,853
Intangible Assets	11	50,232,740	31,668,015
Capital Work-in-Progress	11	73,195,386	22,229,882
Intangible Assets under Development	11	47,555,847	48,003,844
Non Current Investments	12	2,000	2,000
Long term Loans and Advances	13	24,893,913	3,838,783
Other Non Current Assets	14	4,495,237	2,677,912
		379,484,130	277,692,289
<b>Current Assets</b>			
Inventories	15	169,169,914	150,788,279
Trade Receivables	16	133,387,127	101,101,941
Cash and Cash Equivalents	17	38,132,428	97,439,365
Short term Loans and Advances	18	51,630,487	21,849,270
		392,319,956	371,178,856
<b>TOTAL</b>		771,804,086	648,871,145
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	28 to 37		
The notes on financial statements form an integral part of the financial statements			

As per our Report of even date :

**For Haribhakti & Co.,**  
Chartered Accountants  
**FRN No. 103523W**

**Prashant Maharishi**  
Partner  
Membership No. 41452

For and on behalf of the Board

**Veeral P. Desai** *Managing Director*

**Dr. Pradip K. Desai** *Executive Director*

**Mitesh G. Rana** *Company Secretary*

Place : Surat

Date : 26<sup>th</sup> May, 2012

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

	Note	2011-12 Rs.	2010-11 Rs.
<b>INCOME</b>			
Revenue from Operations	19	605,212,594	837,926,190
Other Income	20	9,877,034	6,010,329
<b>Total Revenue</b>		<u>615,089,628</u>	<u>843,936,519</u>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	21	202,685,869	233,077,991
Purchase of Stock-in-Trade		37,087,526	108,630,568
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(8,705,473)	9,653,218
Employee Benefits Expense	23	138,815,123	132,957,207
Finance Costs	24	28,838,704	32,818,616
Depreciation and Amortisation Expense		27,781,176	24,105,554
Other Expenses	25	190,166,053	222,514,946
<b>Total Expenses</b>		<u>616,668,978</u>	<u>763,758,100</u>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS &amp; TAX</b>		(1,579,350)	80,178,419
Add : Exceptional Items	26	29,072,127	0
<b>PROFIT BEFORE TAX</b>		27,492,777	80,178,419
Current Tax		(9,607,800)	(26,800,000)
MAT Credit Entitlement/(Utilisation)		4,945,000	-
Deferred Tax		(12,433,734)	1,492,079
Tax adjustment of earlier year		1,088	13,258
<b>PROFIT AFTER TAX BEFORE MINORITY INTEREST</b>		10,397,330	54,883,756
<b>Less : Minority Interest</b>		75,261	41,490
<b>PROFIT AFTER TAX &amp; MINORITY INTEREST</b>		<u>10,322,069</u>	<u>54,842,266</u>
Earning per equity share – Basic & Diluted (Rs.) (Nominal Value per share of Rs.10/- each (Previous year - Rs.10/- each))	27	1.42	7.55
Summary of Significant Accounting Policies	1		
Notes on Financial Statements	28 to 37		
The notes on financial statements form an integral part of the financial statements			

As per our Report of even date :

**For Haribhakti & Co.,**  
Chartered Accountants  
**FRN No. 103523W**

**Prashant Maharishi**  
Partner  
Membership No. 41452

For and on behalf of the Board

**Veeral P. Desai** *Managing Director*

**Dr. Pradip K. Desai** *Executive Director*

**Mitesh G. Rana** *Company Secretary*

Place : Surat  
Date : 26<sup>th</sup> May, 2012

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

	2011-12 Rs.	2010-11 Rs.
<b>A CASH FLOW FROM THE OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	27,492,777	80,178,419
Depreciation and Amortization	27,781,176	24,105,554
Deferred Revenue Expenses	0	13,036
Investment Income	(3,408,792)	(1,490,656)
Interest Charged	28,838,704	32,818,616
Loss on Discarded Assets	0	427,003
Loss/(Profit) on sales of fixed assets (Net)	(35,385)	160,288
<b>Operating Profit before working capital changes</b>	80,668,480	136,212,260
<b>Adjusted for changes in</b>		
Trade and Other Receivables	(75,777,496)	100,864,398
Inventories	(18,381,635)	38,961,287
Trade Payables and other liabilities	16,882,549	(59,189,984)
<b>Cash generated from operations</b>	3,391,898	216,847,961
Less : Direct taxes paid during the year	16,805,442	24,086,048
Cash flow before Extra-ordinary items	(13,413,544)	192,761,913
Prior period adjustments	1,088	13,258
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	(13,412,456)	192,775,171
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in Fixed Assets and Capital Work in Process	(109,437,276)	(62,090,596)
Proceeds from Sales of Fixed Assets	2,772,102	245,054
Proceeds from Sales of Investment	0	0
Interest received	3,408,792	1,490,656
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(103,256,382)	(60,354,886)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	0	4,953,782
(Repayment)/Proceeds(of)/ from Borrowings	94,652,974	(24,175,209)
Interest paid	(28,838,704)	(32,818,616)
Dividend & Corporate Dividend Tax paid	(8,452,369)	(10,532,704)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	57,361,901	(62,572,747)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(59,306,938)	69,847,538
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	97,439,365	27,591,827
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	38,132,428	97,439,365

As per our Report of even date :

**For Haribhakti & Co.,**

Chartered Accountants

**FRN No. 103523W**
**Prashant Maharishi**

Partner

Membership No. 41452

For and on behalf of the Board of Directors

**Veeral P. Desai**
*Managing Director*
**Dr. Pradip K. Desai**
*Executive Director*
**Mitesh G. Rana**
*Company Secretary*

Place : Surat

 Date : 26<sup>th</sup> May, 2012



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**
**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS**
**i) Basis of Accounting.**

The 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) require 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.**

- a) 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”.
- b) Interest in Joint Venture have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - “Financial Reporting of Interest in Joint Venture”
- c) 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.
- d) Minority interest's share in net asset of the subsidiary Company for the year is identified and presented in consolidated balance sheet separate from liabilities and equity of the company's shareholders.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements
- f) The notes and significant policies of consolidated financial statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

**iv) 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 Joint Venture, leave encashment which are accrued for the period in which the employee renders the related services are determined on the basis of actual valuation carried out by the management as at balance sheet date.

