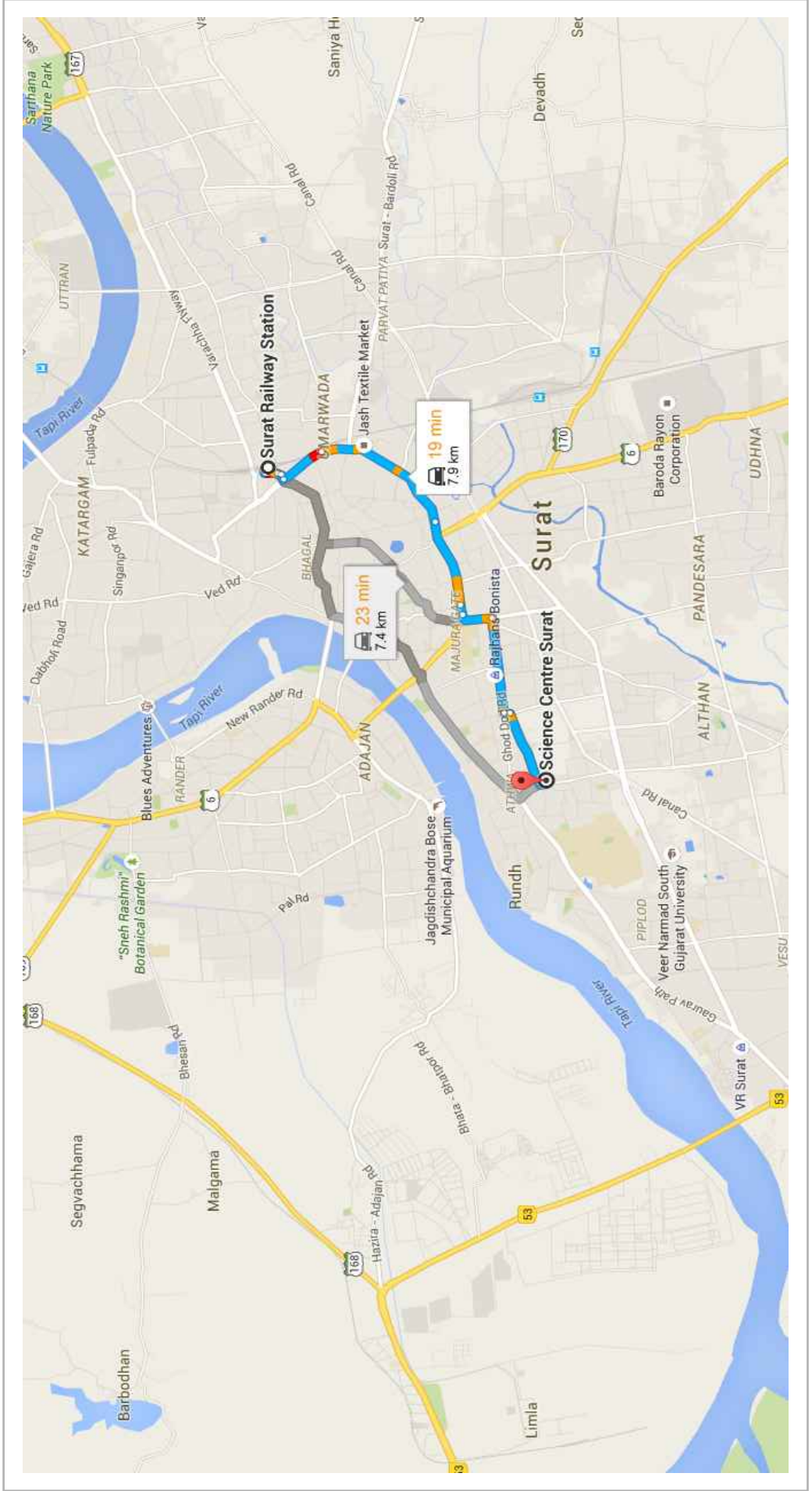




36<sup>th</sup> Annual  
Report  
2015-16

# VENUE ROUTE



|                           |                     |                   |
|---------------------------|---------------------|-------------------|
| <b>BOARD OF DIRECTORS</b> | Mr. N.Gopalaswami   | Chairman          |
|                           | Mr. Viral P.Desai   | Managing Director |
|                           | Dr. Pradip K. Desai | Director          |
|                           | Dr. Sushil K. Shah  | Director          |
|                           | Mr. Shyamal Ghosh   | Director          |
|                           | Mr. Kamlesh Patel   | Director          |
|                           | Dr. Pranav S. Desai | Director          |
|                           | Mr. Sanjay N. Mehta | Director          |
|                           | Ms. Lataben P Desai | Director          |

**COMPANY SECRETARY** Pankaj Ajmera

**BANKERS** **HDFC BANK LIMITED**  
Chaitanya Jyoti, Maskati Plot - Vibhag 2,  
Plot No. 32, Opp. Raymonds Showrooms,  
Dumas Road, Surat - 395 007

**AUDITORS** M/s. Haribhakti & Co., LLP  
Chartered Accountant,  
703, Venus Atlantis, 100 ft. Road,  
Besides Reliance Petrol Pump,  
Prahlad Nagar, Ahmedabad – 380 015

**HEAD OFFICE & REGISTERED OFFICE** 9<sup>th</sup> Floor, 902 - 904, Rajhans Bonista,  
Behind Ram Chowk Temple, Ghod Dod Road,  
Surat - 395007

| <b><u>CONTENTS</u></b>                                       | <b><u>PAGE NO.</u></b> |
|--|------------------------|
| <i>Notice of Annual General Meeting</i>                      | 2                      |
| <i>Director's Report</i>                                     | 9                      |
| <i>Auditors' Report on Corporate Governance</i>              | 17                     |
| <i>Corporate Governance Report</i>                           | 18                     |
| <i>Auditors' Report</i>                                      | 26                     |
| <i>Balance Sheet</i>   | 30                     |
| <i>Profit &amp; Loss Account</i>                             | 31                     |
| <i>Cash Flow Statement</i>                                   | 32                     |
| <i>Notes on Financial Statements</i>                         | 33                     |
| <i>Auditors' Report on Consolidated Financial Statements</i> | 52                     |
| <i>Consolidated Balance Sheet</i>                            | 54                     |
| <i>Consolidated Statements of Profit &amp; Loss</i>          | 55                     |
| <i>Consolidated Cash Flow Statement</i>                      | 56                     |
| <i>Notes on Consolidated Financial Statements</i>            | 57                     |
| <i>Attendance Slip &amp; Proxy Form</i>                      | 71                     |

## NOTICE

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

Notice is hereby given that the 36<sup>th</sup> Annual General Meeting of Shareholders of Span Divergent Limited (Formerly Span Diagnostics Limited) will be held at Science Center Auditorium, City Light Road, Surat – 395 007 on Monday, September 12, 2016 at 10:30 A.M. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt :
  - (a) The Audited Financial Statements of the Company for the year ended on March 31, 2016, and the Reports of the Board of Directors and Auditors thereon.
  - (b) The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016.
2. To appoint a director in place of Dr. Pradip K Desai (DIN: 00026451) who retires by rotation and being eligible, offer himself for reappointment
3. To consider and if thought fit, to pass with or without modification, following resolution for appointment of M/s. Haribhakti & Co., LLP, Chartered Accountants as Statutory Auditor.

**“RESOLVED THAT** pursuant to the provisions of the Section 139, 142, and Auditors Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Haribhakti & Co. LLP (Firm Registration Number 103523W) Chartered Accountants, the retiring Auditors of the Company, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and rule 4 of the rules, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this 36<sup>th</sup> annual general meeting till the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company to be held in the year 2020 subject to ratification of re-appointment by the members at every Annual General Meeting held after this Annual General Meeting of the Company, on such remunerations as may be agreed upon by Board of Directors in consultation with the said Auditors.

### **SPECIAL BUSINESS**

4. **To consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution for re-appointment of Mr. Viral P Desai, (DIN: 00029219) as Managing Director of the Company for a period of 3 year with effect from July 01, 2016**

### **“RESOLVED THAT**

- A. Pursuant to the provisions of Sections 197, 198 and 203 and all other applicable provisions, if any, of the Companies Act, 2013, (Act) read with Schedule V to the Companies Act, 2013 as amended from time to time and/or any enactment thereof and subject to such other approvals as may be required, if any, the members of the company hereby accords its consent to the reappointment of Mr. Viral P Desai, (DIN: 00029219) as Managing Director of the Company, for a further period of 3 years w.e.f July 01, 2016 on the under mentioned terms of Remuneration

- a) **Salary:** Rs. 6,00,000 per month in the scale of Rs. 6,00,000-50,000-10,00,000, with such increments at such time, as may be decided by the Board of Directors.

## NOTICE

**b) Allowances & Perquisites :** Allowances and perquisites shall comprise of:

- i. House Rent Allowance at 10% of salary
- ii. Medical allowance / reimbursement for self and family with a ceiling of Rs. 15,000/- in a year.
- iii. Leave travel allowance / reimbursement for self and family once in a year in accordance with the rules of the company shall not exceed 50% of monthly Salary.
- iv. Personal accident insurance in accordance with the rules of the company.
- v. Reimbursement of club fees subject to a maximum of two clubs. This will not include admission and life membership fees.
- vi. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- vii. Gratuity as per the rules of the company but shall not exceed half a month's Salary for each completed year of service.
- viii. Car with driver for use on company's business, cell phone and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the company.
- ix. Earned Leave of one month for every eleven months of service on full pay and allowance as per the rules of the company. Leave accumulated but not availed of, can be encashed as per the rules of the company.
- x. Reimbursement of entertainment, travelling and other expenses incurred in the course of legitimate business of the company.

**B.** In the event of loss or inadequacy of profits, Mr. Viral P Desai shall be entitled to above stated remuneration subject to the approval of the Central Government, if required. In the event of non-approval / pending approval of remuneration, Mr. Viral P. Desai shall be entitled to remuneration as under:

- i. At the slab stipulated in Section II of Part II of Schedule V to the Companies Act, 2013; together with
- ii. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- iii. Gratuity as per the rules of the company but shall not exceed half a month's Salary for each completed year of service; and
- iv. Earned Leave of one month for every eleven months of service on full pay and allowance as per the rules of the company. Leave accumulated but not availed of, can be encashed as per the rules of the company.

The Board of Directors be and are hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution and alter, vary any of the terms and conditions relating to remuneration payable to Mr. Viral P. Desai within the overall remuneration package approved.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby jointly and/or severally authorized to submit the necessary applications, if required, and the other required documents, forms and papers to the Registrar of Companies and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including altering, deleting, inserting any of the clause and to solve any difficulties that may arise while giving effect to this resolution without seeking any further approval of the members of the Company.”

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

“**RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any of the Companies Act, 2013 (the “Companies Act”) read with applicable provisions the Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and all other provisions of applicable laws/rules and subject

## NOTICE

to the approval/consent of such appropriate authorities as may be required, under any statute for the time being in force, if any, (including any amendment, modifications or re-enactment thereof), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee constituted by the Board of Directors of the Company or any person(s) authorized by the Board) to exercise the powers by this resolution for entering into the related party transactions as specified under Section 188 of the Companies Act, 2013 with following related parties with effect from April 01, 2016 and every year thereafter, up to the maximum per annum amounts as appended in table below:

| Sr. No. | Name of the Related Party   | Relationship                    | *Maximum Value of Transactions per annum with effect from April 01, 2016 (Rs. In Crore) |
|---------|---|---------------------------------|---|
| 01      | Dryfruit Factory LLP  | LLP in which company is partner | 75  |
| 02      | Aranya Agri Biotech LLP   | LLP in which company is partner | 75  |
| 03      | Span Diagnostics Products LLP   | LLP in which company is partner | 75  |
| 04      | Biospan Scientific LLP  | LLP in which company is partner | 75  |
| 05      | Desai Agri Biotech Private Limited  | One or more Common Directors    | 25  |
| 06      | Span Biotherapeutics Private Limited  | One or more Common Directors    | 25  |
| 07      | Span Diagnostics South Africa (PTY) Limited   | Overseas Subsidiary             | 25  |
| 08      | Mr. Viral P Desai   | Managing Director               | 5   |
| 09      | Dr. Pradip K Desai  | Director                        | 5   |
| 10      | Directors / KMP's / Relatives of Directors and KMP / other firms and companies in which directors have interest as per the provisions of Section 2(76) of the Companies Act, 2013 other than mentioned herein above | -                               | 1   |

\*Expected value of transactions per annum

**RESOLVED FURTHER** that the Board of Directors of the Company and/or a committee thereof, be and are hereby authorised to do or cause to be done all such acts, matters, deeds, things and to settle any queries, difficulties, doubts, that may arise with regards to any transaction with the related party and execute such agreements, documents and writings and to make such fillings as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby jointly and/or severally authorized to submit the necessary applications, if required, and the other required documents, forms and papers to the Registrar of Companies and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including altering, deleting, inserting any of the clause and to solve any difficulties that may arise while giving effect to this resolution without seeking any further approval of the members of the Company."

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

**Date: May 05, 2016**  
**Place: Mumbai**

**Pankaj Ajmera**  
**Company Secretary**

**Registered Office:**  
**9<sup>th</sup> Floor, 902 – 904, Rajhans Bonista,**  
**Behind Ram Chowk Temple,**  
**Ghod Dod Road, Surat – 395 007**  
**CIN: L74999GJ1980PLC003710**

**NOTICE****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) Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- (c) Members, proxies and authorized representatives are requested to bring at the meeting, the attendance slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
- (d) The relative explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") setting out material facts with respect to the special businesses under Item Nos. 4 to 5 of the notice is annexed hereto.
- (e) The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of person seeking appointment/reappointment as director under Item No. 2 and 4 of the Notice are also annexed.
- (f) Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company / Depositories unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode
- (g) The Register of Members and the Share Transfer Books of the Company will remain closed on September 02, 2016 to September 12, 2016 (both days inclusive).
- (h) Link Intime India Private Limited is the Registrar and Share Transfer Agents of the Company. Shareholders are requested to make all correspondence including change of address to them at the following address.
- Link Intime India Private Limited  
Unit: Span Divergent Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West) MUMBAI – 400 078  
Phone # 022-25963838, Fax # 022-25946969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- (i) Members are advised to avail of the facility for receipt of future dividends through Electronic Clearing Services (ECS). The ECS facility is available at the specified locations. Members holding shares in dematerialized mode are requested to contact their respective Depository Participants (DPs) for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company's Registrar & Share Transfer Agent for details.
- (j) 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.



**NOTICE**

- (k) 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.
- (l) 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.
- (m) 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). 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.

(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.spandivergent.com](http://www.spandivergent.com)

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 at the earliest.

- (l) Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 the Company is pleased to provide members facility to exercise their right to vote at the 36th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

The instructions for members opting to vote electronically are as under:

- i. The voting period begins on September 09, 2016 (9:00 a.m.) and ends on September 11, (5:00) p.m. During this period shareholder's of the Company, holding shares in physical form or in dematerialized form, as on the cut-off date September 05, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iii. Click on "Shareholders" tab
- iv. Now enter your user ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. Members holding shares in Physical Form should enter Folio Number Registered with the Company
- v. Next Enter the Image Verification Code as displayed and click on Login



## NOTICE

- vi. If you are holding shares in Demat Form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

|                        |   |
|------------------------|---|
| PAN                    | Enter your 10 digit alpha-numeric *PAN issued by the Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  |
|                        | Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN Field.   |
| DOB#                   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format  |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in the Notice.
- xi. Click on the relevant EVSN of Span Divergent Limited (Formerly Span Diagnostics Limited) on which you choose to vote.
- xii. On the voting page, you will see RESOLUTION DESCRIPTION and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies you dissent to the Resolution.
- xiii. Click on the RESOLUTIONS FILE LINK if you wish to view the entire Resolution.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on click here to print" option on the Voting Page.
- xvii. If Demat Account holder has forgotten the changed password then enter the user ID and image verification code and click on forgot password & enter the details as prompted by the system.
- xviii. Note for Non-Individual Shareholders and Custodians
  - a. Non Individual Shareholders other than Individuals, HUF, NRI etc. and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate and Custodians.
  - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## NOTICE

- c. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- d. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- e. They should upload a scanned copy of the Board Resolution / Authority Letter etc. in PDF Format in the system for the scrutinizer to verify the same.
- xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ('FAQs') and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

### II. Voting at AGM:

The Members who have not casted their vote either electronically can exercise their voting rights at the Annual General Meeting venue and the member who have not cast their vote by remote e-voting can exercise their right during the meeting on September 12, 2016 at Annual General Meeting.

If a member casts vote in AGM is found to have exercised their voting options electronically or ballot forms or both, voting at the AGM will be treated as invalid.

### OTHER INSTRUCTIONS

- III. Once the vote on a resolution is cast by the shareholders, the shareholder shall not be allowed to change it subsequently.
- IV. Mitesh Rana of Mitesh Rana & Co., Company Secretaries (Membership No.: 28113) has been appointed as the scrutinizer to scrutinize voting process (electronically or otherwise) in fair and transparent manner.
- V. The scrutinizer shall from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a scrutinizer's Report of the votes cast in favour or against, if any, & forthwith to the Chairman/Managing Director of the Company or any other person authorized in this regards.
- VI. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on website of the Company and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

Date: May 05, 2016  
Place: Mumbai

For and on behalf of the Board of Directors

Pankaj Ajmera  
Company Secretary

Registered Office:  
9<sup>th</sup> Floor, 902 – 904, Rajhans Bonista,  
Behind Ram Chowk Temple,  
Ghod Dod Road, Surat – 395 007  
CIN: L74999GJ1980PLC003710

**NOTICE****ANNEXURE TO THE NOTICE:****I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to Item No. 4 to 5 of the accompanying Notice dated May 05, 2016.

**Resolution at Item No. 4**

The term of appointment of Mr. Viral P Desai (DIN: 00029219) as Managing Director is valid up to June 30, 2016. The Board of Directors at its meeting held on May 05, 2016 has accepted the recommendations of the Nomination and Remuneration Committee and has approved the reappointment of Mr. Viral P Desai as the Managing Director of the Company on revised remuneration for a further period of 3 years with effect from July 01, 2016.

The proposed remuneration of Mr. Viral P Desai shall be governed under Section II of Part II of Schedule V to the Companies Act, 2013 requiring consent of the shareholders by Special Resolution for determination of remuneration for a period of 3 years. A statement containing the information stipulated in Schedule V to the Companies Act, 2013 is given in subsequent pages.

**Disclosure of Interest**

Mr. Viral P. Desai is interested in approval of the proposed resolution being the beneficiary. Dr. Pradip K Desai (Director) father of Mr. Viral P Desai and Mrs. Lataben P. Desai (Director), mother of Mr. Viral P Desai is deemed to be interested in proposed resolution.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms reappointment of Mr. Viral P Desai, as the Managing Director of the Company and Memorandum of Interest of Directors u/s. 190 of the Companies Act, 2013.

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

None of the Directors of Company except Dr. Pradip K Desai, Mrs. Lataben P Desai and Mr. Viral P Desai are anyway concerned or interested in the said resolution.

**STATEMENT GIVING THE INFORMATION IN ACCORDANCE WITH SCHEDULE V TO THE COMPANIES ACT, 2013 FOR DETERMINATION OF REMUNERATION PAYABLE TO MR. VIRAL P DESAI, MANAGING DIRECTOR****MR. VIRAL P. DESAI**

Mr. Viral P Desai (age 48) has done his Bachelors in Pharmacy from Manipal University, Manglore. He is associated with the Company since 1991. He took over as Executive Director in 1999 responsible for sales & distribution and overall administrative functions. He restructured the marketing and distribution operations and has created infrastructure for sustained growth oriented business development. He was designated as Managing Director in 2003 responsible for overall management of the Company.

He is member of Nomination and Remuneration Committee and CSR Committee of the Board of the Company. His other directorship is given below:

- 1) Span Biotherapeutics Private Limited
- 2) Quest Biochemicals Private Limited
- 3) Span Diagnostics South Africa (Pty) Limited

\*The above list of Directorship does not include Limited Liability Partnership (LLPs) in which Mr. Viral P. Desai is Partner.

## NOTICE

### GENERAL INFORMATION

| Sr. No. | Information sought  | Information  |
|---------|---|--|
| 1.      | Nature of Industry  | The Company is engaged in manufacturing and trading activity of food & healthcare Products, IT Enabled Technologies and Gaming Products either through its own or through its subsidiaries companies & LLPs.         |
| 2.      | Date of Commencement of Commercial Production             | The Company has started its operations from March 31, 1980.  |
| 3.      | Financial performance of the Company                      | Rs. in Lacs.   |
|         | <b>Particulars</b>  | <b>2015-16</b>   |
|         | Revenue from Operations                                   | 7287.38  |
|         | Profit/(Loss) before Tax                                  | 4067.87  |
|         | Profit/(Loss) After Tax                                   | 3515.29  |
|         | Paid-up Equity share Capital                              | 727.60   |
|         | Reserves & Surplus  | 5151.42  |
|         | Earnings per Share (Rs.)                                  | 48.31  |
|         | Book value per share (Rs.)                                | 80.80  |
| 4.      | Export performance and net foreign exchange collaboration | The Company's export on FOB basis was Nil for 2015-16 and for 2014-15.   |
| 5.      | Foreign investments or collaborations                     | The Company has investment in the following overseas JV companies.<br>a. Span Diagnostics South Africa (PTY) Ltd<br>The Company has foreign collaborations as per following details:<br>1. Span Diagnostics S.A.R.L. |

### INFORMATION ABOUT THE APOINTEE

|    |  |   |
|----|--|---|
| 1. | The background details   | The background details of Mr. Viral P. Desai are given elsewhere in the notice.   |
| 2. | Past Remuneration  | Mr. Viral P Desai was drawing Rs. 54,00,000 p.a. including Company's contribution to provident, Gratuity and superannuation fund. He was also entitled for 1 month's leave for every 11 months of service.  |
| 3. | Recognition or awards  | Nil   |
| 4. | Job profile and his suitability  | Mr. Viral P Desai, Managing Director provides leadership and strategic guidance to the Company in addition to supervising functional-heads of sales & marketing, finance & accounts, costing, legal & regulatory compliance, logistics, product sourcing – Management & Promotion, Projects, Corporate Communications, operations of JV & Subsidiaries etc including overall management & administration of Company. Given the profile of Mr. Viral P. Desai, it is imperative that he draws the proposed remuneration. |
| 5. | Remuneration proposed  | As per details given in the resolution read with explanatory statement for Items No.4   |
| 6. | Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person     | The remuneration payable to the appointees has been benchmarked with the remuneration being drawn by similar positions in Health-Care Companies, Companies engaged in multiple businesses, of comparable size and has been considered by the Nomination and Remuneration Committee and the Board of Directors of the Company in their respective meeting held on May 05, 2016.  |
| 7. | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | Mr. Viral P Desai is son of Dr. Pradip K Desai, Promoter Director & Ms. Lataben P Desai, Promoter Woman Director. There is no other pecuniary relationship directly or indirectly with the Company except to the extent of their remuneration and shareholding in the Company. This information is already disclosed elsewhere in the notice.   |

## NOTICE

### OTHER INFORMATION

|    |   |   |
|----|---|---|
| 1. | Reasons of loss or inadequate profits                             | <ul style="list-style-type: none"> <li>● Highly competitive market and aggressive pricing by domestic and international Companies.</li> <li>● After Sale of its In-Vitro Diagnostics Business to Japanese Company, Company is exploring new business avenues through its own &amp; through its subsidiaries &amp; LLPs.</li> <li>● Expenditure on Expansion &amp; development of new facilities for new business avenues</li> </ul> |
| 2. | Steps taken or proposed to be taken for improvement               | <ul style="list-style-type: none"> <li>● Reduction in cost of operation through indigenous efforts</li> <li>● Focusing on automization in processes wherever possible.</li> </ul>   |
| 3. | Expected increase in productivity and profits in measurable terms | <ul style="list-style-type: none"> <li>● Expecting Year-on-Year 20% profit growth with the above measures.</li> </ul>   |

#### **Disclosures:**

The break-up of remuneration package is mentioned in the Corporate Governance Report.

For the details of Mr. Viral P Desai, Managing Director, please refer Explanatory in respect of Special Business statement at Item No. 4 of Notice of Meeting.

#### **Resolution at Item No. 5**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the Company or its Directors and related parties. The provisions of Section 188(1) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 that govern the Related Party Transactions, requires that for entering into any of the following contract or arrangement, the consent of shareholders by way of a Special Resolution must be obtained:

1. Sale, purchase or supply of any goods or materials
2. Selling or otherwise disposing of or buying, property of any kind
3. Leasing of property of any kind
4. Availing or rendering of any services
5. Appointment of any agent for purchase or sale of goods, materials, services or property
6. Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate Company and
7. Underwriting the subscription of any securities or derivatives thereof of the Company

The Board of Directors of the Company took note that as the Company develops financial institution with efficient systems, competent credit management practices and stringent operational control processes, thus, may extend the required support to its associates companies/related parties etc. In the light of provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Board of Directors of your company has approved and proposed transactions with annual limit that your company may enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013).

Except Promoters Directors and their relatives, no other directors or Key Managerial Personnel or their relative, is concerned or interested, financially or otherwise in passing of this resolution.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

## NOTICE

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

|  |  |
|--|--|
| <b>Name of the Director</b>  | Dr. Pradip K Desai   |
| <b>Age</b>   | 78   |
| <b>Qualification</b>   | M. D. Pathology  |
| <b>Experience in Specific functional area</b>                          | <p>He is the Founder Chairman and key promoter as well as Director of Span Divergent Ltd. (formerly Span Diagnostics Ltd.) He is MD (Pathology) from B. J. Medical College, Ahmedabad with brilliant academic career. While practicing as Pathologist at Surat since 1966 onwards, he established Span Diagnostics in 1972 to manufacture and market IVD products with in-house R &amp; D efforts.</p> <ul style="list-style-type: none"> <li>● He has published several research papers and filed Patents in field of IVD. He occupied prestigious positions as follows:</li> <li>● Immediate past president of Association of Diagnostics Manufacturers of India (ADMI).</li> <li>● President &amp; Trustee, Surat Raktadan Kendra, Surat (Since 1981)</li> <li>● Advisor in Pathology &amp; Trustee, Muljibhai Patel Urological Hospital, Nadiad</li> <li>● Chairman, Span Education &amp; Research Foundation, Surat.</li> <li>● Member, Govt. of India's Task force on promoting large scale use of Biotechnology (1994-99).</li> <li>● Invitee on the State Govt. Panel for promotion of Biotechnology in Gujarat (Since 2005).</li> <li>● Member of task force on immunodiagnostics, Dept. of Biotechnology, Govt. of India (1996-99).</li> <li>● Was member of task force on HRD, Dept. of Biotechnology, Govt. of India.</li> </ul> |
| <b>Director Since</b>  | Since Inception of the Company   |
| <b>List of Companies in which outside directorship held</b>            | <ol style="list-style-type: none"> <li>1. Desai Agri Biotech Private Limited</li> <li>2. Span Biotherapeutics Private Limited</li> <li>3. Quest Biochemicals Private Limited</li> <li>4. Span Finstock Private Limited</li> <li>5. Association of Diagnostics Manufacturer of India</li> <li>6. Vanita Vishram</li> </ol>  |
| <b>Membership of Committee of the Board of Director of the Company</b> | Stakeholder Relationship Committee   |
| <b>Membership in Committee in other Companies</b>                      | Nil  |
| <b>No. of Shares held</b>  | 1306880  |

For the details of Mr. Viral P Desai, Managing Director, please refer explanatory statement in respect of Special Business at Item No. 4 of the Notice convening Annual General Meeting.

**Date : May 05, 2016**  
**Place : Mumbai**

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

**Pankaj Ajmera**  
**Company Secretary**

**Registered Office:**  
**9<sup>th</sup> Floor, 902 – 904, Rajhans Bonista,**  
**Behind Ram Chowk Temple,**  
**Ghod Dod Road, Surat – 395 007**  
**CIN: L74999GJ1980PLC003710**

## DIRECTOR'S REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting the 36<sup>th</sup> Annual Report of Span Divergent Limited (the Company) on the business and operations of the Company together with the audited financial statements for the year ended on March 31, 2016.

### 1. FINANCIAL SUMMARY/PERFORMANCE OF THE COMPANY

The financial performance of the Company for the financial year ended March 31, 2016 along with figures of previous financial year is summarized below:

| Particulars   | Amount<br>(Rs. In Lacs) |                 |
|---|-------------------------|-----------------|
|   | 2015-16                 | 2014-15         |
| Total Income  | 274.27                  | 7500.16         |
| Profit/(Loss) before tax, Depreciation and interest (Excluding extraordinary income/(Loss)) | <b>(250.91)</b>         | <b>360.73</b>   |
| Interest  | 0.00                    | 436.33          |
| <b>Profit/(Loss) before Depreciation</b>  | <b>(250.91)</b>         | <b>(75.60)</b>  |
| Depreciation  | 16.65                   | 583.28          |
| <b>Profit/(Loss) before tax</b>   | <b>(267.56)</b>         | <b>(658.88)</b> |
| Exceptional Item  | 742.04                  | 4726.75         |
| <b>Profit/(Loss) before tax from continuing operation</b>                                   | <b>474.48</b>           | <b>(106.14)</b> |
| <b>Income Tax Expense for continuing operation</b>  | <b>(121.20)</b>         | <b>(0.73)</b>   |
| <b>Profit/(Loss) after tax from continuing operation</b>                                    | <b>353.28</b>           | <b>(106.87)</b> |
| <b>Profit/(Loss) before tax from discontinuing operation</b>                                | <b>0.00</b>             | <b>4174.01</b>  |
| Tax Adjustment of earlier year  | 0.00                    | 0.00            |
| Provision of tax – Current  | 0.00                    | 899.65          |
| – MAT Credit Entitlement/(Utilisation)  | 0.00                    | 75.35           |
| – Deferred Tax (Liabilities)/Asset  | 0.00                    | (423.16)        |
| <b>Profit/(Loss) after tax from discontinuing operation</b>                                 | <b>0.00</b>             | <b>3622.17</b>  |
| <b>Profit/(Loss) after tax for the year</b>   | <b>353.28</b>           | <b>3515.30</b>  |
| Balance brought forward   | 4248.67                 | 768.49          |
| <b>Amount available for appropriation</b>   | <b>4601.95</b>          | <b>4283.79</b>  |
| Proposed Dividend   | Nil                     | Nil             |
| Dividend Distribution tax   | Nil                     | Nil             |
| Dividend for earlier year (including distribution tax)                                      | Nil                     | Nil             |
| Transfer to General Reserve   | Nil                     | (25.00)         |
| Adjustments carrying value of assets where useful life is Nil as per schedule II            | Nil                     | (10.11)         |
| Utilization towards Buy Back of Equity Shares   | (137.15)                | Nil             |
| Transfer to Capital Redemption Reserve  | (181.42)                | Nil             |
| <b>Balance carried forward</b>  | <b>4283.37</b>          | <b>4248.67</b>  |



## DIRECTOR'S REPORT

### 2. DIVIDEND

Board after detailed deliberation and considering the substantial operational loss during the year under review decided not to recommend any dividend for the financial year 2015-16.

### 3. TRANSFER TO RESERVES:

No amount has been transfer to Reserves for the financial year ended on March 31, 2016.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

During the year 2015 – 16, Company had incurred operational loss. The reason for operational loss is mainly because company had sold its In-Vitro Diagnostics Business to Japanese affiliated Company effective from March 05, 2015 and no new operating activities have been carried out during the financial year 2015 – 16 in view of Non-Compete Clause agreed by the Company. The Company is exploring new businesses and initially Board has approved decision to operate in two business verticals namely Food and Agriculture Business (FAB) and Healthcare and Life Sciences (HCLS).

During FY 2015-16, Company has sold its investment in Span Nihon Kohden Diagnostics Private Limited which resulted into exceptional income. Subsequent to sale of investment held in Span Nihon Kohden Diagnostics Private Limited, Company's joint venture with the said Company come to an end.

The Company has finalised plans for investment in new business avenues for deployment of the amounts received pursuant to the completion of the transaction. Company has also distributed a reasonable portion of the proceeds to the shareholders through Buy Back offer which evoked good response from shareholders.

#### ***Industry Structure, Development & outlook***

The Company has by slump sale transferred its In Vitro Diagnostics Business undertaking to M/S. Arkray Healthcare Private Limited. Consequently Span is in the process of implementing alternative structures for future lines of business. The Company has identified and currently exploring the in FAB and HCLS verticals.

#### ***Research & Development***

Subsequent to company transferred its In Vitro Diagnostic Business undertaking to M/S. Arkray Healthcare Private Limited, currently there is neither any research nor manufacturing activity in the Company.

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

As on March 31, 2016, Company has 4 employees. The focus of the Company is to enrich its employees by promoting learning & development and providing opportunities for enhancing their knowledge base continuously.

During tthe year, Company continues to have cordial and harmonious relations with its employees.

### 5. BUY BACK OF SHARES

Pursuant to the sale of In-vitro Diagnostic Business Undertaking (BU) of a Company, Company successfully unlocked the true value of business. However, this also means that Company has to venture into new businesses going forward. After due deliberations and considering the need to conserve funds for deployment in new businesses identified by the Board and considering the interest of shareholders and particularly small shareholders, Board had opted for buy back of equity shares to distribute a significant portion of extraordinary income arising out of Slump Sale of IVD business.

During the year under review, company has brought back 18,14,253 Equity Share of Rs. 10 each at a price of Rs. 65 per share under tender route through the Stock Exchange, Mumbai pursuant to the provisions of Section 68 of the Companies Act, 2013 and the Securities and Exchange Board of India (Buy –back of Securities) Regulations, 1998 as amended.

## DIRECTOR'S REPORT

### 6. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

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

### 8. SUBSIDIARIES AND JOINT VENTURES

Your Company has one wholly owned subsidiary company viz. Span Diagnostics South Africa (Pty) Limited. In terms of proviso to sub-section (3) of the Section (3) of Section 129 of the Act, the salient features of the financial statement of the subsidiaries is set out in the prescribed Form AOC – 1 which forms part of the Annual Report.

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

To have significant presence in strategically important region, the company has formed a joint venture Company during year 2011- 12 with Reindus Health (Pty) Limited for focusing on market developments of Span's product in SADC region, covering 14 countries of Southern African continent and for enhancing presence in SADC region. During the year under review, Company has acquired 540 Equity Shares of Rand 1 Each from its existing shareholders of the Company. Upon acquisition of 540 Equity Shares of, Span Diagnostics South Africa (Pty) Limited, it has become wholly owned overseas subsidiary Company.

Pursuant to sale of IVD business of Span Divergent Ltd. (Formerly Span Diagnostics Limited) (SDL) to Arkray Healthcare Private Limited in India, the distribution agreement for the Southern African region (SADC Region) between SDL and Span SA also became inoperative. However, because of its strategic importance and potential of the region, Board of Directors of SDL decided to continue Span SA as an active entity and it is identified that Span SA will be strategically important and add value to potential new business of SDL, as per the need of new business demand.

#### ***Span Nihon Kohden Diagnostics Private Limited (SNKD)***

A joint venture Company between Nihon Kohden Corporation, Japan and Span Divergent Limited, India, started its operation from December 2008 and since then continues to manufacture high quality reagents for Hematology Analysers for distribution and sale in India.

