

Span Diagnostics Ltd.

**31st Annual Report
2010-11**

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.

BOARD OF DIRECTORS

Ms. Lata P. Desai	Chairperson
Dr. Ramnik H. Parekh	Director
Dr. Pranav S. Desai	Director
Mr. Shyamal Ghosh	Director
Mr. Sarvajna G. Kazi (upto 26-10-2009)	Director
Mr. Sanjay N. Mehta	Director
Dr. Sushil K. Shah	Director
Mr. S.Sundaresan	Director
Mr. Kamlesh Patel	Additional Director
Dr. Pradip K. Desai	Whole-time Director
Mr. Veeral P.Desai	Managing Director
Dr. Madhukanta T. Patel	Technical Director
Mr. N. Gopaldaswami (w.e.f. 26-10-2009)	Alternate Director to Shri Sarvajna Kazi

BANKERS

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

M/s. Haribhakti & Co.,
Chartered Accountants
701, Leela Business Park, Andheri Kurla Road,
Andheri (E), Mumbai – 400 059

**HEAD OFFICE &
REGISTERED OFFICE**

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

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NOTICE

To
THE MEMBERS OF SPAN DIAGNOSTICS LIMITED

Notice is hereby given that the 31st Annual General Meeting of Shareholders of Span Diagnostics Limited will be held at Registered Office at Plot No 173-B, New Industrial Estate, Road No.6-G, Udhna, Surat 394 210 on Saturday, 06th August, 2011 at 02.30 P.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a director in place of Ms. Lataben P Desai who retires by rotation and being eligible, offer herself for reappointment.
4. To appoint a director in place of Mr. Sanjay Mehta who retires by rotation and being eligible, offer himself for reappointment.
5. To appoint a director in place of Mr. Kamlesh Patel retires by rotation and being eligible, offer himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s Haribhakti & Co, Chartered Accountants are eligible for reappointment.

Date : 20th May 2011
Place : Surat

For and on behalf of the Board of Directors

Veeral P. Desai
Managing Director

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.**
- (b) The Register of Members and the share transfer books of the company will remain closed on 28th July 2011 to 06th August 2011
- (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: isrl@intimespectrum.com
- (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

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

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

Information pursuant to Clause 49 of the Listing Agreement

DETAILS OF DIRECTORS BEING REAPPOINTED			
Name of Director	Ms. Lataben P. Desai	Mr. Sanjay N. Mehta	Mr. Kamlesh M. Patel
Age	69 years	60 years	54 years
Qualification	Arts Graduate	B/com (Hons.), Grad. CWA & FCA	Science Graduate, LL.M. & LL.b.
Expertise in specific functional area	She has experience in the field of Business Management and Administration	He is practicing Chartered Accountant since 1975 and vast experience in the field of Accountancy, Taxation & Finance	He is practicing Advocate at Surat since 1979
List of companies in which outside Directorship held	NIL	Span Biotronics Pvt. Ltd. Span Finstock Pvt. Ltd. Quest Biochemicals Pvt. Ltd. Tania Tapel Events (India) Pvt. Ltd. Silver Stream Properties Pvt. Ltd.	The Gujarat Safe Deposit Co. Ltd.
Chairman / Member of committee of the Board of Director of the Company	Investor Grievances Committee	Audit Committee, Remuneration Committee & Investor Grievances Committee	NIL
Chairman / Member of committee of the Board of Director in other Company	NIL	NIL	NIL

Date : 20th May 2011
Place : Surat

For and on behalf of the Board of Directors

V. P. Desai
Managing Director

Registered Office:
173- B, New Industrial Estate
Road No. 6G, Udhna
Surat-394210 0

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the 31st Annual Report of the company together with the Audited Accounts for the year ended on 31st March 2011.

FINANCIAL RESULTS

The financial performance of the company for the financial year ended 31st March 2011 along with figures of previous financial year is summarized below:

	Rs. In lacs	
	2010-11	2009-10
Sales and other Income	8509.78	8187.28
Operating Profit :	1225.26	1226.43
Profit before tax, Depreciation and interest (Excluding extraordinary income and Foreign exchange Gain/Loss)		
Interest	327.98	311.28
Foreign exchange (Gain)/Loss	(7.88)	(61.51)
Extraordinary (Income)/Loss	-	-
Profit before Depreciation	905.16	976.66
Depreciation	233.44	208.60
Profit before tax	671.72	768.06
Provision of tax - Current	223.00	250.00
- Deferred Tax	'(13.49)	(7.40)
- Fringe Benefit Tax	-	-
Prior period adjustments including provision for tax	4.48	(13.49)
Profit for the year	457.73	538.95
Balance brought forward	793.50	411.12
Amount available for appropriation	1251.23	950.07
APPROPRIATIONS		
Proposed Dividend	72.76	86.82
Dividend Distribution tax	11.80	14.75
Transfer to General Reserve	45.75	55.00
Balance carried forward	1120.92	793.50
	1251.23	950.07

DIVIDEND

Your directors have recommended Re.1.00 per share as dividend for the financial year ending 31st March 2011 aggregating to Rs. 84.56 Lacs including dividend distribution tax .

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry outlook

The trend of positive growth of the in-vitro Diagnostic industry in India promises to continue for next 5 years to come. The landscape is changing gradually and it is visible in terms of changing product mix and customers profile. Consolidation at customer level has started already with corporatisation of laboratories. However, the same has not happened in the sellers space. The collaborations among sellers and making best use of each others expertise will be the possible trend in future still 3-5 years down the line.

As growth opportunities in the developed countries are limited, focus on India and China has increased tremendously and more companies are coming out with India-centric products and strategies. This poses threat as well as opening lot of avenues for market expansion.

Operations' review

Sales & Other income for the year increased to Rs. 8509.79 Lacs (Rs.8187.28 lacs in 2009-10) showing a growth of 4% over previous year. During the year, the company has executed tenders aggregating to Rs. 24 Crores under various domestic programs to fight AIDS and Malaria. These were the government orders procured during the year 2009-10.

During this year your company has registered an all time high sales with marginal improvement in operating profit. Lowering of the margin can be mainly attributed to qualitative upgradation in human resources, and investments with long gestation period. In the coming years significant investment will be made in building the capabilities and be future ready in terms of technology and infrastructure. Major investment will be made in research, facility expansion and upgradation. Company will be launching some major innovative products during the year and expects to meet the demanding investment plans with major growth in revenue during FY 2011-12.

Research & Development

Company is committed to offer affordable and innovative diagnostic products by acquiring newer technologies and indigenous manufacturing using available infrastructure. Company is working on R&D with diverse approach such as R&D with in-house team, with dedicated subsidiary company, outsourcing by contract research, tie-up with various institutions of repute in India and abroad by forging Public Private Partnership and technology acquisition. Company is developing products in the area of Immunology, Hybridoma, Biochemistry, Molecular biology and Instrumentation.

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 renowned independent firm of Chartered Accountants, both 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.

Human resources and industrial relations

The company has highly motivated 540 employees comprising of trained technical, managerial and research personnel. The focus of the company is to enrich its employees by promoting learning and enhancing their knowledge by product training and arranging relevant training programs.

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

The particulars about the employees drawing remuneration in excess of limits specified in section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are as per Annexure 'A'.

SUBSIDIARIES AND JOINT VENTURES

Span Biotronics Private Limited (SBPL)

Span Biotronics Pvt Ltd (SBPL) is a 95.34% subsidiary of Span Diagnostics Ltd (SDL) working on analysis, design, development, prototyping, testing and validation of lab automation need of SDL and is also engaged in new product development independently. A multidisciplinary team of engineers and scientists are jointly making efforts to launch indigenous technologies, which will be used as modules and commercialized in many products. Product developed by SBPL will be commercialised during the current year.

SBPL has closed its books of accounts as at 31st March 2011 with a Profit After Tax (PAT) of Rs. 12.65 Lacs.

Span Biotherapeutics Pvt Ltd

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

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 is manufacturing high quality reagents for Hematology Analysers for distribution and sale in India under license agreement with Nihon Kohden Corporation, Japan.

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:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2011 and of the profit of the Company for that year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) 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 'B'

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

The particulars are as per Annexure 'C'

DIRECTORS

Ms Lataben P Desai, Mr Sanjay N Mehta and Mr Kamlesh Patel, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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.

ACKNOWLEDGEMENT

Your Directors are happy to place on record their appreciation of the whole-hearted co-operation and hard work of all members of SPAN family.

The Directors would like to place on record a deep sense of gratitude to the Kotak Mahindra Bank Limited and Government Authorities for their co-operation and assistance rendered to the Company.

For and on behalf of the Board

Place : Surat
Dated : 20th May 2011

Ms. Lata P. Desai
Chairperson

V. P. Desai
Managing Director

ANNEXURE 'A'

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956

Name	Designation & Nature of Duties	Remuneration Received Rs.	Qualification & Experience (in years)	Date of Employment	Age (Years)	Previous Employment Held
Employed throughout the period ended 31-03-2011 and in receipt of remuneration aggregating to Rs. 24,00,000/-						
1. Dr. Pradip K Desai	Whole-time Director	68,30,600	MD (Path)	Founder director	71	None
2. Mr. Veeral P Desai	Managing Director	44,03,800	B. Pharm	11/8/1991	43	None

Notes :

- Both the above appointments are contractual.
- Remuneration received includes salary, commission, allowance, medical expenses, leave travel assistance, taxable value of perquisites etc. and Company's contribution to provident fund, Group gratuity and superannuation funds.
- The employee mentioned in Sr. no 2 is son of the employee mentioned in Sr. No. 1.

ANNEXURE 'B'

PARTICULARS PERTAINING TO CONSERVATION OF ENERGY

	Particulars	2010-11	2009-10
A.	Power and fuel consumption		
1.	Electricity		
a)	Purchased		
	Unit (in '000 Kwh)	2,071	1,916
	Total amount (Rs. in lacs)	117.45	110.46
	Rate/unit (Rs.)	5.67	5.76
b)	Own generation		
(i)	Through diesel generator		
	Unit (in '000 Kwh)	32	60
	Unit per liter of diesel Oil	3.18	3.29
	Cost/Unit (in Rs.)	13.29	11.21
(ii)	Through steam turbine/generator	N.A.	N.A.
	Unit (in '000 Kwh)		
	Unit per liter of fuel		
	Cost/Unit (in Rs.)		
2.	Coal (Specify quality and where used)	N.A.	N.A.
	Quantity (tones)		
	Total Cost		
	Average Rate		
3.	Light Diesel Oil		
	Quantity (K. Liter)	21,600	22,628
	Total Amount (Rs. In lacs)	8.91	8.15
	Average Rate (Rs./K. Liter)	41.26	36.02
4.	Other/Internal generation		
	Total Cost	Nil	Nil
	Rate/Unit	Nil	Nil

B.	Consumption per unit of production	Standards if any
	Products, Units, Electricity Furnace Oil, Coal Other	Considering the number of products being manufactured by the company and production activity not being energy sensitive, the Company is not in a position to give the information required as per this format for the current year as well as the previous year. Regular steps are being taken to improve the energy conservation.

ANNEXURE 'C'

Form of disclosure of particulars with respect to Absorption of Technology, Research & Development (R & D)

1. Specific areas in which R&D was carried out by the company:

The company has In-house R&D unit which is recognized by the Department of Scientific and Industrial Research. The said R&D Unit provides significant support to the business through continuous innovation of products, processes, packaging modes and services. Full fledged R & D work is carried out for development of diagnostics products, reagent chemicals, packaging and analytical process. Currently, the company is focusing on

- Modification of existing Flow Through test for HCV & syphilis
- Development of 4th 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
- Product design and operating efficiencies
- Cost reduction
- Import substitution of critical raw materials and Diagnostic reagents

3. Future plans:

The R & D activity will continue to 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	Year ended 31 March 11 (Rs.)	Year ended 31 March 10 (Rs.)
a.	Capital	2,139,486	2,628,142
b.	Recurring	19,230,424	20,236,200
c.	Total	21,369,910	22,864,342
d.	Total R & D expenditure as percentage of total Turnover	2.51%	2.79%
e.	Total R & D expenditure as percentage of total Expenses	2.75%	3.10%

4. Technology absorption, adaptation and innovation

Efforts in brief, made towards technology absorption, adaptation and innovation:

The processes for new formulations were adopted by modifying them to suit local equipments and raw materials specification. Innovations were made to improve the yield.

Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Cost reduction was achieved due to replacement of imported raw materials with indigenous raw materials developed by in house R&D. The status of absorption of technology imported for last five years are given below:

Sr. No.	Technology imported	Year of import	Has the technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.
1.	Manufacture of Flow through test for simultaneous detection of treponemal and non-treponemal antibodies	2009	Yes	Not Applicable
2.	Modified Flow through test for infectious disease	2010	Yes	Not Applicable

5. FOREIGN EXCHANGE EARNING AND OUTGO

1. Total Foreign Exchange Earned	Rs. in Lacs 436.97
2. Total Foreign Exchange Outgo	(546.20) 1812.82 (1979.93)

For and on behalf of the Board

Date : 20th May, 2011
Place : Surat

Ms. Lata P. Desai
Chairperson

V. P. Desai
Managing Director

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

We have examined the compliance of conditions of Corporate Governance by Span Diagnostics Ltd., for the year ended 31st March, 2011 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 compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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**

**Chetan Desai
Partner
Membership No.17000**

**Place : Surat
Date : 20th May, 2011**

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

Composition, attendance at the Board Meetings during 2010-11 and the last Annual General Meeting, outside directorship and membership / chairmanship of Board Committees of other companies for the year ended / as at 31st March 2011

Director	No. of Board Meetings attended	Attendance at last AGM	No. of outside Directorship held	No. of membership/ chairmanship in other Board Committees	Executive, Non-Executive / Independent
Dr. Ramnik H. Parekh	6	Yes	3	Nil	Independent Non Executive
Mrs. Lataben P. Desai	5	Yes	Nil	Nil	Promoter Non-Executive
Dr. Pradip K. Kesai	6	Yes	6	Nil	Promoter & Executive
Mr. Veeral P. Desai	8	Yes	3	Nil	Promoter & Executive
Dr. (Ms.) Madhukanta T Patel	6	Yes	1	Nil	Executive
Mr. Sanjay N. Mehta	6	Yes	5	Nil	Independent Non Executive
Dr. Pranav S. Desai	4	No	1	Nil	Promoter & Non-Executive
Mr. Sarvajna G. Kazi	Nil	No	Nil	Nil	Promoter & Non-Executive
Dr. Sushil K. Shah	4	No	7	2	Independent Non-Executive
Mr. Shyamal Ghosh	6	Yes	10	3	Independent Non-Executive
Mr. S. Sundaresan	6	Yes	Nil	Nil	Independent Non-Executive
Mr. Kamlesh M Patel	4	Yes	1	Nil	Independent Non-Executive
Mr. Gopaldaswami	4	N.A.	1	Nil	Independent Non-Executive

Details of Board meeting

Date	Board Strength	No. of Directors present
10th Apr 2010	12	6
10th May 2010	12	8
05th Jun 2010	12	8
17th Jul 2010	12	9
30th Jul 2010	12	6
12th Aug 2010	12	8
23rd Oct 2010	12	9
05th Feb 2011	12	11

AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive directors as a members of the committee namely Mr. Shyamal Ghosh, Chairman, Dr. Ramnik H. Parekh, Mr. S. Sundaresan and Mr. Sanjay N. Mehta. Mr. Rahul Khakhra, Manager Finance 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	5
Dr. Ramnik Parekh	5	4
Mr. Sanjay Mehta	5	5
Mr. S. Sundaresan	5	4

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. The non executive Director. The composition along with details of attendance are as follows:-

There were two remuneration meetings 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	2	2	Independent Non Executive Director
Mr. S. Sundaresan	2	2	Independent Non Executive Director
Mr. Shyamal Ghosh	2	1	Independent Non Executive Director
Mr. Veeral Desai	2	2	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.

Details of remuneration paid to all directors 2010-11

Name of the Director	Sitting Fee	Salary, Allowance & Perquisites	Contribution to Provident Fund and other funds	Commission	Total
Dr. P. K. Desai		55,19,600	11,96,000	Nil	67,15,600
Mr. V. P. Desai		34,53,800	8,35,000	Nil	42,88,800
Dr. M. T. Patel		18,89,067	3,67,500	Nil	22,56,567
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	20,000	Nil	Nil	Nil	20,000
Dr. Ramnik H. Parekh	50,000	Nil	Nil	Nil	50,000
Mr. Shyamal Ghosh	55,000	Nil	Nil	Nil	55,000
Mr. S. Sundaresan	50,000	Nil	Nil	Nil	50,000
Mr. Kamlesh Patel	20,000	Nil	Nil	Nil	20,000
Mr. N. Gopalaswami	20,000	Nil	Nil	Nil	20,000

Mr. Sanjay N. Mehta, an independent non-executive director is a partner of M/s. Akkad Mehta & Co. Chartered Accountants. The company paid Rs.4,50,000 (plus applicable service-tax) to them during the year, towards professional fees.

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. Rahul Khakhra, Manager Finance is the compliance officer.

There were 10 complaints received from shareholders / investors during the year 2010-11 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.

GENERAL BODY MEETING

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

Year	Venue	Date	Time	Resolution passed
2009-10	Plot No. B/173, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	17th July 2010	11.00 a.m.	Authorised Capital of the Company increased from 5 Crore to 15 Crore.
2008-09	Plot No. B/173, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	31st 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.
2007-08	Plot No. B/173, New Industrial Estate Road No. 6G, Udhna, Surat 394 210.	23rd Aug 2008	11.00 a.m.	Appointment of Mr. Kamlesh Patel as a director liable to retire by rotation.