**v) Miscellaneous Expenditure.**

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.

**vi) Other Significant Accounting Policies :**

These are set out under “Significant Accounting Policies” as given in stand alone financial statements of Span Diagnostics Ltd.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

		As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
<b>2</b>	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	15,000,000 Equity Shares of Rs. 10/- each. (Previous year 15,000,000)	150,000,000	150,000,000
	<b>Issued, Subscribed and paid-up</b>		
	7,276,000 (Previous year 7,276,000) Equity Shares of Rs.10/- each fully paid up	72,760,000	72,760,000
		<u>72,760,000</u>	<u>72,760,000</u>

2.1 Of the above 3,638,000 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares in year 2010-11 by capitalising Rs.36,380,000 out of Securities premium.

2.2 The details of shareholders holding more than 5% shares.

Name of Shareholder	As at 31/03/2012		As at 31/03/2011	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Pradipkumar Keshavlal Desai	1,306,480	17.96	1,306,480	17.96
Lataben P. Desai	717,060	9.86	717,060	9.86
Natvarlal Shivabhai Patel	554,920	7.63	10,000	7.63
Veeral Pradipkumar Desai	5,24,632	7.21	5,24,632	7.21

2.3 The reconciliation of the number of shares outstanding is set out below

Particulars	As at 31/03/2012 No. of Shares	As at 31/03/2011 No of Shares
Equity Shares outstanding at the beginning of the year	7,276,000	3,472,750
Add: Shares Issued during the year	-	3,803,250
Less : Shares bought back during the year.	-	-
Equity Shares outstanding at the end of the year.	7,276,000	7,276,000

2.4 There was no increase in Capital during the current year. However, during the year 2010-11, 165,250 equity shares each of Rs. 10 were issued on a preferential basis by the company at a premium of Rs. 29.97 each aggregating to Rs. 6,605,042/-. Further 3,638,000 equity shares of Rs 10 each were issued in the year 2010-11 as bonus shares in ratio of 1:1 by capitalising securities premium which in aggregate amounts to Rs 36,380,000/-

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

3	RESERVES AND SURPLUS	As at	
		31-03-2012 Rs.	31-03-2011 Rs.
	<b>Capital Reserve</b>		
	As per last Balance Sheet	4,205,775	4,205,775
		4,205,775	4,205,775
	<b>Securities Premium Reserve :</b>		
	Balance as per last Balance Sheet	9,824,798	41,252,255
	Add : Securities Premium on share allotment	0	4,952,543
	Less : Capitalised on Securities Premium on issue of Bonus Shares	0	36,380,000
		9,824,798	9,824,798
	<b>General Reserve:</b>		
	Balance as per last Balance Sheet	72,524,200	67,949,200
	Add: Transfer from Profit & Loss Account	2,005,184	4,575,000
		74,529,384	72,524,200
	<b>Profit &amp; Loss Account :</b>		
	As per last Balance Sheet	125,583,994	84,221,432
	Add : Profit for the year	10,322,069	54,842,266
		135,906,064	139,063,698
	Less : Appropriations		
	Proposed Dividend on Equity Shares	3,600,000	7,276,000
	Dividend Distribution Tax	591,723	1,180,349
	Dividend for earlier year (including distribution Tax)	0	448,355
	Transfer to General Reserve	2,005,184	4,575,000
		129,709,157	125,583,994
	<b>Foreign Currency translation Reserve</b>	(10,064)	0
		218,259,050	212,138,767
4	<b>LONG TERM BORROWINGS</b>	As at	
		31-03-2012 Rs.	31-03-2011 Rs.
	<b>SECURED</b>	<b>Non Current</b>	<b>Current</b>
	Term loan from banks	48,389,553	12,527,422
	Term loan from Other Parties	14,159,200	1,769,900
	Deferred Payment Liabilities	14,741,000	0
		6,334,000	0
	<b>UNSECURED</b>		
	Deposits	25,167,000	12,863,000
	Other	898,170	0
		10,000	0
		103,354,923	27,160,322
		70,017,963	18,074,337
4.1	Term Loan from banks other than Vehicle Loans are secured by hypothecation of plant and machineries, some of moveable properties of the company, equitable mortgage of some of the immovable properties of the company. Vehicle loans of Rs. 682,589 (Previous Year : Rs. 788,787) are secured by hypothecation of respective vehicles		
4.2	Term Loan from other parties and deferred payment liabilities are secured by hypothecation of moveable assets including Plant and Machinery and equipments which has been procured through utilization of earmarked funds and intangibles which will be generated from projects.		
4.3	Secured Loans are guaranteed by some of the Directors of the company.		
4.4	Deposits includes deposits from Related Parties of Rs. 71,90,000 (Previous year Rs. 4,933,000) (Refere Note 34) carrying rate of interest as per standard norms of deposits.		

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

5	<b>DEFERRED TAX LIABILITIES (Net)</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>Deferred Tax Liability</b>		
	Difference between Depreciable Assets as per books of accounts and written down value for tax purpose	18,979,670	16,457,227
	Deferred Revenue Exp. (CWIP-R&D)	9,473,438	0
		28,453,108	16,457,227
	<b>Deferred Tax Assets</b>		
	Disallowance U/S 43B		
	a) Provision for leave encashment	2,120,845	2,038,541
	b) Provision for bad/doubtful debts	132,669	559,000
	c) Provision for bonus	1,114,566	1,173,250
	d) Others	16,511	51,653
		3,384,591	3,822,444
	<b>Net Deferred Tax Liability</b>	25,068,517	12,634,783
		As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
6	<b>LONG TERM PROVISIONS :</b>		
	<b>Provision for Employee Benefits</b>	<b>Non Current</b>	<b>Current</b>
	Leave Encashment (Unfunded)*	3,853,492	2,107,504
		3,853,492	2,107,504
		5,076,377	832,252
		5,076,377	832,252
		5,076,377	832,252
	*Provision for accrued leave encashment is provided on the basis of actuarial valuations made at the year end.		
7	<b>SHORT TERM BORROWINGS</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>SECURED</b>		
	Working Capital Loans from Banks	150,186,739	97,956,710
		150,186,739	97,956,710
7.1	Working Capital Loan are secured by hypothecation of Current Assets and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of some of the immovable properties of the Company. The Interest rate in FCNR portion of working capital loan varies from 8.25% to 8.75% and that of in INR portion varies from 14% to 15.5%.		
8.	<b>TRADE PAYABLES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Micro. Small and Medium Enterprises	2,635,409	2,019,385
	Others	60,161,855	54,972,883
		62,797,264	56,992,268
9.	<b>OTHER CURRENT LIABILITIES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Current maturities of long term debt (Refer Note No. 5)	27,160,322	18,074,337
	Interest accrued but not due on borrowings	3,918,442	2,147,250
	Creditors for Capital Expenditure	3,549,767	36,384
	Forward Contract Payable (Net of receivable)	1,004,733	4,087,950
	Income received in advance	932,491	6,687,928
	Unclaimed Dividend #	659,597	655,617
	Statutory Dues	9,824,413	9,026,662
	Security Deposits*	19,036,549	17,474,579
	Advance from Customers	20,193,111	10,878,274
	Other Payable	36,608,218	33,527,353
		122,887,643	102,596,334