During the year under review, Company has disinvested its entire stake in Span Nihon Khoden Diagnostics Private Limited to Nihon Kohden Corporation, Japan.

#### ***Limited Liabilities Partnerships***

During the year under review, Company had incorporated new LLPs as under to carry out new businesses in FAB and HCLS verticals in respective entities.

1. Dryfruit Factory LLP
2. Span Diagnostics Products LLP
3. Biospan Scientific LLP
4. Aranya Agri Biotech LLP

The Company is acting as designated partner in all the LLPs through its representative. The above said LLPs have initiated steps to set up the business but are expected to become operational in ensuing year.

## DIRECTOR'S REPORT

### 9. 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. The Company has not accepted or renewed any deposit during the year under review. There has been no default in repayment of deposits or payment of interest thereon during the year and the Company has complied with all the requirements of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### 10. PARTICULARS OF EMPLOYEES

During the financial year 2015-16, none of the employee of the Company has received remuneration exceeding the limit as stated in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 11. STATUTORY AUDITORS & THEIR REPORT

At the Annual General Meeting held on September 20, 2015, M/s. Haribhakti & Co LLP., Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2016. Accordingly, the appointment of Haribhakti & Co., LLP Chartered Accountants, as statutory auditors of the Company, is placed for approval by the Shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and are eligible for their reappointment. The directors recommend their reappointment until conclusion of 40<sup>th</sup> Annual General Meeting of the Company to be held in the year 2020.

There are no qualifications or adverse remarks in the Auditors' Report, which require any clarification/explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

The Notes on accounts, referred to in the Auditor's Report, are self explanatory and therefore do not call for any further comments.

### 12. SHARE CAPITAL

The paid up equity capital of the Company as on March 31, 2016 was Rs. 5,46,17,470/- divided into 54,61,747 Equity Shares of Rs. 10/- each. The Company has neither issued any shares nor granted stock option nor sweat equity. During the year under review, the Company has bought back 18,14,253 Equity shares and has paid consideration of Rs. 65 per shares aggregating Rs. 11,79,26,445/- towards buy back.

### 13. ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as "Annexure B" to the Board's Report.

### 14. CONSERVATION OF ENERGY

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are not given considering the fact that the Company is in the process of establishing new business after sale of its In-Vitro Diagnostics Business and office is an administrative office only and no manufacturing activity have been carried out during the year. However in the office all the lights used are LED lights and all air-conditioners are rated 5 star for every efficiency.

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

The particulars are attached in "Annexure 'A'" of this report.

## DIRECTOR'S REPORT

### 16. CORPORATE SOCIAL RESPONSIBILITY

As part of Initiative under "Corporate Social Responsibility", the Company constituted "Corporate Social Responsibility Committee" under the Chairmanship of an Independent Director Mr. Kamlesh Patel. During the year under review, Company had contributed funds for medical aid. The contribution in this regard has been made to the Registered Trust which is managing & leading hospital.

The Annual Report on CSR Activities is annexed as "Annexure C" to the Board's Report.

### 17. DIRECTORS/KEY MANAGERIAL PERSONNEL

| Name of the Director        | Designation                  |
|-----------------------------|------------------------------|
| Sanjay Natwarlal Mehta      | Director                     |
| Pradipkumar Keshavlal Desai | Director                     |
| Lataben Pradipkumar Desai   | Woman Director               |
| Pranav Sureshbhai Desai     | Director                     |
| Viral Pradipkumar Desai     | Managing Director            |
| Sushil Kanubhai Shah        | Independent Director         |
| Shyamal Ghosh               | Independent Director         |
| Kamlesh Maganlal Patel      | Independent Director         |
| Needamangalam Gopaldaswami  | Independent Director         |
| Mr. Pakaj Ajmera            | Company Secretary            |
| Minesh Mohanbhai Patel      | Chief Finance Officer (CFO ) |

### 18. INDEPENDENT DIRECTORS DECLARATION

All independent directors have separately submitted a declaration that each of them meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013. Further there has been no change in the circumstances which may affect their status as Independent Director during the year.

### 19. BOARD MEETINGS

An agenda of the meetings is prepared and circulated in advance to the Directors. During the year Eight Board meetings and six audit committee meetings were convened and held. The details of which are given in the Corporate Governance Report along with other committee meetings. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

### 20. BOARD EVALUATION

Pursuant to SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report. The Board approved the evaluation results as collated by the nomination remuneration committee. None of the independent directors are due for re-appointment.

### 21. Appointments :

The Companies Act, 2013 provides for the appointment of the independent directors. Sub-section 10 of Section 149 of the Companies act, 2013 provides that independent directors shall hold office for a term of five consecutive years on the Board of a Company; and shall be eligible for the re-appointment on passing a special resolution by the shareholders of the company. In compliance with the aforesaid provision and subject to provision of Securities Exchange Board of India Act, 1992, Mr. Kamlesh Patel, Mr. N. Gopaldaswami, Mr.

## DIRECTOR'S REPORT

Shyamal Ghosh and Dr. Sushil Shah have been appointed as an Independent Directors of the Company for term of 5 (Five) years. None of the Directors will retire at the ensuing Annual General Meeting,

The term of appointment of Mr. Viral P Desai as a Managing Director of the Company is expiring on June 30, 2016. The Nomination and Remuneration committee recommended to the Board re-appointment of Mr. Viral P Desai as a Managing Director of the Company for a further period of 3 years with effect from July 01, 2016. According Board recommend and approve appointment of Mr. Viral P Desai as a Managing Director of the Company for a further period of 3 years subject to approval of shareholder at a General Meeting of the Company.

### 22. RETIREMENTS, RESIGNATIONS AND CHANGE IN THE DESIGNATION :

- I. Dr. Pradip K Desai, Director of the Company who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The retirement of Director by rotation at the ensuing Annual General Meeting is determined in accordance with the provisions of the Companies Act, 2013.
- II. Mr. Minesh Patel was appointed as Chief Finance officer of the Company with effect from September 01, 2015,
- III. Ms. Lataben P Desai was confirmed as a Director of the Company at the Annual General Meeting of the Company held on September 20, 2015.

### 23. AUDIT COMMITTEE :

The Audit Committee was reconstituted on May 15, 2013. The Committee comprises of three Independent Directors, namely Mr. Shyamal Ghosh, Chairman, Mr. N. Gopaldaswami, Mr. Kamlesh M. Patel and Mr. Sanjay N. Mehta (Non Executive Directors). Mr. Pankaj Ajmera, Company Secretary acts as the secretary to the Audit Committee. The composition and the Terms of Reference of the Audit Committee meet with the requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

There were six meetings held during the year.

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

| Name of Members             | No. of Meetings Held | No. of Meetings Attended |
|-----------------------------|----------------------|--------------------------|
| Mr. Shyamal Ghosh, Chairman | 6                    | 6                        |
| Mr. N. Gopaldaswami         | 6                    | 5                        |
| Mr. Sanjay N. Mehta         | 6                    | 6                        |
| Mr. Kamlesh M. Patel        | 6                    | 5                        |

### 24. VIGIL MECHANISM

The Company has established a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and the same has been communicated within organization.

In staying true to our values of strength, performance and passion, the Company is committed to the high standards of Corporate Governance and Stakeholders Responsibility.

### 25. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was reconstituted on May 23, 2014. The Nomination and Remuneration Committee comprises of four directors of which two directors are independent directors & one Non Executive Director.

There was a one nomination and remuneration committee meeting held during the year.

Attendance of each member at the Nomination and Remuneration Committee held during the year.

## DIRECTOR'S REPORT

| Name of Members     | No. of Meetings Held | No. of Meetings Attended | Designation                          |
|---------------------|----------------------|--------------------------|--------------------------------------|
| Mr. Shyamal Ghosh   | 1                    | 1                        | Independent Non-Executive Director   |
| Mr. Sanjay N. Mehta | 1                    | 1                        | Non Executive Director               |
| Mr. N. Gopaldaswami | 1                    | 1                        | Independent & Non-Executive Director |
| Mr. Veeral P. Desai | 1                    | 1                        | Managing Director                    |

The main term of reference of Nomination and 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.

The Board has on recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination and Remuneration Policy is stated in the Corporate Governance Report.

### 26. LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### 27. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis, were in the ordinary course of business and in compliance of the provision of Section 188 of the Companies Act, 2013 and rules made there under and Listing Agreement & SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015. There were no materially significant related party transactions made by the Company with promoters, Key Managerial Personnel or other designated persons which may have potential conflict with Interest of the Company at large. All related party transactions are place before the Audit Committee as also the Board for approval.

### 28. MANAGERIAL REMUNERATION :

| Name of The Directors       | Designation             | Remuneration in the year 2016 in Rs | Remuneration in the year 2015 in Rs | Sitting fees in the F.Y. 2016 |
|-----------------------------|-------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| Sanjay Natwarlal Mehta      | Director                | NIL                                 | NIL                                 | 60,000                        |
| Pradipkumar Keshavlal Desai | Director                | NIL                                 | NIL                                 | 40,000                        |
| Lataben Pradipkumar Desai   | Woman Director          | NIL                                 | NIL                                 | 20,000                        |
| Pranav Sureshbhai Desai     | Director                | NIL                                 | NIL                                 | 15,000                        |
| Viral Pradipkumar Desai     | Managing Director       | 52,70,160                           | 57,18,955                           | Nil                           |
| Sushil Kanubhai Shah        | Independent Director    | NIL                                 | NIL                                 | 20,000                        |
| Shyamal Ghosh               | Independent Director    | NIL                                 | NIL                                 | 65,000                        |
| Kamlesh Maganlal Patel      | Independent Director    | NIL                                 | NIL                                 | 60,000                        |
| Needamangalam Gopaldaswami  | Independent Director    | NIL                                 | NIL                                 | 55,000                        |
| Paras Desai                 | Chief Financial Officer | Nil                                 | 28,53,323                           | NA                            |
| Pankaj Ajmera               | Company Secretary       | 1,04,416                            | 1,04,416                            | NA                            |
| Mr. Minesh Patel            | Chief Financial Officer | 2,65,628                            | Nil                                 | NA                            |

## DIRECTOR'S REPORT

The median remuneration of the employee of the Company for the year 2015 – 16 is Rs. 2,65,628 as compared to Rs. 2,18,900 for the year 2014 – 15. During the year median remuneration is increased by 21%. There were 4 employees on rolls of the Company at the end of the financial year i.e March 31, 2016. The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay was linked to organization performance.

| Name of Member      | Remuneration | Ratio of Remuneration to the median remuneration of the employees |
|---------------------|--------------|---|
| Mr. Veeral P. Desai | 57,70,160    | 19.85:1   |

During the year under review, there was no increase in remuneration of the Directors and Company Secretary of the Company.

During the year under review, Mr. Minesh Patel was appointed as Chief Finance Officer of the Company.

The further information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company will be provided upon request. In terms of Section 136 of the Act, the Reports and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting.

### 29. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT :

Mitesh Rana & Co., Company Secretaries, Vadodara, was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2015 - 16, as required under Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration) Rules, 2014. The Secretarial Audit Report for FY 2015-16 forms part of the Annual Report as Annexed to the Board's Report.

A Secretarial Audit Report given by Mitesh Rana & Co., a company secretary in practice shall be annexed with the report.

Auditor's Report, are self explanatory and therefore do not call for any further comments.

### 30. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE :

A report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 forms part of the Annual Report.

The certificate from the Auditors of company M/s. Haribhakti & Co LLP., confirming compliance with the conditions of Corporate Governance is attached to this Report.

### 31. COST AUDITORS

The Company has submitted Cost Audit Report to Ministry of Corporate affairs on 28/09/2015 for the year 2014 – 15. The Company had appointed M/s V. M. Patel & Associates, Cost Accountants to conduct cost audit for the year 2015 – 16.

During the year under review, company have not carried out any operation. In view of the same and as confirmed by the cost auditor of the Company, cost audit is not applicable to the Company for the year 2016 – 17.

### 32. RISK MANAGEMENT

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A formal enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a



## DIRECTOR'S REPORT

unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and make use of these in their decision making. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. The risk management process in our multi-business, multi-site operations, over the period of time will become embedded into the Company's business systems and processes, such that our responses to risks remain current and dynamic.

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis.

### 33. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the directors would like to state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed.
- (b) the directors have selected such accounting policies and applied them consistently and made judgements 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 and of the profit of the Company for the year under review
- (c) 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 detecting fraud and other irregularities
- (d) the directors have prepared the annual accounts on a going concern basis
- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 34. 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.

### 35. ACKNOWLEDGMENT

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

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

**For and on behalf of the Board**

Place: Mumbai  
Dated: May 05, 2016

**Mr. Viral P Desai**  
Managing Director  
DIN: 00029219

**Dr. Pradip K Desai**  
Non Executive Director  
DIN: 00026451

## DIRECTOR'S REPORT

### ANNEXURE 'A'

#### 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 and benefits derived as a result of the above R & D:**

During the year under review, subsequent to sale of its In-Vitro Diagnostics Business to the Arkray Healthcare Private Limited, there is no manufacturing as well as R & D activity carried out. The company is exploring new business avenues in the field of Food and Healthcare.

#### Expenditure on R & D

| Sr. No. | Description   | 2015 – 2016 | 2014 – 2015 |
|---------|---|-------------|-------------|
| 1       | Capital   | Nil         | 4538        |
| 2       | Recurring   | Nil         | 14206482    |
| 3       | Total   | Nil         | 14211020    |
| 4       | Total R & D expenditure as percentage of total Turnover | Nil         | 1.95%       |
| 5       | Total R & D expenditure as percentage of total expenses | Nil         | 1.74%       |

**2. Technology absorption, adaptation and innovation**

**Efforts in brief, made towards technology absorption, adaptation and innovation:** Not Applicable

**Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc:** Not Applicable

| 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 HRP-II Antigen – 1C1B3-1D9; 5H5G12-10D4 | 2013           | Yes                                    | Not Applicable   |

**3. FOREIGN EXCHANGE EARNING AND OUTGO**

| Sr. No. | Description                   | 2015 – 2016 | 2014 – 2015  |
|---------|-------------------------------|-------------|--------------|
| 1       | Total Foreign Exchange Earned | Nil         | 15,05,96,030 |
| 2       | Total Foreign Exchange Outgo  | 11,94,804   | 16,94,15,187 |

For and on behalf of the Board

Place: Mumbai  
Dated: May 05, 2016

**Mr. Viral P Desai**  
Managing Director  
DIN: 00029219

**Dr. Pradip K Desai**  
Non Executive Director  
DIN: 00026451

## DIRECTOR'S REPORT

### ANNEXURE 'B'

#### EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### REGISTRATION & OTHER DETAILS:

|     |  |  |
|-----|--|--|
| i   | CIN  | L74999GJ1980PLC003710  |
| ii  | Registration Date  | March 31, 1980   |
| iii | Name of the Company  | Span Divergent Limited   |
| iv  | Category/Sub-category of the Company                                       | Company Limited by Shares  |
| v   | Address of the Registered office & contact details                         | 9th Floor, 902 – 904, Rajhans Bonista,<br>Behind Ram Chowk Temple, Ghod Dod Road, Surat-395 007                          |
| vi  | Whether listed Company   | Yes  |
| vii | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited<br>C – 13, Pannalal Silk Mills Compound,<br>L B S Marg, Bhandup (W)<br>Mumbai -400 078 |

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sr. No.        | Name and Description of main products / services | NIC Code of the Product /service | % to total turnover of the company |
|----------------|--|----------------------------------|------------------------------------|
| Not Applicable |  |                                  |                                    |

#### III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| Sr. No. | Name & Address of the Company  | CIN/GLN        | Holding/ Subsidiary/ Associates | % of Shares Held | Applicable Section |
|---------|--|----------------|---------------------------------|------------------|--------------------|
| 1       | Span Diagnostics South Africa (ply) Limited<br>Address: 18, Tennyson Drive,<br>Tulisa Park, South Africa | 2005/000692/07 | Subsidiary                      | 100              | 2(87)              |

## DIRECTOR'S REPORT

### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

#### (I) Categoriwise Shareholding

| Category of Shareholders  | No. of shares held at the beginning of the year (01-04-2015) |               |                |                   | No. of shares held at the end of the year (31-03-2016) |               |                |                   | % Change during the year |
|---|--|---------------|----------------|-------------------|--|---------------|----------------|-------------------|--------------------------|
|   | Demat  | Physical      | Total          | % of Total Shares | Demat  | Physical      | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>   |  |               |                |                   |  |               |                |                   |                          |
| (1) Indian  |  |               |                |                   |  |               |                |                   |                          |
| a) Individual/HUF   | 3100156  | 8200          | 3108356        | 42.72             | 3100146  | 8200          | 3108346        | 56.91             | 14.19                    |
| b) Central Govt.or State Govt.  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| c) Bodies Corporate   | 76040  | 0             | 76040          | 1.05              | 76040  | 0             | 76040          | 1.39              | 0.35                     |
| d) Bank/FI  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| e) Any Others   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| <b>SUB TOTAL:(A) (1)</b>  | <b>3176196</b>   | <b>8200</b>   | <b>3184396</b> | <b>43.77</b>      | <b>3176186</b>   | <b>8200</b>   | <b>3184386</b> | <b>58.30</b>      | <b>14.54</b>             |
| (2) Foreign   |  |               |                |                   |  |               |                |                   |                          |
| a) NRI- Individuals   | 10000  | 20000         | 30000          | 0.41              | 10000  | 20000         | 30000          | 0.55              | 0.14                     |
| b) Other Individuals  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| c) Bodies Corp.   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| d) Banks/FI   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| e) Any other...   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| <b>SUB TOTAL (A) (2)</b>  | <b>10000</b>   | <b>20000</b>  | <b>30000</b>   | <b>0.41</b>       | <b>10000</b>   | <b>20000</b>  | <b>30000</b>   | <b>0.55</b>       | <b>0.55</b>              |
| <b>Total Shareholding of Promoter</b>   | <b>3186196</b>   | <b>28200</b>  | <b>3214396</b> | <b>44.18</b>      | <b>3186186</b>   | <b>28200</b>  | <b>3214386</b> | <b>58.85</b>      | <b>14.67</b>             |
| <b>(A)= (A)(1)+(A)(2)</b>   |  |               |                |                   |  |               |                |                   |                          |
| <b>B. PUBLIC SHAREHOLDING</b>   |  |               |                |                   |  |               |                |                   |                          |
| (1) Institutions  |  |               |                |                   |  |               |                |                   |                          |
| a) Mutual Funds   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| b) Banks/FI   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| c) Central govt   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| d) State Govt.  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| e) Venture Capital Fund   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| f) Insurance Companies  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| g) FIIS   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| h) Foreign Venture Capital Funds  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| i) Others (specify)   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| <b>SUB TOTAL (B)(1):</b>  | <b>0</b>   | <b>0</b>      | <b>0</b>       | <b>0.00</b>       | <b>0</b>   | <b>0</b>      | <b>0</b>       | <b>0.00</b>       | <b>0.00</b>              |
| (2) Non Institutions  |  |               |                |                   |  |               |                |                   |                          |
| a) Bodies corporate   |  |               |                |                   |  |               |                |                   |                          |
| i) Indian   | 351004   | 4900          | 355904         | 4.89              | 38105  | 4900          | 43005          | 0.79              | -4.10                    |
| ii) Overseas  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| b) Individuals  |  |               |                |                   |  |               |                |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs            | 849375   | 272464        | 1121839        | 15.42             | 573408   | 248864        | 822272         | 15.06             | -0.36                    |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | 1043927  | 89120         | 1133047        | 15.57             | 161147   | 53540         | 214687         | 3.93              | -11.64                   |
| Qualified Foreign Investor- Foreign Portfolio Investor (Corporate)                  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| c) Others (specify)   |  |               |                |                   |  |               |                |                   |                          |
| Office Bearers  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| Foreign Companies   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| Non Resident Indians (REPAT)  | 540919   | 157000        | 697919         | 9.59              | 265223   | 139000        | 404223         | 7.40              | -2.19                    |
| Non Resident Indians (NON Repat)  | 599760   | 9818          | 609578         | 8.38              | 592085   | 0             | 592085         | 10.84             | 2.46                     |
| Hindu Undivided Family  | 119568   | 0             | 119568         | 1.64              | 165180   | 0             | 165180         | 3.02              | 1.38                     |
| Trusts  | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| Clearing Member   | 23749  | 0             | 23749          | 0.33              | 5909   | 0             | 5909           | 0.11              | -0.22                    |
| <b>SUB TOTAL:(B) (2)</b>  | <b>3528302</b>   | <b>533302</b> | <b>4061604</b> | <b>55.82</b>      | <b>1801057</b>   | <b>446304</b> | <b>2247361</b> | <b>41.15</b>      | <b>-14.67</b>            |
| <b>Total Public Shareholding</b>  | <b>3528302</b>   | <b>533302</b> | <b>4061604</b> | <b>55.82</b>      | <b>1801057</b>   | <b>446304</b> | <b>2247361</b> | <b>41.15</b>      | <b>-14.67</b>            |
| <b>(B) = (B) (1) + (B) (2)</b>  |  |               |                |                   |  |               |                |                   |                          |
| C. Shares held by Custodian for GDRs & ADRs   | 0  | 0             | 0              | 0.00              | 0  | 0             | 0              | 0.00              | 0.00                     |
| <b>Grand Total (A+B+C)</b>  | <b>6714498</b>   | <b>561502</b> | <b>7276000</b> | <b>100.00</b>     | <b>4987243</b>   | <b>474504</b> | <b>5461747</b> | <b>100.00</b>     | <b>0.00</b>              |

## DIRECTOR'S REPORT

### (ii) SHARE HOLDING OF PROMOTERS:

| Shareholders Name               | No. of shares held at the beginning of the year (01-04-2015) |                                  |  | No. of shares held at the end of the year (31-03-2016) |                                  |  | % change in share holding during the year |
|---------------------------------|--|----------------------------------|--|--|----------------------------------|--|---|
|                                 | No. of shares  | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares  | % of total shares of the company | % of shares pledged encumbered to total shares |   |
| PRADIPKUMAR KESHAVLAL DESAI     | 1306880  | 17.96                            | NIL  | 1306880  | 23.93                            | 0  | 5.97                                      |
| LATABEN P DESAI                 | 717060   | 9.86                             | NIL  | 717060   | 13.13                            | 0  | 3.27                                      |
| VIRAL PRADIPKUMAR DESAI         | 524632   | 7.21                             | NIL  | 524632   | 9.61                             | 0  | 2.40                                      |
| GITA SURESH DESAI               | 114540   | 1.57                             | NIL  | 114540   | 2.10                             | 0  | 0.52                                      |
| SUJATA V DESAI                  | 101576   | 1.40                             | NIL  | 101576   | 1.86                             | 0  | 0.46                                      |
| DR. SURESH DINKERRAI DESAI      | 33720  | 0.46                             | NIL  | 33720  | 0.62                             | 0  | 0.15                                      |
| PRAGATI KISHOR SHAH             | 32680  | 0.45                             | NIL  | 32680  | 0.60                             | 0  | 0.15                                      |
| SHITAL SARVAJNA KAZI            | 31300  | 0.43                             | NIL  | 31300  | 0.57                             | 0  | 0.14                                      |
| PRANAV S DESAI                  | 28040  | 0.39                             | NIL  | 28040  | 0.51                             | 0  | 0.13                                      |
| PRAKASHCHANDRA KESHAVLAL DESAI  | 26982  | 0.37                             | NIL  | 26982  | 0.49                             | 0  | 0.12                                      |
| PRASHANT SURESH DESAI           | 26040  | 0.36                             | NIL  | 26040  | 0.48                             | 0  | 0.12                                      |
| PRAKASH DHIRUBHAI DESAI         | 19000  | 0.26                             | NIL  | 19000  | 0.35                             | 0  | 0.09                                      |
| MANJULABEN PRAKASHCHANDRA DESAI | 18706  | 0.26                             | NIL  | 18696  | 0.34                             | 0  | 0.85                                      |
| SHITAL SARVAGNA KAZI            | 8000   | 0.11                             | NIL  | 8000   | 0.15                             | 0  | 0.04                                      |
| SHITAL SARVAGNA KAZI            | 200  | 0.00                             | NIL  | 200  | 0.04                             | 0  | 0.00                                      |
| SPAN FINSTOCK PVT LTD           | 76040  | 1.05                             | NIL  | 76040  | 1.39                             | 0  | 0.35                                      |
| VIVEK S DESAI                   | 20000  | 0.27                             | NIL  | 20000  | 0.37                             | 0  | 0.09                                      |
| TEJAL VIVEK DESAI               | 10000  | 0.14                             | NIL  | 10000  | 0.18                             | 0  | 0.04                                      |
| DR UDAYBHAI DHIRUBHAI DESAI     | 89000  | 1.22                             | NIL  | 89000  | 1.63                             | 0  | 1.63                                      |
| UDAYBHAI DHIRUBHAI DESAI        | 30000  | 0.41                             | NIL  | 30000  | 0.55                             | 0  | 0.55                                      |
| <b>Total</b>                    | <b>3214396</b>   | <b>44.18</b>                     | <b>0</b>                                       | <b>3214386</b>   | <b>58.85</b>                     | <b>0</b>                                       | <b>16.31</b>                              |

### (iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

|  | No. of shares held at the beginning of the year |                                  | No. of shares held at the end of the year |                                  |
|--|---|----------------------------------|---|----------------------------------|
|  | No. of shares                                   | % of total shares of the company | No. of shares                             | % of total shares of the company |
| At the beginning of the year   | 3214396   | 44.18                            | 3214396                                   | 44.18                            |
| Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | (10)*   | 0.01                             | 3214386                                   | 58.85                            |
| At the end of the year   | 3214386   | 58.85**                          | 3214386                                   | 58.85                            |

## DIRECTOR'S REPORT

\*The shares were transferred by the Depository Participant where Demat Account is maintained to recover cost annual charges on February 26, 2016

\*\*During the year Company brought back 18,14,253 Equity Share of Rs. 10 each at a price of 65 per share. Due to buy back of share, there is increase in shareholding of promoter group in percentage.

| Sr. No. | Name & Type of Transaction             | No. of shares held at the beginning of the year 2015 |                                  | Transaction during the year |               | Cumulative Shareholding at the end of the year - 2016 |                                  |
|---------|--|--|----------------------------------|-----------------------------|---------------|---|----------------------------------|
|         |  | No. of shares held                                   | % of total shares of the company | Date of Transaction         | No. of shares | No. of shares held                                    | % of total shares of the company |
| 1.      | <b>Pradipkumar Keshavlal Desai</b>     | <b>1306880</b>                                       | <b>17.96</b>                     | -                           | -             | <b>1306880</b>  | <b>17.96</b>                     |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 1306880   | 23.93                            |
| 2.      | <b>Lataben P Desai</b>                 | <b>717060</b>  | <b>9.86</b>                      | -                           | -             | <b>717060</b>   | <b>9.86</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 717060  | 13.13                            |
| 3.      | <b>Viral Pradipkumar Desai</b>         | <b>524632</b>  | <b>7.21</b>                      | -                           | -             | <b>524632</b>   | <b>7.21</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 524632  | 9.61                             |
| 4.      | <b>Gita Suresh Desai</b>               | <b>114540</b>  | <b>1.57</b>                      | -                           | -             | <b>114540</b>   | <b>1.57</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 114540  | 2.10                             |
| 5.      | <b>Sujata V Desai</b>                  | <b>101576</b>  | <b>1.40</b>                      | -                           | -             | <b>101576</b>   | <b>1.40</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 101576  | 1.86                             |
| 6.      | <b>Udaybhai Dhirubhai Desai</b>        | <b>89000</b>   | <b>1.22</b>                      | -                           | -             | <b>89000</b>  | <b>1.22</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 89000   | 1.63                             |
| 7.      | <b>Span Finstock Pvt Ltd</b>           | <b>76040</b>   | <b>1.05</b>                      | -                           | -             | <b>76040</b>  | <b>1.05</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 76040   | 1.39                             |
| 8.      | <b>Dr. Suresh Dinkerrai Desai</b>      | <b>33720</b>   | <b>0.46</b>                      | -                           | -             | <b>33720</b>  | <b>0.46</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 33720   | 0.62                             |
| 9.      | <b>Pragati Kishor Shah</b>             | <b>32680</b>   | <b>0.45</b>                      | -                           | -             | <b>32680</b>  | <b>0.45</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 32680   | 0.60                             |
| 10.     | <b>Manjulaben Prakashchandra Desai</b> | <b>18706</b>   | <b>0.26</b>                      | -                           | -             | <b>18706</b>  | <b>0.26</b>                      |
|         | Market Sell                            | -  | -                                | 18 Dec 2015                 | -18706        | 0   | 0.00                             |
|         | Market Purchase                        | -  | -                                | 31 Dec 2015                 | 18706         | 18706   | 0.34                             |
|         | Market Sell                            | -  | -                                | 26 Feb 2016                 | -10           | 18696   | 0.34                             |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 18696   | 0.34                             |
| 11.     | <b>Shital Sarvajna Kazi</b>            | <b>31300</b>   | <b>0.43</b>                      | -                           | -             | <b>31300</b>  | <b>0.43</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 31300   | 0.57                             |
| 12.     | <b>Udaybhai Dhirubhai Desai</b>        | <b>30000</b>   | <b>0.41</b>                      | -                           | -             | <b>30000</b>  | <b>0.41</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 30000   | 0.55                             |
| 13.     | <b>Pranav S Desai</b>                  | <b>28040</b>   | <b>0.39</b>                      | -                           | -             | <b>28040</b>  | <b>0.39</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 28040   | 0.51                             |
| 14.     | <b>Prakashchandra Keshavlal Desai</b>  | <b>26982</b>   | <b>0.37</b>                      | -                           | -             | <b>26982</b>  | <b>0.37</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 26982   | 0.49                             |
| 15.     | <b>Prashant Suresh Desai</b>           | <b>26040</b>   | <b>0.36</b>                      | -                           | -             | <b>26040</b>  | <b>0.36</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 26040   | 0.48                             |
| 16.     | <b>Vivek S Desai</b>                   | <b>20000</b>   | <b>0.27</b>                      | -                           | -             | <b>20000</b>  | <b>0.27</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 20000   | 0.37                             |
| 17.     | <b>Prakash Dhirubhai Desai</b>         | <b>19000</b>   | <b>0.26</b>                      | -                           | -             | <b>19000</b>  | <b>0.26</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 19000   | 0.35                             |
| 18.     | <b>Tejal Vivek Desai</b>               | <b>10000</b>   | <b>0.14</b>                      | -                           | -             | <b>10000</b>  | <b>0.14</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 10000   | 0.18                             |
| 19.     | <b>Shital Sarvagna Kazi</b>            | <b>8000</b>  | <b>0.11</b>                      | -                           | -             | <b>8000</b>   | <b>0.11</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 8000  | 0.15                             |
| 20.     | <b>Shital Sarvagna Kazi</b>            | <b>200</b>   | <b>0.00</b>                      | -                           | -             | <b>200</b>  | <b>0.00</b>                      |
|         | At The End Of The Year                 | -  | -                                | -                           | -             | 200   | 0.00                             |

## DIRECTOR'S REPORT

### (iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

| Sr. No. | Name of the shareholders<br><br>For each of the<br>top 10 Shareholders | At the beginning<br>of the year |   | At the end<br>of the year |   |
|---------|--|---------------------------------|---|---------------------------|---|
|         |  | No. of<br>shares                | % of total<br>shares<br>of the<br>company | No. of<br>shares          | % of total<br>shares<br>of the<br>company |
| 1.      | PATEL BHARTI   | 588940                          | 8.09                                      | 583440                    | 10.68                                     |
| 2.      | ARJUN MANIBHAI DESAI   | 248500                          | 3.41                                      | 0                         | 0.00                                      |
| 3.      | SAGUNA JAYANTILAL NAIK   | 134000                          | 1.84                                      | 0                         | 0.00                                      |
| 4.      | SANJAY N MEHTA   | 118568                          | 1.63                                      | 103568                    | 1.89                                      |
| 5.      | PATEL KOKILABEN B  | 114200                          | 1.57                                      | 114200                    | 2.09                                      |
| 6.      | DINERO WEALTH ADVISORS P. LTD.   | 113659                          | 1.56                                      | 0                         | 0.00                                      |
| 7.      | SHIRISHCHANDRA RAMABHAI MEHTA  | 205440                          | 1.44                                      | 0                         | 0.00                                      |
| 8.      | BALVANTRAI MAGANLAL SHAH   | 91580                           | 1.25                                      | 0                         | 0.00                                      |
| 9.      | LEENA SANJAY MEHTA   | 86359                           | 1.18                                      | 70000                     | 1.28                                      |
| 10.     | ARUN PREMCHAND MEHRA   | 77270                           | 1.06                                      | 0                         | 0.00                                      |
| 11.     | ARTI NILESH PATEL  | 54420                           | 0.74                                      | 54420                     | 0.99                                      |
| 12.     | DINESCHANDRA K JOSHI   | 0                               | 0.00                                      | 35000                     | 0.64                                      |
| 13.     | SANJAY NATWARLAL MEHTA<br>LEENA SANJAY MEHTA                           | 30000                           | 0.41                                      | 30000                     | 0.55                                      |
| 14.     | DINESH PATEL   | 30000                           | 0.41                                      | 30000                     | 0.55                                      |
| 15.     | RAJUL R. DESAI<br>RAJANI M. DESAI                                      | 30000                           | 0.41                                      | 30000                     | 0.55                                      |
| 16.     | MOLAKALA PRASAD REDDY (HUF)  | 27000                           | 0.37                                      | 27000                     | 0.49                                      |

The above details are given as on March 31, 2016. The company is listed and 92.28% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. The aforesaid holdings by top ten shareholders are due to market operations. Further, Company has not allotted / transferred or issued any bonus or sweat equity shares during the year.