There was no special resolution last year passed through postal ballot.
There is one **Ordinary Resolution** proposed to be 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.”

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. 2 - J to the Schedule 19 to the Accounts for details of transactions with the related parties. During the year 2010-11, 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.

During the year, the Company issued 36,38,000 Equity Shares of Rs. 10/- each have been allotted as fully paid-up Bonus Shares by capitalizing Rs. 3,63,80,000 out of Share Premium.

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. 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 2010-11

V. P. Desai
Managing Director

Whistle Blower Mechanism

The company has not felt the need for whistle blower mechanism in view of its size, and extent of delegation of power.

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.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting On 06th August 2011 at 2:30 P.M. at Plot NO. B/173, New Industrial Estate, Road No. 6G, Udhna, Surat 394 210. Website: www.span.co.in

Financial Year

1st April 2010 to 31st March 2011

Publication of financial results for the quarter ending:

30th June 2010	:	13th August 2010
30th September 2010	:	25th October 2010
31st December 2010	:	08th February 2011
31st March 2011	:	21st May 2011
Annual General Meeting	:	06th August 2011

Date of Book Closure

28th July 2011 to 06th August 2011

Dividend Payment Date (on approval by shareholders)

On or after 10th August 2011

Listing of Stock Exchange and Stock Code

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

Market Price Data:

High / Low in each month of year 2010-11 on the Bombay Stock Exchange Limited, Mumbai.

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April	83.70	65.25	October	89.80	63.00
May	99.60	65.00	November	98.90	74.05
June	135.00	84.90	December	94.00	68.25
July	160.00	65.50	January	97.85	72.00
August	72.00	58.05	February	87.00	65.00
September	76.90	62.50	March	71.95	61.35

Performance in comparison to BSE Sensex

Months and year	Closing Sensex	% Change	Closing price of the Company's Share	% Change
April 2010	17558.71	0.18	67.05	-4.89
May 2010	16944.63	-3.50	78.80	17.52
June 2010	17700.90	4.46	131.60	67.01
July 2010	17868.29	0.95	67.15	-48.97
August 2010	17971.12	0.58	67.00	-0.22
September 2010	20069.12	11.67	65.70	-1.94
October 2010	20032.34	-0.18	76.30	16.13
November 2010	19521.25	-2.55	83.60	9.57
December 2010	20509.09	5.06	88.00	5.26
January 2011	18327.76	-10.64	83.50	-5.11
February 2011	17823.40	-2.75	71.90	-13.89
March 2011	19445.22	9.10	68.25	-5.08

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 21710 shares are processed and approved by the Registrar & Transfer Agents under the delegated authority. Other valid requests are placed before the Investors Grievances Committee. The minutes of the Investors Grievances Committee is placed before the Board meeting for information.

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

Categories of Shareholding and Dematerialisation of Shares as on 31st March, 2011

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	1,40,780	30,72,228	32,13,008	44.16%
Foreign institutional investors	--	--	--	--
Public financial institutions	--	--	--	--
Mutual funds	--	--	--	--
Nationalized banks and other banks	--	--	--	--
NRI's and OCB's	1,91,000	12,24,329	14,15,329	19.45%
Other (includes holding of Corporate Bodies)	4,29,582	22,18,081	26,47,663	36.39%
Total	761362	65,14,638	72,76,000	100.00%
Percentage	10.46%	89.57%	100.00%	

Distribution of shareholding as on 31st March 2011

No. of Shares	Number of Shareholders	Percentage of Total	Number of shares	Percentage of total shares
1 to 500	3003	84.43	541209	7.44
501 to 1000	229	6.44	185031	2.54
1001 to 2000	142	3.99	229951	3.16
2001 to 3000	32	0.9	82011	1.13
3001 to 4000	24	0.67	88019	1.21
4001 to 5000	15	0.42	72317	0.99
5001 to 10000	44	1.24	344856	4.74
10001 an above	68	1.91	5732606	78.79
Total	3557	100.00	7276000	100.00

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

There were NIL convertible share warrants outstanding as on 31st March, 2011.

Plant Location:

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

Address for correspondence:

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

Website : www.span.co.in

Email: finance@span.co.in

For and on behalf of the Board

Place: Surat
Dated: 20th May 2011

Ms. Lata P. Desai
Chairperson

V. P. Desai
Managing 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, 2011 and also the Profit and Loss account 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 by the Companies (Auditor's Report) (Amendment) Order, 2004, 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 books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - b) in the case of the profit and loss account, 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**

**Place : Surat
Date : 20th May, 2011**

**Chetan Desai
Partner
Membership No.17000**

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 31st 2011]

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to 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) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, requirement of clauses 4(iii)(b), (c) and (d) of the Companies (Auditor's Report) Order 2003 are not applicable.
 - (b) The Company had taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2.00 lacs and the year-end balance of loan taken from such party was Nil. The Company has also taken unsecured loan from four directors covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was Rs.30.35 lacs and year end balance was Rs.30.35 lacs.
 - (c) 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.
 - (d) According to information and explanation given to us, 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 any major weaknesses in the aforesaid 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 Rupees 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 record has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 in respect of products manufactured by the Company.

- (ix)
- (a) According to the information and explanation given to us and on the basis of records as verified by us, the Company is generally 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.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (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 information and explanations given to us, as at March 31, 2011, there have been no disputed dues which have not been deposited with respective authorities in respect of Income tax, Wealth tax, Excise duty, Service tax and cess except for disputed dues of sales tax as given below:

	<u>FY to which the matter pertains</u>	<u>Forum where dispute pending</u>	<u>Amount (Rs in Lacs)</u>
Sales Tax	1990-91	Commissioner Appeals	1.12
Sales Tax	1998-99	Tribunal	4.89

- (x) The Company does not have any accumulated losses as at March 31, 2011 and it has not incurred cash losses during the financial year ended March 31, 2011 and in the 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 financial institutions and banks.
- (xii) According to information and explanation given to us, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) 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 4(xiv) 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) To the best of our knowledge and belief and according to information and explanation given to us, term Loans obtained by the Company were prima facie applied by the Company during the year for the purpose for which loans were obtained.
- (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 explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) As informed to us, the Company has not raised money by way of public issues 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

Chetan Desai
Partner
Membership No.17000

Place : Surat
Date : 20th May, 2011

BALANCE SHEET AS AT 31st MARCH 2011

	Schedule	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	1	72,760,000	34,727,500
Reserves & Surplus	2	198,646,294	192,757,452
Share Application Money		-	1,651,261
		<u>271,406,294</u>	<u>229,136,213</u>
Loan Funds			
Secured Loans	3	149,954,010	181,636,219
Unsecured Loans	4	36,085,000	28,588,000
		<u>186,039,010</u>	<u>210,224,219</u>
Deferred Tax Liability (Net)		<u>12,973,000</u>	<u>14,322,000</u>
TOTAL		<u><u>470,418,304</u></u>	<u><u>453,682,432</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	352,161,947	326,756,684
Less : Depreciation / Adjustments		<u>154,983,695</u>	<u>133,198,554</u>
Net Block		197,178,252	193,558,130
Capital Work-in-Progress		<u>70,016,079</u>	<u>36,375,313</u>
		<u><u>267,194,331</u></u>	<u><u>229,933,443</u></u>
Investments			
	6	7,001,900	6,902,000
Current Assets, Loans & Advances			
Inventories	7	149,010,411	188,382,248
Sundry Debtors	8	101,101,942	180,315,017
Cash and Bank Balance	9	87,424,440	26,674,550
Loans and Advances	10	<u>28,016,318</u>	<u>42,397,641</u>
		365,553,111	437,769,456
Less: Current Liabilities & Provisions	11		
Current Liabilities		156,878,989	209,791,812
Provisions		<u>12,452,049</u>	<u>11,130,655</u>
		<u>169,331,038</u>	<u>220,922,467</u>
Net Current Assets		<u>196,222,073</u>	<u>216,846,989</u>
TOTAL		<u><u>470,418,304</u></u>	<u><u>453,682,432</u></u>

Notes on Accounts 19
The annexed schedules and notes referred to above form an integral part of the Accounts

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

CHETAN DESAI
Partner

Place : Surat
Date : 20th May, 2011

For and on behalf of Board

Ms. Lata P. Desai *Chairperson*

V. P. Desai *Managing Director*

Place : Surat
Date : 20th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	Schedule	For the year ended 31-3-2011 (Rs.)	For the year ended 31-3-2010 (Rs.)
INCOME			
Sales		831,570,919	789,778,285
Less : Excise Duty recovered on Sales		<u>6,356,664</u>	<u>4,722,670</u>
Net Sales		825,214,255	785,055,615
Other Income	12	<u>19,407,574</u>	<u>28,949,450</u>
		<u>844,621,829</u>	<u>814,005,065</u>
EXPENDITURE			
(Increase)/Decrease in stock	13	9,784,858	7,607,618
Materials consumed & purchase of goods	14	360,506,798	347,579,807
Manufacturing Expenses	15	77,552,123	69,201,906
Payments to and Provisions for Employees	16	125,564,486	109,840,720
Selling, Distribution, Administration and Other Expenses	17	147,900,079	150,980,973
Interest & Finance Charges	18	32,797,970	31,128,346
Depreciation / Amortisation	-	<u>23,343,512</u>	<u>20,860,095</u>
		<u>777,449,826</u>	<u>737,199,465</u>
PROFIT BEFORE TAX & PRIOR PERIOD ITEMS		67,172,003	76,805,600
Prior Period Adjustments		-	<u>(75,253)</u>
PROFIT BEFORE TAX		<u>67,172,003</u>	<u>76,730,347</u>
Provision for Tax-Current		(22,300,000)	(25,000,000)
-Deferred Tax		1,349,000	740,000
Tax adjustment of earlier year		-	<u>1,424,657</u>
PROFIT AFTER TAX		<u>46,221,003</u>	<u>53,895,004</u>
Balance brought forward		<u>79,350,222</u>	<u>41,112,578</u>
Profit available for Appropriation		<u>125,571,225</u>	<u>95,007,582</u>
APPROPRIATIONS			
Proposed Dividend		7,276,000	8,681,875
Dividend Distribution Tax		1,180,349	1,475,485
Dividend for earlier year (including distribution Tax)		448,355	-
Transfer to General Reserve		4,575,000	5,500,000
Balance carried to Balance Sheet		<u>112,091,521</u>	<u>79,350,222</u>
		<u>125,571,225</u>	<u>95,007,582</u>
Earning per share – Basic (Rs.)		6.36	7.95
Earning per share – Diluted (Rs.)		6.36	7.87
Face Value per share Rs.10			
Refer Note E of Schedule 19.			

Notes on Accounts

19

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

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

CHETAN DESAI
Partner

Place : Surat
Date : 20th May, 2011

For and on behalf of Board

Ms. Lata P. Desai *Chairperson*

V. P. Desai *Managing Director*

Place : Surat
Date : 20th May, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
Schedule 1 : SHARE CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs. 10/- each. (Previous year 5,000,000)	<u>150,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and paid-up		
7,276,000 (Previous year 3,472,450) Equity Shares of Rs.10/- each fully paid up (refer Notes on Accounts)	72,760,000	34,727,500
(i) Of the above 3,638,000 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares by capitalising Rs.36,380,000 out of Share premium. (Previous year Nil)		
(ii) Of the above 1,387,500 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares by capitalising Rs.38,75,000 out of General Reserve & Rs.10,000,000 out of Revaluation Reserve .		
(iii) 206,250 Equity shares issued pursuant to scheme of Amalgamation with Span Biological Pvt. Ltd. and Span Biotech Pvt.Ltd.		
	<u>72,760,000</u>	<u>34,727,500</u>
Schedule 2 : RESERVES AND SURPLUS		
Capital Reserve		
Amalgamation Surplus	<u>4,205,775</u>	<u>4,205,775</u>
	4,205,775	4,205,775
Share Premium:		
Balance as per last Balance Sheet	41,252,255	36,299,712
Add : Premium on share allotment	4,952,543	4,952,543
Less : Capitalised on issue of Bonus Shares	<u>36,380,000</u>	-
	9,824,798	41,252,255
General Reserve:		
Balance as per last Balance Sheet	67,949,200	62,449,200
Add: Transfer from Profit & Loss Account	<u>4,575,000</u>	<u>5,500,000</u>
	72,524,200	67,949,200
Profit & Loss Account	<u>112,091,521</u>	<u>79,350,222</u>
	<u>198,646,294</u>	<u>192,757,452</u>

	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.
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Schedule 3 : SECURED LOANS**Loan from banks**

Working Capital Loans (Refer Note A below)	97,956,710	155,252,062
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Term loan from banks

(Refer Note A & B below)	51,997,300	26,384,157
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Note A (Secured by hypothecation of Current and Moveable Assets including Plant & Machinery and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of immovable properties at Plot No.173B at Udhna and Plot No.336,338,340 at Sachin., Surat. and office premises at Kolkata and Office premises at Mumbai)

Note B (Guaranteed by Directors and Company as a co-obligant)	149,954,010	181,636,219
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Schedule 4 : UNSECURED LOANS

Fixed Deposits from public

(including Fixed Deposits from Directors

Rs. 3,035,000, Previous year Rs.1,735,000)

(due within one year Rs.8,303,000, Previous year Rs.9,424,000)	36,085,000	28,588,000
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	36,085,000	28,588,000
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Schedule 5: FIXED ASSETS

Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 1.4.2010 Rs	Additions/ Adjustment Rs	Deduction/ Adjustment Rs.	As at 31.03-2011 Rs	as at 1.4.2010 Rs.	Depreciation/ Adjustment Rs.	Deductions/ Adjustment Rs.	as at 31.3.2011 Rs.	As at 31.3.2011 Rs	As at 31.3.2010 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	108,540,296	1,305,786	-	109,846,082	34,493,693	4,192,541	-	38,686,234	71,159,848	74,046,603
4	Plant & Machineries	75,861,530	7,941,126	-	83,802,656	37,060,978	6,336,286	-	43,397,264	40,405,392	38,800,552
5	Electrical Installations	10,754,259	1,992,684	-	12,746,943	7,218,819	649,866	-	7,868,685	4,878,258	3,535,440
6	Cold Rooms/Storages	8,004,816	1,094,048	-	9,098,864	3,716,140	694,911	-	4,411,051	4,687,813	4,288,676
7	Loose Tools, Moulds, Utilities and other Equipments	15,934,999	901,932	335,722	16,501,209	10,472,792	1,233,546	271,876	11,434,462	5,066,747	5,462,207
8	Laboratory Equipments	15,647,438	1,904,480	1,911,555	15,640,363	7,955,004	1,155,034	1,286,495	7,823,543	7,816,820	7,692,434
9	R & D Equipments	8,260,720	2,139,486	-	10,400,206	2,160,523	999,885	-	3,160,408	7,239,798	6,100,197
10	Furniture & Fixtures	14,814,673	1,809,470	-	16,624,143	8,865,502	1,362,866	-	10,228,368	6,395,775	5,949,171
11	Computers	9,229,313	1,859,987	-	11,089,300	8,034,778	823,160	-	8,857,938	2,231,362	1,194,535
12	Office Equipments	3,623,085	156,083	-	3,779,168	2,445,113	192,359	-	2,637,472	1,141,696	1,177,972
13	Vehicles	7,428,530	2,701	-	7,431,231	3,402,810	1,109,259	-	4,512,069	2,919,162	4,025,720
Intangible Assets											
1	Goodwill	322,120	-	-	322,120	322,120	-	-	322,120	-	-
2	Technical Know how	30,547,702	6,544,757	-	37,092,459	4,901,350	3,503,798	-	8,405,148	28,687,311	25,646,352
3	SAP Software	5,450,003	-	-	5,450,003	2,148,932	1,090,001	-	3,238,933	2,211,070	3,301,071
		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	193,558,130
Previous Year		306,109,281	25,243,101	4,595,698	326,756,684	116,366,072	20,860,095	4,027,613	133,198,554	193,558,130	189,743,209

Capital Work-in-Progress including advances on capital account. Rs.0.43 lacs (Previous Year Rs.6.93 Lac)

70,016,079 36,375,313

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

2) Land Cost includes Rs.950/- being the cost of 19 shares fully paid up of Rs.50/- each of Udhna Udyognagar Sahakari Sangh Ltd., Udhna.