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

\* Includes Security Deposit from stockiest carrying interest rates varying from 10-12% p.a and Deposits from Related Party of Rs 275,000 (Previous Year 275,000) (Refer Note 34)

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

10	SHORT TERM PROVISIONS :	As at	As at
		31-03-2012	31-03-2011
		Rs.	Rs.
	Provision for Employees Benefits	3,814,245	3,796,571
	Proposed Dividend	3,600,000	7,276,000
	Tax on Dividend	591,723	1,180,349
	Provision for Tax (Net of Advance Tax & TDS)	0	2,971,214
	Provision for Current Obligation of Leave Encashment (Refer note 7)	2,107,504	832,252
	Other Provisions*	2,344,553	2,538,385
		<b>12,458,025</b>	<b>18,594,771</b>

\*Includes provision for warranty of Rs. 946,596 (Previous Year Nil) which is estimated based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

**11 FIXED ASSETS**

Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01-04-2011	Additions	Deduction/ Adjustment	As at 31-03-2012	As at 01-04-2011	For the Year	Deductions/ Adjustment	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
		Rs	Rs	Rs.	Rs	Rs.	Rs.	Rs.	Rs	Rs	
Tangible Fixed Assets											
1	Leasehold Land	11,538,900	-	-	11,538,900	-	-	-	11,538,900	11,538,900	
2	Free hold Land	798,300	-	-	798,300	-	-	-	798,300	798,300	
3	Buildings & Roads	110,657,832	2,168,873	-	112,826,705	39,187,142	4,224,612	-	43,411,754	69,414,951	
4	Plant & Machineries	87,556,350	16,813,599	38,670	104,331,279	44,373,235	7,729,982	36,619	52,066,598	52,264,681	
5	Electrical Installations	12,896,511	1,252,129	-	14,148,640	7,892,473	798,094	-	8,690,567	5,458,073	
6	Cold Rooms/Storages	9,098,864	1,390,576	-	10,489,440	4,411,051	740,553	-	5,151,604	5,337,836	
7	Loose Tools, Moulds, Utilities and other Equipments	16,501,209	4,429,882	6,975	20,924,116	11,434,462	1,685,610	581	13,119,491	7,804,625	
8	Laboratory Equipments	15,640,363	812,521	5,940,594	10,512,290	7,823,543	773,220	3,316,212	5,280,551	5,231,739	
9	R & D Equipments	10,400,206	1,285,951	-	11,686,157	3,160,408	1,103,226	-	4,263,634	7,422,522	
10	Furniture & Fixtures	16,968,005	1,970,258	-	18,938,263	10,341,576	1,370,840	-	11,712,416	7,225,847	
11	Computers	9,257,622	765,473	-	10,023,095	7,647,780	838,914	-	8,486,694	1,536,401	
12	Office Equipments	4,049,728	145,646	-	4,195,374	2,739,528	196,110	-	2,935,638	1,259,736	
13	Vehicles	7,431,231	2,148,130	493,798	9,085,563	4,512,069	1,148,005	389,907	5,270,167	3,815,396	
	<b>Total (A)</b>	<b>312,795,121</b>	<b>33,183,038</b>	<b>6,480,037</b>	<b>339,498,121</b>	<b>143,523,267</b>	<b>20,609,166</b>	<b>3,743,319</b>	<b>160,389,114</b>	<b>179,109,007</b>	
Intangible Assets											
1	Goodwill	322,120	785,771	-	1,107,891	322,120	-	-	322,120	785,771	
2	Technical Know how	37,092,459	24,115,624	-	61,208,083	8,405,148	5,536,244	-	13,941,392	47,266,692	
3	Software	7,720,231	835,337	-	8,555,568	4,739,525	1,635,765	-	6,375,290	2,980,705	
	<b>Total (B)</b>	<b>45,137,810</b>	<b>25,736,732</b>	<b>-</b>	<b>70,871,542</b>	<b>13,466,793</b>	<b>7,172,009</b>	<b>-</b>	<b>20,638,802</b>	<b>50,232,740</b>	
	<b>Total (A+B)</b>	<b>357,929,931</b>	<b>58,919,770</b>	<b>6,480,037</b>	<b>410,369,663</b>	<b>156,990,060</b>	<b>27,781,175</b>	<b>3,743,319</b>	<b>181,027,916</b>	<b>229,341,747</b>	
	Previous Year	326,756,684	27,652,540	2,247,277	352,161,947	133,198,554	23,343,512	1,558,371	154,983,695	197,178,252	
	Capital Work-in-Progress									73,195,386	
	Intangible Assets under Development									22,229,882	

11.1 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.

11.2 Leasehold land cost includes cost of land allotted by G.I.D.C. on lease. This lease is for 99 years and same is treated as perpetual lease hence no amortisation is done.

11.3 In accordance with AS-16 related Borrowing costs which amounts to Rs. 1,393,088 has been capitalized during the year (Previous year Rs. 581,322)

**12 NON CURRENT INVESTMENTS**
**Non Trade Investments (Unquoted fully Paid Up)**
**Investment in Equity Shares**
**Investment in Other**

Sachin Infra Management Ltd.