### (v) SHAREHOLDING OF DIRECTOR'S AND KMP

| Sr. No. | Name of the shareholders   | Shareholding at the<br>beginning of the year |   | Cumulative share<br>holding during the year |   |
|---------|--|--|---|---|---|
|         |  | No. of<br>shares                             | % of total<br>shares<br>of the<br>company | No. of<br>shares                            | % of total<br>shares<br>of the<br>company |
| 1.      | <b>Dr. Pradip K Desai – Director</b>   |  |   |   |   |
|         | At the beginning of the year   | 1306880                                      | 17.96                                     | 1306880                                     | 17.96                                     |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -  | -   | -   | -   |
|         | At the end of the year   | 1306880                                      | 23.93*                                    | 1306880                                     | 23.93*                                    |
| 2.      | <b>Mr. Viral P Desai - Managing Director</b>   |  |   |   |   |
|         | At the beginning of the year   | 524632                                       | 7.21                                      | 524632                                      | 7.21                                      |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -  | -   | -   | -   |
|         | At the end of the year   | 524632                                       | 9.61*                                     | 524632                                      | 9.61*                                     |



## DIRECTOR'S REPORT

| Sr. No. | Name of the shareholders   | Shareholding at the beginning of the year |                                  | Cumulative share holding during the year |                                  |
|---------|--|---|----------------------------------|--|----------------------------------|
|         |  | No. of shares                             | % of total shares of the company | No. of shares                            | % of total shares of the company |
| 3.      | <b>Ms. Lataben P Desai – Director</b>  |   |                                  |  |                                  |
|         | At the beginning of the year   | 717060                                    | 9.86                             | 717060                                   | 9.86                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 717060                                    | 13.13*                           | 717060                                   | 13.13*                           |
| 4.      | <b>Dr. Pranav S Desai – Director</b>   |   |                                  |  |                                  |
|         | At the beginning of the year   | 28040                                     | 0.39                             | 28040                                    | 0.39                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 28040                                     | 0.51*                            | 28040                                    | 0.51*                            |
| 5.      | <b>Mr. Sanjay Mehta – Director</b>   |   |                                  |  |                                  |
|         | At the beginning of the year   | 30000                                     | 0.41                             | 30000                                    | 0.41                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 30000                                     | 0.55                             | 30000                                    | 0.55                             |
| 6.      | <b>Mr. N. Gopaldaswami – Director</b>  |   |                                  |  |                                  |
|         | At the beginning of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
| 7.      | <b>Mr. Shyamal Ghosh – Director</b>  |   |                                  |  |                                  |
|         | At the beginning of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
| 8.      | <b>Mr. Kamlesh Patel – Director</b>  |   |                                  |  |                                  |
|         | At the beginning of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
| 9.      | <b>Dr. Sushil Shah – Director</b>  |   |                                  |  |                                  |
|         | At the beginning of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
| 10.     | <b>Mr. Minesh Patel – CFO</b>  |   |                                  |  |                                  |
|         | At the beginning of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
| 11.     | <b>Mr. Pankaj Ajmera – Company Secretary</b>   |   |                                  |  |                                  |
|         | At the beginning of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |
|         | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc) | -   | -                                | -  | -                                |
|         | At the end of the year   | 0.00                                      | 0.00                             | 0.00                                     | 0.00                             |

## DIRECTOR'S REPORT

### (V) INDEBTEDNESS

| Indebtedness of the Company including interest outstanding/accrued but not due for payment |                                     |                    |          |                       |
|--|-------------------------------------|--------------------|----------|-----------------------|
|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
| <b>Indebtness at the beginning of the financial year</b>                                   |                                     |                    |          |                       |
| i) Principal Amount  | Nil                                 | Nil                | Nil      | Nil                   |
| ii) Interest due but not paid  | Nil                                 | Nil                | Nil      | Nil                   |
| iii) Interest accrued but not due  | Nil                                 | Nil                | Nil      | Nil                   |
| <b>Total (i+ii+iii)</b>  | Nil                                 | Nil                | Nil      | Nil                   |
| <b>Change in Indebtedness during the financial year</b>                                    |                                     |                    |          |                       |
| Additions  | Nil                                 | Nil                | Nil      | Nil                   |
| Reduction  | Nil                                 | Nil                | Nil      | Nil                   |
| <b>Net Change</b>  | Nil                                 | Nil                | Nil      | Nil                   |
| <b>Indebtedness at the end of the financial year</b>                                       |                                     |                    |          |                       |
| i) Principal Amount  | Nil                                 | Nil                | Nil      | Nil                   |
| ii) Interest due but not paid  | Nil                                 | Nil                | Nil      | Nil                   |
| iii) Interest accrued but not due  | Nil                                 | Nil                | Nil      | Nil                   |
| <b>Total (i+ii+iii)</b>  | Nil                                 | Nil                | Nil      | Nil                   |

### (VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| Sl. No. | A. Remuneration to Managing Director, Whole time director and/or Manager :       |  |                                   |
|---------|--|--|-----------------------------------|
|         | Particulars of Remuneration  |  | Total Amount                      |
| 1       | <b>Gross salary</b>  | Mr. Veeral P Desai                       |                                   |
|         | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 41,25,000                                | 41,25,000                         |
|         | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961                   | 0  | 0                                 |
|         | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961    | 0  | 0                                 |
| 2       | Stock option   | 0  | 0                                 |
| 3       | Sweat Equity   | 0  | 0                                 |
| 4       | Commission   | 0  | 0                                 |
|         | as % of profit   | -  | -                                 |
|         | others (specify)   | -  | -                                 |
| 5       | <b>Others, please specify</b>  | -  | -                                 |
|         | <b>Retrial Benefits</b>  | 11,45,160                                | 11,45,160                         |
|         | <b>Total (A)</b>   | <b>5270160</b>                           | <b>5270160</b>                    |
|         | <b>Ceiling as per the Act</b>  | <b>42 Lakhs per Managerial Personnel</b> | 42 Lakhs per Managerial Personnel |

## DIRECTOR'S REPORT

### B. Remuneration of other directors :

| Sl.No | Particulars of Remuneration                    | Name of Directors |                   |                     |                   | Total Amount   |
|-------|--|-------------------|-------------------|---------------------|-------------------|----------------|
|       |  | Dr. Sushil Shah   | Mr. Shyamal Ghosh | Mr. N. Gopaldaswami | Mr. Kamlesh Patel |                |
| 1     | Independent Directors                          |                   |                   |                     |                   |                |
|       | (a) Fee for attending board committee meetings | 15000             | 65000             | 55000               | 30000             | 165000         |
|       | (b) Commission                                 | 0                 | 0                 | 0                   | 0                 | 0              |
|       | (c) Others, please specify                     |                   |                   |                     |                   | 0              |
|       | <b>Total (1)</b>                               | <b>15000</b>      | <b>65000</b>      | <b>55000</b>        | <b>30000</b>      | <b>165000</b>  |
| 2     | Other Non Executive Directors                  | Mr. Sanjay Mehta  | Dr. Pranav Desai  | Ms. Lataben P Desai | -                 | -              |
|       | (a) Fee for attending board committee meetings | 70000             | 10000             | 10000               | -                 | 90000          |
|       | (b) Commission                                 | 0                 | 0                 | 0                   | -                 | 0              |
|       | (c) Others, please specify.                    | 0                 | 0                 | 0                   | -                 | 0              |
|       | <b>Total (2)</b>                               | <b>70000</b>      | <b>10000</b>      | <b>10000</b>        | <b>0</b>          | <b>90000</b>   |
|       | <b>Total (B)=(1+2)</b>                         | <b>85000</b>      | <b>75000</b>      | <b>65000</b>        | <b>30000</b>      | <b>255000</b>  |
|       | <b>Total Managerial Remuneration</b>           |                   |                   |                     |                   | <b>255000</b>  |
|       | <b>Overall Ceiling as per the Act.</b>         |                   |                   |                     |                   | <b>1316650</b> |

### A. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| Particulars of Remuneration  | KEY MANAGERIAL PERSONNEL |                |                |
|--|--------------------------|----------------|----------------|
|  | Company Secretary        | CFO            | Total Amount   |
| (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 104416                   | 253935         | 358351         |
| (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                       | Nil                      | Nil            | Nil            |
| (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961        | 0                        | 0              | 0              |
| Stock Option   | 0                        | 0              | 0              |
| Sweat Equity   | 0                        | 0              | 0              |
| Commission   | 0                        | 0              | 0              |
| as % of profit   | 0                        | 0              | 0              |
| others, specify  | 0                        | 0              | 0              |
| Others, please specify   | 0                        | 0              | 0              |
| <b>Retrial Benefits</b>  | 0                        | 11,693         | 11,693         |
| <b>Total</b>   | <b>1,04,416</b>          | <b>2853323</b> | <b>3062155</b> |

## DIRECTOR'S REPORT

### (VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

#### Indebtedness of the Company including interest outstanding/accrued but not due for payment

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority (RD/NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|-----------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                           |                                   |
| Penalty                             |                              |                   |  |                           |                                   |
| Punishment                          |                              |                   |  |                           |                                   |
| Compounding                         |                              |                   |  |                           |                                   |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                           |                                   |
| Penalty                             |                              |                   |  |                           |                                   |
| Punishment                          |                              |                   |  |                           |                                   |
| Compounding                         |                              |                   |  |                           |                                   |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                           |                                   |
| Penalty                             |                              |                   |  |                           |                                   |
| Punishment                          |                              |                   |  |                           |                                   |
| Compounding                         |                              |                   |  |                           |                                   |

### “ANNEXURE C”

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

(Pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014

- A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

#### CSR POLICY

**(As approved by the Board at its meeting held on February 10, 2015)**

As a responsible Company, It has since its inception participated in business activities which help in improving quality of life for the Communities where it operates. This also includes creating better livelihood opportunities:

#### **Objective:**

The main objective of CSR Policy is to lay down guidelines for Corporate Social Responsibility Activities of Span Divergent Limited. The Policy is formulated in compliance with the requirements of the Companies Act, 2013 and rules made there under.

#### **Philosophy of Span Divergent Limited on CSR:**

Span on a voluntary basis, has contributed towards welfare of society over a period of time. In this process, it established education institutions on 'no profit' basis for the benefit of Society.

Now, Company will strive to do its best to follow the requirements of New Companies Act, on CSR obligation in letter and spirit.

#### **Projects / Programs to be Undertaken:**

The activities to be undertaken by the Company as CSR activities shall be the projects/programs relating to the activities/subjects specified enumerated in the Schedule VII of the Companies Act, 2013 or any amendment thereto or modification thereof.

## DIRECTOR'S REPORT

The Committee shall from time to time decide/recommend to the Board on, CSR activities to be undertaken, the geographical area covered, agencies or trusts or NGOs with which the projects/activities are to be undertaken, Amount to be spent on various projects whether ongoing or fresh.

While deciding on the CSR activities, priority shall be given to the needs and requirements of communities or area in the vicinity of the manufacturing facilities of the Company.

The CSR programs or projects or activities that the Company plans to undertake for the execution/implementation are as under:

1. Blood Donation Camps in association with Surat Raktdaan Kendra
2. Spread of Education at affordable cost to students of poor or low income groups through the following trusts by donation in cash or kind - Vanita Vishram
3. Rural Development: Supporting the sustainable development of Rural Areas in association with or without Companies, NGOs or Trusts etc.
4. Any other activity as may be recommended by the Board from time to time

The Company will continue to engage with stakeholders including experts, NGOs and the Government and would take up such other CSR activities in line with Government's intent and which are important for society.

The CSR Policy of the Company is available on website of the Company [www.spandivergent.com](http://www.spandivergent.com)

### 2. The Composition of the CSR Committee

| Name of the Member | Designation |
|--------------------|-------------|
| Mr. Kamlesh Patel  | Chairman    |
| Mr. Sanjay Mehta   | Member      |
| Mr. Veeral P Desai | Member      |

### 3. Average Net Profit of the Company for last 3 financial year

Average Net Profit: Rs. (6,03,266)

### 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

The Company is required to spend Rs: Nil

### 5. Details of CSR Spend for the Financial Year:

- (a) Total amount to be spent for the financial year: NA
- (b) Amount unspent, if any: NA
- (c) Manner in which the amount spent during the financial year is detailed below: NA

Members of CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company

Sd/-  
Mr. Veeral P Desai  
Managing Director  
DIN: 00029219

Sd/-  
Mr. Kamlesh Patel  
Chairman  
DIN: 01521972

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**To The Members of  
Span Divergent Limited  
(Formerly known as Span Diagnostics Limited)**

We have examined the compliance of conditions of Corporate Governance by Span Divergent Limited, for the year ended on March 31, 2016, as stipulated in:

- Clause 49 (excluding clause 49 (VII) (E) of the Listing Agreement(s) of the Company with stock exchange(s)) for the period April 1, 2015 to November 30, 2015;
- Clause 49 (VII) (E) of the Listing Agreement(s) of the Company with stock exchange(s) for the period April 1, 2015 to September 1, 2015;
- Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period September 2, 2015 to March 31, 2016 and
- Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period December 1, 2015 to March 31, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified above, during the year ended March 31, 2016.

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 and on behalf of  
Haribhakti & Co.LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W**

\_\_\_\_\_  
**Atul Gala  
Partner  
Membership No.: 048650**

**Place: Mumbai  
Date: May 05, 2016**

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### BOARD OF DIRECTORS

**Composition, attendance at the Board Meetings during 2015-16 and the last Annual General Meeting, outside directorship and Membership / Chairmanship of Board Committees of other Companies for the year ended / as at March 31, 2016**

| Director             | No. of Board Meetings attended | Attendance at last AGM | No. of outside Directorship held | No. of Membership / Chairmanship in other Board Committees |            | Executive, Non- Executive / Independent |
|----------------------|--------------------------------|------------------------|----------------------------------|--|------------|---|
|                      |                                |                        |                                  | Chairmanship   | Membership |   |
| Mr. N. Gopalaswami   | 6                              | Yes                    | 1                                | 1  | 4          | Independent Non-Executive Director      |
| Ms. Lataben P. Desai | 4                              | No                     | 1                                | Nil  | Nil        | Promoter Non-Executive Woman Director   |
| Dr. Pradip K. Desai  | 8                              | Yes                    | 6                                | Nil  | 1          | Promoter & Non Executive Director       |
| Mr. Viral P. Desai   | 8                              | Yes                    | 2                                | 1  | 4          | Promoter & Executive Director           |
| Mr. Sanjay N. Mehta  | 6                              | No                     | 3                                | Nil  | 5          | Non-Executive Director                  |
| Dr. Pranav S. Desai  | 3                              | No                     | 1                                | Nil  | 1          | Promoter & Non-Executive Director       |
| Dr. Sushil K. Shah   | 4                              | Yes                    | 9                                | 5  | 6          | Independent Non-Executive Director      |
| Mr. Shyamal Ghosh    | 7                              | Yes                    | 2                                | 2  | 5          | Independent Non-Executive Director      |
| Mr. Kamlesh M Patel  | 7                              | Yes                    | 1                                | 1  | 2          | Independent Non-Executive Director      |

**Note:** 1. This excludes directorship in overseas companies and partnership in LLPs.

#### Details of Board Meetings

| Date               | Board Strength | No. of Directors present |
|--------------------|----------------|--------------------------|
| April 25, 2015     | 9              | 8                        |
| May 14, 2015       | 9              | 5                        |
| May 30, 2015       | 9              | 6                        |
| July 11, 2015      | 9              | 6                        |
| September 01, 2015 | 9              | 5                        |
| September 20, 2015 | 9              | 7                        |
| November 02, 2015  | 9              | 7                        |
| February 06, 2016  | 9              | 9                        |



## CORPORATE GOVERNANCE REPORT

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out the Annual Performance Evaluation of its own performance, the Directors Individually as well as the evaluation of working of its various committees. A separate exercise was carried out to evaluate the performance of Individual Directors including Chairman of the Board who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding interest of the Company and its minority shareholders. The performance evaluation of the Chairman and the Non Independent Director was carried out by the Independent Director including overall performance of the Board as whole at the meeting of Independent Directors held during the year under review and by Board as whole.

### AUDIT COMMITTEE

The Audit Committee was reconstituted on May 15, 2013. The Committee comprises of three Independent Directors, namely Mr. Shyamal Ghosh, Chairman, Mr. N. Gopaldaswami, Mr. Kamlesh M. Patel and Mr. Sanjay N. Mehta (Non Executive Director). Mr. Pankaj Ajmera, Company Secretary acts as the secretary to the Audit Committee. The composition and the Terms of Reference of the Audit Committee meet with the requirements of Section 177 of the Companies Act, 2013, Clause 49 of the Listing Agreement and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year, six meetings of Audit Committee were held, i.e. on April 25, 2015, May 14, 2015, May 30, 2015, July 11, 2015, November 02, 2015 and February 06, 2016.

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

| Name of Members             | No. of Meetings held | No. of Meetings Attended |
|-----------------------------|----------------------|--------------------------|
| Mr. Shyamal Ghosh, Chairman | 6                    | 6                        |
| Mr. N. Gopaldaswami         | 6                    | 5                        |
| Mr. Sanjay N. Mehta         | 6                    | 6                        |
| Mr. Kamlesh M. Patel        | 6                    | 5                        |

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

#### Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### The role of Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.

## CORPORATE GOVERNANCE REPORT

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process
8. Approval or any subsequent modification of transaction of the Company with related parties
9. Scrutiny of inter-corporate loans and investments
10. Valuation of undertakings or assets of the Company, wherever it is necessary
11. Evaluation of internal financial controls and risk management systems
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of internal control systems
13. Reviewing the adequacy of Internal audit function, if any, including the structures of the internal audit department, staffing, and seniority of the official heading the department, reporting structure, coverage and frequency of Internal Audit
14. Discussion with Internal Auditors of any significant findings and follow up there on
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To review the following information:
  - a. The management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of Chief Internal Auditors shall be subject to review by the Audit Committee
22. Reviewing the financial statements and in particular the investments made by the unlisted subsidiaries of the Company.

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was reconstituted on May 23, 2014. The Nomination and Remuneration Committee comprises of four directors of which two directors are independent directors & one Non Executive Director.

There was a one nomination and remuneration committee meeting held during the year.

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

| Name of Members             | No. of Meetings held | No. of Meetings Attended | Designation                          |
|-----------------------------|----------------------|--------------------------|--------------------------------------|
| Mr. Shyamal Ghosh, Chairman | 1                    | 1                        | Independent Non-Executive Director   |
| Mr. Sanjay N. Mehta         | 1                    | 1                        | Non Executive Director               |
| Mr. N. Gopalaswami          | 1                    | 1                        | Independent & Non-Executive Director |
| Mr. Viral P. Desai          | 1                    | 1                        | Managing Director                    |

## CORPORATE GOVERNANCE REPORT

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.

The Role of Nomination and Remuneration Committee is as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board of Directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evolution criteria in its Annual Report.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors

### Details of remuneration paid to all directors 2015 - 16

| Name of the Director               | Sitting Fee | Salary, Allowances & Perquisites | Contribution to Provident Fund and other funds & Retrial Benefits | Commission | Total     |
|------------------------------------|-------------|----------------------------------|---|------------|-----------|
| Dr. Pradip. K. Desai               | 40,000      | Nil                              | Nil   | Nil        | 40,000    |
| Mr. Veeral. P. Desai               | -           | 41,25,000                        | 11,45,160   | Nil        | 52,70,160 |
| Ms. Lataben. P. Desai <sup>1</sup> | 20,000      | Nil                              | Nil   | Nil        | 20,000    |
| Mr. Sanjay N. Mehta                | 60,000      | Nil                              | Nil   | Nil        | 60,000    |
| Dr. Pranav S. Desai                | 15,000      | Nil                              | Nil   | Nil        | 15,000    |
| Dr. Sushil K. Shah                 | 20,000      | Nil                              | Nil   | Nil        | 20,000    |
| Mr. Shyamal Ghosh                  | 65,000      | Nil                              | Nil   | Nil        | 65,000    |
| Mr. Kamlesh M. Patel               | 60,000      | Nil                              | Nil   | Nil        | 60,000    |
| Mr. N. Gopaldaswami                | 55,000      | Nil                              | Nil   | Nil        | 55,000    |

Mr. Sanjay N. Mehta, a non-executive director is a partner of M/s. Akkad Mehta & Co. Chartered Accountants which has professional relationship with the Company. The Company paid Rs. 4,50,000 (plus applicable service-tax) to the firm during year.

### **NOMINATION AND REMUNERATION POLICY**

#### **Introduction:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

#### **Objectives of the Committee:**

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of Independent Director and the Board

## CORPORATE GOVERNANCE REPORT

- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### Definitions:

- **“Board”**:-Board means Board of Directors of the Company.
- **“Director”**:-Directors means Directors of the Company.
- **“Committee”**:-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **“Company”**:- Company means Span Divergent Ltd.
- **“Independent Director”**:- As provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013, 'Independent director' shall mean a non-executive director, other than a nominee director of the company:
  - a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
  - c. apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
  - d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
  - e. who, neither himself nor any of his relatives —
    - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
    - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
    - iii. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - iv. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
    - v. holds together with his relatives two per cent or more of the total voting power of the company; or
    - vi. is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
    - vii. is a material supplier, service provider or customer or a lessor or lessee of the company;
  - f. who is not less than 21 years of age.
- **“Key Managerial Personnel”**:- Key Managerial Personnel (KMP) means-
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations
- **“Senior Management”**:- The expression "senior management" means personnel of the company who are

## CORPORATE GOVERNANCE REPORT

members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Applicability:-**

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

### **Constitution of the Nomination and Remuneration Committee:**

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

- i. Mr. Shyamal Ghosh, Chairman (Independent Director)
- ii. Mr. N. Gopaldaswami, (Independent Director)
- iii. Mr. Sanjay Mehta, (Non Executive Director)
- iv. Mr. Veeral P Desai (Managing Director)

### **General Appointment Criteria:**

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

### **Additional Criteria for Appointment of Independent Directors:**

The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of clause 49 of the Listing Agreement (as amended from time to time ) and Companies Act, 2013.

### **Term / Tenure:**

The Term / Tenure of the Directors shall be governed as per provisions of the of the Companies Act, 2013 and rules made thereunder as amended from time to time.

### **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **Criteria for Evaluation of Independent Director and the Board:**

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

## CORPORATE GOVERNANCE REPORT

### 1. Executive Directors:

The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time

### 2. Non Executive Director:

The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence
- (f) inform the Board immediately when they lose their independence,
- (g) assist the company in implementing the best corporate governance practices.
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the company;
- (k) keep themselves well informed about the company and the external environment in which it operates;
- (l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- (n) Abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

### Policy on Board Diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc or as may be considered appropriate.

The Board shall have optimum combination of directors as per requirement of the Companies Act, 2013 and Listing Agreement as may be applicable.

### Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

#### 1. Director/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Director/ Managing Director etc shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

#### 2. Non executive Independent Directors

The Non- Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

## CORPORATE GOVERNANCE REPORT

### 3. KMPs / Senior Management Personnel etc

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

#### STAKEHOLDER RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee comprises of 4 (Four) non-executive directors namely Mr. Kamlesh M. Patel (Chairman), Dr. Pranav S. Desai and Mr. Sanjay N. Mehta; and Dr. Pradip K. Desai.

Mr. Pankaj Ajmera, Company Secretary is the Compliance Officer.

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipts of annual report and non-receipts of declared dividends.

There were 4 complaints received from shareholders / investors during the year 2015-16 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.

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Company has constituted Corporate Social Responsibility Committee on May 23, 2015. The Committee comprises of Mr. Kamlesh Patel, Independent Director, Mr. Sanjay Mehta, Non Executive Director and Mr. Veeral P Desai, Executive Director. Details of CSP Policy is given at Annexure 'C' to Director's Report.

There were one meeting of the committee held during the year.

Attendance of each member at the Corporate Social Responsibility Committee Meetings held during the year.

| Name of Members     | No. of Meetings held | No. of Meetings attended | Designation                          |
|---------------------|----------------------|--------------------------|--------------------------------------|
| Mr. Sanjay N. Mehta | 1                    | 1                        | Non Executive Director               |
| Mr. Kamlesh Patel   | 1                    | 1                        | Independent & Non-Executive Director |
| Mr. Veeral P. Desai | 1                    | 1                        | Managing Director                    |

#### HUMAN RESOURCES COMMITTEE:

The Board of Directors of the Company has constituted Human Resource Committee to be called as HR Committee to review Human Resource Policy & Employee Performance which was dissolved with effect from May 06, 2016. There were no HR Committee meeting held during the year.

#### MANAGING COMMITTEE

The Board of Directors of the Company has constituted Managing Committee to review business plan & performance of various Strategic Business Units of the Company which was dissolved with effect from May 06, 2016. There was no Managing Committee meeting held during the year.

#### GENERAL BODY MEETING

(I) Location and time of last three Annual General Meeting & Special/Ordinary Resolutions passed in previous three Annual General Meeting were as under:

### CORPORATE GOVERNANCE REPORT

| Year      | Venue  | Date               | Time       | Resolution Passed   |
|-----------|--|--------------------|------------|---|
| 2014 – 15 | DTA – 2, G 02 to G 05 Plot,<br>Gujarat Hira Bourse, Gem &<br>Jewellery Park, Icchapore-2, Surat<br>– 394 510 | September 20, 2015 |            | <ul style="list-style-type: none"> <li>● Regularization of an Additional Director Ms. Lataben P Desai as director of the Company.</li> <li>● To approve appointment of cost Auditor for the year 2015-16.</li> <li>● To authorize Board to make donation of not exceeding Rs. 2 Crore (Rupees Two Crore) in aggregate per annum over and above limit prescribed under the Companies Act, 2013.</li> </ul>   |
| 2013 – 14 | Registered Office at :<br>Plot No. 173–B,<br>New Industrial Estate, Road No.<br>6G, Udhna, Surat – 394 210   | August 08, 2014    | 10:30 a.m. | <ul style="list-style-type: none"> <li>● Appointment of Mr. Kamlesh Patel as an Independent director for a period of 5 years.</li> <li>● Appointment of Mr. N. Gopalswami as an Independent Director for a period of 5 years.</li> <li>● Appointment of Mr. Shymal Ghosh as an Independent Director for a period of 5 years.</li> <li>● Appointment of Mr. sushil Shah as an Independent director for a period of 5 years.</li> <li>● To authorize Board of Directors to borrow money from time to time not exceeding Rs. 75 Crore.</li> <li>● To authorize Board of directors to mortgage / hypothecate or otherwise charge the properties of the Company.</li> <li>● To approve remuneration to cost Auditor.</li> <li>● To Authorize to invite, accept or renew deposits.</li> </ul> |
| 2012 – 13 | Registered Office at :<br>Plot No. 173–B,<br>New Industrial Estate, Road No.<br>6G, Udhna, Surat – 394 210   | July 27, 2013      | 10:30 a.m. | Re-Appointment of Mr. Veeral P Desai as Managing Director of the Company for a further period of 3 years  |

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

There were total 4 (Four) resolutions passed as special resolutions through postal ballot, details of which are as under:

**RESOLUTION AT ITEM NO.: 1 SPECIAL RESOLUTION FOR CHANGE IN OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY**

A special resolution proposed at Item No. 1 through postal ballot was as under:



**CORPORATE GOVERNANCE REPORT**

**"RESOLVED THAT** subject to approval of members of the Company and pursuant to Section 13 and other applicable provisions if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the Company be and is hereby accorded, subject to requisite approvals, if any, of the appropriate authorities, for change/addition/alteration in object clause of Memorandum of Association of the Company as under:

**RESOLVED FURTHER THAT** the existing clause III (A) of Memorandum of Association of the company be replaced with the following clause:

III.

| A. | THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE  |
|----|--|
| 1. | To carry on the business of manufacturing, processing, preserving, canning, bottling, refining, grinding, malting, brewing, milling, packing, selling, marketing, distributing, licensing, leasing, renting, outsourcing, contract manufacturing, catering, servicing, dealing, blending, exporting and importing all types of food stuffs, dry fruits, confectionary products, snacks, beverages (whether alcoholic or non-alcoholic as the case may be including water), and preserves and to act as agents, stockists, distributors, dealers, contractors and / or service providers, of food stuffs, food products and / or beverages of all kinds as well as of food and/or beverage vending/retailing machines, whether in India and / or overseas.  |
| 2. | To invent, develop, manufacture, buy, sell and / or deal in or as act as a service provider, of instruments, medical devices and diagnostic tests, other devices, equipments, tools, machinery, (whether clinical, surgical or otherwise) apparatus (electrical, chemical, scientific, photographic or otherwise), contrivances, improvisations, or other devices whatsoever which may be found necessary or suitable for the use in humans and / or animals and/or plants and/or food and beverages including water and/or environment and/or any other material such as textile, diamonds, gems, etc. and generally to manufacture, develop, adapt, modify and deal in all kinds of instruments, appliances and apparatus useful in analysis of any organic or inorganic matter and all kinds of manual, automatic and semi-automatic equipment related to the purposes stated herein as well as to manufacture, develop, adapt, modify and / or deal in any diagnostic reagents including any diagnostic reagents, products or kits to be used with or for any pharmaceutical products or instruments or by products designed, developed, manufactured, marketed, distributed or sold by the Company. To conduct research, development, in all kinds of bulk drugs, pharmaceuticals of every description, and / or demonstrate, application, biotechnological and biochemical processes and perform contract research in order to contribute to innovative process technology development and research on various pharmaceutical and other related products and to put in continuous efforts in discovering and developing new molecules as drugs in pharmaceutical, biotech, healthcare, agriculture, marine and industrial sectors, including development of products and applications in anti-microbial screening, clinical pharmacology, recombinant DNA products, genetic engineering products, healthcare products, herb and herbal related products, ayurvedic and unani products, therapeutics, diagnostic kits, vaccines, medicinal plants and extracts and active ingredients, industrial enzymes, biotech and medicinal formulations, nutrients, biopesticides, bioinsecticides, enzymes, animal feeds, and biopolymers as well as bioinformatics, genomics and proteomics and to create and licence technology / intellectual property rights for development of processes, products and services and for the aforesaid purposes to develop, establish, maintain and aid in the development, establishment and maintenance of laboratories, research stations, containment facilities and programmes and also to enter into collaboration with various Indian/ foreign companies in the field of research in order to meet global challenges and to conduct national/ international collaborative research in various pharma products, ayurvedic and unani products, curriculum and media development and to conduct study of sociological aspects of drug use and abuse and rural pharmacy, etc. including conducting programmes in pharmaceutical management. To carry on the business as dealers, manufacturers, designers, contractors, sellers, distributors, agents of pharmaceuticals products, medicines, drugs, bulk drugs of every description and application with indigenous and/or imported technology, pharmaceutical formulations such as liquids, capsules, tablets, powders, mixtures, antibiotics enzymes and fluids of every description, all intermediates and by products of any of the above, surgical and health aids of varied nature like syringes, gloves, surgical & sanitary towels, napkins, pharma based cosmetics. Other than as contemplated above, to carry on |

## CORPORATE GOVERNANCE REPORT

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|    | <p>business as manufacturers of and/or dealers in pharmaceuticals, veterinary and phytorpharmaceutical products and preparations, chemicals, bio-chemicals, and biological products, drugs, medicines and remedies, atomic and radioactive isotopes, chemicals, fine chemicals, spirits, fertilisers, sprays, disinfectants, insecticides, pesticides, germicides, vermifuges, acids, alkalis, salts, dyes, dye-stuffs, dye-wares, colours, paints, pigments, lacquers, compounds, varnishes, polishes, glues, gums, and cosmetic and toilet preparations, food stuffs and beverages, photographic industrial medicinal, surgical, hospital, laboratory and scientific preparations, compounds, equipments and apparatus and other preparations, compounds, substances and articles intended for, or capable of being used in or connected with, any such business as aforesaid.</p>  |
| 3. | <p>To design, develop, improve, manufacture, market, distribute, sell, license, lease, install, alter, import, export, or otherwise deal in home automation products of any type whatsoever (including, but not limited to, products offering the integration of household or other devices or other electronic components by exchanging data with the manufacturer and/or operator of such devices and/or any other connected devices whether through the Internet, any Intranet, Private Communication Network, any other type of network or by any other means of electronic communication whatsoever) and to design, develop, improve, manufacture, market, distribute, sell, license, lease, install, alter, import, export, or otherwise deal in or with all software, hardware and programs of any and all kinds and description to be used for any home automation products or for any other purposes as well as for the Internet, any Intranet, Private Communication Network, any other type of network or by any other means of electronic communication whatsoever. To advise and/or provide consultancy services in relation to products and/or solutions for customers or clients and whether in India or overseas on, all matters pertaining to home automation or any home automation products and/or services including for this purpose the implementation and/or integration of computer software and/or hardware systems and/or data communication systems with household electronic or electrical devices in any flat, house, villa, residence, hotel, lodgings or other dwelling place whether in India/abroad. To design, develop, manufacture, assemble, buy, sell, distribute, import, export, alter, remodel, lease, install, repair, service, provide consulting and otherwise to deal in all classes and types of telecommunication, computing and related apparatus, electrical or electronic machines or products, instruments, machinery, fixtures, devices, and contrivances (and/or any parts or components thereof) required for or used as any automation product (or any part thereof) intended to be used in any flat, house, villa, residence, hotel, lodgings or other dwelling place whether in India/abroad including, but not limited to telecommunication equipment, electronic test and measurement equipment analytical equipment, data processing equipment, equipment services, electrical and electronic components of every description, computer networking products and services, computer software, firmware and programmes, electronic and mechanical computer and their peripherals of every kind, equipment and terminals and workstations (including intelligent terminals), electronic displays or screens, speech and other signal processing equipment and services, electronic consumer goods and/or electronic consumer equipment, test equipment and parts, assemblies and sub-assemblies related to all of the above and used in connection therewith, and to design, develop, manufacture, assemble, buy, sell, distribute, import, export, alter, remodel, lease, install, repair, service, provide consulting and otherwise to deal in any and all machines, machinery, appliances apparatus devices, materials, substances, articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.</p> |
| 4. | <p>To manufacture, design, develop, improve, modify, alter, market, distribute, sell, rent, lease, act as a service provider, outsource, exhibit, install, import, export, or otherwise deal in all sorts of gaming products and facilities including video games, gaming accessories, tools, consumables, computer arcades, consoles, computer games and / or other computer related or electrical or mechanically powered amusement, exercising, recreational, physical, educational and / or other gaming devices of all kinds and to set up and run whether in India or abroad electronic video game parlours, gaming arcades, entertainment hubs and recreational centres, .</p>   |

## CORPORATE GOVERNANCE REPORT

**RESOLVED FURTHER THAT III (B) of the Memorandum of Association of the Company be and is hereby replaced with following:**

| <b>B.</b>  | <b>MATTERS WHICH ARE NECESSARY FOR THE FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III A ARE</b>   |
|------------|---|
| <b>1.</b>  | To distribute, market, sell or assign the intellectual property rights or the technology in respect of the products or processes or patented process pertaining to any pharmaceuticals products or processes, biotechnological and biochemical processes, technological processes or inventions developed and / or otherwise acquired by the Company to any other individual, firm, body corporate for a lump sum payment, royalty, technical fees, know-how fees or any other fee etc.   |
| <b>2.</b>  | To manufacture, buy, sell, deal in or to carry on the business of licensed victualers, wine, beer and spirit merchants, brewers, malsters, distillers, importers and / or manufacturers of aerated drinks, mineral / artificial water, fruit juices and other alcoholic and non-alcoholic drinks and beverages and such other drinks such as cordials, protein shakes, herbal juices etc.   |
| <b>3.</b>  | To manufacture, import, export, trade and deal in canned and preserved fruits, dry fruits and vegetables, foods, biscuits, lozenges, drinks, confectionaries, dehydrated and hydrated vegetables, fruits, juices, preserved and bottled goods, health food, diabetic food and baby food and agricultural produce of all kinds.  |
| <b>4.</b>  | To carry on the business of cold storage, preservation, bottling, deep freezing, refrigeration, cooking, dehydrating, preserving, canning of all kinds of fruits and their juices, vegetables and their juices and all kinds of agricultural produce and any other product on Company's own account.  |
| <b>5.</b>  | To carry on business of manufactures, refiners, perpetrators, buyers, sellers, distributors of and deal in vegetable ghee, refined oil and all kinds of edible oil and other vegetable products, and oleaginous and saponaceous substances.   |
| <b>6.</b>  | To carry on business of electrical engineers and to manufacture and deal in all kinds of electrical or electronic machinery, plants and equipments and apparatus or any part thereof for the manufacture of other electrical or electronic goods and their accessories or for any other purpose and to install, sell, hire or otherwise deal with the same in any manner whatsoever.  |
| <b>7.</b>  | To carry on the business of manufacturing, assembling, altering, exchanging, buying, selling, importing exporting, and otherwise dealing in electronic and audio-visual goods of every nature and description such as television, radios, DVD players, stereo system, decks, loud speakers, amplifiers, recorders, electronic digital goods, microwave ovens, radio paging systems, computers, miniaturised circuits goods, micro modules, intercommunications sets, microphones, electronic consumer, domestic goods and home automation goods, musical and visual appliances, apparatus, instruments, equipments and devices for amusement and entertainment, electronic goods required in any flats, houses, homes, or other dwelling place or building in which any residential plots are located or any hotels or other lodging places where residential rooms are made available and including equipments, instruments and goods used in generation, transmission and receiving of any impulses such as and sound, light, electronic and electrical impulses and all kinds of electronic accessories, appliances, implements, components, instruments, equipments stores and spares, spare parts, devices, contrivances, apparatus and supplies related to or connected with the aforesaid, and all such electronic goods adapted, invented and discovered in future. |
| <b>8.</b>  | To conduct, all or any of the several operations connected with the purchase, sale, packing, warehousing and transhipment of merchandise and goods.   |
| <b>9.</b>  | To acquire and undertake the whole or any part of the business, property and liabilities of any person, entity or other company or to subscribe, purchase or otherwise acquire and hold shares and / or securities in any other entity or company as the Company may deem fit in accordance with the applicable laws.   |
| <b>10.</b> | To amalgamate enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession, amalgamation, absorption or otherwise, with any person or company carrying on or engaged in any business or transaction capable of being conducted so as to directly or indirectly benefit this Company.  |