3) 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

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
Schedule 6 : INVESTMENTS		
Non Trade & Long term		
Unquoted		
Others		
Investment in Joint Ventures		
Span Nihon Kohden Diagnostics Pvt.Ltd. (54,000 Equity Share (Previous Year 54,000 Equity shares) of Rs.100 each fully paid-up)	5,400,000	5,400,000
Investment in Subsidiary		
Span Biotronics Pvt.Ltd. (10,000 Equity Shares (Previous Year 10,000 Equity Shares) of Rs. 100 each fully paid-up,)	1,000,000	1,000,000
Span Biotronics Pvt.Ltd. (5,000 10% Cumulative Preference Shares (Previous Year - 5000 Shares) of Rs.100 each fully paid-up - Redeemable not later than year 2018;)	500,000	500,000
Span Biotherapeutics Pvt.Ltd. (9,990 Equity Shares (Previous Year – Nil Shares) of Rs.10 each fully paid-up)	99,900	0
Investment in Other		
Sachin Infra Management Ltd. (200 Shares(Previous Year - 200 shares) of Rs.10 each fully paid-up,)	2,000	2,000
	<u>7,001,900</u>	<u>6,902,000</u>
Schedule 7 : INVENTORIES		
(As per inventory taken, valued and certified by the Management)		
Raw Materials	38,804,410	51,092,094
Primary Packing Materials	21,914,334	41,852,133
Consumable Stores	8,256,055	6,932,421
Work-in-Process	4,987,002	12,818,574
Semi-Finished	14,153,844	18,093,941
Finished Goods	39,105,168	20,325,276
Traded Goods	21,789,598	37,267,809
	<u>149,010,411</u>	<u>188,382,248</u>
Schedule 8 : SUNDRY DEBTORS :		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	25,780,934	18,545,291
Considered Doubtful	1,724,000	1,466,175
	<u>27,504,934</u>	<u>20,011,466</u>
Others - Considered Good	75,321,008	161,769,726
	<u>102,825,942</u>	<u>181,781,192</u>
Less : Provision for Doubtful Debts	1,724,000	1,466,175
	<u>101,101,942</u>	<u>180,315,017</u>

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
Schedule 9 : CASH AND BANK BALANCE		
Cash on Hand	204,469	43,468
Bank Balances with Scheduled Banks :		
In Current Accounts	62,441,156	14,838,345
In Fixed Deposit Accounts	24,778,815	11,792,737
[Includes Rs.22,706,222/-(previous year Rs.9,090,602) under Bank's lien]		
	<u>87,424,440</u>	<u>26,674,550</u>
Schedule 10: LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	22,374,188	35,023,119
Interest receivable	235,697	329,277
Balance with Excise Department	406,046	669,096
Other Deposits	5,000,387	6,376,149
	<u>28,016,318</u>	<u>42,397,641</u>
Schedule 11: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors (refer Schedule 19 note no.20.)	79,289,551	147,366,439
Other Liabilities	70,698,621	60,755,126
Forward Contract Payable (Net of receivable Rs.109,995,200)	4,087,950	0
Unclaimed Dividend #	655,617	582,606
Interest accrued but not due	2,147,250	1,087,641
	<u>156,878,989</u>	<u>209,791,812</u>
Provision :		
Proposed Dividend	7,276,000	8,681,875
Dividend Distribution Tax	1,180,349	1,475,485
Provision for Tax (Net of Advance Tax & TDS)	3,995,700	973,295
	<u>12,452,049</u>	<u>11,130,655</u>
	<u>169,331,038</u>	<u>220,922,467</u>

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

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31-3-2011(Rs.)	For the year ended 31-3-2010 (Rs.)
Schedule 12 : OTHER INCOME		
Miscellaneous Income	370,261	1,587,268
Interest Received (Gross) (TDS Rs.50,383/- Previous Year Rs.129,119/-)	1,252,980	1,385,949
Insurance claim received	82,503	308,107
Profit on Sale of Assets	-	47,730
Service Charges	12,711,936	11,173,143
Profit on Forward Contract (Net)	-	213,665
Profit on DEPB License	148,702	458,677
Leave and License Fees Income	2,190,000	2,190,000
Interest on IT Refund	349,747	8,827
Exchange Rate Difference	787,520	6,151,205
Export Incentive	887,547	2,141,435
Duty drawback Income	26,856	-
Sundry Credit Balance written back	599,522	3,283,444
	<u>19,407,574</u>	<u>28,949,450</u>
Schedule 13 : (INCREASE)/DECREASE IN STOCK		
Opening Stock	12,818,573	11,426,208
Work-in-process	18,093,941	12,869,518
Semi-Finished	20,325,276	28,809,985
Finished Goods	<u>37,267,809</u>	<u>43,866,973</u>
Traded Goods	88,505,599	96,972,684
Less : Excise Duty	<u>2,743,905</u>	<u>3,603,372</u>
	85,761,694	93,369,312
Less : Closing Stock		
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
Traded Goods	<u>21,789,598</u>	<u>37,267,809</u>
	80,035,612	88,505,599
Less : Excise Duty	<u>4,058,776</u>	<u>2,743,905</u>
	<u>75,976,836</u>	<u>85,761,694</u>
	<u>9,784,858</u>	<u>7,607,618</u>
Schedule 14 : MATERIALS CONSUMED AND PURCHASE OF GOODS		
Raw Materials consumed	122,020,281	127,356,516
Packing Materials consumed	106,746,578	101,577,111
Purchase of goods for resale	<u>131,739,939</u>	<u>118,646,180</u>
	<u>360,506,798</u>	<u>347,579,807</u>
Schedule 15 : MANUFACTURING EXPENSES		
Processing charges	16,704,593	14,803,855
Laboratory Expenses	6,134,859	1,850,630
Power and Fuel	12,711,189	11,861,164
Stores Consumed	15,509,993	13,632,659
Excise duty paid	6,596,754	6,239,303
Repairs to Building	192,319	309,329
Repairs to Plant & Machineries	471,992	268,766
Research & Development Expenses	<u>19,230,424</u>	<u>20,236,200</u>
	<u>77,552,123</u>	<u>69,201,906</u>

	For the year ended 31-3-2011 (Rs.)	For the year ended 31-3-2010 (Rs.)
Schedule 16 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Benefits and other allowances (including Directors' Remuneration)	113,048,953	96,162,536
Contribution to Provident and other funds	8,113,148	9,801,746
Welfare Expenses	4,402,385	3,876,438
	<u>125,564,486</u>	<u>109,840,720</u>
Schedule 17 : SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES		
Communication Expenses	4,729,699	4,522,292
Printing and Stationery	1,223,780	1,100,134
Travelling and Conveyance	27,051,455	24,453,610
Directors' Sitting Fees & Allowances	310,000	245,000
Rates & Taxes	821,938	604,198
Insurance Charges	1,589,329	1,461,103
Rent	1,199,592	962,971
Liquidated Damage	7,274,661	17,614,359
Royalty	2,704,939	1,222,630
Auditors' Remuneration	441,200	285,750
Target Discount	2,308,655	2,002,274
Bad Debts	976,380	-
Freight Outward Expenses.	28,207,037	22,483,757
Legal & Professional Charges	10,250,041	9,779,369
Sales Commission	34,419,467	43,690,358
Loss of Investments (Net)	-	38,441
Other Expenses	24,391,906	20,514,727
	<u>147,900,079</u>	<u>150,980,973</u>
Schedule 18 : INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans (include interest paid to Whole-time Director on fixed deposits Rs.228,048 (Previous Year Rs.187,469))	12,679,736	11,571,362
Interest on Other Loans	13,605,928	15,657,754
Bank Charges	6,512,306	3,899,230
	<u>32,797,970</u>	<u>31,128,346</u>

Schedule 19: Notes on accounts annexed to and forming part of Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date.

1. 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.

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	Mode of Valuation
Raw-Materials, Packing Materials & Other Materials	At moving weighted average cost basis
Work-in-Process	At cost
Finished Goods/ Traded Goods for resale	At lower of Cost or net realizable value.

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

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

xvii) Provisions, contingent liabilities and contingent assets**Provisions :-**

Provision is recognised when

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

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

Contingent liability:-

Contingent Liability is disclosed in case of

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

Contingent assets:-

Contingent assets are neither recognised nor disclosed.

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

2. Notes on Accounts

A. <i>Contingent Liabilities not provided for in respect of</i>	31-3-2011 Rs.	31-3-2010 Rs.
1 Sales tax: Demands under contest (Net of Tax) C-Form Pending	401,459 1,144,652	396,815 544,000
2 Disputed Liquidated Damages with respect to institutional customers (Net of Tax)	1,232,982	422,813
3 Excise Demand under dispute (Net of Tax)	Nil	83,280
4 Claims against the Company not acknowledged as Debts	6,196,668	6,205,418
5 On account of guarantees given by the bank on behalf of the company in favor of customs and others.	29,728,407	31,933,107
6 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 31-03-2011 aggregating of US\$ 91582 if not fulfilled may result in custom duty liability of (Net of tax)	438,656	297,699
7 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 31-03-2011, which if not fulfilled may result in custom duty liability of (Net of tax)	919,218	11,656,611

B. Capital Commitments	31-3-2011 Rs.	31-3-2010 Rs.
Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account nad not provided for	35,302,859	34,636,282

C. Employee Benefits

Disclosures pursuant to Accounting Standard – 15 (Revised) ' Employee Benefits':

Defined Contribution Plan

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

	2010-11 Rs.	2009-10 Rs.
Employer's Contribution to Provident Fund and Family Pension Fund	5,640,322	5,194,928
Employer's Contribution to Employee State Insurance Fund	1,429,934	1,227,347
Employer's Contribution to Super Annuation Fund	1,672,470	1,514,250

Defined Benefit Plan

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

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

	Gratuity (Funded)	Gratuity (Funded)
	2010-11(Rs.)	2009-10(Rs.)
Defined Benefit obligation at beginning of year	22,329,736	20,558,602
Current Service Cost	1,509,119	1,436,697
Interest Cost	1,786,379	1,644,688
Actuarial (gain)/loss	(2,648,033)	(103,589)
Benefit Paid	(1,073,220)	(1,206,662)
Defined Benefit Obligation at year end	21,903,981	22,329,736

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

	Gratuity (Funded)	Gratuity (Funded)
	2010-11(Rs.)	2009-10(Rs.)
Fair Value of plan assets at beginning of year	22,560,712	18,153,907
Expected return on plan assets	2,080,363	1,773,717
Actuarial (gain) / loss	--	--
Employer's contribution	1,324,139	3,839,750
Benefit Paid	(1,073,220)	(1,206,662)
Fair value of plan assets at year end	24,891,994	22,560,712
Actual return on plan assets	2,080,363	1,773,717

iii) Reconciliation of Fair value assets and obligation

	Gratuity (Funded)	Gratuity (Funded)
	As at 31st March 2011 (Rs.)	As at 31st March 2010 (Rs.)
Fair value of plan assets	24,891,994	22,560,712
Present value of obligation	21,903,981	22,329,736
Amount recognized in Balance Sheet as liability / (asset)	(2,988,013)	(230,976)

iv) Expense recognized during the year

	Gratuity (Funded)	Gratuity (Funded)
	2010-11 (Rs.)	2009-10 (Rs.)
Current Service Cost	1,509,119	1,436,697
Interest Cost	1,786,379	1,644,688
Expected return on plan assets	(2,080,363)	(1,773,717)
Actuarial (gain) / loss recognized in the year	(2,648,033)	(103,589)
Net Cost Recognized in Profit & Loss Account	(1,432,898)	1,204,079

v) Investment Details

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

vi) Actuarial Assumptions

Mortality Table (LIC) [1994-96 (Ultimate)]	Gratuity (Funded)	Gratuity (Funded)
	2010-11 (Rs.)	2009-10 (Rs.)
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	9.25%	9.25%
Rate of escalation in salary (per annum)	7%	7%

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

	Gratuity (Funded)	Gratuity (Funded)	Gratuity (Funded)	Gratuity (Funded)
	2010-11(Rs.)	2009-10(Rs.)	2010-11(Rs.)	2009-10(Rs.)
Fair value of plan assets	24,891,994	22,560,712	18,153,907	12,615,993
Present value of obligation	21,903,981	22,329,736	20,558,602	17,597,713
Surplus/(Deficit) in Plan	2,988,013	230,976	(2,404,695)	(4,981,720)

Note : a) Since the Company had adopted AS-15 (Revised)- " Employee Benefit" for the first time during the financial year ended March 31, 2008, hence the disclosure as required by Para 120(n) have not been presented for the financial year prior to 2007-08.

b) The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

D. Deferred Tax Liability / (Asset)

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

(Rs. in '000)

	31-03-2011	31-03-2010
Deferred Tax Liability		
Difference between Depreciable Assets as per books of accounts and written down value for tax purpose	16,546	14,523
Others	-	2,387
	16,546	16,910
Deferred Tax Assets		
Disallowance U/S 43B		
a) Provision for leave encashment	1,858	947
b) Provision for Excise	0	51
c) Provision for doubtful debts	559	410
d) Provision for Bonus	1,155	1,180
	3,572	2,588
Net Deferred tax Liability	12,974	14,322
Net Incremental Liability / (Assets) charged/(credited) to Profit & Loss Account	(1,349)	(740)

E. Earning per share

	2010-11	2009-10
Basic Earning per share		
Profit after taxation as per profit and loss account net of Prior period adjustment	46,221,003	53,895,004
Weighted average number of equity shares outstanding	7,267,851	6,782,740
Basic earning per shares in Rupees (face value – Rs. 10 per share)	6.36	7.95
Diluted Earning per share		
Profit after taxation as per profit and loss account net of Prior period adjustment	46,221,003	53,895,004
Add : Change in income or expenses subsequent to conversion of potential equity shares into equity shares.	Nil	Nil
Adjusted Profit for diluted earning per share (A)	46,221,003	53,895,004
Weighted average number of equity shares outstanding	7,267,851	6,782,740
Add : Weighted average number of potential equity shares on account of pending allotment	Nil	67,910
Weighted average number of equity shares outstanding for Diluted EPS (B)	7,267,851	6,850,650
Diluted earning per share in Rupees (C) = (A)/(B)	6.36	7.87

F. Expenditure on Research and Development

Research and development expenditure of Rs. 19,230,425 is recognized as revenue expenses during the year. (Previous year Rs. 20,236,200)

G. Increase in Equity Share Capital

During the year, 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 were issued as bonus shares in ratio of 1:1 by capitalizing share premium which in aggregate amounts to Rs 36,380,000.

H. Lease

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

	2010-11(Rs.)	2009-10(Rs.)
Rent paid under this agreement	1,199,592	962,971

- 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.

	2010-11(Rs.)	2009-10(Rs.)
Rent received during the year under this agreement	2,190,000	2,190,000

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

	2010-11(Rs.)	2009-10(Rs.)
Receivable within one year	912,500	2,190,000
Receivable between one year and five year	Nil	912,500
Receivable after five year	Nil	Nil

I. Segment reporting

The company operates in a single segment – Diagnostic Products.

J. Related party disclosures

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

1 Relationship.**(i) Other Related parties where common control exists.**

Span Biotherapeutics Pvt Ltd (Subsidiary)

Span Biotronics Pvt. Ltd. (Subsidiary)

Span Nihon Kohden Diagnostics Pvt. 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.

2. Transactions with related parties

Particulars	Referred In 1(i) Above	Referred In 1(ii) Above	Referred In 1(iii) Above	Referred In 1(iv) Above
Sales :				
Goods and Material	Nil (2,144,775)			881,575 (Nil)
Purchase:				
Goods and Material	59,475,754 (44,555,825)			189,745 (Nil)
Expenses :				
Remuneration/sitting Fees		15,910,917 (15,553,638)		
Interest on F.D./Loan		234,467 (200,156)	229,727 (547,893)	
Rent paid		24,000 (22,000)	172,000 (60,000)	
Dividend Paid		1,504,685 (Nil)	1,998,575 (Nil)	
R&D Outsourcing Charges	9,140,000 (7,100,000)			
Gardening Expense				611,797 (611,362)
Selling & Marketing Expense	Nil (1,007,203)			
Royalty				1,154,651 (Nil)
Income :				
License Fees	2,190,000 (2,190,000)			
Other Income	Nil (686,316)			
Capital Items :				
Loan & Advances received	Nil (3,000,000)	900,000 (Nil)	250,000 (350,000)	
Loan & Advances given	116,647 (1,245,901)			
Purchase of Technology (W.I.P)	Nil (2,961,198)			
Purchase of Asset	Nil (941,695)			
Investment Made	99,900 (Nil)			
Loss on Sale of Investment	Nil (756,821)			
Outstanding loan/Deposit payable	500,000 (500,000)	2,635,000 (1,735,000)	2,298,000 (2,048,000)	
Outstanding loan/Deposit receivable	19,439 (333,885)			
Outstanding others [Credit] / debit	[5,281,560] [(8,899,733)]	Nil (Nil)	Nil (Nil)	[372,759] (27,017)

Disclosure in Respect of Material Related Party Transactions during the year :