(200 Shares (Previous Year - 200 Shares) of Rs. 10 each

**Aggregate Amount of Unquoted Investments (At Cost)**

	As at 31-03-2012	As at 31-03-2011
	Rs.	Rs.
	2,000	2,000
	<b>2,000</b>	<b>2,000</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

13	<b>LONG TERM LOANS AND ADVANCES</b> (Unsecured and Considered Good)	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Capital Advances	14,845,555	2,961,850
	Advance Income Tax (Net of Provision)	9,171,428	0
	Security Deposits	876,930	876,933
		<u>24,893,913</u>	<u>3,838,783</u>
14	<b>OTHER NON CURRENT ASSETS</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Advance to Gratuity Trust*	4,478,035	2,670,610
	Other	17,202	7,302
		<u>4,495,237</u>	<u>2,677,912</u>
	*Advance to Gratuity Trust is net amount after adjusting provision amount of gratuity in respect of subsidiary		
15	<b>INVENTORIES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Raw Materials	40,486,444	39,404,256
	Raw Materials in Transit	464,224	0
	Packing Materials	25,355,347	22,430,752
	Packing Materials in Transit	4,765,982	0
	Consumable Stores	7,180,859	8,256,055
	Consumable Stores in Transit	221,983	0
	Work-in-Process	9,773,039	4,987,002
	Semi-Finished	13,140,506	14,153,844
	Finished Goods	47,966,636	39,766,772
	Stock in Trade	19,184,894	21,789,598
		<u>169,169,914</u>	<u>150,788,279</u>
16	<b>TRADE RECEIVABLES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>Unsecured</b>		
	Exceeding six months		
	Considered Good	11,251,807	16,574,428
	Considered Doubtful	408,903	1,724,001
	Less : Provision for Doubtful Debts	408,903	1,724,001
		<u>11,251,807</u>	<u>16,574,428</u>
	Other - Considered Good *#	122,135,320	84,527,513
		<u>133,387,127</u>	<u>101,101,941</u>
	*Trade Receivable includes debt due by the Private Company in which director is a member of Rs. 122,523 (Previous Year Rs. 25,656) # Includes trade receivable from related parties of Rs. 321,264 (Previous Year NIL) (Refer Note No. 34)		
17	<b>CASH AND CASH EQUIVALENTS</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	Bank Balances with Banks :		
	In Current Accounts*	21,768,802	67,916,742
	In Fixed Deposits Accounts # @	16,168,230	29,278,816
	Cash on Hand	195,396	243,807
		<u>38,132,428</u>	<u>97,439,365</u>
	* Includes Earmarked Balance of Rs. 685,231 (Previous Year Rs. 8,363,437) in respect of Project and Unpaid Dividend # Includes deposits of Rs. 5,086,264 (Previous Year Rs. 22,706,222) held as margin money deposits against guarantees @ Includes deposits of Rs. 12,836,570 (Previous Year Rs. 28,268,581) with maturity of more than 12 months.		

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

18	<b>SHORT TERM LOANS AND ADVANCES</b>	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	<b>Unsecured and considered good</b>		
	Loans and Advances to Related Parties (Refer Note No. 34)	444,688	7,371
	Balance with Statutory Authorities	6,613,930	4,657,186
	Security Deposits	5,553,547	4,421,042
	Advance to Sundry Creditors	14,182,164	4,511,696
	Prepaid Expenses	20,853,040	2,866,549
	Deferred Forward Premium	2,007,180	3,358,309
	Others #	1,975,938	2,027,117
		<u>51,630,487</u>	<u>21,849,270</u>
	#Includes Loan to the Employees of Rs. 530,9860 (Previous Year 659,036)		
19	<b>REVENUE FROM OPERATIONS</b>	2011-12 Rs.	2010-11 Rs.
	Sales of Products	604,906,376	831,570,919
	Sales of Services (net of service tax)	7,860,620	12,711,936
		<u>612,766,996</u>	<u>844,282,855</u>
	Less : Excise Duty recovered on Sales	7,554,402	6,356,665
		<u>605,212,594</u>	<u>837,926,190</u>
20	<b>OTHER INCOME</b>	2011-12 Rs.	2010-11 Rs.
	Interest Income	3,408,792	1,490,656
	Profit on Sale of Assets	35,385	0
	Leave and Licence Fees Income	1,330,500	1,204,500
	Export Incentive	513,465	914,403
	Other Non Operating Income*	4,588,892	2,400,770
		<u>9,877,034</u>	<u>6,010,329</u>
	*Other Non Operating Income includes Excise Duty Refund of Rs. 1,195,478 (Previous Year Nil) Exchange rate difference gain of Rs. 158,090 (Previous Year 787,520/-)		
21	<b>COST OF MATERIALS CONSUMED</b>	2011-12 Rs.	2010-11 Rs.
	Raw Materials Consumed	120,783,216	124,071,474
	Packing Materials Consumed	81,902,653	109,006,517
		<u>202,685,869</u>	<u>233,077,991</u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

22	<b>CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>	2011-12 Rs.	2010-11 Rs.
	<b>Closing Stock</b>		
	Work-in-Process	9,773,039	4,987,002
	Semi-Finished	13,140,506	14,153,844
	Finished Goods	47,966,635	39,766,772
	Stock-in-Trade	19,814,894	21,789,598
		<u>90,695,074</u>	<u>80,697,216</u>
	Less : Excise Duty	5,602,645	4,310,260
		<u>85,092,429</u>	<u>76,386,956</u>
	<b>Opening Stock</b>		
	Work-in-Process	4,987,002	12,818,573
	Semi-Finished	14,153,844	18,093,941
	Finished Goods	39,766,772	20,748,893
	Stock-in-Trade	21,789,598	37,267,809
		<u>80,697,216</u>	<u>88,929,216</u>
	Less : Excise Duty	4,310,260	2,889,042
		<u>76,386,956</u>	<u>85,040,174</u>
		<u>(8,705,473)</u>	<u>9,653,218</u>
23	<b>EMPLOYEE BENEFITS EXPENSES</b>	2011-12 Rs.	2010-11 Rs.
	Salaries, Wages, Benefies and other allowances (including Directors' Remuneration)	124,535,163	120,042,306
	Contribution to Provident and other funds	9,614,075	8,251,872
	Staff Welfare Expenses	4,665,885	4,663,029
		<u>138,815,123</u>	<u>132,957,207</u>
24	<b>FINANCE COST :</b>	2011-12 Rs.	2010-11 Rs.
	Interest Expenses*	19,660,692	23,551,123
	Other Borrowing Costs #	9,178,012	9,267,493
		<u>28,838,704</u>	<u>32,818,616</u>
	* Include interest paid to Related Parties on fixed deposit Rs. 789,147 (Previous Year Rs. 464,194) (Refer Note 34)		
	# Includes Forward Premium Expense of Rs. 4,980,115 (Previous Year Rs .2,734,541)		
25	<b>OTHER EXPENSES</b>	2011-12 Rs.	2010-11 Rs.
	<b>Manufacturing Expenses</b>		
	Processing Charges	16,233,762	16,704,593
	Laboratory Expenses	2,026,554	6,134,859
	Power and Fuel	13,427,710	13,182,092
	Stores Consumed	19,200,808	15,568,269
	Excise duty paid	6,627,046	6,596,754
	Repairs to Building	184,780	192,319
	Repairs to Plant & Machineries	819,261	471,992
	Research & Development Expenses	13,059,944	10,090,424
	Other Manufacturing Expenses	779,862	610,441
		<u>72,359,727</u>	<u>69,551,743</u>