## CORPORATE GOVERNANCE REPORT

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|     | To improve, manage, cultivate, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn into account, grant rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.  |
| 12. | To invest and deal with the moneys of the Company not immediately required in such shares or upon such securities and in any manner as may from time to time be determined.   |
| 13. | To lend and advance money or to guarantee the contracts or give credit to such persons, firms or companies, and on such terms as may seem expedient, and in particular to customers of and others having dealings with the Company, and to give guarantees or become surety for such persons, firms or companies, provided however, that the Company shall not carry on any banking business within the meaning of Banking Regulations Act, 1949.   |
| 14. | To borrow or raise money in such manner as the Company shall think fit, and in particular by the issue of debentures or debenture stock (perpetual or otherwise) and to secure the repayments of any money borrowed, raised or owing, by mortgage, pledge, hypothecation, charge or lien upon the whole or any part of the Company's property or assets, (whether present or future) including its uncalled capital and also by similar mortgage, charge, or lien to secure and guarantee the performance by the Company of obligation or liability it may undertake.   |
| 15. | To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.  |
| 16. | To apply for, purchase or otherwise acquire any patents, breveted invention, licences, concessions and the like, conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights, or information as acquired.  |
| 17. | To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops, for scientific and technical research and experiments; and to undertake and carry on with all scientific and technical researches, experiments, and tests of all kinds; and to promote studies and research both scientific and technical, investigations and inventions by providing, subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing for the remuneration of scientific or technical professors or teachers and by providing for the award of exhibitions, scholarships, prizes and grants to students or otherwise; and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the Company is authorised to carry on. |
| 18. | To establish branches or appoint agencies for or in connection with any of the objects of the Company; and to transact all kinds of agency business and in particular in relation to the investment of money, the sale of property and the collection and receipt of money and to act as agents of any firm.  |
| 19. | To apply for and obtain any consent, approval, permission or licence of the Government of India, any State Government or any other authority or body for enabling the Company to carry on any of its objects or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient.   |
| 20. | To enter into arrangement for technical collaboration and/or other forms of agreements including capital participation with foreign or Indian manufacturers of products which the Company is empowered to manufacture or of any products manufactured or proposed to be manufactured or processed by the Company and to pay for such technical assistance or collaborations, royalties or other fees in cash or by allotment of equity or other capital of the Company credited as paid up or issue of debentures or debenture stock and to obtain from any government, authority, company, firms, foreign concerns, technicians or person, any charters, contracts, decrees, rights, privileges, technical know-how, patents and concessions which the Company may think desirable and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.   |
| 21. | To act as agents, distributors, brokers or to undertake and execute any trusts and act as trustees for any persons, firms, associations, distributors, company or other body corporate for such period and on such remuneration, terms and conditions as may be agreed upon from time to time between the Company and such associations, distributors,  |

## CORPORATE GOVERNANCE REPORT

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|     | company or body corporate, individual or firm or association for business and to undertake and perform sub-contracts and also to act in any of the businesses of the Company through or by means of agents, brokers, sub-contractors or others.  |
| 22. | To remunerate any person, firm or company, rendering services to this Company, either by cash payment or by the allotment to him or them of shares or securities of the Company credited as paid up in full or in part, or otherwise, as may be thought expedient.   |
| 23. | To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company or to contract with any person, firm or company to pay the same and to pay commissions to brokers and others for underwriting, placing, selling or guaranteeing the subscription of any shares, debentures, debenture stock or securities of the Company.   |
| 24. | To support, subscribe, contribute to or otherwise assist any charitable, benevolent, religious, scientific, national or any other institutions, associations, organisations, objects or purposes or for any exhibitions.   |
| 25. | To provide for the welfare of employees of the Company, and their wives and families, or their dependents or connections of such persons by building or contributing to the building of houses, dwellings of Chawls, or by grants of money, pension allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Company shall think fit.  |
| 26. | Subject to Sec. 52 of the Companies Act, 2013 to place, to reserve/or to distribute as bonus shares among the members or to otherwise apply, as the Company may from time to time think fit, any moneys received by way of premium on shares or debentures issued at a premium by the Company, and any money received in respect of shares, and also any moneys arising from the sale by the Company of forfeited shares.  |
| 27. | To accept gifts, bequests or donations of any movable or immovable property or any rights or interest therein form members or others.  |
| 28. | To undertake, carryout, promote and sponsor rural development including any programme for promoting the social and economic welfare of, or the upliftment of the people in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing, "programme of rural development" shall also include any programme for promoting the social and economic welfare of or the uplift the people in any rural area likely to promote and assist rural development, and that the words "rural area" shall include such areas as may be regarded as rural areas under the Income Tax Act, 1961 or any other law relating to rural development for the time being in force in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value and divest the ownership of any property of the Company to or in favour of any public or local body or Authority or Central or State Government or any Public Institution or Trust or Fund.   |
| 29. | To undertake, carryout, promote and sponsor or assist any activity for the promotion and growth of the national economy and for discharging social and moral responsibilities of the Company to its employees, customers, shareholders, society and / or the public or any section of the public as also any activity likely to promote national welfare or social economic or moral upliftment of the people or any section of the people or otherwise undertake and carry on (whether in whole or part and whether directly or indirectly through any other person, entity or agency) any other activity as the Company may deem fit to meet or fulfil any corporate social responsibility or other obligations of the Company under applicable laws in such manner and by such means as may be deemed fit and without prejudice to the generality of the foregoing, undertake, carryout, promote and sponsor any activity for publication of any books, literature, newspapers, etc. or for organising lectures or seminars likely to advance these objects for giving merit awards, scholarship loans or any other assistance to deserving students or other scholars or persons to enable them to prosecute their studies or academic pursuits or researches and for establishing, conducting or assisting any institution, fund, trust etc. having any one of the aforesaid objects as one of its objects, by giving |

## CORPORATE GOVERNANCE REPORT

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|     | donations or otherwise in any other manner and in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value and divest the ownership of any property of the Company to or in favour of any public or Local Body or Authority or Central or State Government or any Public Institution or Trust or Fund.  |
| 30. | To indemnify officers, Directors, agents and servants of the Company against proceedings, costs, damages, claims and demands in respect of anything done by them for an in interest of the Company or any loss, damage or misfortune whatever which shall happen in execution of the duties of their office or in relation thereof.   |
| 31. | To adopt such means of making known the business of the Company as may seem expedient and in particular by advertising in the press, television, cinema or any improvements thereto, by circulars, by purchase and exhibition of works of art or interest by publication of books and periodicals, and by granting prizes, rewards and donations.   |
| 32. | To carry on business as financiers and to advance, deposit or lend money, securities and property to or with such persons and on such terms as may seem expedient to discount buy, sell and deal in bills, notes, warrants, coupons and other negotiable or transferrable securities or documents, to guarantee or become liable for the payment of money or for the performance of any obligations and to subscribe for conditionally or unconditionally, to underwrite issue for commission or otherwise, take, hold and deal in stocks, shares and securities of all kinds.  |
| 33. | To acquire. underwrite, deal in and hold by way of investment, shares, stocks, debentures, debenture-stock, bonds, obligations or securities, issued or guaranteed by any Government, State, Public Body or Authority, firm or person in India or elsewhere by original subscription, participation in syndicates, tender, purchase, exchange or otherwise and to subscribe for the same or to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.  |
| 34. | To purchase, or otherwise acquire and to sell, exchange, surrender, lease, mortgage, charge, convert, hold, turn to account, dispose of, and deal in immovable or movable property and in particular land, buildings, hereditaments, business concerns and undertakings, plant and machinery, stock in trade, debenture stocks, mortgages debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, securities, bonds, policies, book debts and claims, privileges and choose in action of all kinds, including any interest in real or personal property and any claims against such property or against any persons or company and to carry on any business, concern or undertakings so acquired. |
| 35. | To do all such things as may be incidental or conducive to the attainment of the above objects.   |
| 36. | And it is hereby declared that: <ul style="list-style-type: none"> <li>(i) The word 'Company' (save when used with reference to this Company) in this Memorandum shall be deemed to include any partnership or other body or association of persons whether incorporated or not and wherever domiciled.</li> <li>(ii) The objects set forth in each of the several clauses of paragraph III hereof shall have the widest possible construction and shall extend to any part of the world.</li> </ul>  |

**RESOLVED FURTHER THAT** Clause III (c) of the Memorandum of Association of the Company be and is deleted.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby jointly and/or severally authorized to submit the necessary applications and the other required documents, forms and papers to the Registrar of Companies and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including altering, deleting, inserting any of the clauses of object clause and solve any difficulties that may arise while giving effect to this resolution without seeking any further approval of the members of the Company."

## CORPORATE GOVERNANCE REPORT

### A. Results/Voting Pattern of Postal Ballot

| Sr. No. | Particulars          | Voted Through Postal ballot | Voted Through E_Voting | Total | Voted Through Postal ballot | Voted Through E_Voting | Total   | % of valid votes |
|---------|----------------------|-----------------------------|------------------------|-------|-----------------------------|------------------------|---------|------------------|
| 1       | Total Votes received | 86                          | 17                     | 103   | 458753                      | 3831079                | 4289832 |                  |
| 2       | Less Invalid Votes   | 1                           | 0                      | 1     | 200                         | 0                      | 200     |                  |
| 3       | Net valid Votes      | 85                          | 17                     | 102   | 458553                      | 3831079                | 4289632 |                  |
| 4       | Votes with assent    | 80                          | 17                     | 97    | 457153                      | 3831079                | 4288232 | 99.97            |
| 5       | Votes with dissent   | 3                           | 0                      | 3     | 600                         | 0                      | 600     | 0.01             |
| 6       | Abstained Votes      | 2                           | 0                      | 2     | 800                         | 0                      | 800     | 0.02             |

### B. Category wise Postal Ballot Result/Voting Pattern

| Promoter/Public                | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]*100 | No. of Votes –in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/(2)]*100 | % of Votes against on votes polled (7)=[(5)/(2)]*100 |
|--------------------------------|------------------------|-------------------------|---|-----------------------------|----------------------------|--|--|
| Promoter and Promoter Group    | 3214396                | 2368292                 | 100.00%   | 2368292                     | 0                          | 100  | 0  |
| Public – Institutional holders | 0                      | 0                       | 0   | 0                           | 0                          | 0  | 0  |
| Public-Others                  | 4061604                | 1921340                 | 47.30   | 1919140                     | 600                        | 99.92  | 0.03   |
| <b>Total</b>                   | <b>7276000</b>         | <b>4289632</b>          | <b>58.96</b>  | <b>4287432</b>              | <b>600</b>                 | <b>99.94</b>   | <b>0.01</b>  |

#### RESOLUTION AT ITEM NO.: 2. SPECIAL RESOLUTION FOR CHANGE IN NAME OF THE COMPANY

A special resolution proposed at Item No. 2 through postal ballot was as under:

**"RESOLVED THAT** subject to approval of shareholders of the Company and pursuant to the provisions of Section 13, 14, 110 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management & Administration) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, any other applicable law(s), regulation(s), policy(ies) or guideline(s), the provisions of the Memorandum and Articles of Association of the Company and the listing agreement entered into by the Company with the BSE Limited (the "Stock Exchange") and subject to the approval of the Registrar of Companies (the "ROC") and other regulatory authorities, as may be applicable, consent of the Shareholders of the Company be and is hereby accorded to change the name of the Company from "Span Diagnostics Limited" to "Span Divergent Limited or such other name as may be made available to the Company by Registrar of Companies, Gujarat".

**RESOLVED FURTHER THAT** post aforesaid approvals, the name "Span Diagnostics Limited" whereby occurs in the Memorandum and Articles of Association and other documents and papers of the Company be substituted by the name Span Divergent Limited or such other name as may be made available to the Company by Registrar of Companies, Gujarat"

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to make necessary application(s) and to sign, execute and file all such forms, papers and documents as may be considered necessary or expedient including appointing attorneys or authorized representatives under appropriate Letter(s) of Authority to appear before the office of the ROC and other regulatory authorities, as may be applicable, for making application to give effect to the above resolution and to file required documents and information to the Stock Exchange and such other authority(s) as may be required from time to time and to do all such acts, deeds and things as may be required in this connection and to resolve all the doubts, questions, difficulties relating thereto from time to time without seeking any further approval of the members of the Company."

## CORPORATE GOVERNANCE REPORT

On the basis of aforesaid Scrutinizers Report the results of Resolution at Item No. 2 of the Postal Ballot Notice dated June 30, 2015 was announced as under:

### A. Results/Voting Pattern of Postal Ballot

| Sr. No. | Particulars          | Voted Through Postal ballot | Voted Through E_Voting | Total | Voted Through Postal ballot | Voted Through E_Voting | Total   | % of valid votes |
|---------|----------------------|-----------------------------|------------------------|-------|-----------------------------|------------------------|---------|------------------|
| 1       | Total Votes received | 86                          | 17                     | 103   | 458753                      | 3831079                | 4289832 |                  |
| 2       | Less Invalid Votes   | 1                           | 0                      | 1     | 200                         | 0                      | 200     |                  |
| 3       | Net valid Votes      | 85                          | 17                     | 102   | 458553                      | 3831079                | 4289632 |                  |
| 4       | Votes with assent    | 70                          | 17                     | 87    | 363673                      | 3831079                | 4194752 | 97.79            |
| 5       | Votes with dissent   | 4                           | 0                      | 4     | 800                         | 800                    | 800     | 0.02             |
| 6       | Abstained Votes      | 11                          | 0                      | 11    | 94080                       | 94080                  | 94080   | 2.19             |

### B. Category wise Postal Ballot Result/Voting Pattern

| Promoter/Public                | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]*100 | No. of Votes –in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/(2)]*100 | % of Votes against on votes polled (7)=[(5)/(2)]*100 |
|--------------------------------|------------------------|-------------------------|---|-----------------------------|----------------------------|--|--|
| Promoter and Promoter Group    | 3214396                | 2368292                 | 100.00%   | 2368292                     | 0                          | 100  | 0  |
| Public – Institutional holders | 0                      | 0                       | 0   | 0                           | 0                          | 0  | 0  |
| Public-Others                  | 4061604                | 1921340                 | 47.30   | 1732380                     | 800                        | 90.17  | 0.03   |
| <b>Total</b>                   | <b>7276000</b>         | <b>4289632</b>          | <b>58.96</b>  | <b>4100672</b>              | <b>800</b>                 | <b>95.59</b>   | <b>0.01</b>  |

### RESOLUTION AT ITEM NO.: 3. SPECIAL RESOLUTION FOR ADOPTION OF NEW SETS OF ARTICLES OF ASSOCIATION AS PER THE COMPANIES ACT, 2013

A special resolution proposed at Item No. 3 through postal ballot was as under:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the existing Articles of Association of the Company be and is hereby replaced with new set of Articles of Association and the said new Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in place of, in substitution and to the entire exclusion of the existing Articles of Association.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby severally authorised to do all such acts, deeds, matters, and things as may necessary, proper, expedient, required or incidental thereto in this regard including but not limited to filing of requisite applications / forms / reports etc. with the Ministry of Corporate Affairs or with such authorities as may be required for the purpose of giving effect to this resolution and to resolve all the doubts, questions, difficulties relating thereto from time to time without seeking any further approval of the members of the Company."

On the basis of aforesaid Scrutinizers Report, the results of Resolution at Item No. 3 of the Postal Ballot Notice dated June 30, 2015 was announced as under:



## CORPORATE GOVERNANCE REPORT

### A. Results/Voting Pattern of Postal Ballot

| Sr. No. | Particulars          | Voted Through Postal ballot | Voted Through E_Voting | Total | Voted Through Postal ballot | Voted Through E_Voting | Total   | % of valid votes |
|---------|----------------------|-----------------------------|------------------------|-------|-----------------------------|------------------------|---------|------------------|
| 1       | Total Votes received | 86                          | 17                     | 103   | 458753                      | 3831079                | 4289832 |                  |
| 2       | Less Invalid Votes   | 1                           | 0                      | 1     | 200                         | 0                      | 200     |                  |
| 3       | Net valid Votes      | 85                          | 17                     | 102   | 458553                      | 3831079                | 4289632 |                  |
| 4       | Votes with assent    | 69                          | 17                     | 86    | 363073                      | 3831079                | 4194152 | 97.77            |
| 5       | Votes with dissent   | 4                           | 0                      | 4     | 800                         | 0                      | 800     | 0.02             |
| 6       | Abstained Votes      | 12                          | 0                      | 12    | 94680                       | 0                      | 94680   | 2.21             |

### B. Category wise Postal Ballot Result/Voting Pattern

| Promoter/Public                       | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]*100 | No. of Votes –in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/(2)]*100 | % of Votes against on votes polled (7)=[(5)/(2)]*100 |
|---------------------------------------|------------------------|-------------------------|---|-----------------------------|----------------------------|--|--|
| <b>Promoter and Promoter Group</b>    | 3214396                | 2368292                 | 100.00%   | 2368292                     | 0                          | 100  | 0  |
| <b>Public – Institutional holders</b> | 0                      | 0                       | 0   | 0                           | 0                          | 0  | 0  |
| <b>Public-Others</b>                  | 4061604                | 1921340                 | 47.30   | 1731180                     | 800                        | 90.10  | 0.04   |
| <b>Total</b>                          | <b>7276000</b>         | <b>4289632</b>          | <b>58.96</b>  | <b>4099472</b>              | <b>800</b>                 | <b>95.56</b>   | <b>0.02</b>  |

#### RESOLUTION AT ITEM NO.: 4. SPECIAL RESOLUTION FOR BUYBACK OF SHARE

A special resolution proposed at Item No. 4 through postal ballot was as under:

"RESOLVED THAT pursuant to the provisions of Sections 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act, 2013, as amended (the "Companies Act") and applicable provisions of the Companies Act, 1956, if any, and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended ("Buyback Regulations") and subject to such other approvals, permissions and exemptions as may be required, from time to time, from BSE Limited ("BSE") where the equity shares of the Company are listed and from any other statutory and/or regulatory authority, as may be required and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constituted to exercise the powers including the powers conferred hereunder); the approval of the shareholders be and is hereby accorded to the proposal of buy back, on a proportionate basis, from shareholders/beneficial owner of the equity shares of the Company as on the record date, up to 18,19,000 (Eighteen Lacs Nineteen Thousand only) equity shares of the face value of Rs.10/- each (representing 25% of the total number of the equity share capital of the Company) at the price of Rs. 65/- (Rupees Sixty Five Only) per equity share ("Buy Back Price") aggregating to Rs. 11,82,35,000 (Rupees Eleven Crore Eighty Two Lacs Thirty Five Thousand only) which is less than 25% of the aggregate of paid equity share capital and free reserves of the Company as per audited accounts of the Company for the financial year ended March 31, 2015 through "Tender Offer" route as prescribed under the Buy-Back Regulations (hereinafter referred to as the "Buyback").

## CORPORATE GOVERNANCE REPORT

**RESOLVED FURTHER THAT** the proposed Buyback be implemented from the shareholders (as on the record date) excluding the Promoters and Promoter Group (as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009, as amended) out of current surplus and/or cash and cash equivalents and/or internal accruals of the Company and/or such other sources or by such mechanisms as may be permitted by law, and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit.

**RESOLVED FURTHER THAT** Buyback from shareholders who are persons resident outside India including the Foreign Institutional Investors, Overseas Corporate Bodies, if any, shall be subject to such approvals, if, and to the extent necessary or required including approvals from Reserve Bank of India under Foreign Exchange Management Act, 1999 and the Rules and Regulations framed thereunder, if any.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Director(s) / Officer(s) / Authorised Representative(s) / Committee ("Buyback Committee") of the Company in order to give effect to the aforesaid resolutions and for the implementation of the Buyback;

**RESOLVED FURTHER THAT** Mr. Veeral P Desai, Managing Director, Mr. Sanjay Mehta, Director, Dr. Pradip K Desai, Director of the Company be and are hereby jointly or severally authorized to do all such acts, deeds and things as may be necessary, expedient or proper with regards to the implementation of the buyback, including:

- (i) The initiating of all necessary actions for preparation and issue of Public Notice and Public Announcement.
- (ii) The filing of the public Notice and Public Announcement and also the certificates for declaration of solvency
- (iii) The making of all the applications to the appropriate authorities for their requisite approvals.
- (iv) The opening, operation and closure of all necessary accounts such as Broking Account, Bank Account and Demat Account
- (v) To settle all such certificates, questions, difficulties or doubts that may arise in relation to the implementation of the buyback
- (vi) To do all such acts, deeds, matters and things conferred as above to any officers / Authorised Representative(s) of the Company to give effect to the aforesaid resolution or to accept any change(s), modification(s) as may be suggested by the appropriate authorities/advisors."

**RESOLVED FURTHER THAT** nothing contained herein shall confer any right on the part of any shareholder to offer and / or any obligation on the part of Company or the Board or the Buyback Committee to buyback any shares, except in accordance with the Buyback Regulations, and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback, if so permissible by law.

**FURTHER RESOLVED THAT** the common seal of the Company be affixed on such documents as may be necessary in the presence of any of the following Directors namely Mr. Veeral P Desai, Managing Director, Mr. Sanjay Mehta, Director and Dr. Pradip K Desai, Directors and counter signed by Mr. Minesh Patel and / or Mr. Mitesh Rana, Authorised Persons in this regard.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

On the basis of aforesaid Scrutinizers Report, the result of Resolution at Item No. 4 of the Postal Ballot Notice dated June 30, 2015 was announced as under:

## CORPORATE GOVERNANCE REPORT

### A. Results/Voting Pattern of Postal Ballot

| Sr. No. | Particulars             | Voted Through Postal ballot | Voted Through E_Voting | Total | Voted Through Postal ballot | Voted Through E_Voting | Total   | % of valid votes |
|---------|-------------------------|-----------------------------|------------------------|-------|-----------------------------|------------------------|---------|------------------|
| 1       | Total Votes received    | 86                          | 17                     | 103   | 458753                      | 3831079                | 4289832 |                  |
| 2       | Less Invalid Votes      | 1                           | 0                      | 1     | 200                         | 0                      | 200     |                  |
| 3       | Net valid Votes         | 85                          | 17                     | 102   | 458553                      | 3831079                | 4289632 |                  |
| 4       | Votes with assent       | 67                          | 16                     | 83    | 362963                      | 3830979                | 4193942 | 97.77            |
|         | *Less : Votes Withdrawn |                             | 4                      | 4     | 0                           | 2358232                | 2358292 |                  |
| 5       | Votes with dissent      | 5                           | 1                      | 6     | 710                         | 100                    | 810     | 0.02             |
| 6       | Abstained Votes         | 13                          | 0                      | 32    | 94880                       | 0                      | 94880   | 2.21             |

Four promoter shareholders holding 2368292 shares under 5 folios have communicated that they have voted in favour of resolution number 4 for buyback of shares through e voting facility however voting was done erroneously and the same be treated as NOT CAST. The same is shown as votes withdrawn above and be considered as abstained from voting.

### B. Category wise Postal Ballot Result/Voting Pattern

| Promoter/Public                | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]*100 | No. of Votes –in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/(2)]*100 | % of Votes against on votes polled (7)=[(5)/(2)]*100 |
|--------------------------------|------------------------|-------------------------|---|-----------------------------|----------------------------|--|--|
| Promoter and Promoter Group    | 3214396                | 2368292*                | 0   | 0                           | 0                          | 0  | 0  |
| Public – Institutional holders | 0                      | 0                       | 0   | 0                           | 0                          | 0  | 0  |
| Public-Others                  | 4061604                | 1921340                 | 47.30   | 1730770                     | 810                        | 90.08  | 0.04   |
| <b>Total</b>                   | <b>7276000</b>         | <b>4289632</b>          | <b>68.16</b>  | <b>1730770</b>              | <b>810</b>                 | <b>90.08</b>   | <b>0.02</b>  |

Four Promoters Shareholder holding 2368292 shares under 5 folios have voted in favor but however same is shown as votes withdrawn and be considered as abstained from voting.

#### (III) Person who conducted the postal ballot exercise:

Mr. Kunjal Dala  
K. Dalal & Co.,  
Company Secretaries

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

V) Procedure for postal ballot: Not applicable

#### 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. 29 to the Accounts for details of transactions with the related parties. During the year 2015 - 16, 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.

## CORPORATE GOVERNANCE REPORT

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

The Company has adopted a code of conduct for its director and senior management and the code of conduct has been put on the Company's website [www.span.co.in](http://www.span.co.in). This code of conduct has been communicated to each of them. A declaration signed by the Managing Director of the Company is given below:

I hereby confirm that the Company has obtained from all the members of the Board and management personnel, affirmation that they have complied with the Code of Conduct in respect of financial year 2015 – 16.

**Viral P. Desai**  
**Managing Director**  
**DIN 00029219**

### Whistle Blower Mechanism/Vigil Mechanism

The Company has established a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and the same has been communicated within organization. During the year under review, Company has not received any complaint. Company also affirms that no personnel has been denied access to the audit Committee.

The Company has complied with the mandatory requirements of clause 49 of the listing agreement and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 providing for corporate governance. In view of elaborate disclosure requirement under listing agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, 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 all non-mandatory requirements. The Company will consider their adoption at an appropriate stage.

### MEANS OF COMMUNICATION

#### Half-Yearly report to Shareholders, Quarterly Results, Newspaper in which published, Website etc.

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

### AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from the Auditors of the Company, M/s. Haribhakti & Co. LLP, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is attached to the Directors' Report forming part of the Annual Report.

### CEO/CFO CERTIFICATION

The Managing Director of the Company and Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### GENERAL SHAREHOLDER INFORMATION

#### (a) Annual General Meeting

|                  |   |
|------------------|---|
| Day, Date & Time | Monday, September 12, 2016 at 10:30 a.m.                    |
| Venue            | Science Center Auditorium, City Light Road, Surat – 395 007 |

## CORPORATE GOVERNANCE REPORT

### (b) Financial Calender

Financial Year: April 1 to March 31

For the financial year 2015 – 16, the results were announced as per the following details:

|   |                      |
|---|----------------------|
| 1 <sup>st</sup> Quarter ended on June 30, 2015                | On July 11, 2015     |
| 2 <sup>nd</sup> Quarter ended on September 30, 2015           | On November 02, 2015 |
| 3 <sup>rd</sup> Quarter ended on December 31, 2015            | On February 02, 2016 |
| Audited Financial Result for the year ended on March 31, 2016 | On May 05, 2016      |

For the financial year 2016 – 17, financial results will be announced as per the following tentative schedule

|   |                              |
|---|------------------------------|
| 1 <sup>st</sup> Quarter ended on June 30, 2016                | First week of August, 2016   |
| 2 <sup>nd</sup> Quarter ended on September 30, 2016           | First week of November, 2016 |
| 3 <sup>rd</sup> Quarter ended on December 31, 2016            | First week of February, 2017 |
| Audited Financial Result for the year ended on March 31, 2017 | Last week of May, 2017       |

### (c) Date of Book Closure

The Company's Register of Member's & Share Transfer Book will remain closed from September 02, 2016 to September 12, 2016 (both days inclusive).

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

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

### (e) Market Price Data:

High / Low in each month of year 2015 - 16 on the Bombay Stock Exchange Limited, Mumbai.

| Month     | High (Rs.) | Low (Rs.) | Month    | High (Rs.) | Low (Rs.) |
|-----------|------------|-----------|----------|------------|-----------|
| April     | 56.00      | 50.00     | October  | 70.00      | 57.50     |
| May       | 64.00      | 51.00     | November | 84.00      | 56.05     |
| June      | 58.00      | 51.05     | December | 96.90      | 69.00     |
| July      | 63.95      | 53.05     | January  | 101.50     | 70.00     |
| August    | 68.00      | 55.00     | February | 75.35      | 56.00     |
| September | 64.95      | 54.05     | March    | 71.50      | 60.00     |

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

| Month & Year   | Closing Sensex | % Change | Closing Price of Company's share | % change |
|----------------|----------------|----------|----------------------------------|----------|
| April 2015     | 27011.31       | -3.50    | 55.85                            | 3.94     |
| May 2015       | 27828.44       | 2.94     | 59.75                            | 6.53     |
| June 2015      | 27780.83       | -0.17    | 54.95                            | -8.74    |
| July 2015      | 28114.56       | 1.19     | 60.15                            | 8.65     |
| August 2015    | 26283.09       | -6.97    | 56.70                            | -6.08    |
| September 2015 | 26154.83       | -0.49    | 59.95                            | 5.42     |
| October 2015   | 26656.83       | 1.88     | 58.5                             | -2.48    |
| November 2015  | 26145.67       | -1.96    | 74.20                            | 21.16    |
| December 2015  | 26117.54       | -0.11    | 92.10                            | 19.44    |
| January 2016   | 24870.69       | -5.01    | 72.25                            | -27.47   |
| February 2016  | 23002.00       | -8.12    | 60.35                            | -19.72   |
| March 2016     | 25341.86       | -9.23    | 63.70                            | 5.26     |

## CORPORATE GOVERNANCE REPORT

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

Link Intime India Private Limited

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

The requests for share transfer involving 5,400 shares are processed and approved by the Registrar & Transfer Agents under the delegated authority. Other valid requests are placed before the Stakeholders Relationship Committee. The minutes of the Stakeholders Relationship Committee is placed before the Board meeting for information.

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

### (h) Categories of Shareholding and Dematerialisation of Shares as on March 31, 2016

| 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                                     | 28200                              | 3110146                                 | 3138346                | 57.46%   |
| Foreign Institutional investors               | 0                                  | 0                                       | 0                      | 0.00%  |
| Public financial institutions                 | 0                                  | 0                                       | 0                      | 0.00%  |
| Mutual funds                                  | 0                                  | 0                                       | 0                      | 0.00%  |
| Nationalized banks and other banks            | 0                                  | 0                                       | 0                      | 0.00%  |
| NRI's and OCB's                               | 139000                             | 857308                                  | 996308                 | 18.27%   |
| Others (includes holding of Corporate Bodies) | 307304                             | 1019789                                 | 1327093                | 24.30%   |
| <b>TOTAL</b>                                  | <b>474504</b>                      | <b>4987243</b>                          | <b>5461747</b>         | <b>100.00%</b>   |
| <b>Percentage</b>                             | <b>8.69</b>                        | <b>91.31</b>                            |                        |  |

### (i) Distribution of Share Holding as on March 31, 2016

| No. of Shares   | Number of shareholders | Percentage of Total | Number of shares | Percentage of total shares |
|-----------------|------------------------|---------------------|------------------|----------------------------|
| 1 to 500        | 2419                   | 87.08               | 419228           | 7.68                       |
| 501 to 1000     | 178                    | 6.41                | 142019           | 2.60                       |
| 1001 to 2000    | 74                     | 2.66                | 116536           | 2.13                       |
| 2001 to 3000    | 18                     | 0.65                | 47343            | 0.87                       |
| 3001 to 4000    | 18                     | 0.65                | 67977            | 1.24                       |
| 4001 to 5000    | 7                      | 0.25                | 32804            | 0.60                       |
| 5001 to 10000   | 25                     | 0.90                | 207538           | 3.80                       |
| 10001 and above | 39                     | 1.40                | 4428302          | 81.08                      |
| <b>Total</b>    | <b>2778</b>            | <b>100.00</b>       | <b>5461747</b>   | <b>100.00</b>              |

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

There were NIL convertible share warrants outstanding as on March 31, 2016.

**(k) Plant Location:** Not Applicable

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

9<sup>th</sup> Floor, 902 – 904, Rajhans Bonista, Behind Ram Chowk Temple, Ghod Dod Road, Surat – 395 007

**Email:** [secretarial@span.co.in](mailto:secretarial@span.co.in)

**Website:** [www.spandivergent.com](http://www.spandivergent.com)

**For and on behalf of the Board**

**Place:** Mumbai  
**Dated:** May 05, 2016

**Viral P Desai**  
**Managing Director**  
DIN: 00029219

**Dr. Pradip K Desai**  
**Non Executive Director**  
DIN: 00026451

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON **MARCH 31, 2016**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**To,  
The Members,  
Span Divergent Limited  
Formerly Span Diagnostics Limited  
Surat**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Span Divergent Limited** (hereinafter referred to as "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Span Divergent Limited** ("**Company**") for the financial year ended on March 31, 2016, according to the provisions of:

- i. The Companies Act, 2013 (**the Act**), and the Rules made thereunder; The Companies Act, 1956 to the extent applicable
- ii. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company:
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client

Our Scope of Audit for the compliance check for all other applicable laws to the Company from time to time (As briefed in Annexure A) to the extent applicable, was limited to comment with respect to proper systems in place to ensure compliance of various requirements of the stated laws. In respect of the same, as explained and confirmed to us by management, prima facie, there are adequate system checks implemented by management of the company to ensure compliance of the applicable provisions of the stated law, during the period under review.

Further, in respect of labour laws applicable to the company (As briefed in Annexure B), the company has proper systems in place to ensure compliance of various requirements of the stated laws. In respect of the same, as explained and confirmed to us by management and on an examination of various records, registers etc. kept and maintained by the Company, prima facie, the Company has complied with the stated applicable labour laws to the company, from time to time, during period under review to the extent applicable. We have also examined compliance with the applicable clauses of the following:

## SECRETARIAL AUDIT REPORT

- 1) Applicable Secretarial Standards issued by The Institute of Company Secretaries of India.
- 2) The Equity Listing Agreements entered into by the Company with the BSE Limited
- 3) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015
- 4) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, requiring compliance thereof by the Company during the financial year

During the period under review, prima facie, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. mentioned herein above.

### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has

- i. changed its name from Span Diagnostics Limited to Span Divergent Limited
- ii. altered Main Object of the Company
- iii. adopted new sets of Article of Associations
- iv. brought back 18,14,253 Equity Shares of Rs. 10 each at a price of Rs. 65 per share through tender route through the Stock Exchange.