1. Sales of goods and material includes Span Diagnostic FZC Rs NIL (Previous Year Rs. 1,741,356), Span Nihon-Kohden Diagnostics Pvt. Ltd. Rs. NIL (Previous Year Rs. 403,419), Span Diagnostics SARL Rs. 881,575 (Previous Year NIL).
2. Purchases/material consumed from Span Nihon-Kohden Diagnostics Pvt. Ltd. Rs. 59,475,754 (Previous Year Rs.44,555,825), Span Diagnostics SARL Rs.189,745 (Previous Year NIL)
3. Payment to Key Management Personnel include to Dr. Pradip K. Desai Rs. 6,830,600 (Previous Year 7,220,600), Mr. Veeral P. Desai Rs. 4,403,800 (Previous Year Rs. 4,477,550), Dr. Madhukanta T. Patel Rs. 2,356,567 (Previous Year Rs.1,883,600), Ms. Sujata V. Desai Rs. 2,319,950 (Precious Year Rs.1,971,888)
4. Interest on F.D./Loan includes Dr. Madhukanta T. Patel Rs. 228,048 (Previous Year Rs.92,064), Ms.Sujata V. Desai Rs. 6,419 (Previous Year Rs. 11,109), Dr. Pradip K. Desai Rs. NIL (Previous Year Rs.75,455), Mr. Veeral P. Desai Rs. NIL (Previous Year Rs.21,528), Ms. Lata P. Desai NIL (Previous Year Rs. 9,615), Ms. Shital S. Kazi Rs. NIL (Previous Year Rs.68,356), Ms. Tejal V. Desai Rs. 3,315 (Previous Year Rs. 205,745), Shri Pradip K. Desai (HUF) Rs. NIL (Previous Year Rs. 44,267), Dr. Harshad R. Gandhi Rs. 77,927 (Previous Year Rs. 75,214), Ms. Kokila H. Gnadhi Rs. 116,427 (Previous Year Rs.112,794), Mr. Sunil T. Patel Rs. 32,058 (Previous Year Rs. 31,902)
5. Rent paid to Mr. Veeral P. Desai Rs. 24,000 (Previous Year Rs. 22,000), Ms. Bhanuben T. Patel Rs. 60,000 (Previous Year Rs. 60,000), Ms. Sudhaben I. Patel Rs. 112,000 (Previous Year Rs. NIL)
6. Dividend Paid to Dr. Pradip K. Desai Rs. 651,975 (Previous Year Rs. NIL), Mr. Veeral P. Desai Rs. 655,790 (Previous Year Rs. NIL), Dr. Madhukanta T. Patel Rs. 69,950 (Previous Year Rs. NIL), Ms. Sujata V. Desai Rs. 126,970 (Previous Year Rs. NIL), Ms. Lata P. Desai Rs. 896,325 (Previous Year Rs. NIL), Ms. Shital S. Kazi Rs. 49375 (Previous Year Rs.NIL), Ms. Tejal V. Desai Rs.12,500 (Previous Year Rs. NIL), Mr. Prakash K. Desai Rs. 33,750 (Previous Year Rs. NIL), Shri Pradip K. Desai (HUF) Rs. 981,625 (Previous Year Rs. NIL), Mr. Sunil T. Patel Rs. 12,500 (Previous Year Rs. NIL), Ms. Sudhaben I. Patel Rs.12,500 (Previous Year Rs. NIL)
7. R & D Outsourcing Charges paid to Span Biotronics Pvt. Ltd. Rs. 9,140,000 (Previous Year Rs. 7,100,000)
8. Gardening Expense paid to Desai Agri Biotech Rs. 611,797 (Previous Year Rs. 611,362)
9. Sales and Distribution Expenses include to Span Diagnostics FZC Rs. NIL (Previous Year Rs.1,007,203)
10. Royalty paid to Span Diagnostics SARL Rs. 1,154,651 (Previous Year Rs. NIL)
11. License Fees from Span Nihon-Kohden Pvt. Ltd. Rs.2,190,000 (Previous Year Rs.21,90,000)
12. Other Income from Span Diagnostics SARL Rs. NIL (Previous Year Rs.668,300), Span Diagnostics FZC Rs. NIL (Previous Year Rs.18,016)
13. Loan received in the nature of fixed deposit from Span Nihon-Kohden Pvt. Ltd. Rs. NIL (Previous Year Rs.3,000,000), Dr. Madhukanta T. Patel Rs. 800,000 (Previous Year Rs. NIL), Ms. Sujata V. Desai Rs. 100,000 (Previous Year Rs. NIL), Ms. Tejal V. Desai Rs. 250,000 (Previous Year Rs. NIL), Dr. Harshad R. Gnadhi Rs. NIL (Previous Year Rs.150,000), Ms. Kokila H. Gandhi Rs. NIL (Previous Year Rs. 200,000)
14. Loan & Advances in nature of expense reimbursement given during the year include Span Nihon-Kohden Pvt. Ltd. Rs.106,465 (Previous Year Rs.1,036,551), Span Biotherapeutics Pvt. Ltd. Rs. 6,038 (Previous Year Rs. NIL), Span Diagnostics SARL Rs. NIL (Previous Year Rs. 209,250), Span Biotronics Pvt. Ltd. Rs. 4,144 (Previous Rs. 100)
15. Purchase of Technology include Span Daignostics SARL Rs. NIL (Previous Year Rs. 2,961,198)
16. Purchase of Fixed Assets include Span Daignostics SARL Rs. NIL (Previous Year Rs. 941,695)
17. Purchase of Investment include Span Biotherapeutics Pvt. Ltd. Rs. 99,900 (Previous Year Rs. NIL)
18. Loss on Sale of Investment Include Span Diagnostics FZC Rs. NIL (Previous Year Rs. 756,821)

K. Disclosure of Loans and Advances to Subsidiaries, Associates, Joint Ventures and Others (Pursuant to Clause 32 of the Listing Agreement) :

During the year the Company has not entered into any transaction in nature of loans and advances which falls within the purview of clause 32 of the listing agreement

L. Auditor's Remuneration	2010-11 (Rs.)	2009-10 (Rs.)
Audit Fees	325,000	155,000
Tax Audit Fees	75,000	45,000
Certification Fees	75,000	50,000
Service tax on above fees	48,925	25,750
Out of Pocket Expense	23,403	10,000
	547,328	287,750

M. Director's Remuneration	2010-11 (Rs.)	2009-10 (Rs.)
Salaries, Allowances & Perquisites [#]	10,892,467	10,859,150
Contribution to Provident Fund and other Funds ^{##}	2,698,500	2,722,600
Sitting Fees & Allowances	325,000	245,000
	13,915,967	13,826,750

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

Company has received special approval from Central Government U/s. 198(4)/269/309(3) and 637AA of the Companies Act, 1956.

N. Computation of net profits in accordance with section 349 of the Companies Act 1956 in respect of Commission Payable to a Director	2010-11 (Rs.)	2009-10 (Rs.)
Profit before Taxation	67,172,003	76,805,600
Add : (1) Depreciation (as per accounts)	23,343,512	20,860,095
(2) Directors Remuneration	13,590,967	13,581,750
(3) Loss on sale of Fixed Asset and Investment	443,906	1,031,086
	104,550,388	112,278,531
Less : Depreciation as per section 350 of the Companies Act. 1956.	23,343,512	20,860,095
Less : Net Profit on Sales of Fixed Assets and Investment.	Nil	766,110
Net Profit as per Section 349	81,206,876	90,652,326
Commission to Directors :		
To Whole time Director - 0% (P.Y.-0%) of Net Profit	Nil	Nil
To Managing Director - 0% (P. Y. -0%) of Net Profit	Nil	Nil
	Nil	Nil

O. Sundry Creditors

The Company has amounts due to suppliers under 'The Micro Small and Medium Enterprise Development Act, 2006 (MSMED Act) as at 31st March, 2011. The disclosure pursuant to the said Act is as under:

Particulars	2010-11* (Rs.)	2009-10 (Rs.)
Principal amount due to suppliers under MSMED Act	2,019,385	54,046
Interest accrued, due to suppliers under MSMED Act on the above amount and unpaid	3032	76
Payment made to suppliers (other than interest) beyond the appointed day during the year	22,047,351	369,709
Interest paid to suppliers under MSMED Act (other than Section 16)	Nil	Nil
Interest paid to suppliers under MSMED Act (Section 16)	Nil	Nil
Interest due and payable towards suppliers under MSMED Act for payments already made	612,999	4,408
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	616,031	4,484

* The above value are certified by the management and relied upon by the auditors.

P. Exchange Rate Difference

The Exchange rate difference arising on foreign currency transactions has been credited to Profit and Loss account Rs. 787,520 (Profit) [Previous Year 6,151,205 (Profit)].

Q. Disclosure for Borrowing Cost Capitalized

In accordance with AS-16 related to Borrowing cost which amounts to Rs. 581,322 has been capitalized during the year (Previous Year Rs. 80,780)

R. Interest in Joint Ventures

Jointly controlled Entity

Name of Joint Venture	Country of Incorporation	Proportion of Ownership (%) as on	
		31-03-11	31-03-10
<u>Indian Joint Venture</u> Span Nihon Kohden Diagnostics Pvt. Ltd.	India	45%	45%

Financial interest in Jointly Controlled Entity

Particulars	Span Nihon Kohden Diagnostics Pvt. Ltd as at 31.03.11 (Unaudited)	Span Nihon Kohden Diagnostics Pvt. Ltd as at 31.03.10 (Unaudited)
Assets	20,103,443	12,925,484
Liabilities	2,142,355	2,380,780
Contingent Liabilities	560017	560,017
Capital Commitments	Nil	Nil
Income	23,246,111	17,554,674
Expenses	11,119,038	8,284,739
Tax	4,205,473	2,768,092

S. Balances of sundry debtors are as per books of accounts. During the year Company has written off debtors to tune of Rs 10,45,012 (Previous Year 1,657,456) against provision made in earlier years as are considered non-recoverable.

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

U. Additional information pursuant to part II of Schedule VI of the Companies Act, 1956 (As certified by the management)	31-3-2011 Rs.	31-3-2010 Rs.
a) Earnings in Foreign Exchange Export of Goods calculated on F.O.B. basis	43,697,088	54,619,636
b) Expenditure in foreign currency Other matters		
1. Royalty	1,277,249	115,116
2. Bank Interest	3,336,496	142,848
3. Dividend (Paid dividend on 51500 share to 8 Non-Resident shareholders for the year 2009-10)(Previous Year NIL)	128,750	---
4. Research & Development Expense	9,396	1,113,107
5. Technical Know-how	22,972,797	--
6. Other Expenses	8,439,967	8,236,501
c) Value of imports calculated on CIF basis		
Raw Materials & Packing Materials	73,438,900	108,527,545
Goods for resale	60,496,346	66,565,200
Capital Goods	7,895,271	8,095,506
Consumable Stores	5,579,596	5,197,425

d) Derivative contracts entered into by the Company and outstanding as on 31st March, 2011

- (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, 2011 amount to Rs. 109,995,200
- (ii) Foreign currency exposures that are not hedged by derivative instruments as on 31st March, 2011 amount to Rs. 18,550,313 (net)

(e) Row Material Consumed	Unit of Measurement	Qty.	31-03-2011 Value Rs.	Qty.	31-03-2010 Value Rs.
Chemicals etc.	Ltr	481905	122020281	378105	127,356,156
	KG	19999		20330	
	KU	370221		373482	
	No	4696955		5491176	
	Other	130944		11828	
Packing Material	KG	21771	106746577	18611	101,577,111
	No	111110838		103844800	

f) Value of Materials, Stores Spares Consumed	2010-11 Rs.	%	2009-10 Rs.	%
i) Raw Materials				
Imported	93,030,435	76.24	94,534,940	74.22
Indigenous	28,989,846	23.76	32,821,216	25.78
	122,020,281	100.00	127,356,156	100.00
ii) Packing Materials				
Imported	7,018,031	6.57	7,833,493	7.71
Indigenous	99,728,546	93.43	93,743,618	92.29
	106,746,577	100.00	101,577,111	100.00
iii) Stores and Spares				
Imported	3,242,175	20.90	3,056,304	22.42
Indigenous	12,267,818	79.10	19,576,355	77.58
	15,509,993	100.00	13,632,659	100.00

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

g) Quantitative Details (Trading)

(Rs.in Lacs)

Sr. No.	Group	Annual Purchase No.of Units	Annual Purchase Rs.in Lacs	Opening Stock		Closing Stock		Sales	
				Units	Rs.	Units	Rs.	Units	Rs.
1.	Medical Diagnostic Equipments	401 (360)	588.04 (670.67)	215 (234)	315.08 (364.39)	183 (215)	160.74 (315.08)	433 (379)	847.39 (805.90)
2.	Diagnostic Reagent	258019 (167444)	729.36 (515.79)	33167 (47893)	57.60 (74.28)	36886 (33167)	57.16 (57.60)	254300 (182170)	1048.34 (740.68)
T O T A L			1317.40 (1186.46)		372.68 (438.67)		217.90 (372.68)		1895.73 (1546.58)

h) Quantitative Details (Manufacturing)

Sr. No.	Group	Licenced Capacity	Annual Installed Capacity	Annual Production	Opening Stock		Closing Stock		Sales	
					Quantity	Rs. in Lacs	Quantity	Rs. in Lacs	Quantity	Rs. in Lacs
1.	Diagnostics Reagents	400000 litres	400000 litres	352525 litres (245273 litres)	(No of Units/test) 110,813 (147,323)	109.38 (152.04)	(No of Units/test) 180,911 (110,813)	198.22 (109.38)	(No of Units/test) 771,487 (694,524)	1,598.94 (1,527.52)
2.	Elisa kit for Aids	120000 litres	120000 litres	2552 litres (1511 litres)	1,596 (1,852)	9.11 (13.43)	6,704 (1,596)	32.92 (9.11)	69,689 (43,369)	345.38 (295.27)
3.	Agglutinating Sera	15000 litres	15000 litres	7037 litres (6052 litres)	28,461 (30,499)	29.50 (45.97)	23,116 (28,461)	18.54 (29.50)	342,069 (297,319)	629.04 (619.33)
4.	Bacteriological Products	15000 litres	15000 litres	11010 litres (13289 litres)	69,602 (60,121)	24.94 (18.53)	92,648 (69,602)	39.25 (24.94)	607,735 (464,903)	592.58 (495.82)
5.	Rapid Immuno Diagnostics tests	510 lac test	510 lac test	212.11 lacs test (223.40 lacs test)	18,627 (18,605)	30.32 (58.13)	48,657 (18,627)	102.12 (30.32)	628,415 (669,762)	3,254.04 (3,413.26)
TOTAL						203.25 (288.10)		391.05 (203.25)		6419.98 (6,351.20)

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

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details	
	Corporate Identity Number (CIN)	L24299GJ1980PLC003710
	State Code	04
	Balance Sheet Date	31-03-2011
II.	Capital Raised during the Year (Amount in Rs. Thousands)	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	36,380
	Private Placement	1,653
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
	Total Liabilities	470,418
	Total Assets	470,418
	Sources of Funds	
	Paid-up Capital	72,760
	Reserves and Surplus	198,646
	Secured Loan	149,954
	Unsecured Loan	36,085
	Deferred Tax Liability	12,973
	Application of Funds	
	Net Fixed Assets	267,194
	Investments	7,002
	Net Current Assets	196,222
	Miscellaneous Expenditure	0
	Accumulated Losses	Nil
IV.	Performance of the Company (Amount in Rs. Thousands)	
	Turnover (including Other Income)	844,622
	Total Expenditure	777,450
	Profit Before Tax	67,172
	Profit After Tax	46,221
	Earning per share in Rs.	6.36
	Dividend Rate %	10%
V.	Generic Names of Principal Products of the Company	
	Product Description	Item Code No.(ITC Code)
	Diagnostic Reagent	382200.09
	Agglutinating Sera	300210.07
	Other Bacteriological Products	300290.09

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	31.03.2011 Rs.	31.03.2010 Rs.
A CASH FLOW FROM THE OPERATING ACTIVITIES		
PROFIT BEFORE TAX	67,172,003	76,805,600
Depreciation and Amortization	23,343,512	20,860,095
Investment Income	(1,252,980)	(1,385,949)
Interest Charged	32,797,970	31,128,346
Loss on Discarded Assets	427,003	0
Loss on sales of fixed assets (Net)	16,903	226,535
Operating Profit before working capital changes	122,504,411	127,634,627
ADJUSTED FOR CHANGES IN		
Trade and Other Receivables	93,594,398	15,327,697
Inventories	39,371,837	(19,506,458)
Trade Payables and other liabilities	(52,985,835)	40,931,495
Cash generated from operations	202,484,811	164,387,361
Less : Direct taxes (Including FBT of earlier year) paid during the year	19,277,594	18,872,866
Cash flow before Extra-ordinary items	183,207,217	145,514,495
Prior period adjustments	(448,355)	(75,253)
NET CASH FLOW FROM OPERATING ACTIVITIES	182,758,862	145,439,242
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Fixed Assets and Capital Work in Process	(61,293,305)	(49,914,142)
Proceeds from Sales of Fixed Assets	245,000	341,550
Addition in Investment	0	0
Proceeds from Sales of Investment	(99,900)	2,475,461
Interest received	1,252,980	1,385,949
NET CASH USED IN INVESTING ACTIVITIES	(59,895,225)	(45,711,182)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	4,953,782	8,256,304
(Repayment)/Proceeds(of)/ from Borrowings	(24,185,209)	(75,123,860)
Interest paid	(32,797,970)	(31,128,346)
Dividend & Corporate Dividend Tax paid	(10,084,349)	(184,752)
NET CASH FLOW FROM FINANCING ACTIVITIES	(62,113,746)	(98,180,654)
NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)	60,749,890	1,547,406
CASH AND CASH EQUIVALENTS - OPENING BALANCE	26,674,550	25,127,144
CASH AND CASH EQUIVALENTS - CLOSING BALANCE *	87,424,440	26,674,550
* [Includes Rs.22,706,222/- (previous year Rs.9,090,602) under Bank's lien]		

As per our Report of even date attached hereto :

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

Chetan Desai
Partner

Place : Surat
Date : 20th May, 2011

For and on behalf of the Board

Ms. Lata P. Desai *Chairperson*
V. P. Desai *Managing Director*

Place : Surat
Date : 20th May, 2011

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

Name of the subsidiary company Financial year of the subsidiary company ended on	Span Biotronics Private Limited 31st March, 2011
Number of Shares in the subsidiary company held by Span Diagnostics Ltd at the above date : Equity Shares Preference Shares	10000 5000
Extent of Span Diagnostics Ltd's holding in the subsidiary company at the above date : Equity Shares Preference Shares	95.24% 100%
The net aggregate of profit(loss) of the subsidiary company so far as it concerns the members of Span Diagnostics Ltd. 1) Dealt with in the accounts of Span Diagnostics Ltd amounted to : (a) for the subsidiary's financial year ended March 31, 2011. (b) for previous financial years of the subsidiary since it became subsidiary of Span Diagnostics Ltd. 2) Not dealt with in the accounts of Span Diagnostics Ltd amounted to : (a) for the subsidiary's financial year ended March 31, 2011. (b) for previous financial years of the subsidiary since it became subsidiary of Span Diagnostics Ltd.	(Rs. In Lacs) Nil Nil 8.58 (2.43)
Changes in the interest of Span Diagnostics Ltd between the end of the subsidiary's financial year and March 31, 2011 : Number of shares acquired Material changes between the end of the subsidiary's financial year and March 31, 2011: i) Fixed assets (net additions) ii) Investments iii) Money lent by the subsidiary iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	Nil Nil Nil Nil Nil

For and on behalf of the Board

Ms. Lata P. Desai *Chairperson*
V. P. Desai *Managing Director*

Surat, 20th May, 2011

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

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting the Fourth Annual Report for the period ended 31st March 2011 together with the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the financial year ended on that date.