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

	2011-12 Rs.	2010-11 Rs.
<b>Selling &amp; Distribution Expenses</b>		
Liquidated Damage	2,825,563	7,274,661
Royalty	3,927,202	3,860,407
Target Discount	2,376,570	2,308,655
Bad Debts	0	976,380
Freight Outward Expenses	24,617,089	28,207,037
Sales Commission	13,183,013	34,419,467
Traveling and Conveyance (Marketing)	17,120,887	17,536,136
Sales Promotion Expense	6,486,888	5,984,142
Provision for Doubtful Debts	11,818	326,458
Other Selling & Distribution Expenses	2,400,555	1,300,708
	<u>72,949,585</u>	<u>102,194,052</u>
<b>Administration and Other Expenses</b>		
Communication Expenses	4,608,827	4,924,634
Printing and Stationery	1,168,450	1,281,017
Travelling and Conveyance (Others)	8,489,692	11,154,107
Directors' Sitting Fees & Allowance	250,000	310,000
Rates & Taxes	1,201,718	821,938
Insurance Charges	1,331,625	1,589,329
Rent	1,597,500	1,627,272
Payment to Auditors	751,224	859,493
Legal & Professional Charges	10,643,786	10,926,680
Electricity Charges	1,619,750	1,445,689
House Keeping Expenses	1,506,505	1,191,786
Security Charges	1,193,878	900,566
Other Expenses	10,493,786	13,736,640
	<u>44,856,741</u>	<u>50,769,151</u>
	<u>190,166,053</u>	<u>222,514,946</u>

**26 EXCEPTIONAL ITEMS**

Considering overall strategy of the Company and to focus on core diagnostic reagent manufacturing business of the Company and to obtain optimum price, the Company has decided to hive off its Hematology business by way of business asset transfer including inventory, goodwill, etc. to M/s. Nihon Kohden India Private Limited, a subsidiary of Nihon Kohden Corporation, Japan subject to terms and condition mutually decided and as set out in the agreement. The Company has recorded Rs 29,072,127 on account of transfer of goodwill in light of this transactions.

**27 EARNING PER SHARE**

	2011-12 Rs.	2010-11 Rs.
Profit after taxation as per Profit and Loss account net of Prior period adjustment (after adjusting Monetary Interest)	10,322,069	54,842,266
weighted average number of equity shares outstanding	7,276,000	7,267,851
Basic and Diluted Earning per shares (face value - Rs. 10 per share)	<u>1.42</u>	<u>7.55</u>

**28 The Subsidiary companies considered in the consolidated financial statements are :**

Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership interest
Span Biotronics Pvt. Ltd.	India	95.24%
Span Biotherapeutics Pvt. Ltd.	India	99.90%

**29 Joint Ventures considered in the consolidated financial statements are :**

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership interest
Span Nihon Kohden Diagnostic Pvt. Ltd.*	India	45.00%
Span Diagnostics South Africa (Proprietary) Ltd. *#	South Africa	46.00%

\* Consolidation has been done on the basis of unaudited financial statements certified by their management.

# Date of Investment in JV - 06-02-2012

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

30 In respect of jointly controlled entity, the company's share of assets, liabilities, income and expenditure of the joint venture company are as follows :

Particulars	As on 31-03-2012	As on 31-03-2011
<b>Assets :</b>		
Fixed Asset	4,179,894	3,495,811
Non Current Asset	290,085	123,863
Deferred Tax	194,484	193,752
Current Asset	24,272,238	10,938,949
<b>Liabilities :</b>		
Long Term Borrowing	888,170	-
Current Liabilities & Provisions	6,545,591	2,319,845
<b>Income</b>	19,485,031	146,840
<b>Expenses</b>	10,555,720	10,529,735

31 **CONTINGENT LIABILITIES AND COMMITMENTS**

**A. Contingent Liabilities**

Particulars	31-03-2012 Rs.	31-03-2011 Rs.
a) Taxes		
(1) Sales tax		
Demands under contest (Net of Tax)	406,103	401,459
C-Form Pending (Net of Tax)	752,563	1,144,652
(2) Income tax		
Demands under dispute	21,607,889	21,607,889
b) Disputed Liquidated Damages with respect to institutional customers (Net of Tax)	Nil	1,232,982
c) Excise Demand under dispute (Net of Tax)	378,319	378,319
d) Claims against the Company not acknowledged as Debts	6,338,418	6,196,668
e) On account of guarantees given by the bank on behalf of the company in favour of customs and others.	42,200,736	29,728,407
f) 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 on 31-03-2012 aggregating of US\$ 10946 if not fulfilled may result in custom duty liability of (Net of tax)	70,090	438,656
g) The Company has imported material under the Advance Authorization Scheme of the Government of India, at concessional rates of customs duty by undertaking obligations to export certain quantity of specified products, For the future outstanding export obligations quantity under the Scheme as at 31-03-2012, which if not fulfilled may result in custom duty liability of (Net of tax)	201,165	919,218

**B. Capital Commitments**

Particulars	31-3-2012 Rs.	31-3-2011 Rs.
Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account and not provided for	59,500,436	35,302,859

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**
**32 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.

	2011-12(Rs.)	2010-11(Rs.)
Rent paid under this agreement	1,597,500	1,627,272

- iii) The Company has given premises under non-cancelable lease arrangements. These asset have been capitalised and consequently depreciation has also been provided on the asset.