**FOR MITESH RANA & CO.,  
COMPANY SECRETARIES**

**MITESH RANA  
COMAPNY SECRETARY  
ACS M. No.: 28113  
COP: 12364**

**DATE: MAY 05, 2016  
PLACE: MUMBAI**

**Note:** This report is to be read with assumptions/limitations as mentioned in Annexure "C" and our letter of even date which is annexed as "Annexure D" forming an integral part of this report.

### **Annexure "A"**

1. Drugs and Cosmetics Act, 1940
2. The Medicinal & Toilet Preparations ( Excise Duties) Act, 1955
3. Poisons Act, 1919
4. The Indi an Copyright Act, 1957
5. The Patents Act, 1970
6. The Trade Marks Act, 1999



**SECRETARIAL AUDIT REPORT****Annexure "B"****A. LABOUR & INDUSTRIAL LAWS**

1. Apprentices Act, 1961
2. Contract Labour ( Regulation and Abolition) Act, 1970
3. Employees Provident Fund and Miscellaneous Provisions Act, 1951 & Employees Provident Funds Scheme, 1952
4. Equal Remuneration Act, 1976 and Rules, 1976
5. Industrial Disputes Act, 1947
6. Industrial Employment (Standing Orders) Act, 1946
7. Maternity Benefit Act, 1961
8. Minimum Wages Act, 1948
9. Workmen's Compensation Act, 1923
10. Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975
11. Payment of Gratuity Act, 1972& The Payment of Gratuity(Central) Rules, 1972
12. Payment of Wages Act, 1936
13. The Employees' State Insurance Act,1948
14. The employees' State Insurance (General) Regulations, 1950
15. Factories Act, 1948
16. Personal Injuries Compensation Insurance Act, 1963 and Personal Injuries (Compensation Insurance) Rules, 1972
17. Employment Exchanges (Compulsory Notification of vacancies) Act, 1959 and The Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960
18. Supreme Court Guidelines on Prohibition of Sexual Harassment of Women at Work Place (Visaka v. State of Rajasthan)
19. Public Liability Insurance Act, 1991 and Public Liability Insurance Rules, 1991
20. Sales Promotion (Employees Conditions of Service) Act, 1976

**B. CENTRAL ENVIRONMENT AND SAFETY LAWS**

1. Environment Protection Act, 1986 and Environment (Protection) rules, 1986
2. Hazardous Wastes (Management and Handling) Rules, 1989
3. Manufacture, Storage And Import of Hazardous Chemicals Rules, 1989
4. The Water (Prevention And Control of Pollution) Act, 1974
5. The Air (Prevention And Control of Pollution) Act, 1974
6. Water (Prevention and Control of Pollution) Cess Act 1977 and Water (Prevention and Control of Pollution) Cess Rules 1978

**Annexure "C"****Assumption and limitations:**

- (a) For the purpose of this Secretarial Audit of Span Divergent Limited (the Company), we have assumed (without making any investigation) that:
  - i) All signatures, stamps and seals on the documents submitted to us are genuine.
  - ii) The information given by the Company in the documents are true and correct and the Company is not aware of any omission of material fact or information in the documents which may cause the documents to be misleading.

## SECRETARIAL AUDIT REPORT

- iii) The documents executed by the Company thereto have been executed by the persons authorised to execute the same pursuant to resolutions of the board of directors of the company.
  - iv) There have been no amendments to the documents submitted to us.
  - v) There are no arrangements between any of the parties to the documents which modify or supersede any of the terms of the documents
  - vi) The board resolution have been properly passed in accordance with the articles of association of company (including, that any meeting convened was properly convened) and all directors who participated and voted are entitled so to do and are duly appointed and
  - vii) No further resolution has been subsequently passed which has revoked or amended any of the resolutions.
- (b) We have examined the laws of India, as currently applied by Indian courts, as in our judgment is necessary for the purpose of this Report. We do not purport to be qualified to express an opinion, and we do not express any opinion, as to the laws of any jurisdiction other than India. This Report is strictly limited to the matters stated in the paragraph and does not extend to any other matter.
- (c) We have not conducted due diligence on the Company. We have not conducted any physical verification or valuations of the assets of the Company, our observation set out herein are limited to issues and risks arising out of legal matters. We have not examined the implications or business issues that may arise out of the commercial transactions or tax or regulatory matters as they do not fall within the scope of our review.
- (d) Our understanding of the facts is based upon and limited to the information/documents provided to us. We have no reason to believe that information or any of the documents provided to us are not genuine. Any variance of facts or of law may cause a corresponding change in the analysis set out in this Report.

### “Annexure D”

**To,  
The Members  
Span Divergent Limited  
Surat**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**FOR MITESH RANA & CO.,  
COMPANY SECRETARIES**

**MITESH RANA  
COMAPNY SECRETARY  
ACS M. No.: 28113  
COP: 12364**

**DATE: MAY 05, 2016  
PLACE: MUMBAI**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Span Divergent Limited**  
(Formerly known as Span Diagnostics Limited)

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Span Divergent Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

## INDEPENDENT AUDITOR'S REPORT

(2) As required by Section 143(3) of the Act, we report that:

- a. We have sought and 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 kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- g. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 26 on Contingent Liabilities to the standalone financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the Company.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W

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Atul Gala  
Partner  
Membership No.048650

Place: Mumbai  
Date: May 5, 2016

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Span Divergent Limited on the standalone financial statements for the year ended March 31, 2016]

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) The company does not have any inventory during the year and as on March 31, 2016. Accordingly, paragraph 2 of the Order is not applicable to the Company.
- (iii) The Company has granted unsecured loan to companies covered in the register maintained under Section 189 of the Act.
- (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that, the terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.
- (b) The schedule of repayment of principal in respect of such loans is based on the revised repayment schedule. However, the company has not received any interest during the year.
- (c) In respect of the aforesaid loans, there is no overdue amount of loans granted to companies listed in the register maintained under Section 189 of the Act.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under with regard to the acceptance of deposits. Further, as informed, 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.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, however, there have been slight delay in few cases.

### AND

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of dispute, are as follows:

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT**

| Name of the statute            | Nature of dues | Amount    | Period to which the amount relates | Forum where dispute is pending |
|--------------------------------|----------------|-----------|------------------------------------|--------------------------------|
| The Bombay Sales Tax Act, 1956 | Sales Tax      | 4,89,142  | 1998-99                            | Tribunal                       |
| The Bombay Sales Tax Act, 1956 | Sales Tax      | 1,11,245  | 1997-98                            | Commissioner Appeals           |
| The Bombay Sales Tax Act, 1956 | Sales Tax      | 2,37,451  | 1996-97                            | Tribunal                       |
| Income Tax Act, 1961           | Income Tax     | 14,92,930 | Assessment<br>Year 2010-11         | Commissioner Appeals           |

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks.
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) 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 by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) As per the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. The company has applied to RBI for seeking an exemption from said requirement and awaiting reply from RBI. Pending reply from RBI, it is yet to apply for registration under the above referred section.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W

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Atul Gala  
Partner  
Membership No.048650

Place: Mumbai  
Date: May 5, 2016

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Span Divergent Limited on the standalone financial statements for the year ended March 31, 2016]

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Span Divergent Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W

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Atul Gala  
Partner  
Membership No.048650

Place: Mumbai  
Date: May 5, 2016



**BALANCE SHEET AS AT MARCH 31, 2016**

|   | Note         | As at 31-3-2016<br>Rs. | As at 31-3-2015<br>Rs. |
|---|--------------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>   |              |                        |                        |
| <b>Shareholders' Funds</b>  |              |                        |                        |
| Share Capital   | 3            | 54,617,470             | 72,760,000             |
| Reserves & Surplus  | 4            | 450,685,620            | 515,142,253            |
|   |              | <b>505,303,090</b>     | <b>587,902,253</b>     |
| <b>Non Current Liabilities</b>  |              |                        |                        |
| Deferred Tax Liabilities (Net)  | 5            | -                      | 73,292                 |
| Long Term Provisions  | 6            | 1,517,985              | 1,352,224              |
|   |              | <b>1,517,985</b>       | <b>1,425,516</b>       |
| <b>Current Liabilities</b>  |              |                        |                        |
| Trade Payable   |              | -                      | -                      |
| Total outstanding dues of micro enterprises and small enterprises                                       | 7            |                        |                        |
| Total outstanding dues of creditors other than micro enterprises and small enterprises                  | 7            | 1,143,087              | 648,563                |
| Other Current Liabilities   | 8            | 1,344,477              | 33,229,406             |
| Short Term Provisions   | 9            | 638,715                | 67,601                 |
|   |              | <b>3,126,279</b>       | <b>33,945,570</b>      |
|   | <b>TOTAL</b> | <b>509,947,354</b>     | <b>623,273,339</b>     |
| <b>ASSETS</b>   |              |                        |                        |
| <b>Non Current Assets</b>   |              |                        |                        |
| Fixed Assets  |              |                        |                        |
| Tangible Assets   | 10           | 21,163,620             | 3,909,486              |
| Intangible Assets   | 10           | 41,346                 | 51,995                 |
| Intangible Assets under Development   | 10           | 314,376                | -                      |
| Non Current Investments   | 11           | 67,900,177             | 39,506,177             |
| Deferred Tax Assets (Net)   | 5            | 167,441                | -                      |
| Long Term Loans and Advances  | 12           | 66,845,377             | 47,309,200             |
|   |              | <b>156,432,337</b>     | <b>90,776,858</b>      |
| <b>Current Assets</b>   |              |                        |                        |
| Current Investment  | 13           | 315,964,165            | 424,048,250            |
| Trade Receivables   | 14           | 1,273,994              | -                      |
| Cash and Cash Equivalents   | 15           | 15,658,958             | 95,355,076             |
| Short term Loans and Advances   | 16           | 17,537,854             | 11,394,398             |
| Other Current Assets  | 17           | 3,080,046              | 1,698,757              |
|   |              | <b>353,515,017</b>     | <b>532,496,481</b>     |
|   | <b>TOTAL</b> | <b>509,947,354</b>     | <b>623,273,339</b>     |
| Summary of Significant Accounting Policies see notes accompanying financial statements.                 | 2            |                        |                        |
| Accounting policies and notes on financial statement form an integral part of the financial statements. | 1 to 34      |                        |                        |

As per our Report of even date :

**For Haribhakti & Co. LLP,**  
Chartered Accountants  
ICAI FRN : 103523W

**Atul Gala**

Partner  
Membership No. 048650  
Place : Mumbai  
Date : May 05, 2016

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

**Viral P. Desai**  
DIN : 00029219

*Managing Director*

**Dr. Pradip K. Desai**  
DIN : 00026451

*Director*

**Pankaj Ajmera**  
**Minesh Patel**

*Company Secretary*  
*CFO*

Place : Mumbai

Date : May 05, 2016

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

|  |    | As at 31-3-2016<br>Rs. | As at 31-3-2015<br>Rs. |
|--|----|------------------------|------------------------|
| <b>INCOME</b>  |    |                        |                        |
| Sale of Products   | 18 | -                      | 728,998,227            |
| Less : Excise Duty recovered on Sales  |    | -                      | 8,012,238              |
|  |    | -                      | 720,985,989            |
| Sale of Service and Other Operating Income   |    |                        | 7,751,636              |
| Other Income   | 19 | 27,427,912             | 21,278,039             |
| <b>Total Revenue</b>   |    | <b>27,427,912</b>      | <b>750,015,664</b>     |
| <b>EXPENSES</b>  |    |                        |                        |
| Cost of Materials Consumed   | 20 | -                      | 255,619,812            |
| Purchase of Stock-in-Trade   |    | -                      | 25,315,711             |
| Changes in Inventories of Finished Goods, Work-in-Progress and Progress and Stock-in-Trade | 21 | -                      | 25,184,988             |
| Employee Benefits Expense  | 22 | 5,682,573              | 165,621,339            |
| Finance Costs  | 23 | -                      | 43,632,580             |
| Depreciation and Amortisation Expense  | 10 | 1,665,296              | 58,328,095             |
| Other Expenses   | 24 | 27,125,577             | 239,681,145            |
| Donation   |    | 19,711,111             | 2,520,000              |
| <b>Total Expenses</b>  |    | <b>54,184,557</b>      | <b>815,903,670</b>     |
| <b>Profit / (Loss) before exceptional items &amp; tax</b>                                  |    | <b>(26,756,645)</b>    | <b>(65,888,006)</b>    |
| Add : Exceptional Items  | 32 | 74,204,246             | 472,675,240            |
| <b>Profit / (Loss) before tax</b>  |    | <b>47,447,601</b>      | <b>406,787,234</b>     |
| <b>Profit/(Loss) before tax from continuing operation</b>                                  |    | <b>47,447,601</b>      | <b>(10,614,205)</b>    |
| Tax Expenses   |    | 12,218,980             | -                      |
| MAT Credit Entitlement/(Utilisation)   |    |                        | -                      |
| Tax Adjustment of earlier year   |    | 141,652                | -                      |
| Deferred Tax   |    | (240,733)              | 73,292                 |
| <b>Income tax expense for continuing operation</b>   |    | <b>12,119,899</b>      | <b>73,292</b>          |
| <b>Profit/(Loss) after tax from continuing operation</b>                                   |    | <b>35,327,702</b>      | <b>(10,687,497)</b>    |
| <b>Profit before tax from discontinuing operation</b>                                      |    | <b>-</b>               | <b>417,401,439</b>     |
| Tax Expenses   |    |                        | 89,965,000             |
| MAT Credit Utilisation   |    |                        | 7,535,000              |
| Tax Adjustment of earlier year   |    |                        | -                      |
| Deferred Tax   |    |                        | (42,315,800)           |
| <b>Income tax expense for discontinuing operation</b>                                      |    | <b>-</b>               | <b>55,184,200</b>      |
| <b>Profit after tax from discontinuing operation</b>                                       |    | <b>-</b>               | <b>362,217,239</b>     |
| <b>Profit after tax for the year</b>   |    | <b>35,327,702</b>      | <b>351,529,742</b>     |
| <b>Earning per equity share - Basic &amp; Diluted (Rs.)</b>                                | 25 | <b>6.47</b>            | <b>48.31</b>           |

(Nominal Value per share of Rs.10/- each (Previous year-Rs.10/- each))

Summary of Significant Accounting Policies and Notes accompanying financial statements

1-34

Accounting policies and notes form an integral part of the financial statements

As per our Report of even date :

**For Haribhakti & Co. LLP,**  
Chartered Accountants  
**ICAI FRN 103523W**

**Atul Gala**  
Partner  
Membership No. 048650

Place : Mumbai  
Date : May 05, 2016

**For and on behalf of The Board of Director**

**Viral P. Desai** *Managing Director*  
DIN : 00029219

**Dr. Pradip K. Desai** *Director*  
DIN : 00026451

**Pankaj Ajmera** *Company Secretary*  
**Minesh Patel** *CFO*

Place : Mumbai  
Date : May 05, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

|  | 2015-16<br>Rs. | 2014-15<br>Rs. |
|--|----------------|----------------|
| <b>A. CASH FLOW FROM THE OPERATING ACTIVITIES</b>                                |                |                |
| <b>PROFIT BEFORE TAX</b>   | (26,756,645)   | (65,888,006)   |
| Depreciation and Amortization  | 1,665,296      | 58,328,095     |
| Dividend Income  | (8,310,514)    | (94,243)       |
| Interest Income  | (9,655,615)    | (4,972,610)    |
| profit on sale of Investment   | (5,397,384)    | (101,698)      |
| Interest Expense   | -              | 43,632,580     |
| Buyback related Expenses   | 3,635,370      | -              |
| Expenses related to Investment Activities  | 517,369        | -              |
| Loss on sale of fixed Assets   | -              | 271,085        |
| <b>Operating Profit before working capital changes</b>                           | (44,302,124)   | 31,175,203     |
| <b>Adjusted for Change in</b>  |                |                |
| (Increase)/ Decrease in Short term loans and Advance                             | (6,143,456)    | 18,129,202     |
| (Increase)/ Decrease in Trade receivable   | (1,273,994)    | 175,244,069    |
| (Increase)/ Decrease in Other Non Current assets                                 | -              | 1,148,932      |
| (Increase)/ Decrease in Long term loans and Advance                              | (11,980,001)   | (26,418,368)   |
| (Increase)/ Decrease in Inventories  | -              | 170,449,058    |
| Increase/(Decrease) in long term provision                                       | 165,761        | (4,997,713)    |
| Increase/(Decrease) in Trade payable   | 494,524        | (104,159,866)  |
| Increase/(Decrease) in Other current Liabilities                                 | (31,884,929)   | (188,842,552)  |
| Increase/(Decrease) in Short term provision                                      | 571,114        | (8,504,573)    |
| Increase/(Decrease) in Other Current Assets                                      | (1,381,289)    | -              |
| <b>Cash generated from operations</b>  | (95,734,394)   | 63,223,392     |
| Less: Direct taxes paid during the year  | (19,916,807)   | (85,988,833)   |
| Cash flow before Exceptional items   | (115,651,201)  | (22,765,441)   |
| Cash flow from Exceptional Item  | 74,204,246     | 472,675,240    |
| <b>Net Cash Flow From Operating Activities</b>                                   | (41,446,955)   | 449,909,799    |
| <b>Net Cash Flow From Operating Activities for continuing operation</b>          | (41,446,955)   | (33,355,457)   |
| <b>Net Cash Flow From Operating Activities for discontinuing operation</b>       | -              | 483,265,256    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                    |                |                |
| Addition in Fixed Assets and Capital Work in Process                             | (19,223,578)   | (21,335,070)   |
| Proceeds from Sales of Fixed Assets  | -              | 426,971,228    |
| Increase/ Decrease in Investments  | 79,690,085     | (457,149,42)   |
| Proceeds from Sales of Investments   | -              | 1,947,099      |
| Profit on sale of Investment   | 5,397,384      | 101,698        |
| Proceeds/(Investment)in Fixed Deposit having original maturity more than 90 days | 19,281,311     | (12,195,753)   |
| Dividend Income  | 8,310,514      | 94,243         |
| Interest Income  | 9,655,615      | 3,273,853      |
| Expenses related to Investment Activities  | (517,369)      | -              |

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

|   | 2015-16<br>Rs. | 2014-15<br>Rs. |
|---|----------------|----------------|
| <b>Net Cash Flow From Investing Activities</b>  | 102,593,962    | (58,292,124)   |
| <b>Net Cash Flow From Investing Activities for continuing operation</b>                   | 102,593,962    | (473,207,73)   |
| <b>Net Cash Flow From Investing Activities for discontinuing operation</b>                | -              | 414,915,613    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                |                |
| (Repayment)/Proceeds(of)/ from Long term Borrowings                                       | -              | (86,276,964)   |
| (Repayment)/Proceeds(of)/ from Short term Borrowings                                      | -              | (193,563,765)  |
| Interest paid   | -              | (43,632,580)   |
| Buyback of Equity Shares  | (117,926,445)  | -              |
| Buyback related expenses  | (3,635,370)    | -              |
| <b>Net Cash Flow From Financing Activities</b>  | (121,561,815)  | (323,473,309)  |
| <b>Net Cash Flow From Financing Activities for continuing Operation</b>                   | (121,561,815)  | (223,992)      |
| <b>Net Cash Flow From Financing Activities for discontinuing Operation</b>                | -              | (323,249,317)  |
| NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)  | (60,414,808)   | 68,144,368     |
| Net changes in cash and cash equivalents for continuing operations                        | (60,414,808)   | (506,787,186)  |
| Net changes in cash and cash equivalents for discontinuing operations                     | -              | 574,931,553    |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE   | 76,073,765     | 7,929,397      |
| CASH AND CASH EQUIVALENTS - CLOSING BALANCE   | 15,658,958     | 76,073,765     |
| <b>Components of Cash and Cash Equivalents</b>  |                |                |
| Cash in hand  | 25,095         | 2,850          |
| With Banks  |                |                |
| - In Current Account  | 15,633,863     | 76,070,915     |
| - In Fixed Deposit  |                |                |
| <b>Cash and cash equivalent as per Cashflow statement</b>                                 | 15,658,958     | 76,073,765     |
| Add: FDs with original maturity of more than 90 days but part of cash and cash equivalent | -              | 19,281,311     |
| <b>Cash and cash equivalent as per Financial Statement</b>                                | 15,658,958     | 95,355,076     |

As per our Report of even date :

**For Haribhakti & Co. LLP,**  
Chartered Accountants  
**ICAI FRN. 103523W**

**Atul Gala**  
Partner  
Membership No. 048650  
Place : Mumbai  
Date : May 05, 2016

**For and on behalf of The Board of Director**

**Viral P. Desai** *Managing Director*  
DIN : 00029219

**Dr. Pradip K. Desai** *Director*  
DIN : 00026451

**Pankaj Ajmera** *Company Secretary*  
**Minesh Patel** *CFO*

Place : Mumbai  
Date : May 05, 2016

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 1. Corporate Information

Span Divergent Limited is Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange. The Company was engaged in the business of manufacturing, marketing and trading of diagnostics reagents, diagnostics instruments and allied products till March 04, 2015. Before it sold its In-Vitro Diagnostics business on March 05, 2015. The Company is evaluating various business options for developing of new business line.

### 2. Summary of Significant Accounting Policies

#### i) Basis of Preparation of Financial Statements.

The Financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India, Accounting Standards notified by the Companies (Accounting Standards) Rules 2006 which continues to be applicable in respect of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and relevant provisions of the Companies Act, 2013.

The Company adopts the accrual concept in preparation of the accounts. The preparation of accounts require the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the accounts and the reported income and expenses during the period. Actual results could differ from these estimates. The accounting year of the Company is a period of 12 months commencing from April 1 and ending on March 31.

#### 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. The Company recognies revenue on the sale of products when risks and rewards of the ownership is transferred to the customer. 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.
- d. Interest income is recognised on pro-rate basis.
- e. Dividend income is recognised when right to receive the dividend is established.

#### iv) Tangible Assets & Depreciation

- a) Tangible 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 was provided on written down value method and Depreciation on Buildings at Sachin was provided on Straight line Method as per useful life specified in schedule II of the Companies Act, 2013. This building has been sold to Arkray Healthcare Private Limited on March 5, 2015 as a part of APA agreement.
- c) Lease hold improvements have been amortized over primary lease period.

#### 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 or as per management's best estimate of useful life but not exceeding 10 years. SAP Software expenses are amortised over the period of five years.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****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 Statement of Profit and Loss 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 is 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 Statement of Profit and Loss. From March 05, 2015, on account of transfer of In-Invitro Division, fund balance with LIC is also transferred to transferee Company. Hence, subsequent to March 05, 2015, the gratuity is unfunded.
- iii. Provision for accrued leave encashment is provided for on the basis of actuarial valuations made at the year end.

**ix) Taxation**

Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the period. Current Tax is determined as the amount of tax payable in respect of taxable income for the period as per the enacted Tax Regulations.

Deferred Tax Assets and Liabilities are recognized for the future tax consequences of timing differences between the book profit and tax profit. Deferred Tax Assets and Liabilities other than on carry forward losses and unabsorbed depreciation under tax laws are recognized when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognized when it is virtually certain that there will be future taxable profit. Deferred Tax Assets and liabilities are measured using substantively enacted tax rates. The effect on Deferred Tax Assets and Liabilities of a change in tax rates is recognized in the Statement of Profit & Loss in the period of substantive enactment of the change

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes the MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay the normal income tax during the specified period i.e., period for which MAT credit is allowed to be

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

carried forward. In the year in which the Company recognizes the MAT credit as an asset in accordance with the guidance note on accounting for credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### x) Valuation of stock

The mode of valuing closing stock is as under:

| Inventory Type   | Mode of Valuation   |
|--|---|
| <ul style="list-style-type: none"> <li>• Raw-Materials, Packing Materials &amp; other Materials</li> <li>• Work-in-Process</li> <li>• Finished Goods/ Traded Goods for resale</li> </ul> | <ul style="list-style-type: none"> <li>• At lower of cost or net realizable value</li> <li>• At lower of cost or net realizable value</li> <li>• At lower of Cost or net realizable value.</li> </ul> |

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. The cost is computed based on weighted average basis.

### 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 Statement of Profit and Loss as and when incurred.

Lease rental are charged to Statement of Profit and loss 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.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****xvi) Research & Development**

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

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

Provision is recognized 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.
- d) Provision for warranty related costs are recognised when product is sold. Provision is estimated based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

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.

**xviii) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash Equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**xix) Earnings per Share**

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

|          |  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|----------|--|----------------------------|----------------------------|
| <b>3</b> | <b>SHARE CAPITAL</b>   |                            |                            |
|          | <b>Authorised</b>  |                            |                            |
|          | 15,000,000 Equity Shares of Rs. 10/- each.<br>(Previous year 15,000,000)           | 150,000,000                | 150,000,000                |
|          | <b>Issued, Subscribed and paid-up</b>  |                            |                            |
|          | 5,461,747 (Previous year 7,276,000) Equity Shares of<br>Rs.10/- each fully paid up | 54,617,470                 | 72,760,000                 |
|          |  | 54,617,470                 | 72,760,000                 |

3.1 The reconciliation of the number of shares outstanding is set out below.

| Particulars  | As at<br>31-03-2016<br>No. of Shares | As at<br>31-03-2016<br>Amount in Rs. | As at<br>31-03-2015<br>No of Shares | As at<br>31-03-2015<br>Amount in Rs. |
|--|--------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| Equity Shares outstanding at the beginning of the year | 7,276,000                            | 72,760,000                           | 7,276,000                           | 72,760,000                           |
| Add: Shares Issued during the year                     | --                                   | --                                   | --                                  | --                                   |
| Less : Shares bought back during the year.             | 1,814,253                            | 18,142,530                           | --                                  | --                                   |
| Equity Shares outstanding at the end of the year.      | 5,461,747                            | 54,617,470                           | 7,276,000                           | 72,760,000                           |

3.2 Terms / rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their holdings.

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

| Name of Shareholder         | As at 31-03-2016      |              | As at 31-03-2015      |              |
|-----------------------------|-----------------------|--------------|-----------------------|--------------|
|                             | No. of<br>Shares Held | % of Holding | No. of<br>Shares Held | % of Holding |
| Pradipkumar Keshavlal Desai | 1,306,480             | 23.93        | 1,306,880             | 17.96        |
| Lataben P. Desai            | 717,060               | 13.13        | 717,060               | 9.86         |
| Bharti Patel                | 583,440               | 10.68        | 588,940               | 8.09         |
| Viral Pradipkumar Desai     | 524,632               | 9.61         | 524,632               | 7.21         |

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

3.5 Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

| Particulars                              | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|--|----------------------------|----------------------------|
| Equity shares bought back by the company |                            |                            |
| In FY 2011-12                            | --                         | --                         |
| In FY 2012-13                            | --                         | --                         |
| In FY 2013-14                            | --                         | --                         |
| In FY 2014-15                            | --                         | --                         |
| In FY 2015-16                            | 1,814,253                  | --                         |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Company has brought back 1814253 Equity Shares during the year, the details are as under.

| Particulars   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|---|----------------------------|----------------------------|
| Number of shares purchased  | 1,814,253                  | --                         |
| Face value of shares purchased  | 10                         | --                         |
| Consideration paid towards buy back   | 117,926,445                | --                         |
| Share capital reduction   | (18,142,530)               | --                         |
| Share premium utilised  | (9,824,798)                | --                         |
| General reserve utilised  | (76,243,778)               | --                         |
| Profit and loss utilised  | (13,715,339)               | --                         |
| Amount transferred to Capital redemption reserve on extinguishment of Share capital | 18,142,530                 | --                         |

| 4   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |                    |                |
|---|----------------------------|----------------------------|--------------------|----------------|
| <b>RESERVES AND SURPLUS</b>   |                            |                            |                    |                |
| <b>Capital Reserve</b>  |                            |                            |                    |                |
| As per last Balance Sheet   | 4,205,775                  | 4,205,775                  |                    |                |
|   | <u>4,205,775</u>           | <u>4,205,775</u>           |                    |                |
| <b>Capital Redemption Reserve</b>   |                            |                            |                    |                |
| As per last Balance Sheet   | -                          | -                          |                    |                |
| Add: Transfer from statement of profit and loss on account of buy back  | 18,142,530                 | -                          |                    |                |
|   | <u>18,142,530</u>          | <u>-</u>                   |                    |                |
| <b>Securities Premium Reserve :</b>   |                            |                            |                    |                |
| Balance as per last Balance Sheet   | 9,824,798                  | 9,824,798                  |                    |                |
| Add : Securities Premium on share allotment   | -                          | -                          |                    |                |
| Less : Utilised towards buy back of equity shares   | 9,824,798                  | -                          |                    |                |
|   | <u>-</u>                   | <u>9,824,798</u>           |                    |                |
| <b>General Reserve :</b>  |                            |                            |                    |                |
| Balance as per last Balance Sheet   | 76,244,200                 | 73,744,200                 |                    |                |
| Add: Transfer from Statement of Profit & Loss   | -                          | 2,500,000                  |                    |                |
| Less : Used for Fixed assets  | 422                        | -                          |                    |                |
| Less : Utilised towards buy back of equity shares   | 76,243,778                 | -                          |                    |                |
|   | <u>-</u>                   | <u>76,244,200</u>          |                    |                |
| <b>Surplus of Profit &amp; Loss Account :</b>   |                            |                            |                    |                |
| As per Last Balance Sheet   | 424,867,480                | 76,848,763                 |                    |                |
| Add : Profit for the year   | 35,327,702                 | 351,529,742                |                    |                |
|   | <u>460,195,182</u>         | <u>428,378,505</u>         |                    |                |
| Less: Transfer to General Reserve   | -                          | 2,500,000                  |                    |                |
| Less : Utilised towards buy back of equity shares   | 13,715,339                 | -                          |                    |                |
| Less: Transfer to Capital Redumption reserve  | 18,142,530                 | -                          |                    |                |
| Less: Carrying value of assets where useful life is nil as on 01.04.2014<br>(after considering residual value) (Net of deffered tax of Rs. 485,571) | -                          | 1,011,025                  |                    |                |
|   | <u>428,337,313</u>         | <u>424,867,480</u>         |                    |                |
|   | <b><u>450,685,620</u></b>  | <b><u>515,142,253</u></b>  |                    |                |
| <b>5</b>  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |                    |                |
| <b>LONG TERM PROVISIONS :</b>   |                            |                            |                    |                |
| <b>Provision for employee benefit :</b>   | <b>Non Current</b>         | <b>Current</b>             | <b>Non Current</b> | <b>Current</b> |
| Leave Encashment (Unfunded)   | 526,611                    | 41,144                     | 430,415            | 35,728         |
| Gratuity (Unfunded)   | 991,374                    | 23,899                     | 921,809            | 23,473         |
|   | <u>1,517,985</u>           | <u>65,043</u>              | <u>1,352,224</u>   | <u>59,201</u>  |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

|            |   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|------------|---|----------------------------|----------------------------|
| <b>6</b>   | <b>DEFERRED TAX LIABILITIES (Net)</b>   |                            |                            |
|            | <b>Deferred Tax Liability</b>   |                            |                            |
|            | Difference between Depreciable Assets as per books of accounts and written down value for tax purpose   | 392,067                    | 587,128                    |
|            | Provision for leave encashment  | -                          | -                          |
|            | Provision for Gratuity  | -                          | -                          |
|            | <b>SUB TOTAL (A)</b>  | <u>392,067</u>             | <u>587,128</u>             |
|            | <b>Deferred Tax Assets</b>  |                            |                            |
|            | Disallowance U/S 43B of Income tax Act, 1961  |                            |                            |
|            | a) Provision for leave encashment   | 196,488                    | 189,680                    |
|            | b) Provision for bad/doubtful debts   | -                          | -                          |
|            | c) Provision for Gratuity   | 351,366                    | 321,301                    |
|            | d) Provision for bonus  | 11,654                     | 2,855                      |
|            | <b>SUB TOTAL (B)</b>  | <u>559,508</u>             | <u>513,836</u>             |
|            | <b>Net Deferred tax Liability/(Assets)</b>  | <b>(167,441)</b>           | <b>73,292</b>              |
|            | <b>(TOTAL A - B)</b>  |                            |                            |
|            |   | <u><u>(167,441)</u></u>    | <u><u>73,292</u></u>       |
| <b>7.</b>  | <b>TRADE PAYABLES</b>   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|            | Micro. Small and Medium Enterprises   | --                         | --                         |
|            | Others  | 599,817                    | 648,563                    |
|            |   | <u>599,817</u>             | <u>648,563</u>             |
|            | Creditors for Expenses  | 543,270                    | --                         |
|            |   | <u><b>1,143,087</b></u>    | <u><b>648,563</b></u>      |
| <b>7.1</b> | As per the information available with the Company, there is no amount outstanding to the parties covered under the provisions of Micro, Small and Medium Enterprises Development Act, 2006, hence, no disclosure is required under the said Act. The same has been relied upon by the auditors. |                            |                            |
| <b>8.</b>  | <b>OTHER CURRENT LIABILITIES</b>  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|            | Unclaimed Dividend #  | 365,665                    | 473,047                    |
|            | Statutory Dues  | 146,281                    | 6,917,585                  |
|            | Payable related to IVD Business Transfer  | -                          | 25,007,378                 |
|            | Other Payables  | 832,531                    | 831,396                    |
|            |   | <u><b>1,344,477</b></u>    | <u><b>33,229,406</b></u>   |
|            | # There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.  |                            |                            |
| <b>9.</b>  | <b>SHORT TERM PROVISIONS :</b>  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|            | <b>Provision for Employee Benefits</b>  |                            |                            |
|            | Bonus   | 16,179                     | 8400                       |
|            | Performance Salary  | 17,493                     | 0                          |
|            | Super Annuation Fund  | 540,000                    | 0                          |
|            | Current Obligation of Leave Encashment (Refer note 6)   | 41,144                     | 35,728                     |
|            | Gratuity (Refer note 6)   | 23,899                     | 23,473                     |
|            |   | <u>638,715</u>             | <u>67,601</u>              |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**10 FIXED ASSETS**

| Sr. No. | Name of Assets                                       | GROSS BLOCK        |                   |                           |                     | DEPRECIATION / AMORTISATION |                    |                                      |                            | NET BLOCK           |                    |                    |
|---------|--|--------------------|-------------------|---------------------------|---------------------|-----------------------------|--------------------|--------------------------------------|----------------------------|---------------------|--------------------|--------------------|
|         |  | As at 1-4-2015 Rs  | Additions Rs      | Deduction/ Adjustment Rs. | As at 31-03-2016 Rs | Balance as at 1-4-2015 Rs.  | For The Period Rs. | Retained Earning due to Schedule Rs. | Deductions/ Adjustment Rs. | as at 31-3-2016 Rs. | As at 31-3-2016 Rs | As at 31-3-2015 Rs |
|         | <b>Tangible Fixed (owned) except household land)</b> |                    |                   |                           |                     |                             |                    |                                      |                            |                     |                    |                    |
| 1.      | Buildings & Roads                                    | 6,282,566          | -                 | -                         | 6,282,566           | 2,461,196                   | 185,336            | -                                    | -                          | 2,646,532           | 3,636,034          | 3,821,370          |
| 2.      | Land   | -                  | 10,210,250        | -                         | 10,210,250          | -                           | -                  | -                                    | -                          | -                   | 10,210,250         | -                  |
| 3.      | Computers & Softwares                                | 92,100             | 150,225           | -                         | 242,325             | 3,984                       | 97,671             | -                                    | -                          | 101,655             | 140,670            | 88,116             |
| 4.      | Office Equipments                                    | -                  | 1,805,130         | -                         | 1,805,130           | -                           | 372,451            | -                                    | -                          | 372,451             | 1,432,680          | -                  |
| 5.      | Vehicles   | -                  | 2,092,790         | -                         | 2,092,790           | -                           | 478,089            | -                                    | -                          | 478,089             | 1,614,701          | -                  |
| 6.      | Electrical Installment                               | -                  | 575,243           | -                         | 575,243             | -                           | 67,407             | -                                    | -                          | 67,407              | 507,836            | -                  |
| 7.      | Furniture & Fixtures                                 | -                  | 4,064,987         | -                         | 4,064,987           | -                           | 443,538            | -                                    | -                          | 443,538             | 3,621,449          | -                  |
|         | <b>Total (A)</b>                                     | <b>6,374,666</b>   | <b>18,898,625</b> | <b>-</b>                  | <b>25,273,291</b>   | <b>2,465,180</b>            | <b>1,644,492</b>   | <b>-</b>                             | <b>-</b>                   | <b>3,598,727</b>    | <b>21,163,620</b>  | <b>3,909,486</b>   |
| 8.      | <b>Intangible Assets</b>                             |                    |                   |                           |                     |                             |                    |                                      |                            |                     |                    |                    |
|         | Software   | 64,000             | 10,577            | 11,000                    | 63,577              | 12,005                      | 20,804             | -                                    | 10,578                     | 22,231              | 41,346             | 51,995             |
|         | <b>Total (B)</b>                                     | <b>64,000</b>      | <b>10,577</b>     | <b>11,000</b>             | <b>63,577</b>       | <b>12,005</b>               | <b>20,804</b>      | <b>-</b>                             | <b>10,578</b>              | <b>22,231</b>       | <b>41,346</b>      | <b>51,995</b>      |
|         | <b>Total (A + B)</b>                                 | <b>6,438,666</b>   | <b>18,909,202</b> | <b>11,000</b>             | <b>25,336,868</b>   | <b>2,477,185</b>            | <b>1,665,296</b>   | <b>0</b>                             | <b>10,578</b>              | <b>4,131,903</b>    | <b>21,204,966</b>  | <b>3,961,481</b>   |
|         | <b>Previous Year</b>                                 | <b>681,483,382</b> | <b>21,335,070</b> | <b>696,379,787</b>        | <b>6,438,666</b>    | <b>255,841,455</b>          | <b>58,328,095</b>  | <b>1,496,596</b>                     | <b>313,188,961</b>         | <b>2,477,185</b>    | <b>3,961,481</b>   | <b>425,641,929</b> |
|         | <b>Capital Work-in-Progress</b>                      |                    |                   |                           |                     |                             |                    |                                      |                            |                     |                    | <b>7,736,130</b>   |
|         | <b>Intangible Assets Under Development</b>           |                    | <b>314,376</b>    |                           | <b>314,376</b>      | <b>0</b>                    | <b>0</b>           | <b>0</b>                             | <b>0</b>                   | <b>0</b>            | <b>314,376</b>     | <b>0</b>           |

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

10.2 Leasehold land cost includes cost of land allotted by G.I.D.C. on lease. This lease is for 99 years and same is treated as perpetual lease hence no amortisation was done till its disposal in previous year.