FINANCIAL RESULTS

	2010-11 Rs.	2009-10 Rs.
Sales & Other Income	9,293,351	7,100,000
The net operating income/(loss) for the financial year ended 31st March, 2011 after deducting all charges and expenses excluding depreciation amounted to	1,355,827	784,917
Depreciation	90,386	71,361
Provision for Tax:		
Current Tax	405,000	125,000
Deferred Tax	2,069	(82,493)
Fringe Benefit Tax	-	-
PROFIT AFTER TAX	858,371	671,049
Balance brought forward	243,305	(427,744)
	<u>1,101,676</u>	<u>243,305</u>
<u>APPROPRIATIONS</u>		
Balance carried to Balance Sheet	1,114,934	243,305
	<u>1,114,934</u>	<u>243,305</u>

OPERATIONS

Your Directors have pleasure in informing you that the company has made profit after tax of Rs.8.72 lacs during the year under consideration as compared to Rs.6.71 lacs in previous year.

OUTLOOK FOR THE CURRENT YEAR AND FUTURE PROSPECTS

Span Biotronics Pvt Ltd (SBPL) is engaged in development of the several R&D projects out of which three are likely to be released to Manufacturing in the current year.

Government funding is expected for a reagent project in the current year.

Two patents have been filed in the past year. We intend to file PCT applications for both the patents to obtain IP rights globally.

We hope to purchase or rent new office in this year and set up R & D center in the new location.

The Company will continue to invest in R & D to tap the growth potential in Diagnostics Device Industry.

DIVIDEND

In view of the need to conserve resources for future projects your Directors regret their inability to declare dividend on shares.

BORROWINGS

The company has neither accepted any fixed deposits from public.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Having regard to nature of services rendered by the company it has not consumed any energy of any significant level and accordingly no measures were taken for energy conservation. No Investment was made on technology absorption considering the nature of activities undertaken by your company during the year under review. The company has neither used nor earned any foreign exchange during the year.

DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA)

We, the Board of Directors of Span Biotronics Pvt. Ltd, confirm:

- a. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b. That the Directors have selected such accounting policies and applied them consistently and made 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.
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration of Rs.24,00,000/- per annum or more, if employed throughout the year or Rs.2,00,000/- per month or more if employed for the part of the year. Hence provisions of section 217(2A) of the Companies Act, 1956 are not applicable to the company.

SECRETARIAL COMPLIANCE CERTIFICATE

A copy of Secretarial Compliance Certificate pursuant to provisions of proviso to section 383A(1) from M/s. Rashmi N. Shah & Associates, Secretaries in whole-time practice has been obtained and attached to this report.

AUDITORS

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

On behalf of the Board

For **SPAN BIOTRONICS PVT. LTD**

Sanjay Mehta

Sujata Desai

Director

Director

Place: Mumbai

Date: 28th April, 2011.

AUDITOR'S REPORT

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

1. We have audited the attached balance sheet of **SPAN BIOTRONICS PRIVATE LIMITED ('Company')** as at 31st March 2011, the Profit & Loss Account and the Cash Flow Statement for the period ended 31st March 2011 are annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditors Report) Order, 2003 issued by Department of the Companies affairs, in terms of section 227(4A) of the Companies Act, 1956 since in our opinion and according to the explanation given to us, the said order is not applicable to the Company.
4. We report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been maintained by the Company, so far as appears from our examination of the books;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) On the basis of written representations received from the directors of the company as on 31st March 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes to the accounts thereon, give the information required by the Companies Act, 1956 in the manner so enquired and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the period ended on that date and
 - (iii) in the case of Cash Flow Statement, the cash flow for the period ended on that date.

**For A.J. SHAH AND COMPANY
CHARTERED ACCOUNTANTS
FRN : 109476W**

**PLACE: MUMBAI
DATE : 28th April 2011**

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

SPAN BIOTRONICS PRIVATE LIMITED
BALANCE SHEET AS AT 31st MARCH, 2011

SOURCE OF FUNDS	Schedule	31-3-2011 Rs.	31-3-2010 Rs.
SOURCES OF FUNDS:			
SHAREHOLDERS' FUNDS			
Share Capital	1	1,550,000	1,550,000
Reserves & Surplus	2	1,114,934	243,305
		<u>2,664,934</u>	<u>1,793,305</u>
APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block (At Cost)	3	821,355	533,795
Depreciation		<u>295,374</u>	<u>204,988</u>
Net Block		<u>525,981</u>	<u>328,807</u>
Deferred Tax Asset (Refer Note No.9 of Schedule 10)		144,465	146,534
Current Assets, Loans and Advances	4	3,271,567	2,446,666
Less: Current Liabilities & Provisions	5	<u>1,290,114</u>	<u>1,154,773</u>
		<u>1,981,453</u>	<u>1,291,893</u>
Miscellaneous Expenditure	6	13,035	26,071
Profit and Loss Account		-	-
		<u>2,664,934</u>	<u>1,793,305</u>
Notes on Accounts	10		

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

As per our Report of even date :

For A. J. SHAH & CO.

Chartered Accountants

HIREN SHAH

Partner

Membership No. 100052

Mumbai, Dated : 28th April 2011

For SPAN BIOTRONICS PVT LTD.

Sanjay Mehta
Director

Sujata Desai
Director

28th April 2011

SPAN BIOTRONICS PRIVATE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

<u>INCOME</u>	Schedule	31-03-2011 Rs.	31-03-2010 Rs.
Research and Development Consultancy Fees		9,140,000	7,100,000
Other Income	7	153,351	-
		9,293,351	7,100,000
<u>EXPENDITURE:</u>			
Employees' Remuneration	8	6,506,441	4,992,548
Administrative Expenses	9	1,416,530	1,307,893
Interest and Finance charges	10	1,518	1,606
Depreciation		90,386	71,361
Preliminary Expenses Written Off		13,036	13,036
		8,027,911	6,386,444
PROFIT BEFORE TAXATION		1,265,440	713,556
Less: Provision for taxation			
Current tax		405,000	125,000
Deferred tax (Refer Note No.9 of Schedule 10)		2,069	(82,493)
		858,371	671,049
Short / Excess Provision for tax of earlier years		13,258	-
PROFIT AFTER TAXATION		871,629	671,049
<u>APPROPRIATIONS</u>			
Balance brought forward		243,305	(427,744)
Balance carried to Balance Sheet		1,114,934	243,305
		1,114,934	243,305
Basic and diluted earnings per share	11	83.01	65.58
Notes on accounts	11		

Notes : Schedule 7 to 11 referred to herein form an integral part of the Profit and Loss Account.

As per our Report of even date :
For A. J. SHAH & CO.
Chartered Accountants

For SPAN BIOTRONICS PVT LTD.

HIREN SHAH
Partner

Sanjay Mehta
Director

Sujata Desai
Director

Membership No. 100052
Mumbai, Dated : 28th April 2011

28th April 2011

SPAN BIOTRONICS PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE:1 - SHARE CAPITAL

Authorised Capital	31-03-2011 Rs.	31-03-2010 Rs.
12,500 Equity shares of Rs.100/- each	1,250,000	1,250,000
12,500 Preference shares of Rs.100/- each	1,250,000	1,250,000
	2,500,000	2,500,000
Issued, Subscribed and Paid-up		
10,500 Equity shares of Rs.100/- each fully paid-up (Previous year 10,500 Equity shares of Rs. 100 fully paid up)	1,050,000	1,050,000
5,000 Preference shares of Rs.100/- each fully paid-up (Out of the above, Equity shares 10,000 Equity shares of Rs.100/- each and 5,000 Preference shares of Rs.100 each are held by Span Diagnostics Ltd. Holding Company and its nominees.)	500,000	500,000
	1,550,000	1,550,000

SCHEDULE:2 - RESERVES & SURPLUS

Surplus in Profit & Loss Account	1,114,934	243,305
	1,114,934	243,305

SCHEDULE:3 - FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2010 Rs	Additions during the year Rs	As at 31.03.2011 Rs	As at 01.04.2010 Rs.	For the period Rs.	As at 31.3.2011 Rs.	As at 31.3.2011 Rs.	As at 31.3.2010 Rs
Office Equipment	70,814	36,424	107,238	35,355	14,789	50,144	57,094	35,459
Furniture and Fixtures	51,855	68,160	120,015	16,706	14,011	30,717	89,297	35,149
EPBX System	16,848	0	16,848	5,471	1,583	7,054	9,794	11,377
Computers	242,080	31,500	273,580	132,936	55,972	188,908	84,672	109,144
Air Conditioners	43,500	0	43,500	14,520	4,031	18,551	24,949	28,980
Capital WIP - Intangibles	108,698	151,477	260,175	0	0	0	260,175	108,698
	533,795	287,561	821,355	204,988	90,386	295,374	525,981	328,806
Previous Year	341,422	192,373	533,795	133,627	71,361	204,988	328,807	207,795

SPAN BIOTRONICS PRIVATE LIMITED

	<u>31-03-2011</u> Rs.	<u>31-03-2010</u> Rs.
<u>SCHEDULE:4 - CURRENT ASSETS, LOANS & ADVANCES</u>		
<u>CURRENT ASSETS</u>		
<u>Sundry Debtors</u>		
(Unsecured, considered good)		
Outstanding for a period exceeding more than six months	-	-
Others	772,321	452,671
(Due from Holding Company)		
(Maximum outstanding during the year Rs.11,72,729/-, Previous year Rs.8,20,953/-)		
<u>Cash and Bank Balances</u>		
Cash in hand	9,679	2,139
Balance with a Scheduled bank	1,040,622	416,709
<u>LOANS AND ADVANCES</u>		
Advance recoverable in cash or kind for value to be received	181,160	151,881
Advance Income Tax - Net of Provisions	1,267,785	1,417,552
FBT Advance Tax - Net of Provisions	-	5,714
	<u>3,271,567</u>	<u>2,446,666</u>
<u>SCHEDULE:5- CURRENT LIABILITIES & PROVISIONS</u>		
<u>Current Liabilities</u>		
Sundry Creditors for Expenses	133977	32263
Other Liabilities	656931	643451
	<u>790,908</u>	<u>675,714</u>
<u>Provisions</u>		
For Leave salary	181,803	255,935
For Gratuity	317,403	223,124
	499,206	479,059
	<u>1290114</u>	<u>1154773</u>
<u>SCHEDULE:6 - MISCELLANEOUS EXPENDITURE</u>		
(To the extent not written off or adjusted)		
Preliminary Expenditure	13,035	26,071
	<u>13,035</u>	<u>26,071</u>

SPAN BIOTRONICS PRIVATE LIMITED

<u>SCHEDULE:7 - OTHER INCOME</u>	31-03-2011	31-03-2010
	Rs.	Rs.
Interest on Income Tax Refund	90,836	-
Excess Provision for Leave Encashment Written Back	62,515	-
	<u>153,351</u>	<u>-</u>

SCHEDULE:8 - EMPLOYEES' REMUNERATION

Salaries and Allowances	6,183,693	4,538,446
Medical Expenses	64,515	69,056
Staff Welfare Expenses	162,754	124,940
Maharashtra Labour Welfare Board	1,200	-
Leave Salary	-	128,655
Gratuity	94,279	131,451
	<u>6,506,441</u>	<u>4,992,548</u>

SCHEDULE:9 - ADMINISTRATIVE EXPENSES

Electricity Expenses	284,870	236,767
Professional Fees	290,000	219,117
Auditors Remuneration	50,000	35,500
Telephone and Mobile Charges	95,734	125,693
Printing & Stationery	57,237	46,409
Motor Car Expense	50,400	119,390
Membership and Subscription	-	6,000
Conveyance Expenses	14,673	8,242
Travelling Expenses	15,422	6,000
Rent for Office Premises	427,680	356,400
Repairs and Maintenance	8,563	14,567
Office Renovation Expenses	-	10,900
Project Expenses	4,144	-
Other Expenses	117,806	94,513
Sundry Balance Written Off	-	28,396
	<u>1,416,530</u>	<u>1,307,893</u>

SCHEDULE:10 - INTEREST AND FINANCE CHARGES

Bank Charges	1,518	1,544
Interest on Loan	-	62
	<u>1,518</u>	<u>1,606</u>

SPAN BIOTRONICS PRIVATE LIMITED

SCHEDULE:11 - NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

1. Significant Accounting Policies

- a) **Basis of Accounting**
Financial Statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956.
- b) **Amortisation of Expenses**
Preliminary expenses will be amortised over a period of 5 years in accordance with Section 35 D of the Income Tax Act, 1961 .
- c) **Use of Estimates**
The presentation of Financial Statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.
- d) **Revenue Recognition**
 - i) Research and Development Consultancy fees are accounted on accrual basis.
 - ii) Insurance claim is accounted on cash basis.
- e) **Expenses**
All expenses are provided for on accrual basis.
- f) **Fixed assets**
Fixed assets are stated at cost of acquisition/installation less accumulated depreciation.
- g) **Depreciation**
Depreciation on fixed assets is provided on written down value at the rates and in the manner prescribed in Schedule XIV to the Companies Act 1956.
- h) **Employees Retirement Benefits**
Defined Benefit Plans
Gratuity liability is calculated on the basis of projected unit method. The Company provides for Gratuity liability on the basis of actuarial valuation provided by Actuaries
Leave Encashement Benefit
Liability of accumulated unencashed leave balances are accounted on the basis of valuation report of Actuarial Valuer.
- l) **Lease**
Lease rentals are expensed with reference to lease terms.
- j) **Taxes on Income**
Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.
- k) **Provisions, Contingent Liabilities and Contingent Assets:**
Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements
- l) **Intangible Assets**
The Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

2. Contingent Liability not provided for Nil Nil

3. No amount is due to Micro and Small Scale Undertakings in excess of Rs. 1,00,000/- each, due for more than 30 days.

4. In the opinion of the board Directors, the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.

SPAN BIOTRONICS PRIVATE LIMITED

5.	Auditors remuneration excluding service tax	31-03-2011	31-03-2010
		<u>Rs.</u>	<u>Rs.</u>
	Audit Fees	25,000	20,000
	Limited Review	15,000	5,000
	Tax Audit Fees	10,000	7,500
	Certification	-	3,000
		<u>50,000</u>	<u>35,500</u>

6. Disclosure as required by Accounting Standard 19 (AS-19) "Leases" issued by the Institute of Chartered Accountants of India are given below. The Company has taken commercial premises under short term lease arrangements and are renewable on mutually agreeable terms.

Rent paid under this arrangement	427,680	356,400
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7. Related Party Transaction

(A) Relationships

- (a) Where control exists :

Holding Company -
Span Diagnostics Ltd

- (b) Key Management Personnel :

P. K. Desai - Director
Sanjay Mehta - Director
Sujata Desai - Director
Veeral Desai - Director
Dr. B. Prasad - Vice President

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

Akkad Mehta & Co

- (d) Other Related Parties :

Nil

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

(B) Transactions with Related Parties

Particulars	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
Income :				
Consultance Fees	9,140,000	-	-	-
Expenses :				
Intrest		-	-	-
Remuneration	- **	1,700,241	-	-
Professional Fees	-	-	1,20,000	-
Outstanding :				
Receivable	772,321	-	-	-

** Remuneration to Dr. Bhagwati Prasad, VP

SPAN BIOTRONICS PRIVATE LIMITED

	31-03-2011 Rs.	31-03-2010 Rs.
8. Earnings per share		
a) Net Profit after Tax (including prior period items) available for Equity shareholders	871,629	671,049
b) Weighted average number of Equity Shares of Rs.100 each outstanding during the year. (No.'s of shares)	10,500	10,233
c) Basic/ Diluted earnings per share (a/b) (Rs.)	83.01	65.58

9. Deferred Tax

The break up of deferred tax Liability as on 31st March 2011 is as under : (In Rs.)