	2011-12(Rs.)	2010-11(Rs.)
Rent received during the year under this agreement	1,330,500	1,204,500

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

	2011-12(Rs.)	2010-11(Rs.)
Receivable within one year	1,204,500	501,875
Receivable between one year and five year	1,706,375	Nil
Receivable after five year	Nil	Nil

**33 SEGMENT REPORTING**

The Company operates in a single segment - Diagnostic Products.

**34 RELATED PARTY DISCLOSURES**

Related party disclosures as required by AS-18 are given below :

**A. Relationship :**
**(i) Related parties where control exists :**

- Span Nihon Kohden Diagnostics Pvt. Ltd. (Joint Venture)
- Span Diagnostics SA. (Pty.) Ltd. - ( Joint Venture )

**(ii) Key Management Personnel :**

- Dr. Pradip K.Desai
- Mr. Veeral P. Desai
- Ms. Sujata V. Desai
- Dr. Madhukanta T. Patel

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

- Ms. Lata P. Desai
- Ms. Tejal V. Desai
- Ms. Shital S. Kazi
- Mr. Prakash K. Desai
- Shri Pradip. K. Desai HUF
- Dr. Harshad R. Gandhi
- Ms. Kokila H. Gandhi
- Mr. Sunil T. Patel
- Ms. Bhanuben T. Patel
- Ms. Sudhaben I. Patel

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**
**(iv) Enterprise over which persons described in (ii), (iii) above is able to exercise significant influence :**

Span Diagnostics SARL

Quest Biochemicals Pvt. Ltd

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

**B. Transactions with related parties**

Particulars	Referred In A(i) Above	Referred In A(ii) Above	Referred In A(iii) Above	Referred In A(iv) Above
<b>Sales :</b>				
Goods and Material	282,953 <i>NIL</i>			Nil <i>881,575</i>
<b>Purchase:</b>				
Goods and Material	5,471,691 <i>36,366,383</i>			916,796 <i>189,745</i>
<b>Expenses :</b>				
Remuneration/sitting Fees		13,501,220 <i>15,910,917</i>		
Interest on F.D./Loan		448,635 <i>234,467</i>	340,512 <i>229,727</i>	
Rent paid		2,000 <i>24,000</i>	192,000 <i>172,000</i>	
Dividend Paid		1,203,748 <i>1,504,685</i>	1,598,860 <i>1,998,575</i>	
Selling & Marketing Expense	1,932,412 <i>NIL</i>			
Royalty				1,409,064 <i>1,154,651</i>
<b>Income :</b>				
License Fees	1,204,500 <i>1,204,500</i>			
<b>Capital Items :</b>				
Loan & Advances received	Nil <i>NIL</i>	1,767,000 <i>900,000</i>	1,490,000 <i>250,000</i>	
Loan & Advances given	479,805 <i>59,341</i>			21,184 <i>NIL</i>
Purchase of Technology	NIL <i>NIL</i>			16,528,334 <i>NIL</i>
<b>Balance as at 31st March, 2012</b>				
Trade Receivables	231,264 <i>NIL</i>			
Loans & Advances	423,504 <i>7,371</i>			21,184 <i>NIL</i>
Deposits	275,000 <i>275,000</i>	2,902,000 <i>2,635,000</i>	3,788,000 <i>2,298,000</i>	
Trade and Other Payables	NIL <i>6,329,995</i>			3,681,633 <i>372,759</i>

Figures of Previous Year are represented in Italic Font

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**
**Disclosures in Respect of Material Related Party Transaction During the Year :**

- a. Sales of goods and material includes Span Diagnostics SA. (Pty.) Ltd. Rs 282,953 (Previous Year Rs NIL), Span Diagnostics SARL Rs.NIL (Previous Year Rs.881,575)
- b. Purchases/material consumed from Span Nihon-Kohden Diagnostics Pvt. Ltd. Rs. 5,472,691 (Previous Year Rs. 36,366,383), Span Diagnostics SARL Rs. 900,261 (Previous Year Rs.189,745), Quest Biochemicals Pvt. Ltd. Rs.16,535 ( Previous Year Rs NIL)
- c. Remuneration includes payment to Dr. Pradip K. Desai Rs.4,425,120 ( Previous Year 6,830,600), Mr. Veeral P. Desai Rs.4,403,800 (Previous Year Rs.4,403,800), Dr.Madhukanta T. Patel Rs.2,352,350 (Previous Year Rs.2,356,567), Ms. Sujata V. Desai Rs.2,319,950 (Previous Year Rs.2,319,950)
- d. Interest on F.D./Loan includes Dr. Madhukanta T. Patel Rs.307,691 (Previous Year Rs.228,048), Ms.Sujata V Desai Rs.11,000 (Previous Year Rs.6,419), Dr.Pradip K. Desai Rs.129,944 (Previous Year Rs.NIL), Ms. Shital S. Kazi Rs.8,044 (Previous Year Rs.NIL), Ms. Tejal V.Desai Rs.103,449 (Previous Year Rs.3,315), Dr.Harshad R. Gandhi Rs.78,500 (Previous Year Rs.77,927), Ms.Kokila H. Gnathi Rs. 117,730 (Previous Year Rs.116,427), Mr. Sunil T. Patel Rs.32,789 (Previous Year Rs.32,058)
- e. Rent paid to Mr. Veeral P. Desai Rs.2,000 (Previous Year Rs.24,000), Ms. Bhanuben T. Patel Rs.60,000 (Previous Year Rs.60,000), Ms. Sudhaben I. Patel Rs.132,000 (Previous Year Rs. 112,000)
- f. Dividend Paid to Dr.Pradip K. Desai Rs.521,580 (Previous Year Rs. 651,975), Mr. Veeral P. Desai Rs.524,632 (Previous Year Rs.655,790), Dr.Madhukanta T. Patel Rs.55,960 (Previous Year Rs.69,950), Ms. Sujata V. Desai Rs.101,576 (Previous Year Rs. 126,970), Ms. Lataben P. Desai Rs.717,060 (Previous Year Rs. 896,325), Ms.Shital S. Kazi Rs.39,500 (Previous Year Rs.49,375), Ms.Tejal V. Desai Rs.10,000 (Previous Year Rs.12,500), Mr. Prakash K. Desai Rs.27,000 (Previous Year Rs. 33,750), Shri. Pradip K. Desai(HUF) Rs.785,300 (Previous Year Rs. 981,625), Mr. Sunil T. Patel Rs.10,000 (Previous Year Rs. 12,500), Ms.Sudhaben I. Patel Rs.10,000 (Previous Year Rs. 12,500)
- g. Sales and Distribution Expenses includes Span Diagnostics SA. (Pty.) Ltd. Rs. 1,932,412 (Previous Year Rs.NIL)
- h. Royalty paid to Span Diagnostics SARL Rs.1,409,064 (Previous Year Rs. 1,154,651)
- i. License Fees from Span Nihon-Kohden Pvt. Ltd. Rs. 1,204,500 ( Previous Year Rs. 1,204,500)
- j. Loan received in the nature of fixed deposit from Dr. Pradip K.Desai Rs.1,500,000 (Previous Year Rs.NIL), Dr.Madhukanta T.Patel Rs.267,000 (Previous Year Rs. 800,000), Ms. Sujata V. Desai Rs.NIL (Previous Year Rs. 100,000), Ms. Tejal V. Desai Rs.1,290,000 (Previous Year Rs.250,000), Ms.Shital S. Kazi Rs.200,000 (Previous Year Rs.NIL)
- k. Loans & Advances in nature of expense reimbursement given during the year includes Span Nihon-Kohden Pvt. Ltd. Rs. 62,557 (Previous Year Rs.59,341), Span Diagnostics SA. (Pty.) Ltd. Rs. 417,248 (Previous Year Rs. NIL), Quest Biochemicals Pvt. Ltd. Rs.21,184 ( Previous Year Rs NIL)
- l. Purchase of Technology from Span Diagnostics SARL Rs. 16,528,334 (Previous Year Rs. NIL)