10.3 In accordance with AS-16 related to Borrowing costs which amounts to Rs.Nil has been capitalized during the year (Previous year Rs. 1,71,142).

**11. NON CURRENT INVESTMENTS**

|   | As at 31-03-2016 Rs.              | As at 31-03-2015 Rs.              |
|---|-----------------------------------|-----------------------------------|
| <b>Investment in LLPs</b>   |                                   |                                   |
| Aranya Agri Biotech LLP   |                                   |                                   |
| -Fixed Capital  | 99,000                            | -                                 |
| -Fluctuating Capital  | 14,500,000                        | -                                 |
|   | <b>14,599,000</b>                 | <b>-</b>                          |
| Biospan Scientific LLP  |                                   |                                   |
| -Fixed Capital  | 99,000                            | -                                 |
| -Fluctuating Capital  | -                                 | -                                 |
|   | <b>99,000</b>                     | <b>-</b>                          |
| Dry Fruit Factory LLP   |                                   |                                   |
| -Fixed Capital  | 97,000                            | -                                 |
| -Fluctuating Capital  | 13,500,000                        | -                                 |
|   | <b>13,597,000</b>                 | <b>-</b>                          |
| Span Diagnostics Products LLP   |                                   |                                   |
| -Fixed Capital  | 99,000                            | -                                 |
| -Fluctuating Capital  | -                                 | -                                 |
|   | <b>99,000</b>                     | <b>-</b>                          |
| <b>Trade Investment (Unquoted fully Paid up)</b>  |                                   |                                   |
| <b>Investment in Equity Shares</b>  |                                   |                                   |
| Span Diagnostics south Africa (Pty) Ltd. (100% Holding - PY 100%)<br>(1,000 Equity Shares (Previous Year – 1000 Shares) of Rand 1 each) | 6,177                             | 6,177                             |
| <b>Non Traded Investments</b>   |                                   |                                   |
| <b>Investment in NCD/Debentures</b>   |                                   |                                   |
| Reliance Capital NCD Seris XIX- JM  | Unit 395 Amount <u>39,500,000</u> | Unit 395 Amount <u>39,500,000</u> |
|   | <b>39,500,000</b>                 | <b>39,500,000</b>                 |
| <b>Aggregate Amount of Unquoted Investments (At Cost)</b>   | <b>67,900,177</b>                 | <b>39,506,177</b>                 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

|             |   |                                      |                            |
|-------------|---|--------------------------------------|----------------------------|
| <b>12</b>   | <b>LONG TERM LOANS AND ADVANCES</b><br>(Unsecured and Considered Good)                  | As at<br>31-03-2016<br>Rs.           | As at<br>31-03-2015<br>Rs. |
|             | Capital Advances  | 12,172,727                           | --                         |
|             | Loans and Advances to Related Parties (Refer Note No. 12.1)                             | 1,462,862                            | 1,455,588                  |
|             | Advance Income Tax (Net of Provision)   | 13,209,788                           | 5,653,612                  |
|             | MAT Credit Entitlement  | -                                    | --                         |
|             | Security Deposits   | -                                    | 200,000                    |
|             | Receivable on account of sale of IVD Business - Escrow 1                                | 40,000,000                           | 40,000,000                 |
|             |   | <b>66,845,377</b>                    | <b>47,309,200</b>          |
| <b>12.1</b> | <b>Loans and Advances in nature of Loans given to Subsidiaries and joint Ventures :</b> |                                      |                            |
|             | <b>Loans and Advances in the nature of Loans</b>  | As at<br>31-03-2016<br>Rs.           | As at<br>31-03-2015<br>Rs. |
|             | <b>Name of the Company</b>  |                                      |                            |
|             | <b>Type of Relation</b>   | <b>Non Current</b>                   | <b>Current</b>             |
|             |   | <b>Non Current</b>                   | <b>Current</b>             |
|             | Span Diagnostics SA (PTY.LTD.)  | 1,462,862                            | --                         |
|             |   | 1,462,862                            | --                         |
|             |   | 1,455,588                            | --                         |
|             |   | 1,455,588                            | --                         |
| <b>13</b>   | <b>CURRENT INVESTMENTS</b>  | As at<br>31-03-2016<br>No. of Shares | As at<br>31-03-2016<br>Rs. |
|             | <b>Investment in Equity shares (Quoted)</b>   | As at<br>31-03-2015<br>No. of Shares | As at<br>31-03-2015<br>Rs. |
|             | Tech Mahindra   | -                                    | -                          |
|             | Axis Bank Ltd.  | -                                    | 925                        |
|             | Symphony Ltd.   | -                                    | 582,473                    |
|             | Atul Auto India Ltd.  | -                                    | 550                        |
|             | Alstom T&D India Ltd.   | -                                    | 300,589                    |
|             | Aurobindo Pharma LTD.   | -                                    | 80                         |
|             | Bharat Electricals Ltd-Jm   | -                                    | 202,971                    |
|             | Britannia Industries Ltd.   | -                                    | 370                        |
|             | Colgate Palmolive(I) Ltd--JM  | -                                    | 204,384                    |
|             | HDFC Bank Ltd-JM-EQUITY   | -                                    | 360                        |
|             | Infosys Ltd.  | 875                                  | 574,738                    |
|             | Maruti Suzuki Ind Ltd- JM   | 735                                  | 801,068                    |
|             | MRF Ltd.  | 205                                  | 551,294                    |
|             | P I Industries Ltd- JM  | 770                                  | 640,543                    |
|             | TIMKEN INDIA LTD - EQUITY JM  | 955                                  | 985,276                    |
|             | Va Tech Wabag Ltd-JM  | 436                                  | 490,292                    |
|             | Wabco (India) Ltd- JM   | 177                                  | 658,451                    |
|             | Ultra Tech Cement   | 25                                   | 958,372                    |
|             | Total Investment in Equity shares   | <b>8,340,236</b>                     | <b>3,815,041</b>           |
|             | <b>Investment in Equity Shares (Unquoted)</b>   |                                      |                            |
|             | <b>Investment in Joint Ventures</b>   | <b>No. of Shares</b>                 | <b>Amount</b>              |
|             | Span Nihon Kohden Diagnostics Pvt. Ltd.<br>(Holding 0% - PY 45%)                        | -                                    | -                          |
|             |   | 54,000                               | 5,400,000                  |
|             |   | <b>54,000</b>                        | <b>5,400,000</b>           |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

|  | No. of Bonds | Amount             | No. of Bonds | Amount            |
|--|--------------|--------------------|--------------|-------------------|
| <b>Investment in Bonds (Unquoted)</b>                          |              |                    |              |                   |
| 11% Bank of India Perpetual Bonds (Face value of Rs.10,00,000) | 22           | 23,952,170         | 22           | 23,870,000        |
| 11.85% Bank of India Perpetual Bond (Face value of Rs. 1,000)  | 32,200       | 34,434,907         | 32,200       | 34,058,262        |
| 10.20% Dena Bank Perpetual Bonds                               | 5            | 4,992,500          | -            | -                 |
| 10.45% GSPC NCD  | 18           | 19,171,800         | -            | -                 |
| 11.50% INTL NCD 21/06/2024                                     | 6            | 6,037,200          | -            | -                 |
| 8.60% GOI-02/06/2028   | 110,000      | 11,454,000         | -            | -                 |
| 8.94% Bajaj Finance Ltd NCD                                    | 5            | 5,048,000          | -            | -                 |
| 9.23% GOI 23/12/2043   | 40,000       | 4,400,000          | -            | -                 |
| <b>Total Investment in Bonds</b>                               |              | <b>109,490,577</b> |              | <b>57,928,262</b> |

|  | No. Units | Amount             |           |                    |
|--|-----------|--------------------|-----------|--------------------|
| <b>Investment in Mutual Fund (Unquoted)</b>      |           |                    |           |                    |
| Baroda Pioneer Treasury Adv- Edelweiss           | -         | 29,820,700         | -         | -                  |
| Edelweiss Arbitrage Fund- Edelweiss              | 1,611,744 | 16,649,000         | 7,652,078 | 80,000,000         |
| FAIT Forefront Alternativ EQS-Edelweiss          | 1,343,248 | 19,538,000         | 1,343,248 | 20,021,922         |
| Franklin India Ultra Short term Bonds            | -         | -                  | 660,623   | 12,116,472         |
| ICICI Prudential Flexible Income Fund            | -         | -                  | 57,172    | 15,000,000         |
| Edelweiss Arbitrage Fund-IIFL                    | 2,813,362 | 30,000,000         | -         | -                  |
| JP Moggan India- IIFL                            | 3,410,728 | 40,000,000         | 3,410,728 | 40,000,000         |
| 92 Birla Sunlife Frontline Eqyt. -JM             | 3,106     | 482,854            | 3,106     | 500,000            |
| 132 G-Birla Sunlife Saving fund                  | -         | -                  | 44,727    | 12,000,000         |
| Kotak Treasury Advantae Fund                     | -         | -                  | 675,639   | 15,000,000         |
| BNP Paribas Equityfund Growth-JM                 | 29,407    | 1,870,563          | 95,099    | 2,000,000          |
| BNP Paribas Equity Fund JM                       | 7,389     | 470,002            | 7,389     | 500,000            |
| BSL Frontline Equity Fund-Growth-JM              | 12,280    | 1,908,880          | -         | -                  |
| Edelweiss Arbitrage Regular-JM                   | 1,039,162 | 10,734,234         | -         | -                  |
| Franklin India Prima Plus Growth-JM              | 4,626     | 1,999,279          | 1,149     | 500,000            |
| Franklin India Prima Plus-JM                     | 1,149     | 496,840            | -         | -                  |
| ICICI Prudential Equity Arbitrage Fund -JM       | 778,877   | 10,709,171         | 729,160   | 10,038,270         |
| JM Money Manager Super Plus- JM                  | 2,664     | 26,793             | 615,493   | 6,169,283          |
| Kotak Equity Arbitrage JM                        | 997,669   | 10,711,040         | 931,420   | 10,000,000         |
| Motilal Oswal Most Focus Mucticap 35 Fund- JM    | 29,786    | 494,341            | 29,786    | 500,000            |
| Motilal Oswal Most Short Term Bond Fund- New- JM | 115,772   | 1,921,368          | 178,310   | 2,000,000          |
| 153G Birla Sulife Cash Plus Fnd                  | -         | -                  | 446,591   | 100,000,000        |
| HDFC Mutual Fund-Kotak                           | 891,687   | 10,000,000         | -         | -                  |
| Kotak Mutual Fund- Kotak                         | 1,000,000 | 10,000,000         | -         | -                  |
| Baroda Pionear Liquid Fund                       | 300       | 300,288            | -         | -                  |
| Kotak FMP Series 172                             | -         | -                  | 1,000,000 | 10,000,000         |
| Franklin India low duration Fund                 | -         | -                  | 689,513   | 10,559,000         |
| HDFC corporation Debt opportunity fund           | -         | -                  | 891,687   | 10,000,000         |
| <b>Total Investment in Mutual fund</b>           |           | <b>198,133,351</b> |           | <b>356,904,947</b> |

**315,964,165**
**424,048,250**

| 13 | Aggregate value of provision in the value of investment | BOOK VALUE                 |                            | MARKET VALUE               |                            |
|----|---|----------------------------|----------------------------|----------------------------|----------------------------|
|    |   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|    | Quoted  | 8,340,236                  | 3,841,122                  | --                         | 3,865,502                  |
|    | Unquoted  | 307,623,929                | 420,690,237                | --                         | 421,107,252                |
|    | <b>Total</b>  | <b>315,964,165</b>         | <b>424,531,359</b>         | <b>--</b>                  | <b>424,972,754</b>         |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 14 | <b>TRADE RECEIVABLES</b>   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|----|--|----------------------------|----------------------------|
|    | <b>A. Unsecured</b>  |                            |                            |
|    | Exceeding six months   |                            |                            |
|    | Considered Good  | 1,273,994                  | --                         |
|    | Considered Doubtful  | -                          | --                         |
|    | Less : Provision for Doubtful Debts  | -                          | --                         |
|    |  | <b>1,273,994</b>           | --                         |
|    | <b>B. Other - Considered Good</b>  | -                          | --                         |
|    |  | <b>1,273,994</b>           | --                         |
|    | * Trade receivable includes debt due by the Private Company in which director is a member of Rs NIL (Previous Year Rs NIL).  |                            |                            |
| 15 | <b>CASH AND CASH EQUIVALENTS</b>   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|    | Bank Balances with Banks :   |                            |                            |
|    | In Current Accounts*   | 15,633,863                 | 76,070,915                 |
|    | In Fixed Deposits Accounts #   | -                          | 19,281,311                 |
|    | Cash on Hand   | 25,095                     | 2,850                      |
|    |  | <b>15,658,958</b>          | <b>95,355,076</b>          |
|    | * Includes Earmarked Balances of Rs. 3,65,665 (Previous Year Rs. 473,047) in respect of Unpaid Dividend .<br># Includes deposits of Rs. NIL (Previous Year Rs. 19,281,311) held as margin money deposits against guarantees. |                            |                            |
| 16 | <b>SHORT TERM LOANS AND ADVANCES</b>   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|    | <b>Unsecured and considered good</b>   |                            |                            |
|    | Loans and Advances to Related Parties (Refer Note No 29)   | 546,088                    | 596,679                    |
|    | Balance with Statutory Authorities   | 1,435,723                  | 5,697,541                  |
|    | Security Deposits  | 200,000                    | -                          |
|    | Advance to Sundry Creditors  | 15,258,093                 | 13,032                     |
|    | Prepaid Expenses   | 17,950                     | 210,000                    |
|    | Forward Contract Receivable (Net of Payable)   | -                          | -                          |
|    | Others   | 80,000                     | 4,877,146                  |
|    |  | <b>17,537,854</b>          | <b>11,394,398</b>          |
| 17 | <b>OTHER CURRENT ASSETS</b>  | 2015-16<br>Rs.             | 2014-15<br>Rs.             |
|    | Interest Accrued but not due   | 3,080,046                  | 1,698,757                  |
|    |  | <b>3,080,046</b>           | <b>1,698,757</b>           |
| 18 | <b>REVENUE FROM OPERATIONS</b>   | 2015-16<br>Rs.             | 2014-15<br>Rs.             |
|    | Sales of Products  | --                         | 728,998,227                |
|    | Less : Excise Duty recovered on Sales  | --                         | 8,012,238                  |
|    |  | --                         | 720,985,989                |
|    | Sales of Services (net of service tax)   | --                         | 3,321,656                  |
|    | Other Operating Income   | --                         | 4,429,980                  |
|    |  | --                         | <b>728,737,625</b>         |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

|   | As at<br>2015-16<br>Rs.                          | As at<br>2014-15<br>Rs.                          |
|---|--|--|
| <b>18.1 PARTICULARS OF SALE OF PRODUCTS</b>   |  |  |
| <b>Particulars</b>  |  |  |
| Diagnostics Reagents  | --   | 703,057,338                                      |
| Medical Diagnostics Equipments  | --   | 25,940,889                                       |
|   | --   | <b>728,998,227</b>                               |
| <b>19 OTHER INCOME</b>  | 2015-16<br>Rs.                                   | 2014-15<br>Rs.                                   |
| Interest Income   | 9,655,615  | 4,972,610  |
| Dividend Income   | 8,310,514  | 94,243   |
| Foreign Exchange Gain   | -  | 10,143,377                                       |
| Profit on sale on Investment  | 5,397,384  | 101,698  |
| Profit on Sale of Shares of Nikon   | -  | -  |
| Leave and License Fees Income   | -  | 1,777,903  |
| Other Non Operating Income  | 4,064,399  | 4,188,208  |
|   | <b>27,427,912</b>                                | <b>21,278,039</b>                                |
| <b>20 COST OF MATERIALS CONSUMED</b>  | 2015-16<br>Rs.                                   | 2014-15<br>Rs.                                   |
| Raw Materials Consumed  | --   | 147,125,296                                      |
| Packing Materials Consumed  | --   | 108,494,516                                      |
|   | --   | <b>255,619,812</b>                               |
| <b>20.1 VALUE OF MATERIALS CONSUMED</b>   | <b>2015-16 % of<br/>Value in Rs. Consumption</b> | <b>2014-15 % of<br/>Value in Rs. Consumption</b> |
| <b>Raw Materials</b>  |  |  |
| Imported  | -- -- 119,495,412                                | 81.22%   |
| Indigenous  | -- -- 27,629,884                                 | 18.78%   |
|   | -- -- <b>147,125,296</b>                         | <b>100.00%</b>                                   |
| <b>Packing Materials</b>  |  |  |
| Imported  | -- -- 8,621,438                                  | 7.95%  |
| Indigenous  | -- -- 99,873,078                                 | 92.05%   |
|   | -- -- <b>108,494,516</b>                         | <b>100.00%</b>                                   |
| <b>21 CHANGES IN INVENTORIES OF FINISHED GOODS<br/>WORK-IN-PROCESS AND STOCK-IN-TRADE</b> | 2015-16<br>Rs.                                   | 2014-15<br>Rs.                                   |
| <b>Closing Stock</b>  |  |  |
| Work-in-process   |  |  |
| Semi-Finished   |  | 14,697,518                                       |
| Finished Goods  |  | 37,903,172                                       |
| Stock-In-Trade  |  | 11,446,105                                       |
|   |  | <b>64,046,795</b>                                |
| Less : Excise Duty  |  | 2,010,777  |
|   |  | <b>62,036,018</b>                                |
| <b>Opening Stock</b>  |  |  |
| Work-in-process   |  | 10,718,737                                       |
| Semi-Finished   |  | 17,247,208                                       |
| Finished Goods  |  | 51,411,086                                       |
| Stock-In-Trade  |  | 9,379,590  |
|   |  | <b>88,756,621</b>                                |
| Less : Excise Duty  |  | 1,535,615  |
|   |  | <b>87,221,006</b>                                |
|   |  | <b>25,184,988</b>                                |

As on March 31, 2015, the Company does not have any inventory. All the inventory was transferred as per Business Purchase Agreement dated January 24, 2014 to Arkray Healthcare Pvt. Ltd. on March 5, 2015. Changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade is calculated till the date of transfer.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 22   | <b>EMPLOYEE BENEFITS EXPENSES</b>   | 2015-16<br>Rs.                             | 2014-15<br>Rs.                             |
|------|---|--|--|
|      | Salaries, Wages, Benefies and other allowances<br>(including Directors' Remuneration)   | 4,555,992                                  | 150,896,883                                |
|      | Contribution to Provident and other funds   | 1,126,581                                  | 10,684,563                                 |
|      | Staff Welfare Expenses  | -  | 4,039,893                                  |
|      |   | <b>5,682,573</b>                           | <b>165,621,339</b>                         |
| 22.1 | <b>EMPLOYEE BENEFITS</b>  |  |  |
|      | Disclosures pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits'  |  |  |
|      | <b>Defined Contribution Plan</b>  |  |  |
|      | Contribution to Defined Contribution Plan recognised as expense for the year are as given below.  |  |  |
|      |   | 2015-16<br>Rs.                             | 2014-15<br>Rs.                             |
|      | Employer's Contribution to Provident Fund and Family Pension Fund   | 501,943                                    | 6,165,066                                  |
|      | Employer's Contribution to Employee State Insurance fund  | 14,197                                     | 1,001,106                                  |
|      | Employer's Contribution to Super Annuation Fund   | 540,000                                    | 1,222,339                                  |
|      | <b>Defined Benefit Plan</b>   |  |  |
|      | The Employees' Group Gratuity Fund is the Company's defined benefits plan for which the Company has taken Group Gratuity cum Life Insurance Policy from Life Insurance Corporation of India. The fund balance in the said policy has been transferred to Arkray Healthcare Pvt. Ltd. as a part of Business Transfer, hence on March 31, 2015 the Gratuity scheme is considered as non funded. 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. |  |  |
|      | <b>(i) Reconciliation of opening and closing balance of defined Benefit Obligation :</b>  |  |  |
|      |   | Gratuity<br>(Non-Funded)<br>2015-16<br>Rs. | Gratuity<br>(Non-Funded)<br>2014-15<br>Rs. |
|      | Defined Benefit obligation at beginning of year   | 945,282                                    | 26,886,018                                 |
|      | Current Service Cost  | 2,316                                      | 1,429,063                                  |
|      | Interest Cost   | 74,866                                     | 2,508,465                                  |
|      | Actuarial (gain) / loss   | (7,191)                                    | 1,312,115                                  |
|      | Benefit Paid  | -  | (3,966,356)                                |
|      | Liability Transferred Out / Divestment  | -  | (27,224,023)                               |
|      | Defined Benefit obligation at year end  | 1,015,273                                  | 945,282                                    |
|      | <b>(ii) Reconciliation of opening and closing balance of Fair value of plan assets :</b>  |  |  |
|      |   | Gratuity<br>(Non-Funded)<br>2015-16<br>Rs. | Gratuity<br>(Non-Funded)<br>2014-15<br>Rs. |
|      | Fair value of plan assets at beginning of year  | --   | 28,034,950                                 |
|      | Expected return on plan assets  | --   | 2,439,041                                  |
|      | Actuarial (gain) / loss   | --   | 1,242,986                                  |
|      | Employers Contribution  | --   | 916,587                                    |
|      | Benefit Paid  | --   | (3,966,356)                                |
|      | Fund Balance Transferred Out - Business Transfer  | --   | (28,667,208)                               |
|      | Fair value of plan assets at year end   | --   | -  |
|      | Actual return on plan assets  | --   | -  |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**iii) Reconciliation of Fair Value of assets and obligation :**

|   | Gratuity<br>(Non-Funded)<br>As at March 31, 2016<br>Rs. | Gratuity<br>(Non-Funded)<br>As at March 31, 2015<br>Rs. |
|---|---|---|
| Fair value of plan assets                                 | -   | -   |
| Present value of obligation                               | 1,015,273   | 945,282   |
| Amount recognised in Balance Sheet as liability / (asset) | 1,015,273   | 945,282   |

**iv) Expense Recognised during the year :**

|  | Gratuity<br>(Non-Funded)<br>2015-16<br>Rs. | Gratuity<br>(Non-Funded)<br>2014-15<br>Rs. |
|--|--|--|
| Current Service Cost                           | -  | 1,429,063                                  |
| Interest Cost                                  | -  | 69,424                                     |
| Expected return on plan assets                 | -  | -  |
| Actuarial (gain) / loss recognised in the year | (7,191)                                    | 69,129                                     |
| Net Cost recognised in Profit & Loss account   | (7,191)                                    | 1,567,616                                  |

**v) Investment Details :**

Till March 4, 2015 the Company the gratuity fund of the Company was managed by Life Insurance Corporation of India (LIC). From March 5, 2015, the fund balance along with corresponding liability is transferred to Arkray Healthcare Pvt. Ltd., hence the same is considered as unfunded on March 31, 2015.

**vi) Actuarial Assumptions :**

| <b>Indian Assured Lives Mortality (2006-08) Ultimate</b> | Gratuity<br>(Non-Funded)<br>2015-16 | Gratuity<br>(Non-Funded)<br>2014-15 |
|--|-------------------------------------|-------------------------------------|
| Discount rate (per annum)                                | 7.92%                               | 7.92%                               |
| Expected rate of return on plan assets (per annum)       | -                                   | 7.92%                               |
| Rate of escalation in salary (per annum)                 | 7.00%                               | 7.00%                               |

**(vii) Disclosure as required under para 120 (n)  
of accounting standard 15 :**

|  | Gratuity<br>(Funded)<br>31-03-2016 | Gratuity<br>(Funded)<br>31-03-2015 | Gratuity<br>(Funded)<br>31-03-2014 | Gratuity<br>(Funded)<br>31-03-2013 | Gratuity<br>(Funded)<br>31-03-2012 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Fair Value of plan assets              |                                    | -                                  | 28,034,950                         | 29,419,075                         | 28,201,375                         |
| Present value of obligation            | 1,015,273                          | 9,45,282                           | 26,886,018                         | 25,537,130                         | 23,402,421                         |
| Surplus (Deficit) in Plan              | (1,015,273)                        | (9,45,282)                         | 1,148,932                          | 3,881,945                          | 4,798,954                          |
| Experience Adjustments                 |                                    |                                    |                                    |                                    |                                    |
| Actuarial (Gain)/Losses on Obligations |                                    | 2,814,421                          | 2,814,421                          | (124,969)                          | (7,747,496)                        |
| Actuarial (Gain)/Losses on Plan Assets |                                    | (393,125)                          | (393,125)                          | 133,737                            | 333,413                            |

**23 FINANCE COST**

|                         | 2015-16<br>Rs. | 2014-15<br>Rs. |
|-------------------------|----------------|----------------|
| Interest Expenses*      | --             | 41,898,619     |
| Other Borrowing Costs # | --             | 1,733,961      |
|                         | --             | 43,632,580     |

# Relates Forward Premium Expense of Rs. NIL (Previous Year Rs. 1,56,490)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 24 | OTHER EXPENSES                                  | 2015-16<br>Rs.    | 2014-15<br>Rs.     |
|----|---|-------------------|--------------------|
|    | <b>Manufacturing Expenses</b>                   |                   |                    |
|    | Processing charges                              | -                 | 22,676,765         |
|    | Laboratory Expenses                             | -                 | 1,225,310          |
|    | Power and Fuel                                  | -                 | 21,303,844         |
|    | Stores Consumed                                 | -                 | 18,299,787         |
|    | Excise duty paid                                | -                 | 6,331,069          |
|    | Repairs to Building                             | -                 | 2,406,857          |
|    | Rent  | -                 |                    |
|    | Repairs to Plant & Machineries                  | -                 | 1,027,955          |
|    | Research & Development Expenses                 | -                 | 14,206,482         |
|    | Other Manufacturing Expenses                    | -                 | 580                |
|    |   | <b>-</b>          | <b>87,478,649</b>  |
|    | <b>Selling &amp; Distribution Expenses</b>      |                   |                    |
|    | Liquidated Damage                               | -                 | 3,056,423          |
|    | Royalty   | -                 | 8,364,627          |
|    | Target Discount                                 | -                 | 1,628,228          |
|    | Bad Debts                                       | -                 | -                  |
|    | Freight Outward Expenses.                       | -                 | 31,013,565         |
|    | Sales Commission                                | -                 | 14,567,889         |
|    | Travelling and Conveyance (Marketing)           | -                 | 18,377,791         |
|    | Sales Promotion/Statutory Advertisement Expense | 470,378           | 16,957,210         |
|    | Provision for Doubtful Debts                    | -                 | 81,001             |
|    | Other Selling & Distribution Expenses           | -                 | 1,148,055          |
|    |   | <b>470,378</b>    | <b>95,194,789</b>  |
|    | <b>Administration and Other Expenses</b>        |                   |                    |
|    | Communication Expenses                          | 198,574           | 4,550,599          |
|    | Printing and Stationery                         | 217,449           | 813,400            |
|    | Travelling and Conveyance (Others)              | 2,316,784         | 4,429,262          |
|    | Directors' Sitting Fees & Allowances            | 345,500           | 200,000            |
|    | Rates & Taxes                                   | 2,067,749         | 7,999,446          |
|    | Insurance Charges                               | 4,569             | 1,348,941          |
|    | Rent (Refer Note No. 27)                        | 843,500           | 2,194,836          |
|    | Payment to Auditors (Refer Note 24.2)           | 764,762           | 923,572            |
|    | Legal & Professional Charges                    | 6,237,964         | 6,079,926          |
|    | Electricity Charges                             | 69,556            | 1,675,005          |
|    | House Keeping Expenses                          | 6,245             | 3,084,130          |
|    | Security Charges                                | -                 | 2,706,245          |
|    | Stamp duty                                      | 96,245            |                    |
|    | Exchange loss (Net)                             | 103,946           | -                  |
|    | Unrealised loss on Investments                  | 1,703,320         | -                  |
|    | Loss on sale of investment                      | -                 | 271,085            |
|    | Cenvat Credit Written Off                       | 6,267,024         |                    |
|    | Buy Back Expenses                               | 3,635,370         |                    |
|    | Other Expenses                                  | 1,776,642         | 20,731,260         |
|    |   | <b>26,655,199</b> | <b>57,007,707</b>  |
|    |   | <b>27,125,577</b> | <b>239,681,145</b> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 24.1 | VALUE OF STORES & SPARES CONSUMED   | 2014-15        |                     | 2015-16        |                     |
|------|---|----------------|---------------------|----------------|---------------------|
|      |   | Value in Rs.   | % of<br>Consumption | Value in Rs.   | % of<br>Consumption |
|      | <b>Stores and Spares</b>  |                |                     |                |                     |
|      | Imported  | --             | 0.00%               | 2,847,185      | 15.56%              |
|      | Indigenous  | --             | 0.00%               | 15,452,602     | 84.44%              |
|      |   | --             | 0.00%               | 18,299,787     | 100.00%             |
|      |   |                |                     |                |                     |
| 24.2 | AUDITOR'S REMUNERATIONS (Including Service Tax)   | 2015-16<br>Rs. |                     | 2014-15<br>Rs. |                     |
|      | Particulars   | 260,000        |                     | 260,000        |                     |
|      | Audit Fees  | 75,000         |                     | 75,000         |                     |
|      | Tax Audit Fees  | 382,253        |                     | 512,827        |                     |
|      | Other Services  | 47,509         |                     | 75,745         |                     |
|      | Reimbursement of Expenses   | 764,762        |                     | 923,572        |                     |
|      |   |                |                     |                |                     |
| 24.3 | EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE  | 2015-16<br>Rs. |                     | 2014-15<br>Rs. |                     |
|      | <b>a) Earnings in Foreign Exchange</b>  |                |                     |                |                     |
|      | Export of Goods calculated on F.O.B. basis  | -              |                     | 150,596,030    |                     |
|      | <b>b) Expenditure in foreign currency</b>   |                |                     |                |                     |
|      | 1. Royalty  | -              |                     | 4,709,315      |                     |
|      | 2. Bank Interest  | -              |                     | -              |                     |
|      | 3. Dividend   | -              |                     | -              |                     |
|      | 4. Technical Know-how   | -              |                     | 6,789,204      |                     |
|      | 5. Salary and Other cost  | -              |                     | 831,505        |                     |
|      | 6. Marketing expenses   | -              |                     | 12,187,135     |                     |
|      | 7. Sales Promotion  | -              |                     | 843,483        |                     |
|      | 8. Foreign Travelling expenditure   | 980,989        |                     | 1,756,711      |                     |
|      | 9. Other expenses   | 213,815        |                     | 615,371        |                     |
|      | <b>c) Value of imports calculated on CIF basis</b>                                      |                |                     |                |                     |
|      | Raw Materials & Packing Materials   | -              |                     | 120,448,902    |                     |
|      | Traded Goods  | -              |                     | 18,823,965     |                     |
|      | Capital Goods   | -              |                     | -              |                     |
|      | Consumable Stores   | -              |                     | 2,409,595      |                     |
|      |   |                |                     |                |                     |
| 25   | EARNING PER SHARE   | 2015-16<br>Rs. |                     | 2014-15<br>Rs. |                     |
|      | Profit after taxation as per Statement of Profit and Loss (Amt. in Rs.)                 | 35,327,702     |                     | 351,529,742    |                     |
|      | Weighted average number of equity shares outstanding                                    | 5,461,747      |                     | 7,276,000      |                     |
|      | Basic and Diluted Earning per shares<br>(face value – Rs. 10 per share) (Amount in Rs.) | 6.47           |                     | 48.31          |                     |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 26 CONTINGENT LIABILITIES AND COMMITMENTS

#### A. Contingent Liabilities

| Particulars  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|--|----------------------------|----------------------------|
| a) Taxes   |                            |                            |
| (1) Sales tax  |                            |                            |
| Demands under contest  | 837,838                    | 837,838                    |
| C-Form Pending   | 512,474                    | 3,940,707                  |
| (2) Income tax   |                            |                            |
| Demands under dispute  | 1,492,930                  | 21,607,889                 |
| b) Claims against the Company not acknowledged as Debts  | 2,542,704                  | 2,542,704                  |
| c) On account of guarantees given by the bank on behalf of the company in favor of customs and others. | -                          | 19,281,311                 |

#### B. Commitment :

| Particulars  | As at 31-03-2016<br>Rs. | As at 31-03-2015<br>Rs. |
|--|-------------------------|-------------------------|
| Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account and not provided for | 28,27,270               | -                       |

### 27 LEASE :

- I. The Company does not have financial lease arrangement.
- II. The Company has taken residential, office and godown premises under short term cancelable lease arrangements and are renewable on mutually agreeable terms.
- iii. The company has given premises under operating lease arrangements. This assets has been capitalised and consequently depreciation has also been provided on the assets.

| Particulars                    | As at 31-03-2016<br>Rs. | As at 31-03-2015<br>Rs. |
|--------------------------------|-------------------------|-------------------------|
| Rent paid under this agreement | 843,500                 | 2,202,512               |

| Particulars  | As at 31-03-2016<br>Rs. | As at 31-03-2015<br>Rs. |
|--|-------------------------|-------------------------|
| Rent received during the year under this agreement | -                       | 1,777,903               |

### 28 SEGMENT REPORTING :

The company was in a single segment. i.e. Diagnostic products, Which was considered as primary business segmets. However, company had sold it's entire business on March 05, 2015.