Deferred Tax Working	31-03-2010	Adjustment During the year	31-03-2011
Deferred Tax Liabilities (A)			
(i) Difference between Book & Tax Depreciation	16,298	(6,508)	9,790
Total (A)	16,298	(6,508)	9,790
Deferred Tax Assets (B)			
(i) Leave Encashment	86,992	11,086	98,078
(ii) Gratuity	75,840	(19,663)	56,177
Total (B)	162,832	(8,577)	154,255
Net Deferred Tax Asset/(Liability)	146,534	(2,069)	144,465

10 Development Expenditure

The Company is in the process of commercialization of its products under development and hence the development expenditure incurred on Development in respect of projects 'HB' and 'DD' has been reflected in the accounts as capital expenditure forming part of the Fixed Assets Schedule as Capital Work in Progress. Details of the Development expenses incurred during the year is as follows:

Particulars	Capital WIP-HB	Capital WIP-DD
Consumables	70,144	60,032
Patent Licence Fees	30,200	84,615
Testing Charges	15,000	-
Conveyance/Freight	184	-
	<u>115,528</u>	<u>144,647</u>

11. Disclosures In Accordance with Revised AS-15 On "Employees Benefits"
a. Defined Benefit Plan :

As per Company policy, an employee on separation (after fulfilling other conditions) is eligible for benefit, which is equal to 15 days salary for each completed year of service. Hence, Gratuity is covered under a defined benefit plan.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation

SPAN BIOTRONICS PRIVATE LIMITED

I	Reconciliation of opening and closing balances of Defined Benefit obligation:		Gratuity (unfunded)
			2010-11(Rs.)
	Defined Benefit obligation at beginning of the year.		223,124
	Current Service Cost		111,613
	Interest Cost		26,779
	Benefits Paid		0
	Actuarial (Gain) / Loss on obligation		(44,113)
	Defined Benefit obligation at year end		317,403
II	Reconciliation of opening and closing balances of fair value of plan assets:		Gratuity (unfunded)
			2010-11(Rs.)
	Fair Value of Plan assets at beginning of the year.		0
	Return on Plan assets		0
	Contribution		0
	Benefits Paid		0
	Actuarial Gain / (Loss) on Plan Assets		(44,113)
	Fair Value of Plan assets at end of year		0
III	Reconciliation of Fair Value of Assets and Obligation:		Gratuity (unfunded)
			2010-11(Rs.)
	Fair Value of Plan assets as at end of year		0
	Present Value of obligation as at end of year		(317,403)
	Amount Recognized in Balance sheet (Excess of obligation over plan assets)		(317,403)
IV	Expenses Recognized during the year:		Gratuity (unfunded)
			2010-11(Rs.)
	Current Service Cost		111,613
	Interest Cost		26,779
	Add Return on plan assets		0
	Actuarial Gain / (Loss)		(44,113)
	Net Cost		94,279
V	Investment Details :		
	Category of Assets	Amt in Rs.	(%) of Plan
	Insurance Managed Fund	0	0
VI	Actuarial Assumptions:		Gratuity (unfunded)
			2010-11(Rs.)
	Mortality Table (LIC)		1994-96 Ultimate
	Discount Rate (per annum)		8.25%
	Expected rate of return on plan assets (per annum)		0
	Rate of escalation in salary (per annum)		7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by an independent actuary.

b. **Compensated Absences**

Liability of accumulated non-encashed leave balances are accounted on the basis of valuation report of Actuarial Valuer. Company was following policy of measuring leave salary liability on estimated basis as per the rules. From the current year company has changed its practice to measure leave salary liability on the basis of projected unit method as per the actuarial valuation report. As a result of this, the profit of the company is increased by Rs.55,265/-

SPAN BIOTRONICS PRIVATE LIMITED

12. Provision for current tax is Rs. 4,05,000 as per SOI sheet.

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

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

14. Cash Flow Statement for the period ended 31st March, 2011 is disclosed in the statement annexed to these Accounts as Annexure 1.

Signatures to Schedule 1 to 10

As per our Report of even date :
For A. J. SHAH & CO.
Chartered Accountants

HIREN SHAH

Partner

Membership No. 100052

Mumbai, Dated : 28th April 2011

For SPAN BIOTRONICS PVT LTD.

Sanjay Mehta
Director

Sujata Desai
Director

28th April 2011

SPAN BIOTRONICS PRIVATE LIMITED

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

Balance Sheet Abstract and General Business Profile

I	<u>Registration Details</u>	
	Registration No. :	U33125MH2006PTC165417
	Balance Sheet Date :	31-03-2011
	State Code :	11
II.	<u>Capital Raised during the Year [Amount in Rs.]</u>	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	<u>Position of Mobilisation and Deployment of Funds</u>	
	[amount in Rs.]	
	Total Liabilities	2,664,934
	Total Assets	2,664,934
	<u>Sources of Funds</u>	
	Paid-up Capital	1,550,000
	Reserves and Surplus	1,114,934
	Secured Loan	-
	Unsecured Loan	-
	Deferred Tax Liability	-
	<u>Application of Funds</u>	
	Net Fixed Assets	525,981
	Deferred Tax Assets	144,465
	Investments	-
	Net Current Assets	1,981,453
	Miscellaneous Expenditure	13,035
	Accumulated Losses	-
IV.	<u>Performance of the Company [Amount in Rs.]</u>	
	Turnover including other income	9,293,351
	Total Expenditure	8,027,911
	Profit Before Tax	1,265,440
	Profit After Tax	858,371
	Earning per share in Rs.	83.01
	Dividend Rate %	-
V	<u>Generic Names of Principal Products of the Company</u>	
	Item Code No. (ITC Code)	
	Product Description	Research and Development Services

As per our Report of even date :

For A. J. SHAH & CO.

Chartered Accountants

HIREN SHAH

Partner

For SPAN BIOTRONICS PVT LTD.**Sanjay Mehta**
Director**Sujata Desai**
Director

Membership No. 100052

Mumbai, Dated : 28th April, 2011

28th April, 2011

SPAN BIOTRONICS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

A. Cash Flow from Operating activities	31-03-2011 Rs.	31-03-2010 Rs.
Net Profit before tax and extraordinary items	1,265,440	713,556
Adjustments for:		
Depreciation	90,386	71,361
Interest and Finance expenses	1,518	1,606
Preliminary expenses written off	13,036	13,036
Operating Profit before Working Capital changes	1,370,381	799,559
Adjustments for :-		
Trade & other Receivables	(348,929)	(11,195)
Trade Payables	115,194	368,790
Cash generated from operations	1,136,645	1,157,153
Taxes paid (Net)	229,372	537,070
Cash flow before extraordinary items	907,279	620,082
Extraordinary items	13,258	--
Net Cash from Operating Activities	A 920,531	620,082
B. Cash Flow from Investing activities		
Purchase of fixed assets	(287,561)	(192,373)
Preliminary Expenses	--	--
Net Cash used in Investing Activities	B (287,561)	(192,372)
C. Cash Flow from Financing activities		
Proceeds from borrowings	-	-
Shares Capital	-	-
Interest and Finance expenses	(1,518)	(1,606)
Net Cash used in Financing Activities	C (1,518)	(1,606)
Net increase in Cash and Cash Equivalents	A + B + C 631,452	426,104
Cash and Cash equivalents - Opening Balance	418,849	15,962
Cash and Cash equivalents - Closing Balance	1,050,301	418,848

Notes to the Cash Flow Statement for the period ended 31st March, 2011

- The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement"
- The previous year's figures have been regrouped/ restated wherever necessary to conform to this year's classification.

As per our Report of even date :

For A. J. SHAH & CO.
Chartered Accountants

HIREN SHAH
Partner

For SPAN BIOTRONICS PVT LTD.

Sanjay Mehta
Director

Sujata Desai
Director

Membership No. 100052
Mumbai, Dated : 28th April, 2011

28th April, 2011

Auditors' Report to The Board of Directors of Span Diagnostics Limited on the Consolidated Financial Statements

**To,
The Board of Directors,
Span Diagnostics Ltd.**

1. We have audited the attached Consolidated Balance Sheet of Span Diagnostics Limited ("the Company"), its Subsidiaries and jointly controlled entity (collectively referred to as "the Group") as at 31st March, 2011 and also the Consolidated Profit and Loss Account 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 a subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 31.83 lacs as at 31st March, 2011, total revenue of Rs. 0.91 lacs and net cash inflows of Rs. 6.32 lacs for the year 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. As stated in Note 2 (A) and 2(B) of Schedule 19, in the case of a subsidiary and a joint venture of the Company, having total assets of Rs. 148.15 lacs as at 31st March, 2011, total revenue of Rs. 2.29 lacs and net cash inflow of Rs. 84.57 lacs for the year ended 31st March, 2011 included in the consolidated financial statements, the figures used for the consolidation 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 venture.
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, subject to the matter stated in paragraph 4 above, 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 31st March 2011;
 - (b) in the case of the Consolidated 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**

**Chetan Desai
Partner
Membership No.17000**

**Place : Surat
Date : 20th May, 2011**

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011

SOURCES OF FUNDS	Schedule	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
Shareholders' Funds			
Share Capital	1	72,760,000	34,727,500
Reserves & Surplus	2	212,193,905	192,989,175
Share Application Money		0	1,651,261
		<u>284,953,905</u>	<u>229,367,936</u>
Minority Interest		103,172	61,582
Loan Funds			
Secured Loans	3	149,954,010	181,636,219
Unsecured Loans	4	36,095,000	28,588,000
		<u>186,049,010</u>	<u>210,224,219</u>
Deferred Tax Liability (Net)		12,750,905	14,175,466
TOTAL		<u>483,856,992</u>	<u>453,829,203</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	357,929,931	327,181,781
Less : Depreciation / Adjustments		<u>156,990,060</u>	<u>133,403,542</u>
Net Block		200,939,871	193,778,239
Capital Work-in-Progress		<u>70,300,324</u>	<u>36,484,011</u>
		<u>271,240,195</u>	<u>230,262,250</u>
Investments	6	2,000	5,402,000
Current Assets, Loans & Advances			
Inventories	7	150,807,277	188,382,248
Sundry Debtors	8	101,101,942	180,315,017
Cash and Bank Balance	9	97,429,812	27,093,398
Loans and Advances	10	<u>28,220,249</u>	<u>42,549,522</u>
		377,559,280	438,340,185
Less: Current Liabilities & Provisions	11		
Current Liabilities		153,427,745	210,493,915
Provisions		<u>11,537,075</u>	<u>9,707,388</u>
		164,964,820	220,201,303
Net Current Assets		<u>212,594,460</u>	<u>218,138,882</u>
Miscellaneous Expenditure		20,337	26,071
TOTAL		<u>483,856,992</u>	<u>453,829,203</u>
Notes on Accounts	19		

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

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

CHETAN DESAI
Partner

Place : Surat
Date : 20th May, 2011

For and on behalf of Board

Ms. Lata P. Desai *Chairperson*

V. P. Desai *Managing Director*

Place : Surat
Date : 20th May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDER 31st MARCH 2011

	Schedule	For the year ended 31-03-2011 Rs.	For the year ended 31-03-2010 Rs.
INCOME			
Sales		831,570,919	789,778,285
Less : Excise Duty recovered on Sales		6,356,664	4,722,670
Net Sales		825,214,255	785,055,615
Other Income	12	18,690,607	28,949,450
		<u>843,904,862</u>	<u>814,005,065</u>
EXPENDITURE			
(Increase)/Decrease in stock	13	9,454,234	7,607,617
Materials consumed & purchase of goods	14	341,675,857	347,579,807
Manufacturing Expenses	15	58,566,021	49,436,676
Payments to and Provisions for Employees	16	132,773,186	115,661,695
Selling, Distribution, Administration and Other Expenses	17	164,053,217	164,138,705
Interest & Finance Charges	18	32,818,617	31,129,952
Depreciation / Amortisation	-	24,105,553	20,931,456
		<u>763,446,685</u>	<u>736,485,908</u>
PROFIT BEFORE TAX, PRIOR PERIOD ITEM & MINORITY INTEREST		80,458,177	77,519,157
Prior Period Adjustments		13,258	(75,253)
PROFIT BEFORE TAX & MINORITY INTEREST		80,471,435	77,443,904
Provision for Tax-Current		(26,908,500)	(25,125,000)
-Deferred Tax		1,375,958	822,493
Tax adjustment of earlier year		-	1,424,657
PROFIT AFTER TAX BEFORE MINORITY INTEREST		54,938,893	54,566,054
Less : Minority Interest		41,490	31,942
PROFIT AFTER TAX & MINORITY INTEREST		54,897,403	54,534,112
Balance brought forward		79,581,945	40,705,193
Add : Share of joint venture upto 31st March 2010 (Ref. Note 2C)		4,639,488	-
Profit available for Appropriation		<u>139,118,836</u>	<u>95,239,305</u>
APPROPRIATIONS			
Proposed Dividend		7,276,000	8,681,875
Dividend Distribution Tax		1,180,349	1,475,485
Dividend for earlier year (including distribution Tax)		448,355	-
Transfer to General Reserve		4,575,000	5,500,000
Balance carried to Balance Sheet		125,639,132	79,581,945
		<u>139,118,836</u>	<u>95,239,305</u>
Earning per share – Basic (Rs.)		7.55	8.04
Earning per share – Diluted (Rs.)		7.55	7.96
Face Value per share Rs.10			
Refer Note I of Schedule 19			

Notes on Accounts

19

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

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

CHETAN DESAI
Partner

For and on behalf of Board

Ms. Lata P. Desai *Chairperson*

V. P. Desai *Managing Director*

Place : Surat

Date : 20th May, 2011

Place : Surat

Date : 20th May, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31-03-2011	As at 31-03-2010
	Rs.	Rs.
Schedule 1 : SHARE CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs. 10/- each (Previous year 5,000,000)	150,000,000	50,000,000
Issued, Subscribed and paid-up		
37,376,000 (Previous year 3,472,750) Equity Shares of Rs.10/- each fully paid up (refer Notes on Accounts)	72,760,000	34,727,500
(i) Of the above 3,638,000 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares by capitalising Rs.36,380,000 out of Share Premium. (Previous Year NIL)		
(ii) Of the above 1,387,500 Equity shares of Rs.10/- each have been allotted as fully paid-up bonus shares by capitalising Rs.38,75,000 out of General Reserve & Rs.10,000,000 out of Revaluation Reserve .		
(iii) 206,250 Equity shares issued pursuant to scheme of Amalgamation with Span Biological Pvt. Ltd. and Span Biotech Pvt.Ltd.		
	<u>72,760,000</u>	<u>34,727,500</u>
Schedule 2 : RESERVES AND SURPLUS		
Capital Reserve		
Amalgamation Surplus	4,205,775	4,205,775
A	<u>4,205,775</u>	<u>4,205,775</u>
Share Premium:		
Balance as per last Balance Sheet	41,252,255	36,299,712
Add : Premium of share allotment	4,952,543	4,952,543
Less : Capitalised on issue of Bonus Shares	36,380,000	-
B	<u>9,824,798</u>	<u>41,252,255</u>
General Reserve:		
Balance as per last Balance Sheet	67,949,200	62,449,200
Add: Transfer from Profit & Loss Account	4,575,000	5,500,000
C	<u>72,524,200</u>	<u>67,949,200</u>
Profit & Loss Account	D	79,581,945
	<u>125,639,132</u>	<u>79,581,945</u>
A+B+C+D	<u>212,193,905</u>	<u>192,989,175</u>
Schedule 3 : SECURED LOANS		
Loan from Banks		155,252,062
Working Capital Loans (Refer Note A below)	97,956,710	
		26,384,157
Short term loan from Banks (Refer Note A & B below)	51,997,300	
Note A : (Secured by hypothecation of Current and Moveable Assets including Plant & Machinery, and collaterally secured by the personal guarantees of promoter Directors, equitable mortgage of immovable properties at Plot No.173B at Udhna and Plot No.336 ,338,340 at Sachin., Surat. and office premises at Kolkata and Office premises at Mumbai)		
Note B : (Guaranted by Directors and Company as a co-obligant)		
	<u>149,954,010</u>	<u>181,636,219</u>

Schedule 4 : UNSECURED LOANS

Fixed Deposits

(including Fixed Deposits from Directors

Rs. 3,035,000, Previous year Rs.1,735,000)

(due within one year Rs. 8,303,000, previous year Rs. 9,424,000)

As at 31-03-2011
Rs.**As at 31-03-2010**
Rs.

36,095,000

28,588,000

36,095,00028,588,000**Schedule 5: FIXED ASSETS**

Sr. No.	Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		*As at 1.4.2010 Rs	Additions/ Adjustment Rs	Deduction/ Adjustment Rs.	As at 31.03-2011 Rs	*As at 1.4.2010 Rs.	Depreciation/ Adjustment Rs.	Deductions/ Adjustment Rs.	As at 31.3.2011 Rs.	As at 31.3.2011 Rs	As at 31.3.2010 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	109,352,045	1,305,786		110,657,831	34,839,200	4,347,942		39,187,142	71,470,689	74,046,603
4	Plant & Machineries	79,366,084	8,361,416	171,148	87,556,352	37,654,494	6,746,449	27709	44,373,234	43,183,118	38,800,552
5	Electrical Installations	10,947,327	1,992,684		12,940,011	7,236,807	674,217		7,911,024	5,028,987	3,535,440
6	Cold Rooms/Storages	8,004,816	1,094,048		9,098,864	3,716,140	694,911		4,411,051	4,687,813	4,288,676
7	Loose Tools, Moulds, Utilities and other Equipments	15,934,999	901,932	335,722	16,501,209	10,472,792	1,233,546	271,876	11,434,462	5,066,747	5,462,207
8	Laboratory Equipments	15,647,438	1,904,480	1,911,555	15,640,363	7,955,004	1,155,034	1,286,495	7,823,543	7,816,820	7,692,434
9	R & D Equipments	8,260,720	2,139,486		10,400,206	2,160,523	999,885		3,160,408	7,239,798	6,100,197
10	Furniture & Fixtures	15,090,375	1,877,630		16,968,005	8,933,465	1,408,111		10,341,576	6,626,429	5,984,320
11	Computers	9,621,897	1,905,952		11,527,849	8,228,070	920,304		9,148,374	2,379,475	1,303,679
12	Office Equipments	3,762,817	243,411		4,006,228	2,498,880	222,097		2,720,977	1,285,251	1,253,788
13	Vehicles	7,428,530	2,701		7,431,231	3,402,810	1,109,259		4,512,069	2,919,162	4,025,720
Intangible Assets											
1	Goodwill	322,120	0		322,120	322,120			322,120	0	0
2	Technical Know how	30,547,702	6,544,757		37,092,459	4,901,350	3,503,798		8,405,148	28,687,311	25,646,352
3	SAP Software	5,450,003	0		5,450,003	2,148,932	1,090,000		3,238,932	2,211,071	3,301,071
		332,074,073	28,274,283	2,418,425	357,929,931	134,470,587	24,105,553	1,586,080	156,990,060	200,939,871	193,778,239
	Previous Year	306,450,703	25,326,776	4,595,698	327,181,781	116,499,699	20,931,456	4,027,613	133,403,542	193,778,239	189,743,209

Capital Work-in-Progress including advances on capital account. Rs. 0.43 Lac (Previous Year Rs. 6.93 Lac)

70,300,324

36,484,011

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

2) Land Cost includes Rs.950/- being the cost of 19 shares fully paid up of Rs.50/- each of Udhna Udyognagar Sahakari Sangh Ltd., Udhna.