**35 FINANCIAL AND DERIVATIVE INSTRUMENTS**
**Derivative contracts entered into by the Company and outstanding as on 31st March, 2012**

- (i) For hedging interest rate related risks derivative contract in nature of forward contract is entered into by the Company and outstanding of which as on 31st March,2012 amount to Rs 110,180,885 (Previous Year Rs. 109,995,200).
- (ii) Foreign currency exposures that are not hedged by derivative instruments as on 31st March,2012 amount to Rs. 23,325,410 (net) (Previous year 19,157,653)

**36 INFORMATION RELATING TO SUBSIDIARIES**

(In terms of Government of India, Ministry of Corporate General Circular No. 2/2011, no. 5/12/2007-CL-III dated 08th February, 2011)

Name of Subsidiary	Span Biotronics Private Limited		Span Biotherapeutics Private Limited*	
	2011-12	2010-11	2011-12	N.A.
Year	2011-12	2010-11	2011-12	N.A.
Reporting Currency	INR	INR	INR	-
Country of Incorporation	INDIA	INDIA	INDIA	-
Share Capital	1,550,000	1,550,000	100,000	-
Reserves & Surplus	2,696,053	1,114,934	NIL	-
Total Assets	15,182,395	3,955,048	115,000	-
Total Liabilities	10,936,342	1,290,114	15,000	-
Investments	NIL	NIL	NIL	-
Turnover / Total Income	10,964,000	9,140,000	NIL	-
Profit / (Loss) before Taxation	2,342,326	1,265,440	NIL	-
Provisions for Taxation	761,207	393,811	NIL	-
Profit / (Loss) after Taxation	1,581,119	871,629	NIL	-
Proposed Dividend	NIL	NIL	NIL	-

\*Date of incorporation of Span Biotherapeutics Private Limited was 13-01-2011. Thereby figures shown in 2011-12 column are pertaining to period 13-01-2011 to 31-03-2012

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



## SPAN DIAGNOSTICS LIMITED

**Regd. Office : 173-B, New Industrial Estate, Udhna Udyognagar, 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 32<sup>nd</sup> ANNUAL GENERAL MEETING at Plot No. 173-B, New Industrial Estate, Road No. 6-G, Udhna Udyognagar, UDHNA, Surat-394 210 at 10:30 a.m. on Wednesday, the 8<sup>th</sup> day of August, 2012.

#### 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 the same duly signed at the entrance.

2. A Shareholder / Proxy-holder wishing to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

-----  
Tear here  
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## SPAN DIAGNOSTICS LIMITED

**Regd. Office : 173-B, New Industrial Estate, Udhna Udyognagar, 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 32<sup>nd</sup> Annual General Meeting of the Company, to be held at 10:30 a.m. on Wednesday, the 08<sup>th</sup> day of August, 2012 and at any adjournment thereof.

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

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

Affix  
1 rupee  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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 of the company.
3. In the case of joint holder the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders, Seniority shall be determined by the order in which the names stand in the Registered of Members.
4. This form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not be preclude such member from attending in person and voting at the Meeting.





### GREEN INITIATIVE

26<sup>th</sup> May, 2012

Dear Shareholders,

We wish to inform you that in order to save trees and environment by reducing the consumption of paper, the Ministry of Corporate Affairs, New Delhi (MCA) has taken "Green Initiative" in the Corporate Governance by permitting paperless compliances by Companies vide its Circular No.17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011. and clarified that the service of documents by a Company can be made through electronic mode instead of physical copy of document(s). Henceforth, we propose to send all communications / documents including notices calling AGM, Audited financial statements, Director's Report, Auditors Report **in electronic form to the E-mail ID provided / updated by you and made available to us by the Depositories.**

In order to join the initiative and to receive the documents in electronic form, kindly comply with the following:

**For shareholders holding shares in demat form**

In case you desire to receive the aforesaid documents in electronic mode, kindly update your E-mail ID in the Demat account by contacting your Depository Participant. Your e-mail ID as available with your depository would be used to send documents through electronic mode.

**For shareholders holding shares in physical form**

In case you desire to receive the aforesaid documents in electronic mode in lieu of physical mode, kindly register/update your e-mail ID with our Registrar and Share Transfer Agent, Link Intime India Private Limited. You can register/update your e-mail ID by mailing **your E-mail ID with the following details to spangogreen@linkintime.co.in or secretarial@span.co.in along with a scan copy of letter duly signed by you. The signature mentioned in your letter should match with the specimen signature registered with the Company.**

Folio No.: \_\_\_\_\_ Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_ Mode of dispatch: Electronic mode

Alternatively you may also register your Email ID by browsing our website [www.span.co.in](http://www.span.co.in) where link **Go Green: www.linkintime.co.in/gogreen.asp** has been provided to facilitate investor to update their Email ID to receive documents in electronics mode.