In respect of geographical segment, Current year the source of income is from financial segment which has no geographical segment.

| Particulars         | 2015-16  |               | 2014-15     |               |
|---------------------|----------|---------------|-------------|---------------|
|                     | In India | Outside India | In India    | Outside India |
| Revenue             | -        | -             | 587,402,197 | 150,596,030   |
| Assets (Debtors)    | -        | -             | -           | -             |
| Capital Expenditure | -        | -             | 21,335,070  | -             |

### 29 RELATED PARTY DISCLOSURE :

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

#### (i) Related parties where control exists.

- Span Diagnostics SA. (Pty.) Ltd. - (Subsidiary)
- Span Nihon Kohden Diagnostics Pvt. Ltd. (Joint Venture) (Upto 19.11.15)
- Dry Fruit Factory LLP
- Span Diagnostic Products LLP Bio Span Scientific LLP
- Aranya agri biotech LLP

#### (ii) Key Management Personnel :

- Dr. Pradip K. Desai (Upto March 04, 2015)
- Mr. Veeral P. Desai
- Ms. Sujata V. Desai (Upto March 04, 2015)
- Mr. Minesh Patel

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

**(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
- Dr. Udai D. Desai
- Dr. Pradip K. Desai (From March 05, 2015)
- Ms. Sujata V. Desai (From March 05, 2015)

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

- Span Diagnostics SARL
- Quest Biochemicals Pvt. Ltd
- Desai Agri Bio-tech Pvt. Ltd
- Span Biotherapeutics Pvt Ltd

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

**B. Transactions with Related Party :**

| Particulars                                   | Referred In A(i)<br>Above | Referred In A(ii)<br>Above | Referred In A(iii)<br>Above | Referred In A(iv)<br>Above |
|---|---------------------------|----------------------------|-----------------------------|----------------------------|
| <b>Purchase:</b>                              |                           |                            |                             |                            |
| Goods and Material                            | -                         | -                          | -                           | -                          |
|   | -                         | -                          | -                           | 317,750                    |
| <b>Expenses :</b>                             | -                         | 4,720,519                  | -                           | -                          |
| Remuneration/Appreciation                     | -                         | 16,619,413                 | -                           | -                          |
|   | -                         | -                          | -                           | -                          |
| Interest on F.D./Loan                         | -                         | 155,582                    | 319,533                     | 309,764                    |
|   | -                         | 420,000                    | 420,000                     | -                          |
| Rent paid                                     | -                         | 35,000                     | 79,516                      | -                          |
|   | -                         | -                          | -                           | -                          |
| Garden Expense                                | -                         | -                          | -                           | 619,300                    |
|   | -                         | -                          | -                           | -                          |
| Evaluation & Testing Charges                  | -                         | -                          | -                           | 30,000                     |
|   | -                         | -                          | -                           | -                          |
| Selling Marketing Expense                     | 1,331,326                 | -                          | -                           | -                          |
|   | -                         | -                          | -                           | -                          |
| Royalty                                       | 401,687                   | -                          | -                           | 1,712,738                  |
|   | -                         | -                          | -                           | -                          |
| Income :                                      | 80,200,000                | -                          | -                           | -                          |
| Sales of Shares                               | -                         | -                          | -                           | -                          |
|   | -                         | -                          | -                           | -                          |
| Licence Fees                                  | 1,777,903                 | -                          | -                           | -                          |
|   | 136,440                   | -                          | -                           | -                          |
| Interest Income on Loans                      | 999,688                   | -                          | -                           | -                          |
|   | -                         | -                          | -                           | -                          |
| <b>Balance Sheet Items :</b>                  | -                         | -                          | -                           | -                          |
| Deposits Accepted                             | -                         | 500,000                    | 2,000,000                   | -                          |
|   | -                         | -                          | -                           | -                          |
| Deposits Repaid                               | -                         | 1,400,000                  | 5,140,000                   | -                          |
|   | -                         | -                          | -                           | -                          |
| Loans and advances in nature on reimbursement | 212,622                   | -                          | -                           | -                          |
|   | -                         | -                          | -                           | -                          |
| Loan & Advances received                      | -                         | 952,000                    | -                           | -                          |
|   | -                         | 1,583,686                  | 2,800,000                   | -                          |
| Loan & Advances Repaid                        | -                         | 100,000                    | -                           | -                          |
|   | -                         | -                          | -                           | -                          |
| Loan & Advances given                         | 12,866,001                | -                          | -                           | -                          |
| Purchase of Technology                        | 28,400,177                | -                          | -                           | -                          |
|   | 3,172                     | -                          | -                           | -                          |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

| Particulars                                   | Referred In A(i)<br>Above | Referred In A(ii)<br>Above | Referred In A(iii)<br>Above | Referred In A(iv)<br>Above |
|---|---------------------------|----------------------------|-----------------------------|----------------------------|
| Investment Made / Capital contribution in LLP | -                         | -                          | -                           | -                          |
|   | -                         | 105,000                    | 105,000                     | -                          |
| Prepaid expenses                              | 28,400,177                | -                          | -                           | -                          |
| Balance as at March 31, 2016                  | 5,406,177                 | -                          | -                           | -                          |
| Investments                                   | 2,008,950                 | 100,000                    | -                           | -                          |
|   | 2,052,267                 | -                          | -                           | -                          |
| Loans & Advances                              | -                         | 100,000                    | 100,000                     | -                          |
|   | -                         | 100,000                    | 100,000                     | -                          |
| Rent Deposits given                           | -                         | -                          | -                           | -                          |
|   | 829,075                   | -                          | -                           | -                          |
| Trade and Other Payables                      | -                         | -                          | -                           | -                          |
|   | -                         | 105,000                    | 105,000                     | -                          |
| Prepaid expense                               | -                         | -                          | -                           | -                          |

\*Figures of previous year represented in *Italics Form*.

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

- a. Purchase/ materials consumed from Span Diagnostics SARL Rs.NIL (Previous year- 317,750)
- b. Payment to Key Management Personnel include to Dr.Pradeep K. Desai Rs. NIL ( Previous Year Rs. 6,039,104), Shri Veeral P. Desai Rs. 45,00,000 ( Previous Year Rs.5,718,955 ), Ms. Sujata V. Desai NIL ( Previous Year Rs.4,119,259), Payment of appreciation to Sujata V. Desai Rs. NIL (Previous Year- Rs.700,000) Minesh Patel - Rs. 230,515 ( Previous Year NIL),
- c. Interest on F.D./Loan includes Mr.Veeral P. Desai NIL (Previous Year Rs.34,116 ), Dr.Pradeep K. Desai NIL (Previous Year Rs. 89,228 ), Ms.Sujata V. Desai Rs. NIL (Previous Year Rs.33,184 ), Mrs. Shital S. Kazi Rs. NIL (Previous Year Rs.22,199 ), Mrs. Tejal V.Desai Rs. NIL (Previous Year Rs.57,735), Dr.Harshad R.Gandhi Rs. NIL (Previous Year Rs. 101,515), Mrs.Kokila H. Gandhi Rs. NIL (Previous Year Rs.129,659), Desai Agri Bio-Tech Pvt.Ltd. NIL (Previous Year Rs.Rs. 309,764) Dr. Uday D Desai Rs.NIL (Previous year- Rs.-7479)
- d. Rent paid to Mrs.Shital S.Kazi Rs. NIL ( Previous Year Rs.44,516), Mr. Veeral Desai- Rs.4,20,000(Previous year Rs.- 35,000), Ms. Sujata Desai- Rs.4,20,000(Previous year Rs.- 35,000)
- e. Gardening Expense paid to Desai Agri Bio-Tech Pvt. Ltd. Rs. NIL (Previous Year Rs.619,300).
- f. Evaluation & Testing Charges paid to Quest Biochemicals Pvt. Ltd. Rs. NIL ( Previous Year Rs.Rs.30,000).
- g. Sales and Distribution Expenses include amount Paid to Span Diagnostics SA. (Pty.) Ltd .Rs. NIL (Previous Year Rs.1,331,326).
- h. Royalty paid to Span Diagnostics SARL Rs. NIL (Previous Year Rs.1,712,738), Span Biotronics Pvt.Ltd Rs. NIL (Previous Year Rs..401,687)
- i. License Fees from Span Nihon-Kohden Pvt. Ltd. Rs. NIL (Previous Year Rs.1,777,903)
- j. Other Income from Span Biotronics Pvt Ltd Rs. NIL (Previous Year Rs.873,826), Span Diagnostics SA. (Pty.) Ltd. Rs. NIL (Previous Year Rs.125,862)
- k. Deposits received includes from Shri Veeral P. Desai Rs. 1,00,000 (Previous year - 500,000) and Uday D. Desai Rs. NIL (Previous year Rs. 2,000,000)
- l. Deposits repaid includes Mr. Veeral P. Desai Rs. NIL(Previous Year Rs.1,000,000), Sujata V. Desai Rs. NIL(Previous year Rs.400,000), Shital S. Kazi Rs. NIL (Previous year Rs.200,000), Tejal V. Desai Rs. NIL (Previous year Rs.790,000), Harshad .R. Gandhi Rs. NIL (Previous year Rs.900,000) Kokila .H. Gandhi Rs. NIL (Previous year Rs.1,250,000) Uday D. Desai Rs. NIL (Previous Year Rs.2,000,000)
- m. Loan & Advances in nature of expense reimbursement given during the year include Span Nihon-Kohden Pvt. Ltd. Rs. Nil ( Previous Year Rs.168287), Span Biotronics Pvt. Ltd. Rs.Nil( Previous Year Rs.36,854) Span Diagnostics SA Pty Rs.Nil(Previous year Rs.-8481)
- n. Loans received included from Pradeep K. Desai Rs. NIL (Previous Year Rs.-702,000) and Veeral P. Desai Rs. NIL (Previous year Rs.-250,000)
- o. Loans and Advance repaid includes Pradeep K.Desai Rs. NIL (Previous year Rs.1,333,686) and Veeral P. Desai Rs. NIL (Previous Year Rs.250,000), Desai Agri Bio-tech Pvt. Ltd Rs NIL (Previous Year Rs..2,800,000)
- p. Purchase of Technology include Span Biotronics Pvt Ltd Rs. NIL ( Previous Year Rs.12,866,001),
- q. Purchase of Investment includes Span SA (Pty,) Ltd.Rs. NIL (Previous year Rs.3172.18)
- r. Prepaid expense includes rent paid to Shri Veeral P. Desai Rs. Nil (Previous Year Rs.105,000).
- s. Loans & advances given to Mr Minesh Patel - Rs. 1,00,000 (Previous Year - Rs. NIL)
- t. Investment made in 4 LLP - 2,84,00,177 i.e. Dry Fruit Factory LLP - Rs. 1,35,97000/- (Previous Year - Rs. NIL), Span Diagnostic Products LLP Rs. 99,000 (Previous Year - Rs. NIL), Bio Span LLP - Rs. 99,000/- (Previous Year - Rs. NIL), Aranya LLP - Rs. 1,45,99000/- (Previous Year - Rs. NIL)
- u. Company has sold it's shares of Span Nihon kohden (A Joint Venture) during the year amounting to Rs. 802,00,000 (Previous Year - Rs. Nil)

### 30 Interest in Joint Venture :

| Sr. No. | Name of Joint Venture                   | Country of Incorporation | Proportion of Ownership % |                  |
|---------|---|--------------------------|---------------------------|------------------|
|         |   |                          | As at 31-03-2016          | As at 31-03-2015 |
| 1       | Span Nihon Kohden Diagnostics Pvt. Ltd. | India                    | 0%                        | 45%              |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### Financial Interest in Jointly Controlled Entitled :

| Sr. No. | Particulars            | As at 31-03-2016<br>(Unaudited)              | As at 31-03-2015<br>(Unaudited)              |
|---------|------------------------|--|--|
|         |                        | Span Nihon Kohden<br>Diagnostics Private Ltd | Span Nihon Kohden<br>Diagnostics Private Ltd |
| 1       | Assets                 | -  | 40,631,616                                   |
| 2       | Liabilities            | -  | 3,035,464                                    |
| 3       | Contingent Liabilities | -  | Nil  |
| 4       | Capital Commitments    | -  | Nil  |
| 5       | Income                 | -  | 28,983,659                                   |
| 6       | Expenses               | -  | 21,684,393                                   |
| 7       | Tax                    | -  | 2,589,684                                    |

### 31 Unhedge foreign currency exposure

Foreign currency exposures on account of trade receivables/ trade payables not hedged by derivative instruments are as follows:-

| Particulars                  | As at 31-03-2016                  |                               | Share in Net Assets<br>i.e Total Assets minus Total Liabilities |           |
|------------------------------|-----------------------------------|-------------------------------|---|-----------|
|                              | Amount<br>in Original<br>Currency | Amount<br>in Indian<br>Rupees | % of Consolidated<br>Nett Asset                                 | Amount    |
| Foreign Currency Receivables |                                   |                               |   |           |
| USD                          | -                                 | -                             | -   | -         |
| EURO                         | -                                 | -                             | -   | -         |
| ZAR                          | 306,720                           | 1,462,862                     | 397,801   | 2,042,666 |
| Foreign Currency Payables    |                                   |                               |   |           |
| EUR                          | -                                 | -                             | -   | -         |
| GBP                          | -                                 | -                             | -   | -         |
| USD                          | -                                 | -                             | -   | -         |
| ZAR                          | 136,080                           | 599,870                       | 161,460   | 829,081   |

### 32 Exceptional Items :

Following are the details of exceptional items :

| Sr. No. | Particulars   | FY 2015-16      | FY 2014-15  |
|---------|---|-----------------|-------------|
|         |   | Amount in (Rs.) |             |
| 1       | Profit on sale of shares of Span Nihon Kohden Diagnostics Private Limited | 74,800,000      |             |
| 2       | Arkray Healthcare Private Limited full and final settlement written off   | (595,754)       |             |
| 3       | Gain on sale of IVD Business  | -               |             |
| 4       | None Compete fees   | -               | 468,208,373 |
| 5       | Professional fees for execution of sale of IVD Business                   | -               | 50,000,000  |
|         | Total   | 74,204,246      | 472,675,240 |

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

34. Previous year figures are not directly comparable with current year as company has sold it IVD business on March 5, 2015. Further, there is no any manufacturing activity in the current year.



## INDEPENDENT AUDITOR'S REPORT

**To the Members of Span Divergent Limited**  
(Formerly known as Span Diagnostics Limited)

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Span Divergent Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Subsidiary company and Partners in respect of LLPs included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matter

(a) We did not audit the financial statements of a subsidiary whose financial statements reflects total assets of Rs. 17,41,993 as at March 31, 2016, total revenues of Rs. NIL and net cash flows amounting to Rs. 3,680 for the year ended on

## INDEPENDENT AUDITOR'S REPORT

that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters and the financial statements certified by the management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the holding company, is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. Since the Subsidiary Company going into consolidation is a foreign incorporated entity not falling within definition of 'Foreign Company' as per clause (42) of Section 2 of the Act and other four entities are LLPs, the matter to be reported on the adequacy of the internal financial controls over financial reporting of the Group, is same as reported in the Auditors Report on the Standalone financial statements, and hence not reproduced in this report.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 30 to the consolidated financial statements;
  - (ii) The Group did not have any material foreseeable losses on long term contracts, including derivative contracts;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W

Atul Gala  
Partner  
Membership No.048650

Place: Mumbai  
Date: May 5, 2016

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016**

|  | Note         | As at 31-3-2016<br>Rs. | As at 31-3-2015<br>Rs. |
|--|--------------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>  |              |                        |                        |
| <b>Shareholders' Funds</b>   |              |                        |                        |
| Share Capital  | 3            | 54,617,470             | 72,760,000             |
| Reserves & Surplus   | 4            | 447,090,753            | 544,086,273            |
| Minority Interest  |              | -                      | -                      |
|  |              | <b>501,708,223</b>     | <b>616,846,273</b>     |
| <b>Non Current Liabilities</b>   |              |                        |                        |
| Deferred Tax Liabilities (Net)   | 5            | -                      | 81,216                 |
| Long Term Borrowings   | 6            | 1,893,313              | 1,723,005              |
| Long Term Provisions   | 7            | 1,517,985              | 1,352,224              |
|  |              | <b>3,411,298</b>       | <b>3,156,445</b>       |
| <b>Current Liabilities</b>   |              |                        |                        |
| Trade Payable  |              | -                      | -                      |
| Total outstanding dues of micro enterprises and small enterprises                      | 8            | -                      | -                      |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 8            | 745,294                | 1,040,690              |
| Other Current Liabilities  | 9            | 1,562,394              | 36,596,114             |
| Short Term Provisions  | 10           | 638,715                | 769,306                |
|  |              | <b>2,946,403</b>       | <b>38,406,110</b>      |
|  | <b>TOTAL</b> | <b>508,065,924</b>     | <b>658,408,828</b>     |
| <b>ASSETS</b>  |              |                        |                        |
| <b>Non Current Assets</b>  |              |                        |                        |
| <b>Fixed Assets</b>  |              |                        |                        |
| Tangible Assets  | 11           | 21,500,359             | 20,537,722             |
| Intangible Assets  | 11           | 41,346                 | 1,469,718              |
| Tangible Capital Work-in-Progress  | 11           | 317,131                | 946,641                |
| Intangible Assets under Development  | 11           | 314,376                | -                      |
| Non Current Investments  | 12           | 39,500,000             | 39,500,000             |
| Deferred Tax Assets (Net)  | 13           | 167,441                | 551,812                |
| Long Term Loans and Advances   | 14           | 70,295,109             | 47,594,637             |
| Other Non Current Assets   | 15           | -                      | 7,347,541              |
|  |              | <b>132,135,762</b>     | <b>117,948,071</b>     |
| <b>Current Assets</b>  |              |                        |                        |
| Current Investment   | 16           | 315,964,165            | 418,648,250            |
| Inventories  | 17           | -                      | 2,278,321              |
| Trade Receivables  | 18           | 1,324,146              | 7,730,978              |
| Cash and Cash Equivalents  | 19           | 31,843,058             | 97,911,539             |
| Short term Loans and Advances  | 20           | 23,716,766             | 12,192,912             |
| Other Current Assets   | 21           | 3,082,027              | 1,698,757              |
|  |              | <b>375,930,162</b>     | <b>540,460,757</b>     |
|  | <b>TOTAL</b> | <b>508,065,924</b>     | <b>658,408,828</b>     |
| Summary of Significant Accounting Policies   | 2            |                        |                        |
| see notes accompanying financial statements.   |              |                        |                        |
| Accounting policies and notes on financial statement                                   | 1 to 38      |                        |                        |
| form an integral part of the financial statements.                                     |              |                        |                        |

As per our Report of even date :

**For Haribhakti & Co. LLP,**  
Chartered Accountants  
**ICAI FRN. 103523W**

**Atul Gala**

Partner  
Membership No. 048650  
Place : Mumbai  
Date : May 05, 2016

**For and on behalf of The Board of Director**

**Viral P. Desai** *Managing Director*  
DIN : 00029219

**Dr. Pradip K. Desai** *Director*  
DIN : 00026451

**Pankaj Ajmera** *Company Secretary*  
**Minesh Patel** *CFO*

Place : Mumbai  
Date : May 05, 2016

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016**

|  |      | As at 31-3-2016<br>Rs. | As at 31-3-2015<br>Rs. |
|--|------|------------------------|------------------------|
| <b>INCOME</b>  |      |                        |                        |
| Sale of Products   | 22   | -                      | 759,977,984            |
| Less : Excise Duty recovered on Sales  |      | -                      | 11,420,122             |
|  |      | -                      | 748,557,862            |
| Sale of Service and Other Operating Income   |      |                        | 7,751,636              |
| Other Income   | 23   | 27,320,992             | 21,192,906             |
| <b>Total Revenue</b>   |      | <b>27,320,992</b>      | <b>777,502,404</b>     |
| <b>EXPENSES</b>  |      |                        |                        |
| Cost of Materials Consumed   | 24   | -                      | 262,315,188            |
| Purchase of Stock-in-Trade   |      | -                      | 25,315,711             |
| Changes in Inventories of Finished Goods, Work-in-Progress and                         | 25   | -                      | 25,087,818             |
| Employee Benefits Expense  | 26   | 6,606,404              | 180,004,804            |
| Finance Costs  | 27   | 277,612                | 43,947,081             |
| Depreciation and Amortisation Expense  | 11   | 1,759,352              | 59,618,559             |
| Other Expenses   | 28   | 27,727,107             | 249,417,927            |
| Donation   |      | 19,711,111             | 2,520,000              |
| <b>Total Expenses</b>  |      | <b>56,081,586</b>      | <b>848,227,088</b>     |
| <b>Loss before exceptional items &amp; tax</b>   |      | <b>(28,760,594)</b>    | <b>(70,724,684)</b>    |
| Add : Exceptional Items  | 36   | 74,204,246             | 518,492,124            |
| <b>Profit / (Loss) before tax</b>  |      | <b>45,443,652</b>      | <b>447,767,440</b>     |
| <b>Profit/(Loss) before tax from continuing operation</b>                              |      | 45,443,652             | (2,345,892)            |
| Tax Expenses   |      | 12,218,980             | 2,415,645              |
| Tax Adjustment of earlier year   |      | 141,652                | (25,685)               |
| Deferred Tax   |      | 272,551                | 341,396                |
| <b>Income tax expense for continuing operation</b>                                     |      | <b>12,633,183</b>      | <b>2,731,356</b>       |
| <b>Profit/(Loss) after tax from continuing operation</b>                               |      | <b>32,810,469</b>      | <b>(5,077,248)</b>     |
| <b>Profit before tax from discontinuing operation</b>                                  |      |                        | 450,113,332            |
| Tax Expenses   |      | -                      | 89,965,000             |
| MAT Credit Utilisation   |      | -                      | 7,535,000              |
| Tax Adjustment of earlier year   |      | -                      | -                      |
| Deferred Tax   |      | -                      | (42,315,800)           |
| <b>Income tax expense for discontinuing operation</b>                                  |      | <b>-</b>               | <b>55,184,200</b>      |
| <b>Profit after tax from discontinuing operation</b>                                   |      |                        | <b>394,929,132</b>     |
| <b>Profit after tax before minority Interest</b>                                       |      | <b>32,810,469</b>      | <b>389,851,884</b>     |
| <b>Less : Minority Interest</b>  |      | <b>(264,591)</b>       | <b>(20,747)</b>        |
| <b>Profit after tax after minority Interest</b>  |      | <b>33,075,060</b>      | <b>389,872,631</b>     |
| <b>Earning per equity share - Basic &amp; Diluted</b>                                  | 29   | 6.06                   | 53.58                  |
| (Nominal Value per share of Rs.10/- each (Previous year-Rs.10/- each))                 |      |                        |                        |
| Summary of Significant Accounting Policies and Notes accompanying financial statements | 1-38 |                        |                        |
| Accounting policies and notes form an integral part of the financial statements        |      |                        |                        |

As per our Report of even date :  
**For Haribhakti & Co. LLP,**  
Chartered Accountants  
**ICAI FRN 103523W**

**Atul Gala**  
Partner  
Membership No. 048650

Place : Mumbai  
Date : May 05, 2016

**For and on behalf of The Board of Director**

**Viral P. Desai** *Managing Director*  
DIN : 00029219

**Dr. Pradip K. Desai** *Director*  
DIN : 00026451

**Pankaj Ajmera** *Company Secretary*  
**Minesh Patel** *CFO*

Place : Mumbai  
Date : May 05, 2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

|  | 2015-16<br>Rs. | 2014-15<br>Rs. |
|--|----------------|----------------|
| <b>A. CASH FLOW FROM THE OPERATING ACTIVITIES</b>                                |                |                |
| <b>PROFIT BEFORE TAX</b>   | (28,760,594)   | (70,724,684)   |
| Depreciation and Amortization  | 1,759,352      | 59,618,559     |
| Dividend Income  | (8,310,514)    | (94,243)       |
| Interest Income  | (9,548,694)    | (5,652,537)    |
| Loss/(profit) on sale of Investment (Net)  | -              | 271,085        |
| Profit on sale of Investment   | (5,397,384)    | (101,698)      |
| Buyback related Expenses   | 3,635,370      | -              |
| Unrealised loss on Investment  | 1,703,321      | -              |
| Changes in Translation Reserve   | (1,146,064)    | -              |
| Interest Expense   | 277,612        | 43,947,081     |
| <b>Operating Profit before working capital changes</b>                           | (45,787,595)   | 27,263,563     |
| <b>Adjusted for Change in</b>  |                |                |
| (Increase)/ Decrease in Short term loans and Advance                             | (11,523,854)   | 14,068,347     |
| (Increase)/ Decrease in Trade receivable   | 6,406,832      | 174,421,373    |
| Increase/(Decrease) in Other Current Assets                                      | -              | -              |
| (Increase)/ Decrease in Other Non Current assets                                 | 351,422        | 1,216,674      |
| (Increase)/ Decrease in Long term loans and Advance                              | (15,189,051)   | (16,211,715)   |
| (Increase)/ Decrease in Inventories  | 2,278,321      | 170,334,735    |
| Increase/(Decrease) in long term provision                                       | 165,761        | (2,109,675)    |
| Increase/(Decrease) in Trade payable   | (295,396)      | (105,073,133)  |
| Increase/(Decrease) in Other current Liabilities                                 | (35,033,720)   | (75,593,748)   |
| Increase/(Decrease) in Short term provision                                      | (130,591)      | (8,829,365)    |
| <b>Cash generated from operations</b>  | (98,757,871)   | 179,487,056    |
| Less: Direct taxes paid during the year  | (20,144,605)   | (88,843,799)   |
| Cash flow before Exceptional items   | (118,902,477)  | 90,643,257     |
| Cash flow from Exceptional Item  | 45,328,237     | 518,492,124    |
| <b>Net Cash Flow From Operating Activities</b>                                   | (73,574,240)   | 609,135,381    |
| <b>Net Cash Flow From Operating Activities for continuing operation</b>          | (73,574,240)   | 90,570,873     |
| <b>Net Cash Flow From Operating Activities for discontinuing operation</b>       | -              | 518,564,507    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                    |                |                |
| Addition in Fixed Assets and Capital Work in Process                             | (978,482)      | (35,954,757)   |
| Proceeds from/for Sales/purchase of Fixed Assets                                 | 7,299,274      | 365,756,374    |
| Increase/ Decrease in Investments  | 106,378,148    | (463,498,424)  |
| Profit on sale of Investment   | -              | -              |
| Proceeds/(Investment)in Fixed Deposit having original maturity more than 90 days | 4,771,311      | 6,641,581      |
| Dividend Income  | 8,310,514      | 94,243         |
| Interest Income  | 8,165,425      | 5,652,537      |
| Expenses related to Investment Activities  | -              | -              |

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

|   | 2015-16<br>Rs. | 2014-15<br>Rs. |
|---|----------------|----------------|
| <b>Net Cash Flow From Investing Activities</b>  | 133,946,190    | (121,308,446)  |
| <b>Net Cash Flow From Investing Activities for continuing operation</b>                   | 133,946,190    | (534,276,959)  |
| <b>Net Cash Flow From Investing Activities for discontinuing operation</b>                | -              | 412,968,514    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                |                |
| (Repayment)/Proceeds(of)/ from Long term Borrowings                                       | 170,308        | (178,197,439)  |
| (Repayment)/Proceeds(of)/ from Short term Borrowings                                      | -              | (193,563,765)  |
| Payment towards buyback of Equity Shares  | (117,926,445)  | -              |
| Interest paid   | (277,612)      | (50,140,412)   |
| Buyback related expenses  | (3,635,370)    | -              |
| <b>Net Cash Flow From Financing Activities</b>  | (121,669,120)  | (421,901,616)  |
| <b>Net Cash Flow From Financing Activities for continuing Operation</b>                   | (121,669,120)  | (98,652,299)   |
| <b>Net Cash Flow From Financing Activities for discontinuing Operation</b>                | -              | (323,249,317)  |
| NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)  | (61,297,170)   | 65,925,319     |
| Net changes in cash and cash equivalents for continuing operations                        | (61,297,170)   | (542,358,385)  |
| Net changes in cash and cash equivalents for discontinuing operations                     | -              | 608,283,704    |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE   | 78,630,228     | 12,704,911     |
| CASH AND CASH EQUIVALENTS - CLOSING BALANCE   | 17,333,058     | 78,630,228     |
| <b>Components of Cash and Cash Equivalents</b>  |                |                |
| Cash in hand  | 31,525         | 16,579         |
| With Banks  |                |                |
| - In Current Account  | 17,301,533     | 78,613,649     |
| - In Fixed Deposit  |                |                |
| <b>Cash and cash equivalent as per Cashflow statement</b>                                 | 17,333,058     | 78,630,228     |
| Add: FDs with original maturity of more than 90 days but part of cash and cash equivalent | 14,510,000     | 19,281,311     |
| <b>Cash and cash equivalent as per Financial Statement</b>                                | 31,843,058     | 97,911,539     |

As per our Report of even date :

**For Haribhakti & Co. LLP,**  
Chartered Accountants  
**ICAI FRN. 103523W**

**Atul Gala**  
Partner  
Membership No. 048650  
Place : Mumbai  
Date : May 05, 2016

**For and on behalf of The Board of Director**

**Viral P. Desai** *Managing Director*  
DIN : 00029219

**Dr. Pradip K. Desai** *Director*  
DIN : 00026451

**Pankaj Ajmera** *Company Secretary*  
**Minesh Patel** *CFO*

Place : Mumbai  
Date : May 05, 2016

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 1. Corporate Information

Span Divergent Limited is Public Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. Its shares are listed on Bombay Stock Exchange. The Company was engaged in the business of manufacturing, marketing and trading of diagnostics reagents, diagnostics instruments and allied products till March 04, 2015. Before it sold it's In-Vitro Diagnostics business on March 05, 2015. The Company is evaluating various business options for developing of new business line.

### 2. Summary of Significant Accounting Policies on consolidated Accounts

#### i) Basis of Preparation of Financial Statements.

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, 2013.

#### 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) Principal of Consolidation.

- 1 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”.
- 2 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”
- 3 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.
- 4 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.
- 5 The Subsidiary Company considered in the consolidated financial statement is;

| Name of Subsidiary                | Country of Incorporation | Portion of Ownership interest |
|-----------------------------------|--------------------------|-------------------------------|
| Span Diagnostics SA (Pty) Limited | South Africa             | 100%                          |
| Aranya Agri Biotech LLP           | India                    | 99%                           |
| Biospan Scientific LLP            | India                    | 99%                           |
| Dryfruit Factory LLP              | India                    | 97%                           |
| Span Diagnostics Products LLP     | India                    | 99%                           |

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

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

6 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) Revenue Recognition & other Accounting Policies

- a. The Company recognizes revenue on the sale of products when risks and rewards of the ownership is transferred to the customer. 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.
- d. Interest income is recognised on pro-rate basis.
- e. Dividend income is recognised when right to receive the dividend is established.

v) Tangible Assets & Depreciation

- a) Tangible 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 was provided on written down value method and Depreciation on Buildings at Sachin was provided on Straight line Method as per useful life specified in schedule II of the Companies Act, 2013. This building has been sold to Arkray Healthcare Private Limited on March 5, 2015 as a part of APA agreement.
- c) Lease hold Improvements have been amortized over primary lease period.

vi) Intangible Assets and Amortization :

Intangible assets are measured at cost. Lump sum fees for technical know-how is amortised over the period of agreement or as per management's best estimate of useful life but not exceeding 10 years. SAP Software expenses are amortised over the period of five years.

vii) 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 Statement of Profit and Loss in the year in which they are incurred.

viii) 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 is 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.



**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

## ix) 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 Statement of Profit and Loss.
- iii. Provision for accrued leave encashment is provided for on the basis of actuarial valuations made at the year end
- iv. 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.

## x) Taxation

Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the period. Current Tax is determined as the amount of tax payable in respect of taxable income for the period as per the enacted Tax Regulations

Deferred Tax Assets and Liabilities are recognized for the future tax consequences of timing differences between the book profit and tax profit. Deferred Tax Assets and Liabilities other than on carry forward losses and unabsorbed depreciation under tax laws are recognized when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognized when it is virtually certain that there will be future taxable profit. Deferred Tax Assets and liabilities are measured using substantively enacted tax rates. The effect on Deferred Tax Assets and Liabilities of a change in tax rates is recognized in the Statement of Profit & Loss in the period of substantive enactment of the change

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes the MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay the normal income tax during the specified period i.e., period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes the MAT credit as an asset in accordance with the guidance note on accounting for credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**xi) Valuation of stock**

The mode of valuing closing stock is as under:

| Inventory Type   | Mode of Valuation   |
|--|---|
| <ul style="list-style-type: none"> <li>• Raw-Materials, Packing Materials &amp; other Materials</li> <li>• Work-in-Process</li> <li>• Finished Goods/ Traded Goods for resale</li> </ul> | <ul style="list-style-type: none"> <li>• At lower of cost or net realizable value</li> <li>• At lower of cost or net realizable value</li> <li>• At lower of Cost or net realizable value.</li> </ul> |

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. The cost is computed based on weighted average basis.

**xii) 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 Statement of Profit and Loss as and when incurred.

Lease rental are charged to Statement of Profit and loss on accrual basis.

**xiii) 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.

**xiv) 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.

**xv) Impairment of Fixed Assets**

Consideration is given at each Balance Sheet date to determine whether there is any indication of carrying amount of the Company's fixed assets. If there is any indication of impairment based on internal / external factors, 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.

**xvi) Investment**

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

**xvii) Research & Development**

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

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

#### Provisions:-

Provision is recognised when

- a) The Company has a present obligation as a result of past event;
- b) It is probable that an outflow of resources embodying economic benefit is expected to settle the obligation,
- c) A reliable estimate can be made for the amount of obligation.
- d) Provision for warranty related costs are recognised when product is sold. Provision is estimated based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

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.