3) 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.

*4) Last year closing and current opening figures are not comparable (refer Note 2C)

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

Others

Investment in Joint Ventures

Span Nihon Kohden Diagnostics Pvt.Ltd.

(54,000 Equity Share (Previous Year 54,000 Equity shares)

of Rs.100 each fully paid-up)

Investment in Others

Sachin Infra Management Ltd.

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

As at 31-03-2011
Rs.**As at 31-03-2010**
Rs.

0

5,400,000

2,000

2,000

2,0005,402,000**Schedule 7 : INVENTORIES**

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

Raw Materials

39,436,958

51,092,094

Primary Packing Materials

22,430,752

41,852,133

Consumable Stores

8,256,055

6,932,421

Work-in-Process

4,987,002

12,818,574

Semi-Finished

14,153,844

18,093,941

Finished Goods

39,859,409

20,325,276

Traded Goods

21,789,598

37,267,809

Less : Unrealised Profit on Inventory of Joint Venture

(106,341)

0

150,807,277188,382,248

	As at 31-03-2011	As at 31-03-2010
	Rs.	Rs.
Schedule 8 : SUNDRY DEBTORS :		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	25,780,934	18,545,291
Considered Doubtful	1,724,000	1,466,175
	<u>27,504,934</u>	<u>20,011,466</u>
Others - Considered Good	75,321,008	161,769,726
	<u>102,825,942</u>	<u>181,781,192</u>
Less : Provision for Doubtful Debts	1,724,000	1,466,175
	<u>101,101,942</u>	<u>180,315,017</u>
 Schedule 9 : CASH AND BANK BALANCE		
Cash on Hand	234,254	45,607
Bank Balances with Scheduled Banks :		
In Current Accounts	63,540,492	15,255,054
In Fixed Deposit Accounts	33,655,066	11,792,737
[Includes Rs.22,706,222/- (previous year Rs.9,090,602) under Bank's lien]		
	<u>97,429,812</u>	<u>27,093,398</u>
 Schedule 10: LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	22,238,128	35,027,200
Interest receivable	328,100	329,277
Balance with Excise Department	406,046	669,096
Other Deposits	5,247,975	6,523,949
	<u>28,220,249</u>	<u>42,549,522</u>
 Schedule 11: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors (refer Schedule 19 Note No N)	74,698,572	146,946,031
Other Liabilities	71,838,356	61,877,637
Forward Contract Payable (Net of receivable Rs.109,995,200)	4,087,950	0
Unclaimed Dividend #	655,617	582,606
Interest accrued but not due	2,147,250	1,087,641
	<u>153,427,745</u>	<u>210,493,915</u>
Provision :		
Proposed Dividend	7,276,000	8,681,875
Dividend Distribution Tax	1,180,349	1,475,485
Provision for Tax (Net of Advance Tax & TDS)	3,080,726	(449,972)
	<u>11,537,075</u>	<u>9,707,388</u>
	<u>164,964,820</u>	<u>220,201,303</u>

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

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31-03-2011 <u>Rs.</u>	For the year ended 31-03-2010 <u>Rs.</u>
Schedule 12 : OTHER INCOME		
Miscellaneous Income	462,658	1,596,095
Interest Received (Gross) (TDS Rs.53,199/- Previous Year Rs.129,119/-)	1,389,721	1,385,949
Insurance claim received	82,503	308,107
Profit on Sale of Assets	-	47,730
Service Charges	12,711,936	11,173,143
Profit on Forward Contract (Net)	-	213,665
Profit on DEPB License	148,702	458,677
Leave and License Fees Income	1,204,500	2,190,000
Exchange Rate Difference	736,079	6,151,205
Interest on IT Refund	440,583	-
Export Incentive	887,547	2,141,435
Duty drawback Income	26,856	-
Sundry Credit Balance written back	599,522	3,283,444
	<u>18,690,607</u>	<u>28,949,450</u>
Schedule 13 : (INCREASE) / DECREASE IN STOCK		
Opening Stock		
Work-in-process	12,818,574	11,426,208
Semi-Finished	18,093,941	12,869,518
Finished Goods	20,748,892	28,809,985
Traded Goods	37,267,809	43,866,973
	<u>88,929,216</u>	<u>96,972,684</u>
Less : Excise Duty	2,743,905	3,603,372
	<u>86,185,311</u>	<u>93,369,312</u>
Less : Closing Stock		
Work-in-process	4,987,002	12,818,574
Semi-Finished	14,153,844	18,093,941
Finished Goods	39,859,409	20,325,276
Traded Goods	21,789,598	37,267,809
	<u>80,789,853</u>	<u>88,505,600</u>
Less : Excise Duty	4,058,776	2,743,905
	<u>76,731,077</u>	<u>85,761,695</u>
	<u>9,454,234</u>	<u>7,607,617</u>
Schedule 14: MATERIALS CONSUMED AND PURCHASE OF GOODS		
Raw Materials consumed	124,038,771	127,356,516
Packing Materials consumed	109,006,518	101,577,111
Purchase of goods for resale	108,630,568	118,646,180
	<u>341,675,857</u>	<u>347,579,807</u>

	For the year ended 31-03-2011 Rs.	For the year ended 31-03-2010 Rs.
Schedule 15 : MANUFACTURING EXPENSES		
Processing charges	16,704,593	14,803,855
Laboratory Expenses	6,134,859	2,310,701
Power and Fuel	12,897,222	11,861,164
Stores Consumed	15,568,282	13,632,659
Excise duty paid	6,596,754	6,239,303
Repairs to Building	192,319	320,228
Repairs to Plant & Machineries	471,992	268,766
	<u>58,566,021</u>	<u>49,436,676</u>
Schedule 16 : Payments to and Provisions for Employees		
Salaries, Wages, Benefits and other allowances (including Directors' Remuneration)	119,901,531	101,658,064
Contribution to Provident and other funds	8,208,627	9,933,197
Welfare Expenses	4,663,028	4,070,434
	<u>132,773,186</u>	<u>115,661,695</u>
Schedule 17 : Selling, Distribution, Administration and Other Expenses		
Communication Expenses	4,928,265	4,647,985
Printing and Stationery	1,281,017	1,146,543
Travelling and Conveyance	28,360,487	24,467,852
Directors' Sitting Fees & Allowances	310,000	245,000
Rates & Taxes	821,938	604,198
Insurance Charges	1,589,329	1,461,103
Rent	1,627,272	1,319,371
Liquidated Damage	7,274,661	17,614,359
Royalty	3,860,407	1,222,630
Auditors' Remuneration	753,917	321,250
Target Discount	2,308,655	2,002,274
Bad Debts	976,380	-
Freight Outward Expenses.	28,207,499	22,483,757
Research & Development Expenses	10,090,425	20,236,200
Legal & Professional Charges	11,068,162	2,898,486
Sales Commission	34,419,467	43,690,357
Loss of Investments (Net)	-	38,441
Other Expenses	26,175,336	19,738,899
	<u>164,053,217</u>	<u>164,138,705</u>
Schedule 18 : INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans (include interest paid to Whole-time Director on fixed deposits Rs.228,048 (Previous Year Rs.187,469)	12,679,736	11,571,424
Interest on Other Loans	13,605,929	15,657,754
Bank Charges	6,532,952	3,900,774
	<u>32,818,617</u>	<u>31,129,952</u>

Schedule 19: Notes on accounts annexed to and forming part of Consolidated Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date.

1. 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) 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) **Principle of Consolidation.**

- The financial statements of the Parent Company and Subsidiary Company have been consolidated on line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/(losses) in intra-group transactions in accordance with Accounting Standard (AS) 21 – “ Consolidated Financial Statement”.
- 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”
- The difference between cost of investment in subsidiary company over the net asset at the time of acquisition of shares in the subsidiary is recognized in the financial statements as goodwill or capital reserve as the case may be.
- Minority interest's share 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.
- 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
- 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**

- 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
- 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 Diagnostic Limited.

2. Notes on Accounts

A. 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%

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

B. Joint Ventures considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
Span Nihon Kohden Diagnostic Pvt. Ltd.*	India	45.00%

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

C. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year did not include figures of Joint Venture "Span Nihon Kohden Diagnostic Pvt. Ltd.". Consequently, figures for the current year and previous year are not comparable.

D. **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 31-03-2011 (Rs.)
(i) Assets:	
Long Term Asset	3,519,884
Investments	Nil
Current Assets	11,101,783
Deferred Tax	77,630
(ii) Liabilities:	
Loans (Secured & Unsecured)	Nil
Current Liabilities & Provisions	2,136,321
(iii) Income	229,138
(iv) Expenses	10,225,935

E. Contingent Liabilities not provided for in respect of	31-3-2011 Rs.	31-3-2010 Rs.
1 Sales tax: Demands under contest (Net of Tax) C-Form Pending	401,459 1,144,652	396,815 544,000
2 Disputed Liquidated Damages with respect to institutional customers (Net of Tax)	1,232,982	422,813
3 Excise Demand under dispute (Net of Tax)	373,993	83,696
4 Claims against the Company not acknowledged as Debts	6,196,668	6,205,418
5 On account of guarantees given by the bank on behalf of the company in favour of customs and others.	29,728,407	31,933,107
6 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 31-03-2011 aggregating of US\$ 91,582 if not fulfilled may result in custom duty liability of (Net of tax)	438,656	297,699
7 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 31-03-2011, which if not fulfilled may result in custom duty liability of (Net of tax)	919,218	11,656,611

F. Capital Commitments :	31-3-2011 Rs.	31-3-2010 Rs.
Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account and not provided for	35,302,859	34,636,282

G. Employee Benefits

Disclosures pursuant to Accounting Standard – 15 (Revised) 'Employee Benefits'.

Defined Contribution Plan

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

	2010-2011 (Rs.)	2009-2010 (Rs.)
Employer's Contribution to Provident Fund and Family Pension Fund	5,640,322	5,194,928
Employer's Contribution to Employee State Insurance Fund	1,429,934	1,227,347
Employer's Contribution to Super Annuation Fund	1,672,470	1,514,250

Defined Benefit Plan

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

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

	Gratuity (Funded) 2010-2011	Gratuity (Non Funded) 2010-2011	Gratuity (Funded) 2009-2010	Gratuity (Non Funded) 2009-2010
Defined Benefit obligation at beginning of year	22,329,736	223,124	20,558,602	186,913
Current Service Cost	1,509,119	111,613	1,436,697	105,077
Interest Cost	1,786,379	26,779	1,644,688	23,359
Actuarial (gain) / loss	(2,648,033)	(44,113)	(103,589)	(92,225)
Benefit Paid	(1,073,220)	--	(1,206,662)	--
Defined Benefit obligation at year end	21,903,981	317,403	22,329,736	223,124

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

	Gratuity (Funded) 2010-2011	Gratuity (Non Funded) 2010-2011	Gratuity (Funded) 2009-2010	Gratuity (Non Funded) 2009-2010
Fair value of plan assets at beginning of year	22,560,712	--	18,153,907	--
Expected return on plan assets	2,080,363	--	1,773,717	--
Actuarial (gain) / loss	--	--	--	--
Employer's contribution	1,324,139	--	3,839,750	--
Benefit Paid	(1,073,220)	--	(1,206,662)	--
Fair value of plan assets at year end	24,891,994	--	22,560,712	--
Actual return on plan assets	2,080,363	-	1,773,717	-

iii) Reconciliation of Fair value of assets and obligation

	Gratuity (Funded) As at 31 st March 2011	Gratuity (Non Funded) As at 31 st March 2011	Gratuity (Funded) As at 31 st March 2010	Gratuity (Non Funded) As at 31 st March 2010
Fair value of plan assets	24,891,994	--	22,560,712	--
Present value of obligation	21,903,981	317,403	22,329,736	223,124
Amount recognized in Balance Sheet as liability/(asset)	(2,988,013)	(317,403)	(230,976)	(223,124)

iv) Expense recognized during the year

	Gratuity (Funded) 2010-2011	Gratuity (Non Funded) 2010-2011	Gratuity (Funded) 2009-2010	Gratuity (Non Funded) 2009-2010
Current Service Cost	1,509,119	111,613	1,436,697	105,077
Interest Cost	1,786,379	26,779	1,644,688	23,359
Expected return on plan assets	(2,080,363)	--	(1,773,717)	--
Actuarial (gain) / loss recognized in the year	(2,648,033)	(44,113)	(103,589)	(92,225)
Net Cost recognized in Profit & Loss Account	(1,432,898)	94,279	1,204,079	36,211

v) Investment Details

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

vi) Actuarial assumptions

Mortality Table (LIC) [1994-96(Ultimate)]	Gratuity (Funded) 2010-2011 Holding	Gratuity (Non Funded) 2010-2011 Subsidiary	Gratuity (Funded) 2009-2010 Holding	Gratuity (Non Funded) 2009-2010 Subsidiary
Discount rate (per annum)	8%	8.25%	8%	8%
Expected rate of return on plan assets (per annum)	9.25%	--	9.25%	--
Rate of escalation in salary (per annum)	7%	7%	7%	7%
Attrition Rate	--	--	--	2%

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

	Gratuity (Funded) 2010-2011	Gratuity (Funded) 2009-2010	Gratuity (Funded) 2008-2009	Gratuity (Funded) 2007-2008
Fair value of plan assets	24,891,994	22,560,712	18,153,907	12,615,993
Present value of obligation	21,903,981	22,329,736	20,558,602	17,597,713
Surplus/(Deficit) in Plan	2,988,013	230,976	(2,404,695)	(4,981,720)

	Gratuity (Non-Funded) 2010-2011	Gratuity (Non Funded) 2009-2010
Fair value of plan assets	Nil	Nil
Present value of obligation	317,403	223,124
Surplus/(Deficit) in Plan	(317,403)	(223,124)

Note :

- For funded gratuity ,since the holding company had adopted AS-15 (Revised)- " Employee Benefit" for the first time during the financial year ended March 31, 2008, hence the disclosure for gratuity figures as required by Para 120(n) have not been presented for the financial year prior to 2007-08. Similarly, for non-funded gratuity which is pertaining to subsidiary company (Span Biotronics Pvt Ltd) figures have not been presented for the financial year prior to 2009-10, since AS-15 (Revised) was adopted by subsidiary from financial year ended on March 31, 2010.
- The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

The subsidiary company (Span Biotronics Pvt Ltd) was following policy of measuring leave salary liability on estimated basis as per the rules of the company. From the current year subsidiary company has changed its practice to measure leave salary liability on the basis of projected unit method as per the actuarial valuation report. As a result of this, the profit of the subsidiary company is increased by Rs.55,265.

H. Deferred Tax Liability / (Asset)

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

Rs. (In '000)

	31/03/2011	31/03/2010
Deferred Tax Liability		
Difference between Depreciable Assets as per books of accounts and written down value for tax purpose	16,501	14,539
Others	--	2,387
	16,501	16,926
Deferred Tax Assets		
Disallowance U/S 43B		
a) Provision for leave encashment	1,976	1,034
b) Provision for Excise	0	51
c) Provision for bad/doubtful debts	559	410
d) Provision for Bonus	1,155	1,180
e) Others	60	76
	3,750	2,751
Net Deferred tax Liability	12,751	14,175
Net Incremental Liability/(Assets) charged/(credited) to Profit & Loss Account	(1,376)	(823)

I. Basic Earning per share

	2010-2011	2009-2010
Basic Earning per share		
Profit after taxation as per profit and loss account net of Prior period adjustment	54,884,145	54,534,110
Weighted average number of equity shares outstanding	7,267,851	6,782,740
Basic earning per shares in Rupees (face value – Rs. 10 per share)	7.55	8.04
Diluted Earning per share		
Profit after taxation as per profit and loss account net of Prior period adjustment	54,884,145	54,534,110
Add : Change in income or expenses subsequent to conversion of potential equity shares into equity shares.	Nil	Nil
Adjusted Profit for diluted earning per share (A)	54,884,145	54,534,110
Weighted average number of equity shares outstanding	7,267,851	6,782,740
Add : Weighted average number of potential equity shares on account of pending allotment	Nil	67,910
Weighted average number of equity shares outstanding for Diluted EPS (B)	7,267,851	6,850,650
Diluted earning per share in Rupees (C) = (A)/(B)	7.55	7.96

J. Increase in Equity Share Capital

During the year, 165,250 equity shares each of Rs. 10 were issued on a preferential basis by the Holding company at a premium of Rs. 29.97 each aggregating to Rs. 6,605,042. Further 3638000 equity shares of Rs. 10 were issued as bonus shares in ration of 1:1 by capitalizing share premium which in aggregate amounts to Rs. 36380000/-.

K. Lease

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

	2010-11 (Rs.)	2009-10 (Rs)
Rent paid under this agreement	1,627,272	1,319,371

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

	2010-11 (Rs.)	2009-10 (Rs)
Rent received during the year under this agreement	1,204,500	2,190,000

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

	2010-11 (Rs)	2009-10 (Rs)
Receivable within one year	501,875	2,190,000
Receivable between one year and five year	Nil	912,500
Receivable after five year	Nil	Nil

L. Segment reporting

The company operates in a single segment – Diagnostic Products.

M. Related party disclosures

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

1 Relationship.

- Other Related parties where common control exists.
Span Nihon Kohden Diagnostics Pvt. Ltd. (Joint Venutre)
- 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

(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 requirement of Accounting Standard 18 (AS-18) as in 1 (I) to (iv) above is identified and certified by the Management and relied upon the Auditors.