You may also send your consent in writing to our Registrar and Share Transfer Agent to the following address:

Link Intime India Private Ltd., Unit: Span Diagnostics Limited, C\_13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078.

Please note that, as a member of the Company, you will be entitled to be furnished, free of cost, with a printed copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit and Loss Account and Auditor's report and all other communication that may be sent to you, upon receipt of a requisition from you to this effect.

We are sure that you would appreciate and support in full measure the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

Yours truly,

**For Span Diagnostics Limited**

**Mitesh Rana**

Company Secretary

-----Tear Here-----

Date: \_\_\_\_\_

**Link Intime india Private Limited**  
**C – 13, Pannalal Silk Mills Compound,**  
**LBS Marg, Bhandup (W),**  
**Mumbai – 400 078**

**Unit: Span Diagnostics Limited**

Name of Shareholder: \_\_\_\_\_

No. of Shares of Rs. 10 each in Span Diagnostics Limited: \_\_\_\_\_

(DP ID: \_\_\_\_\_) (Client ID \_\_\_\_\_)

Folio No.: \_\_\_\_\_

My Email ID is \_\_\_\_\_

**Kindly register the aforesaid e-mail ID for receipt of documents by me in electronics mode.**

Thanking you,

Yours faithfully,

(Signature)



## FINANCIAL HIGHLIGHTS

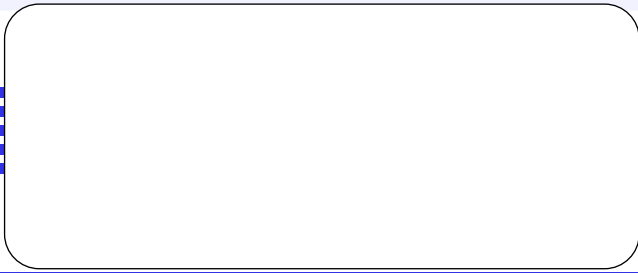
Rs. in Lacs

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>OPERATING RESULTS</b>										
Total Revenue	5,970.20	8,509.78	8,187.28	6,956.14	6,489.78	5,551.78	4,741.45	4,187.60	3,535.01	2,731.16
Earning before Depreciation, Interest & Tax	805.88	1,023.63	1,301.43	782.82	929.01	630.31	545.48	433.23	533.76	288.07
Depreciation	270.63	233.44	208.60	182.07	144.66	110.80	110.10	83.44	68.65	53.38
Earning before Interest & Tax	535.25	790.19	1,092.83	600.75	784.35	519.51	435.38	349.79	465.11	234.69
Interest	288.11	327.98	311.28	368.34	281.39	173.81	174.59	129.98	110.86	112.91
Earning before Tax	247.14	462.21	781.55	232.41	502.96	345.70	260.79	219.81	354.25	121.78
Tax *	124.72	209.51	242.60	110.23	203.30	131.32	93.87	71.28	133.25	48.31
Profit/(Loss) after tax	122.42	252.70	538.95	122.18	299.66	214.38	166.92	148.53	221.00	73.47
Dividend & Dividend Distribution tax	0.00	84.56	101.57	0.00	73.71	63.18	0.00	51.31	60.92	40.61
<b>SOURCES AND APPLICATION OF FUNDS</b>										
Share Capital	727.60	727.60	347.28	330.75	315.00	300.01	300.01	300.01	300.01	300.01
Reserves and surplus	2,108.88	1,986.46	1,944.09	1,440.67	1,256.25	1,023.86	878.80	712.76	608.81	462.83
Loans	2,526.43	1,679.65	2,271.59	3,022.83	2,510.65	1,759.28	1,373.13	1,309.41	1,150.21	840.73
Other Liabilities	2,209.95	2,003.78	2,039.87	1,483.81	1,523.57	1,681.66	1,203.57	1,020.28	778.16	587.08
<b>EQUITY &amp; LIABILITIES</b>	<b>7,572.86</b>	<b>6,397.49</b>	<b>6,602.83</b>	<b>6,278.07</b>	<b>5,605.47</b>	<b>4,764.81</b>	<b>3,755.51</b>	<b>3,342.46</b>	<b>2,837.19</b>	<b>2,190.65</b>
Fixed Assets (Net)	3,560.35	2,671.52	2,299.33	2,014.47	1,870.99	1,535.12	1,222.77	1,189.93	965.20	737.12
Investments	70.05	70.02	69.02	93.77	50.83	35.81	5.55	0.27	0.38	0.38
Other Assets	3,942.46	3,655.95	4,234.48	4,169.82	3,683.65	3,193.88	2,527.19	2,152.26	1,871.61	1,453.15
<b>TOTAL ASSETS</b>	<b>7,572.86</b>	<b>6,397.49</b>	<b>6,602.83</b>	<b>6,278.07</b>	<b>5,605.47</b>	<b>4,764.81</b>	<b>3,755.51</b>	<b>3,342.46</b>	<b>2,837.19</b>	<b>2,190.65</b>
<b>AMOUNT ON FACE VALUE OF Rs.10/-</b>										
Earnings Per Share	1.68	6.36	15.89	3.40	9.75	6.95	5.56	4.95	6.96	2.50
Dividend	-	1.00	2.50	-	2.00	1.80	-	1.50	1.80	1.20
Book Value	39	37	66	54	50	44	39	34	30	25

\* Includes Deferred Tax

To,

Book-Post  
Printed Matter



## Span Diagnostics Ltd.



### CORPORATE OFFICE

173-B, New Industrial Estate, Road No. 6-G,  
Udhna, Surat 394 210. INDIA.  
Phone: 0261-227 7211, Fax: 0261-227 9319, 266 5757  
E-mail: mail@span.co.in, Web: www.span.co.in

### PLANT

Plot No. 336, 338, 340, Road No. 3, G.I.D.C.,  
Sachin - 394 230, (Surat). INDIA.  
Ph.: 0261-239 7712/13/14/15, Fax: 0261-239 7719



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ISO 9001:2008

ISO 13485:2003

cGMP



Span Diagnostics Ltd., Sachin  
ISO 9001:2008 and 13485:2003  
File Number: A14752

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