2. Transactions with related parties

Particulars	Referred In 1(i)Above	Referred In 1(ii)Above	Referred In 1(iii)Above	Referred In 1(iv)Above
Sales :				
Goods and Material	Nil (2,144,775)			881,575 (Nil)
Purchase:				
Goods and Material	36,366,383 (44,555,825)			189,745 (Nil)
Expenses :				
Remuneration/sitting Fees		15,910,917 (15,553,638)		
Interest on F.D./Loan		234,467 (200,156)	229,727 (547,893)	
Rent paid		24,000 (22,000)	172,000 (60,000)	
Dividend Paid		1,504,685 Nil	1,998,575 Nil	
Gardening Expense				611,797 (611,362)
Selling & Marketing Expense	Nil (1,007,203)			
Royalty				1,154,651 (Nil)
Income :				
License Fees	1,204,500 (2,190,000)			
Other Income	Nil (686,316)			
Capital Items :				
Loan & Advances received	Nil (3,000,000)	900,000 (Nil)	250,000 (350,000)	
Loan & Advances given	59,341 (1,245,901)			
Purchase of Technology (W.I.P)	Nil (2,961,198)			
Purchase of Asset	Nil (941,695)			
Loss on Sale of Investment	Nil (756,821)			
Outstanding loan/Deposit payable	275,000 (5,00,000)	2,635,000 (1,735,000)	2,298,000 (2,048,000)	
Outstanding loan/Deposit receivable	7,371 (333,885)			
Outstanding others [Credit]/debit	[6,329,995] [(9,947,062)]	Nil (Nil)	Nil (Nil)	[372,759] (27,017)

Disclosure in Respect of Material Related Party Transactions during the year :

1. Sales of goods and material is made to Span Diagnostics SARL Rs.881,575.
2. Purchases/material consumed from Span Nihon-Kohden Diagnostics Pvt. Ltd. Rs. 36,366,383, Span Diagnostics SARL Rs.189,745.
3. Payment to Key Management Personnel include to Dr.Pradip K. Desai Rs. 6,830,600, Mr. Veeral P. Desai Rs. 4,403,800, Dr. Madhukanta T. Patel Rs. 2,356,567, Ms. Sujata V. Desai Rs. 2,319,950.
4. Interest on F.D./Loan includes Dr. Madhukanta T. Patel Rs. 228,048, Ms. Sujata V Desai Rs. 6,419, Ms. Tejal V.Desai Rs. 3,315, Dr. Harshad R. Gandhi Rs. 77,927, Ms. Kokila H. Gnadhi Rs. 116,427, Mr. Sunil T. Patel Rs. 32,058.
5. Rent paid to Mr. Veeral P. Desai Rs. 24,000, Ms. Bhanuben T. Patel Rs. 60,000, Ms. Sudhaben I. Patel Rs. 112,000.
6. Dividend Paid to Dr. Pradip K. Desai Rs. 651,975, Mr. Veeral P. Desai Rs. 655,790, Dr. Madhukanta T. Patel Rs. 69,950, Ms. Sujata V. Desai Rs. 126,970, Ms. Lata P. Desai Rs. 896,325, Ms. Shital S. Kazi Rs. 49375, Ms. Tejal V. Desai Rs.12,500, Mr. Prakash K. Desai Rs. 33,750, Shri Pradip K. Desai (HUF) Rs. 981,625, Mr. Sunil T. Patel Rs.12,500, Ms. Sudhaben I. Patel Rs.12,500.
7. Gardening Expense paid to Desai Agri Biotech Rs. 611,797.
8. Royalty paid to Span Diagnostics SARL Rs. 1,154,651.
9. License Fees from Span Nihon Kohden Diagnostics Pvt. Ltd Rs. 1,204,500
10. Loan received in the nature of fixed deposit from Dr. Madhukanta T. Patel Rs.800,000, Ms. Sujata V. Desai Rs. 100,000, Ms. Tejal V. Desai Rs. 250,000.
11. Loan & Advances in nature of expense reimbursement given during the year include Span Nihon-Kohden Pvt. Ltd. Rs. 59,341.

N. Sundry Creditors :

The Company has amounts due to suppliers under 'The Micro Small Medium Enterprise Development Act, 2006. (MSMED Act, 2006) as at 31st March, 2011. The disclosure pursuant to the said Act is as under.

Particulars	2010-11* Rs.	2009-10 Rs.
Principal amount due to suppliers under MSMED Act, 2006	2,019,385	54,046
Interest accrued, due to suppliers under MSMED Act on the above amount and unpaid	3,032	76
Payment made to suppliers (other than interest) beyond the appointed day during the year	22,047,351	369,709
Interest paid to suppliers under MSMED Act (other than Section 16)	Nil	Nil
Interest paid to suppliers under MSMED Act (Section 16)	Nil	Nil
Interest due and payable towards suppliers under MSMED Act for payments already made	612,999	4,408
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	616,031	4,484

* The above value are certified by the Management and relied upon by the Auditors.

O. Exchange Rate Difference :

The Exchange rate difference arising on foreign currency transactions has been credited to Profit and Loss account Rs. 736,079 (Profit) [Previous Year 6,151,205 (Profit)].

P. Disclosure for Borrowing Costs capitalized :

In accordance with AS-16 related to Borrowing costs which amounts to Rs.581,322 has been capitalized during the year (Previous year Rs. 80,780).

Q. Research and development expenditure of Rs. 10,090,425 is recognised as revenue expenses during the year. (Previous year Rs. 20,236,200)

R. Balances of sundry debtors are as per books of accounts. During the year Holding Company has written off debtors to tune of Rs 10,45,012 (Previous Year 1,657,456) against provision made in earlier years as are considered non-recoverable.

S. Derivative contracts entered into by the Company and outstanding as on 31st March, 2011

- (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,2011 amount to Rs. 109,995,200
- (ii) Foreign currency exposures that are not hedged by derivative instruments as on 31st March,2011 amount to Rs. 18,550,313(net)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	31.03.2011 Rs.	31.03.2010 Rs.
A CASH FLOW FROM THE OPERATING ACTIVITIES		
PROFIT BEFORE TAX, PRIOR PERIOD ITEM & MINORITY INTEREST	80,458,177	77,519,158
Depreciation and Amortization	24,105,553	20,931,456
Deferred Revenue Expenses	26,071	13,036
Investment Income	(1,389,721)	(1,385,949)
Interest Charged	32,818,617	31,129,952
Loss on Discarded Assets	427,003	-
Loss on sales of fixed assets (Net)	160,288	226,535
Operating Profit before working capital changes	136,605,988	128,434,188
ADJUSTED FOR CHANGES IN		
Trade and Other Receivables	100,562,053	15,324,865
Inventories	38,961,287	(19,506,458)
Trade Payables and other liabilities	(59,189,984)	41,344,058
Cash generated from operations	216,939,344	165,596,653
Less : Direct taxes (Including FBT of earlier year) paid during the year	24,086,048	(19,670,043)
Cash flow before Extra-ordinary items	192,853,296	145,926,611
Prior period adjustments	13,258	(75,253)
NET CASH FLOW FROM OPERATING ACTIVITIES	192,866,554	145,851,357
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Fixed Assets and Capital Work in Process	(62,090,596)	(50,106,516)
Proceeds from Sales of Fixed Assets	245,054	341,550
Proceeds from Sales of Investment	-	2,475,461
Interest received	1,389,721	1,385,949
NET CASH USED IN INVESTING ACTIVITIES	(60,455,821)	(45,903,556)
CASH FLOW FROM FINANCING ACTIVITIES		
C		
Proceeds from Issue of Share Capital	4,953,782	8,256,304
(Repayment)/Proceeds(of) from Borrowings	(24,175,209)	(75,123,860)
Interest paid	(32,818,617)	(31,129,952)
Dividend & Corporate Dividend Tax paid	(10,532,704)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(62,572,748)	(97,997,508)
NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)	69,837,985	1,950,293
CASH AND CASH EQUIVALENTS - OPENING BALANCE	27,591,827	25,143,105
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	97,429,812	27,093,398
* [Includes Rs.22,706,222/- (previous year Rs.9,090,602) under Bank's lien]		

As per our Report of even date attached hereto :

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

Chetan Desai
Partner

Place : Surat
Date : 20th May, 2011

For and on behalf of the Board

Ms. Lata P. Desai *Chairperson*
V. P. Desai *Managing Director*

Place : Surat
Date : 20th May, 2011



SPAN DIAGNOSTICS LIMITED

Dear Sirs,

Re : Folio No. / DP / Client ID No. (s) :

PAYMENT OF DIVIDEND

I/We request you to kindly print on the Dividend Warrant despatched to me/us particulars of bank account as under.

Name of the Bank :

Name of the Branch :

Account No. :

PAN / GIR No. :

I/We undertake to intimate to the Company any change in the above particulars.

Name & Address of Shareholder

.....

.....

.....

.....

1.

2.

3.

(Signature of Sole/First Shareholder of Authorised Signatories as per specimen registered with the Company)



ECS MANADATE FORM

01. Name of the Shareholder (In Block Letters)	
02. Folio No. (If not dematerialized)	
a) DP ID No.	
b) Client ID No. (If dematerialized)	
03. No. of Shares	
04. Bank Name	
05. Branch Name & City (PIN Code)	
06. Account Number (as appering on Cheque Book)	
07. Ledger Folio No. of the Account (If appearing on Cheque Book)	
08. Account Type (Please tick ✓)	Saving Bank () Current () Cash Credit ()
09. 9 Digit Code Number of the Bank & Branch appearing on the MICR Cheque issued by the Bank (Please attach photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above Account for verifying the accuracy of the code number.)	

I agree to avail of the Electronic Clearing Service Introduced by RBI with respect to payment of dividend to me.

I hearby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I would not hold SPAN DIAGNOSTIC LIMITED responsible.

Signature of the Sole / First Shareholder.

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 31st ANNUAL GENERAL MEETING at Plot No. 173-B, New Industrial Estate, Road No. 6-G, Udhna Udyognagar, UDHNA, Surat-394 210 at 02.30 p.m. On Saturday, the 06th day of August, 2011.

SIGNATURE OF THE ATTENDING MEMBER / PROXY.

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

----- Tear here -----

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 31st Annual General Meeting of the Company, to be held at 02.30 p.m. On Saturday, the 06th day of August, 2011 and at any adjournment thereof.

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

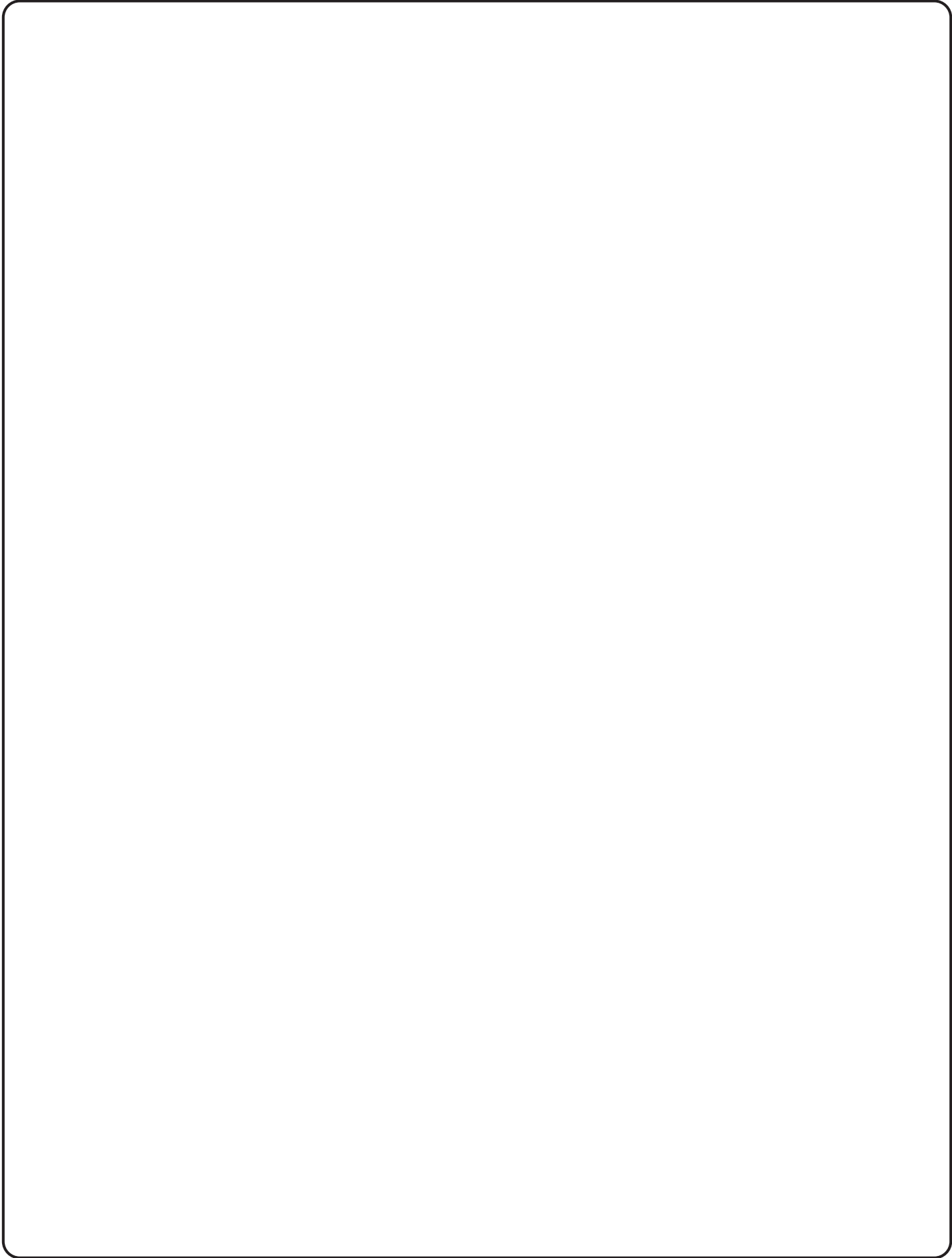
Signature (S) _____

Affix
1 rupee
Revenue
Stamp

Signed this _____ day of _____ 2011

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

2. Proxy need NOT be a member.



FINANCIAL HIGHLIGHTS

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Rs. in Lacs										
OPERATING RESULTS										
Sales & Other Income	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	2,768.41
Profit/(Loss) before Depreciation	905.16	976.66	414.48	647.62	456.50	370.89	303.25	422.89	175.15	202.31
Depreciation	233.44	208.60	182.07	144.66	110.80	110.10	83.44	68.65	53.38	51.05
Tax*	209.51	242.60	110.23	203.30	131.32	93.87	71.28	133.25	48.31	49.01
Profit/(Loss) after tax	462.21	525.46	122.18	299.66	214.38	166.92	148.53	221.00	73.47	102.26
Dividend	72.76	86.82	0.00	63.00	54.00	0.00	45.00	54.00	36.00	36.00
Corporate Dividend Tax	11.80	14.75	0.00	10.71	9.18	0.00	6.31	6.92	4.61	-
Retained Profits	377.65	423.88	122.18	225.95	151.20	166.92	97.22	160.08	32.86	66.26

SOURCES AND APPLICATION OF FUNDS

Source of funds										
Share Capital	727.60	347.28	330.75	315.00	300.01	300.01	300.01	300.01	300.01	300.01
Reserves and surplus	1,986.46	1,944.09	1,440.67	1,256.25	1,023.86	878.80	712.76	608.81	462.83	430.55
Loans	1,860.39	2,271.59	3,022.83	2,510.65	1,759.28	1,373.13	1,309.41	1,150.21	840.73	688.16
FUNDS EMPLOYED	4,574.45	4,562.96	4,794.25	4,081.90	3,083.15	2,551.94	2,322.18	2,059.03	1,603.57	1,418.72

Fixed Assets (Net)	2,671.94	2,299.33	2,014.47	1,870.99	1,535.12	1,222.77	1,189.93	965.20	737.12	684.78
Investments	70.02	69.02	93.77	50.83	35.81	5.55	0.27	0.38	0.38	0.36
Current Assets (Net)	1,832.49	2,194.60	2,686.01	2,160.08	1,512.22	1,323.62	1,131.98	1,093.45	866.07	733.58
NET ASSETS EMPLOYED	4,574.45	4,562.96	4,794.25	4,081.90	3,083.15	2,551.94	2,322.18	2,059.03	1,603.57	1,418.72

Debt-Equity Ratio 0.69:1 0.99:1 1.71:1 1.60:1 1.33:1 1.16:1 1.29:1 1.27:1 1.10:1 0.94:1

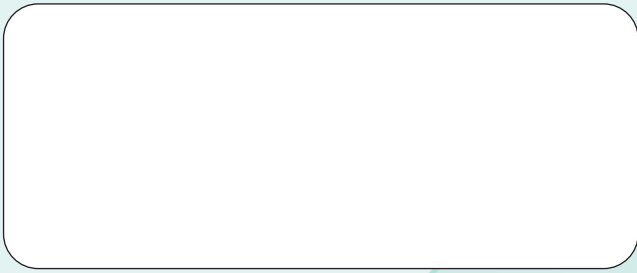
AMOUNT ON FACE VALUE OF Rs.10/-

Earnings Per Share	6.36	15.89	3.40	9.75	6.95	5.56	4.95	6.96	2.50	3.41
Dividend	1.00	2.50	-	2.00	1.80	-	1.50	1.80	1.20	1.20
Book Value	37	66	54	50	44	39	34	30	25	24

* 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: span@spandiag.com, 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



my trusted partner IN DIAGNOSIS™

ISO 9001:2008 | ISO 13485:2003 | WHO cGMP



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

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