### xix) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash Equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### xx) Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 3 | <b>SHARE CAPITAL</b>   | As at       | As at       |
|---|--|-------------|-------------|
|   |  | 31-03-2016  | 31-03-2015  |
|   |  | Rs.         | Rs.         |
|   | <b>Authorised</b>  |             |             |
|   | 15,000,000 Equity Shares of Rs. 10/- each.<br>(Previous year 15,000,000)           | 150,000,000 | 150,000,000 |
|   | <b>Issued, Subscribed and paid-up</b>  |             |             |
|   | 5,461,747 (Previous year 7,276,000) Equity Shares of<br>Rs.10/- each fully paid up | 54,617,470  | 72,760,000  |
|   |  | 54,617,470  | 72,760,000  |

3.1 The reconciliation of the number of shares outstanding is set out below.

| Particulars  | As at                       | As at                       | As at                      | As at                       |
|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|
|  | 31-03-2016<br>No. of Shares | 31-03-2016<br>Amount in Rs. | 31-03-2015<br>No of Shares | 31-03-2015<br>Amount in Rs. |
| Equity Shares outstanding at the beginning of the year | 7,276,000                   | 72,760,000                  | 7,276,000                  | 72,760,000                  |
| Add: Shares Issued during the year                     | --                          | --                          | --                         | --                          |
| Less : Shares bought back during the year.             | 1,814,253                   | 18,142,530                  | --                         | --                          |
| Equity Shares outstanding at the end of the year.      | 5,461,747                   | 54,617,470                  | 7,276,000                  | 72,760,000                  |

3.2 Terms / rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their holdings.

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

| Name of Shareholder         | As at 31-03-2016   |              | As at 31-03-2015   |              |
|-----------------------------|--------------------|--------------|--------------------|--------------|
|                             | No. of Shares Held | % of Holding | No. of Shares Held | % of Holding |
| Pradipkumar Keshavlal Desai | 1,306,480          | 23.93        | 1,306,880          | 17.96        |
| Lataben P. Desai            | 717,060            | 13.13        | 717,060            | 9.86         |
| Bharti Patel                | 583,440            | 10.68        | 588,940            | 8.09         |
| Viral Pradipkumar Desai     | 524,632            | 9.61         | 524,632            | 7.21         |

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

3.5 Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

| Particulars                              | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|--|----------------------------|----------------------------|
| Equity shares bought back by the company |                            |                            |
| In FY 2011-12                            | --                         | --                         |
| In FY 2012-13                            | --                         | --                         |
| In FY 2013-14                            | --                         | --                         |
| In FY 2014-15                            | --                         | --                         |
| In FY 2015-16                            | 1,814,253                  | --                         |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Company has brought back 1814253 Equity Shares during the year, the details are as under.

| Particulars   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|---|----------------------------|----------------------------|
| Number of shares purchased  | 1,814,253                  | --                         |
| Face value of shares purchased  | 10                         | --                         |
| Consideration paid towards buy back   | 117,926,445                | --                         |
| Share capital reduction   | (18,142,530)               | --                         |
| Share premium utilised  | (9,824,798)                | --                         |
| General reserve utilised  | (76,243,778)               | --                         |
| Profit and loss utilised  | (13,715,339)               | --                         |
| Amount transferred to Capital redemption reserve on extinguishment of Share capital | 18,142,530                 | --                         |

| 4 RESERVES AND SURPLUS  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|---|----------------------------|----------------------------|
| <b>Capital Reserve</b>  |                            |                            |
| As per last Balance Sheet   | 4,205,775                  | 4,205,775                  |
|   | 4,205,775                  | 4,205,775                  |
| <b>Capital Redemption Reserve</b>   |                            |                            |
| As per last Balance Sheet   | 500,000                    | 500,000                    |
| Add: Transfer from profit and loss account on account of buy back   | 18,142,530                 | -                          |
|   | 18,642,530                 | 500,000                    |
| <b>Securities Premium Reserve :</b>   |                            |                            |
| Balance as per last Balance Sheet   | 9,824,798                  | 9,824,798                  |
| Less : Utilised towards buy back of equity shares   | 9,824,798                  | -                          |
|   | -                          | 9,824,798                  |
| <b>General Reserve:</b>   |                            |                            |
| Balance as per last Balance Sheet   | 77,807,508                 | 75,307,508                 |
| Add: Transfer from Statement of Profit & Loss   | -                          | 2,500,000                  |
| Less : Used for Fixed assets  | 422                        | -                          |
| Less : Utilised towards buy back of equity shares   | 76,243,778                 | -                          |
|   | 1,563,308                  | 77,807,508                 |
| <b>Surplus of Profit &amp; Loss Account :</b>   |                            |                            |
| As per last Balance Sheet   | 450,548,962                | 64,261,118                 |
| Add: Profit for the year  | 33,075,060                 | 389,872,631                |
|   | 483,624,022                | 454,133,749                |
| Less: Transfer to General Reserve   | -                          | 2,500,000                  |
| Less : Utilised towards buy back of equity shares   | 13,715,339                 | -                          |
| Less: Transfer to Capital Redumption reserve  | 18,142,530                 | -                          |
| Less: Sale of Joint Venture Span Nihon Kohden Diagnostics Pvt. Ltd.   | 29,139,392                 | -                          |
| Less: Carrying value of assets where useful life is nil as on 01.04.2014<br>(after considering residual value) (Net of deferred tax of Rs. 485,571) | -                          | 1,084,787                  |
|   | 422,626,761                | 450,548,962                |
| Foreign currency translation reserve  | 53,165                     | 1,199,229                  |
| Less: Minority share absorbed by Majority   | 786                        | -                          |
|   | <b>447,090,753</b>         | <b>544,086,273</b>         |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

|            |   |                            |                            |
|------------|---|----------------------------|----------------------------|
| <b>5</b>   | <b>DEFERRED TAX LIABILITIES (Net)</b>   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|            | <b>Deferred Tax Liability</b>   |                            |                            |
|            | Difference between Depreciable Assets as per books of accounts and written down value for tax purpose   | -                          | 694,063                    |
|            | Provision for leave encashment  | -                          | -                          |
|            | Provision for Gratuity  | -                          | -                          |
|            | <b>SUB TOTAL (A)</b>  | -                          | 694,063                    |
|            | <b>Deferred Tax Assets</b>  |                            |                            |
|            | Disallowance U/S 43B of Income tax Act, 1961  |                            |                            |
|            | a) Provision for leave encashment   | -                          | 265,570                    |
|            | b) Provision for bad/doubtful debts   | -                          | -                          |
|            | c) Provision for Gratuity   | -                          | 321,301                    |
|            | d) Provision for bonus  | -                          | 34,967                     |
|            | <b>SUB TOTAL (B)</b>  | -                          | 612,847                    |
|            | <b>Net Deferred tax Liability/(Assets)</b>  | <b>(TOTAL A - B)</b>       | <b>81,216</b>              |
| <b>6</b>   | <b>LONG TERM BORROWINGS :</b>   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|            | <b>SECURED</b>  | <b>Non Current</b>         | <b>Current</b>             |
|            | Term loan from banks  | -                          | -                          |
|            | Term loan from Other Parties  | -                          | -                          |
|            | Deferred Payment Liabilities  | -                          | -                          |
|            | <b>UNSECURED</b>  |                            |                            |
|            | Public Deposits   | -                          | -                          |
|            | Others  | -                          | 1893313                    |
|            |   | <b>1,893,313</b>           | <b>1,723,005</b>           |
| <b>7.</b>  | <b>LONG TERM PROVISION</b>  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|            |   | <b>Non Current</b>         | <b>Current</b>             |
|            | Provision for employee benefits   | 526,611                    | 41,144                     |
|            | Leave Encashment (Unfunded)   | 991,374                    | 23,899                     |
|            | Gratuity (Unfunded)   | <b>1,517,985</b>           | <b>65,043</b>              |
|            |   | <b>1,352,224</b>           | <b>59,201</b>              |
| <b>8.</b>  | <b>TRADE PAYABLES</b>   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|            | Micro. Small and Medium Enterprises   | -                          | -                          |
|            | Others  | 202,024                    | 1,040,690                  |
|            |   | 202,024                    | 1,040,690                  |
|            | Creditors for Expenses  | 543,270                    | -                          |
|            |   | <b>745,294</b>             | <b>1,040,690</b>           |
| <b>8.1</b> | As per the information available with the Company, there is no amount outstanding to the parties covered under the provisions of Micro, Small and Medium Enterprises Development Act, 2006, hence, no disclosure is required under the said Act. The same has been relied upon by the auditors. |                            |                            |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 9. OTHER CURRENT LIABILITIES               | As at            | As at             |
|--|------------------|-------------------|
|  | 31-03-2016       | 31-03-2015        |
|  | Rs.              | Rs.               |
| Current maturities of long term debt       | -                | 1,723,005         |
| Interest accrued but not due on borrowings | -                | 127,280           |
| Unclaimed Dividend #                       | 365,665          | 473,047           |
| Statutory Dues                             | 191,863          | 7,349,149         |
| Payable related to IVD Business Transfer   | -                | 25,007,378        |
| Other Payables                             | 1,004,866        | 1,916,254         |
|  | <b>1,562,394</b> | <b>36,596,114</b> |

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

| 10. SHORT TERM PROVISIONS :   | As at          | As at          |
|---|----------------|----------------|
|   | 31-03-2016     | 31-03-2015     |
|   | Rs.            | Rs.            |
| <b>Provision for Employee Benefits</b>                              |                |                |
| Bonus   | 16,179         | 102,964        |
| Performance Salary  | 17,493         | -              |
| Super Annuation Fund  | 540,000        | -              |
| Provision for Current Obligation of Leave Encashment (Refer note 7) | 41,144         | 642,869        |
| Provision for Gratuity (Refer note 7)                               | 23,899         | 23,473         |
|   | <b>638,715</b> | <b>769,306</b> |

**11 FIXED ASSETS**

| Sr. No. | Name of Assets                                      | GROSS BLOCK        |                   |                           |                     | DEPRECIATION / AMORTISATION |                    |                                      |                            | NET BLOCK           |                    |                    |
|---------|---|--------------------|-------------------|---------------------------|---------------------|-----------------------------|--------------------|--------------------------------------|----------------------------|---------------------|--------------------|--------------------|
|         |   | As at 1-4-2015 Rs  | Additions Rs      | Deduction/ Adjustment Rs. | As at 31-03-2016 Rs | Balance as at 1-4-2015 Rs.  | For The Period Rs. | Retained Earning due to Schedule Rs. | Deductions/ Adjustment Rs. | as at 31-3-2016 Rs. | As at 31-3-2016 Rs | As at 31-3-2015 Rs |
|         | <b>Tangible Fixed (owned) except household land</b> |                    |                   |                           |                     |                             |                    |                                      |                            |                     |                    |                    |
| 1.      | Buildings & Roads                                   | 15,192,857         | -                 | 8,910,291                 | 6,282,566           | 2,510,698                   | 185,336            | -                                    | 49,502                     | 2,646,532           | 3,636,034          | 12,682,159         |
| 2.      | Plant and Machinery                                 | 6,036,805          | -                 | 6,036,805                 | -                   | 2,378,021                   | -                  | -                                    | 2,378,021                  | -                   | -                  | 3,658,784          |
| 3.      | Land  | -                  | 10,210,250        | -                         | 10,210,250          | -                           | -                  | -                                    | -                          | -                   | 10,210,250         | -                  |
| 4.      | Computers & Softwares                               | 376,826            | 150,225           | 284,726                   | 242,325             | 232,526                     | 97,671             | -                                    | 228,542                    | 101,655             | 140,670            | 144,300            |
| 5.      | Office Equipments                                   | 774,980            | 1,805,130         | 774,980                   | 1,805,130           | 154,684                     | 372,451            | -                                    | 154,684                    | 372,451             | 1,432,680          | 620,297            |
| 6.      | Vehicles  | 640,521            | 2,092,790         | 371                       | 2,732,940           | 177,669                     | 572,145            | -                                    | (31,686)                   | 781,500             | 1,951,440          | 462,852            |
| 7.      | Electrical Installment                              | 2,307,651          | 575,243           | 2,307,651                 | 575,243             | 38,461                      | 67,407             | -                                    | 38,461                     | 67,407              | 507,836            | 2,269,190          |
| 8.      | Furniture & Fixtures                                | 879,778            | 4,064,987         | 879,778                   | 4,064,987           | 179,638                     | 443,538            | -                                    | 179,638                    | 443,538             | 3,621,449          | 700,140            |
|         | <b>Total (A)</b>                                    | <b>26,209,418</b>  | <b>18,898,625</b> | <b>19,194,602</b>         | <b>64,302,645</b>   | <b>5,671,696</b>            | <b>1,738,548</b>   | <b>-</b>                             | <b>2,997,161</b>           | <b>4,413,083</b>    | <b>21,500,359</b>  | <b>20,537,722</b>  |
|         | <b>Intangible Assets</b>                            |                    |                   |                           |                     |                             |                    |                                      |                            |                     |                    |                    |
| 9.      | Goodwill  | 1,415,157          | -                 | 1,415,157                 | -                   | -                           | -                  | -                                    | -                          | -                   | -                  | 1,415,157          |
| 11.     | Software  | 86,864             | -                 | 1,415,157                 | 63,577              | 12,005                      | 20,804             | -                                    | 10,578                     | 22,231              | 41,346             | 54,561             |
|         | <b>Total (B)</b>                                    | <b>1,502,021</b>   | <b>10,577</b>     | <b>1,449,021</b>          | <b>63,577</b>       | <b>12,005</b>               | <b>20,804</b>      | <b>-</b>                             | <b>10,578</b>              | <b>22,231</b>       | <b>41,346</b>      | <b>1,469,718</b>   |
|         | <b>Total (A + B)</b>                                | <b>27,711,439</b>  | <b>18,909,202</b> | <b>20,643,623</b>         | <b>25,977,018</b>   | <b>5,683,701</b>            | <b>1,759,352</b>   | <b>-</b>                             | <b>3,007,739</b>           | <b>4,435,314</b>    | <b>21,541,705</b>  | <b>22,007,440</b>  |
|         | <b>Previous Year</b>                                | <b>672,592,861</b> | <b>36,584,143</b> | <b>681,465,565</b>        | <b>27,711,439</b>   | <b>259,982,928</b>          | <b>59,618,559</b>  | <b>1,540,619</b>                     | <b>315,438,106</b>         | <b>5,703,999</b>    | <b>22,007,440</b>  |                    |
|         | <b>Capital Work-in-Progress</b>                     | <b>946,641</b>     | <b>317,131</b>    | <b>946,641</b>            | <b>317,131</b>      | <b>-</b>                    | <b>-</b>           | <b>-</b>                             | <b>-</b>                   | <b>-</b>            | <b>317,131</b>     | <b>946,641</b>     |
|         | <b>Intangible Assets Under Development</b>          | <b>-</b>           | <b>314,376</b>    | <b>-</b>                  | <b>314,376</b>      | <b>-</b>                    | <b>-</b>           | <b>-</b>                             | <b>-</b>                   | <b>-</b>            | <b>314,376</b>     | <b>-</b>           |

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

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

11.3 In accordance with AS-16 related to Borrowing costs which amounts to Rs.Nil has been capitalized during the year (Previous year Rs. 1,71,142).

| 12. NON CURRENT INVESTMENTS                               | As at                      | As at                      |
|---|----------------------------|----------------------------|
|   | 31-03-2016                 | 31-03-2015                 |
|   | Rs.                        | Rs.                        |
| <b>Non Traded Investments</b>                             |                            |                            |
| <b>Investment in NCD/Debentures</b>                       |                            |                            |
| Reliance Capital NCD Seris XIX- JM                        | Unit 395 Amount 39,500,000 | Unit 395 Amount 39,500,000 |
|   | <b>39,500,000</b>          | <b>39,500,000</b>          |
| <b>Aggregate Amount of Unquoted Investments (At Cost)</b> | <b>39,500,000</b>          | <b>39,500,000</b>          |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| 13.  | <b>DEFERRED TAX ASSETS</b>                               | As at             | As at             |
|  |  | 31-03-2016        | 31-03-2015        |
|  | <b>Deferred Tax Liability</b>                            | Rs.               | Rs.               |
|  | Difference on account of depreciable assets              | 392,067           | -                 |
|  | <b>Deferred Tax Assets</b>                               |                   |                   |
|  | Difference on account of depreciable assets              | -                 | 551,812           |
|  | Disallowance U/S 43B                                     |                   |                   |
|  | a) Provision for bad/doubtful debts                      | -                 | -                 |
|  | b) Provision for Gratuity                                | 351,366           | -                 |
|  | c) Provision for Leave encashment                        | 196,488           | -                 |
|  | d) Provision for Bonus                                   | 11,654            | -                 |
|  |  | <b>167,441</b>    | <b>551,812</b>    |
| 14.  | <b>LONG TERM LOANS AND ADVANCES</b>                      | As at             | As at             |
|  |  | 31-03-2016        | 31-03-2015        |
|  | (Unsecured and Considered Good)                          | Rs.               | Rs.               |
|  | Capital Advances   | 16,289,934        | -                 |
|  | Advance Income Tax (Net of Provision)                    | 13,895,175        | 6,383,754         |
|  | Security Deposits  | 110,000           | 1,210,884         |
|  | Receivable on account of sale of IVD Business - Escrow 1 | 40,000,000        | 40,000,000        |
|  |  | <b>70,295,109</b> | <b>47,594,637</b> |
| 15.  | <b>OTHER NON CURRENT ASSETS</b>                          | As at             | As at             |
|  |  | 31-03-2016        | 31-03-2015        |
|  |  | Rs.               | Rs.               |
|  | Advance to Gratuity Trust (Refer Note No 26.1)           | --                | 48,267            |
|  | Term Deposit Maturing after one year *                   | --                | 7,299,274         |
|  |  | -                 | 7,347,541         |
| * Includes deposits of Rs. NIL (Previous Year Rs. 1,947,099) held as margin money deposits against guarantees. |  |                   |                   |
| 16.  | <b>CURRENT INVESTMENTS</b>                               | As at             | As at             |
|  |  | 31-03-2016        | 31-03-2015        |
|  | <b>Investment in Equity shares (Quoted)</b>              | No. of Shares     | Rs.               |
|  | Tech Mahindra  | -                 | 925               |
|  | Axis Bank Ltd.   | -                 | 550               |
|  | Symphony Ltd.  | -                 | 80                |
|  | Atul Auto India Ltd.                                     | -                 | 370               |
|  | Alstom T&D India Ltd.                                    | -                 | 360               |
|  | Aurobindo Pharma LTD.                                    | 875               | 574,738           |
|  | Bharat Electricals Ltd-Jm                                | 735               | 801,068           |
|  | Britannia Industries Ltd.                                | 205               | 551,294           |
|  | Colgate Palmolive(I) Ltd--JM                             | 770               | 640,543           |
|  | HDFC Bank Ltd-JM-EQUITY                                  | 955               | 985,276           |
|  | Infosys Ltd.   | 436               | 490,292           |
|  | Maruti Suzuki Ind Ltd- JM                                | 177               | 658,451           |
|  | MRF Ltd.   | 25                | 958,372           |
|  | P I Industries Ltd- JM                                   | 1,175             | 668,769           |
|  | TIMKEN INDIA LTD - EQUITY JM                             | 1,425             | 623,433           |
|  | Va Tech Wabag Ltd-JM                                     | 744               | 386,266           |
|  | Wabco (India) Ltd- JM                                    | 173               | 1,001,734         |
|  | Ultra Tech Cement  | -                 | 143               |
|  | Total Investment in Equity shares                        | <b>8,340,236</b>  | <b>3,815,041</b>  |
|  | <b>Investment in Equity Shares (Unquoted)</b>            |                   |                   |
|  | <b>Investment in Joint Ventures</b>                      | No. of Shares     | Amount            |
|  | Span Nihon Kohden Diagnostics Pvt. Ltd.                  | -                 | -                 |
|  | (Holding 0% - PY 45%)                                    | -                 | -                 |



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

|  | No. of Bonds | Amount             | No. of Bonds | Amount            |
|--|--------------|--------------------|--------------|-------------------|
| <b>Investment in Bonds (Unquoted)</b>                          |              |                    |              |                   |
| 11% Bank of India Perpetual Bonds (Face value of Rs.10,00,000) | 22           | 23,952,170         | 22           | 23,870,000        |
| 11.85% Bank of India Perpetual Bond (Face value of Rs. 1,000)  | 32,200       | 34,434,907         | 32,200       | 34,058,262        |
| 10.20% Dena Bank Perpetual Bonds                               | -            | 4,992,500          | -            | -                 |
| 10.45% GSPC NCD  | -            | 19,171,800         | -            | -                 |
| 11.50% INTL NCD 21/06/2024                                     | -            | 6,037,200          | -            | -                 |
| 8.60% GOI-02/06/2028   | -            | 11,454,000         | -            | -                 |
| 8.94% Bajaj Finance Ltd NCD                                    | -            | 5,048,000          | -            | -                 |
| 9.23% GOI 23/12/2043   | -            | 4,400,000          | -            | -                 |
| <b>Total Investment in Bonds</b>                               | <b>-</b>     | <b>109,490,577</b> | <b>-</b>     | <b>57,928,262</b> |

|  | No. Units | Amount             |           |                    |
|--|-----------|--------------------|-----------|--------------------|
| <b>Investment in Mutual Fund (Unquoted)</b>      |           |                    |           |                    |
| Baroda Pioneer Treasury Adv- Edelweiss           | -         | 29,820,700         | -         | -                  |
| Edelweiss Arbitrage Fund- Edelweiss              | 1,611,744 | 16,649,000         | 7,652,078 | 80,000,000         |
| FAIT Forefront Alternativ EQS-Edelweiss          | 1,343,248 | 19,538,000         | 1,343,248 | 20,021,922         |
| Franklin India Ultra Short term Bonds            | -         | -                  | 660,623   | 12,116,472         |
| ICICI Prudential Flexible Income Fund            | -         | -                  | 57,172    | 15,000,000         |
| Edelweiss Arbitrage Fund-IIFL                    | 2,813,362 | 30,000,000         | -         | -                  |
| JP Moggan India- IIFL                            | 3,410,728 | 40,000,000         | 3,410,728 | 40,000,000         |
| 92 Birla Sunlife Frontline Eqyt. -JM             | 3,106     | 482,854            | 3,106     | 500,000            |
| 132 G-Birla Sunlife Saving fund                  | -         | -                  | 44,727    | 12,000,000         |
| Kotak Treasury Advantae Fund                     | -         | -                  | 675,639   | 15,000,000         |
| BNP Paribas Equityfund Growth-JM                 | 29,407    | 1,870,563          | 95,099    | 2,000,000          |
| BNP Paribas Equity Fund JM                       | 7,389     | 470,002            | 7,389     | 500,000            |
| BSL Frontline Equity Fund-Growth-JM              | 12,280    | 1,908,880          | -         | -                  |
| Edelweiss Arbitrage Regular-JM                   | 1,039,162 | 10,734,234         | -         | -                  |
| Franklin India Prima Plus Growth-JM              | 4,626     | 1,999,279          | 1,149     | 500,000            |
| Franklin India Prima Plus-JM                     | 1,149     | 496,840            | -         | -                  |
| ICICI Prudential Equity Arbitrage Fund -JM       | 778,877   | 10,709,171         | 729,160   | 10,038,270         |
| JM Money Manager Super Plus- JM                  | 2,664     | 26,793             | 615,493   | 6,169,283          |
| Kotak Equity Arbitrage JM                        | 997,669   | 10,711,040         | 931,420   | 10,000,000         |
| Motilal Oswal Most Focus Mucticap 35 Fund- JM    | 29,786    | 494,341            | 29,786    | 500,000            |
| Motilal Oswal Most Short Term Bond Fund- New- JM | 115,772   | 1,921,368          | 178,310   | 2,000,000          |
| 153G Birla Sulife Cash Plus Fnd                  | -         | -                  | 446,591   | 100,000,000        |
| HDFC Mutual Fund-Kotak                           | 891,687   | 10,000,000         | -         | -                  |
| Kotak Mutual Fund- Kotak                         | 1,000,000 | 10,000,000         | -         | -                  |
| Baroda Pionear Liquid Fund                       | 300       | 300,288            | -         | -                  |
| Kotak FMP Series 172                             | -         | -                  | 1,000,000 | 10,000,000         |
| Franklin India low duration Fund                 | -         | -                  | 689,513   | 10,559,000         |
| HDFC corporation Debt opportunity fund           | -         | -                  | 891,687   | 10,000,000         |
| <b>Total Investment in Mutual fund</b>           | <b>-</b>  | <b>198,133,351</b> | <b>-</b>  | <b>356,904,947</b> |

**315,964,165**
**418,648,250**
**Aggregate value of provision in the value of investment**

| Particulars  | BOOK VALUE         |                    | MARKET VALUE |                    |
|--------------|--------------------|--------------------|--------------|--------------------|
|              | As at              | As at              | As at        | As at              |
|              | 31-03-2016         | 31-03-2015         | 31-03-2016   | 31-03-2015         |
|              | Rs.                | Rs.                | Rs.          | Rs.                |
| Quoted       | 8,340,236          | 3,841,122          | --           | 3,865,502          |
| Unquoted     | 307,623,929        | 420,690,237        | --           | 421,107,252        |
| <b>Total</b> | <b>315,964,165</b> | <b>424,531,359</b> | <b>--</b>    | <b>424,972,754</b> |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 17. INVENTORIES   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|---|----------------------------|----------------------------|
| Raw Materials   | -                          | 804,304                    |
| Packing Materials   | -                          | 1,178,696                  |
| Finished Goods  | -                          | 295,321                    |
| Stock in Trade  | -                          | -                          |
|   | <b>-</b>                   | <b>2,278,321</b>           |
| For Mode of valuation refer Note No. 2 (x) of Notes on Financial Statements                                     |                            |                            |
| 18. TRADE RECEIVABLES   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
| <b>A. Unsecured</b>   |                            |                            |
| Exceeding six months  |                            |                            |
| Considered Good   | 1,324,146                  | -                          |
| Considered Doubtful   | -                          | -                          |
| Less : Provision for Doubtful Debts   | -                          | -                          |
|   | <b>1,324,146</b>           | <b>-</b>                   |
| <b>B. Other - Considered Good</b>   | <b>-</b>                   | <b>7,730,978</b>           |
|   | <b>1,324,146</b>           | <b>7,730,978</b>           |
| 19. CASH AND CASH EQUIVALENTS   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
| Bank Balances with Banks :  |                            |                            |
| In Current Accounts*  | 17,301,533                 | 78,613,649                 |
| In Fixed Deposits Accounts #  | 14,510,000                 | 19,281,311                 |
| Cash on Hand  | 31,525                     | 16,579                     |
|   | <b>31,843,058</b>          | <b>97,911,539</b>          |
| * Includes Earmarked Balances of Rs. 3,65,665 (Previous Year Rs. 473,047) in respect of Unpaid Dividend .       |                            |                            |
| # Includes deposits of Rs. NIL (Previous Year Rs. 19,281,311) held as margin money deposits against guarantees. |                            |                            |
| 20. SHORT TERM LOANS AND ADVANCES   | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
| <b>Unsecured and considered good</b>  |                            |                            |
| Balance with Statutory Authorities  | 1,435,723                  | 6,332,133                  |
| Security Deposits   | 200,000                    | -                          |
| Advance to Sundry Creditors   | 21,983,093                 | 13,032                     |
| Prepaid Expenses  | 17,950                     | 942,722                    |
| Others  | 80,000                     | 4,905,025                  |
|   | <b>23,716,763</b>          | <b>12,192,912</b>          |
| 21. OTHER CURRENT ASSETS  | 2015-16<br>Rs.             | 2014-15<br>Rs.             |
| Interest Accrued but not due  | 3,082,027                  | 1,698,757                  |
|   | <b>3,082,027</b>           | <b>1,698,757</b>           |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 22. REVENUE FROM OPERATIONS  | 2015-16<br>Rs.           | 2014-15<br>Rs.            |
|--|--------------------------|---------------------------|
| Sales of Products  | --                       | 759,977,984               |
| Less : Excise Duty recovered on Sales  | --                       | 11,420,122                |
|  | --                       | <u>748,557,862</u>        |
| Sales of Services (net of service tax)   | --                       | 3,321,656                 |
| Other Operating Income   | --                       | 4,429,980                 |
|  | --                       | <u><b>756,309,498</b></u> |
| 23. OTHER INCOME   | 2015-16<br>Rs.           | 2014-15<br>Rs.            |
| Interest Income  | 9,548,694                | 5,652,537                 |
| Dividend Income  | 8,310,514                | 94,243                    |
| Foreign Exchange Gain  | -                        | 10,175,669                |
| Profit on sale on Investment   | 5,397,384                | 101,698                   |
| Leave and License Fees Income  | -                        | 977,847                   |
| Other Non Operating Income   | 4,064,400                | 4,190,912                 |
|  | <u><b>27,320,992</b></u> | <u><b>21,192,906</b></u>  |
| 24. COST OF MATERIALS CONSUMED   | 2015-16<br>Rs.           | 2014-15<br>Rs.            |
| Raw Materials Consumed   | --                       | 150,246,491               |
| Packing Materials Consumed   | --                       | 112,068,697               |
|  | --                       | <u><b>262,315,188</b></u> |
| 25. CHANGES IN INVENTORIES OF FINISHED GOODS<br>WORK-IN-PROCESS AND STOCK-IN-TRADE | 2015-16<br>Rs.           | 2014-15<br>Rs.            |
| <b>Closing Stock</b>   |                          |                           |
| Work-in-process  |                          |                           |
| Semi-Finished  | -                        | 14,697,518                |
| Finished Goods   | -                        | 38,198,493                |
| Stock-In-Trade   | -                        | 11,446,104                |
|  | -                        | <u>64,342,115</u>         |
| Less : Excise Duty   | -                        | 2,091,396                 |
|  | -                        | <u><b>62,250,719</b></u>  |
| <b>Opening Stock</b>   |                          |                           |
| Work-in-process  | -                        | 10,718,737                |
| Semi-Finished  | -                        | 17,247,208                |
| Finished Goods   | -                        | 51,573,804                |
| Stock-In-Trade   | -                        | 9,379,590                 |
|  | -                        | <u>88,919,339</u>         |
| Less : Excise Duty   | -                        | 1,580,802                 |
|  | -                        | <u><b>87,338,537</b></u>  |
|  | -                        | <u><b>25,087,818</b></u>  |

As on March 31, 2015, the Company does not have any inventory. All the inventory was transferred as per Business Purchase Agreement dated January 24, 2014 to Arkray Healthcare Pvt. Ltd. on March 5, 2015. Changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade is calculated till the date of transfer

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 26. EMPLOYEE BENEFITS EXPENSES   | 2015-16<br>Rs.                             | 2014-15<br>Rs.                             |
|--|--|--|
| Salaries, Wages, Benefies and other allowances<br>(including Directors' Remuneration)            | 5,479,823                                  | 164,722,851                                |
| Contribution to Provident and other funds  | 1,126,581                                  | 11,073,639                                 |
| Staff Welfare Expenses   | -  | 4,208,314                                  |
|  | <b>6,606,404</b>                           | <b>180,004,804</b>                         |
| <b>26.1 EMPLOYEE BENEFITS</b>  |  |  |
| Disclosures pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits'                   |  |  |
| <b>Defined Contribution Plan</b>   |  |  |
| Contribution to Defined Contribution Plan recognised as expense for the year are as given below. |  |  |
|  | 2015-16<br>Rs.                             | 2014-15<br>Rs.                             |
| Employer's Contribution to Provident Fund and Family Pension Fund                                | 501,943                                    | 6,165,066                                  |
| Employer's Contribution to Employee State Insurance fund   | 14,197                                     | 1,001,106                                  |
| Employer's Contribution to Super Annuation Fund  | 540,000                                    | 1,222,339                                  |
| <b>Defined Benefit Plan</b>  |  |  |
| The Employees' Group Gratuity Fund is the Company's defined benefits plan.                       |  |  |
| <b>(i) Reconciliation of opening and closing balance of defined Benefit Obligation :</b>         |  |  |
|  | Gratuity<br>(Non-Funded)<br>2015-16<br>Rs. | Gratuity<br>(Non-Funded)<br>2014-15<br>Rs. |
| Defined Benefit obligation at beginning of year  | 945,282                                    | 26,886,018                                 |
| Current Service Cost   | 2,316                                      | 1,429,063                                  |
| Interest Cost  | 74,866                                     | 2,508,465                                  |
| Actuarial (gain) / loss  | (7,191)                                    | 1,312,115                                  |
| Benefit Paid   | -  | (3,966,356)                                |
| Liability Transferred Out / Divestment   | -  | (27,224,023)                               |
| Defined Benefit obligation at year end   | 1,015,273                                  | 945,282                                    |
| <b>(ii) Reconciliation of opening and closing balance of Fair value of plan assets :</b>         |  |  |
|  | Gratuity<br>(Non-Funded)<br>2015-16<br>Rs. | Gratuity<br>(Non-Funded)<br>2014-15<br>Rs. |
| Fair value of plan assets at beginning of year   | --   | 28,034,950                                 |
| Expected return on plan assets   | --   | 2,439,041                                  |
| Actuarial (gain) / loss  | --   | 1,242,986                                  |
| Employers Contribution   | --   | 916,587                                    |
| Benefit Paid   | --   | (3,966,356)                                |
| Fund Balance Transferred Out - Business Transfer   | --   | (28,667,208)                               |
| Fair value of plan assets at year end  | --   | -  |
| Actual return on plan assets   | --   | -  |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**iii) Reconciliation of Fair Value of assets and obligation :**

|   | Gratuity<br>(Non-Funded)<br>As at March 31, 2016<br>Rs. | Gratuity<br>(Non-Funded)<br>As at March 31, 2015<br>Rs. |
|---|---|---|
| Fair value of plan assets                                 | -   | -   |
| Present value of obligation                               | 1,015,273   | 945,282   |
| Amount recognised in Balance Sheet as liability / (asset) | 1,015,273   | 945,282   |

**iv) Expense Recognised during the year :**

|  | Gratuity<br>(Non-Funded)<br>2015-16<br>Rs. | Gratuity<br>(Non-Funded)<br>2014-15<br>Rs. |
|--|--|--|
| Current Service Cost                           | -  | 1,429,063                                  |
| Interest Cost                                  | -  | 69,424                                     |
| Expected return on plan assets                 | -  | -  |
| Actuarial (gain) / loss recognised in the year | (7,191)                                    | 69,129                                     |
| Net Cost recognised in Profit & Loss account   | (7,191)                                    | 1,567,616                                  |

**vi) Actuarial Assumptions :**
**Indian Assured Lives Mortality (2006-08) Ultimate**

|  | Gratuity<br>(Non-Funded)<br>2015-16 | Gratuity<br>(Non-Funded)<br>2014-15 |
|--|-------------------------------------|-------------------------------------|
| Discount rate (per annum)                          | 7.92%                               | 7.92%                               |
| Expected rate of return on plan assets (per annum) | -                                   | 7.92%                               |
| Rate of escalation in salary (per annum)           | 7.00%                               | 7.00%                               |

**(vii) Disclosure as required under para 120 (n)  
of accounting standard 15 :**

|  | Gratuity<br>(Funded)<br>31-03-2016 | Gratuity<br>(Funded)<br>31-03-2015 | Gratuity<br>(Funded)<br>31-03-2014 | Gratuity<br>(Funded)<br>31-03-2013 | Gratuity<br>(Funded)<br>31-03-2012 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Fair Value of plan assets              |                                    | -                                  | 28,034,950                         | 29,419,075                         | 28,201,375                         |
| Present value of obligation            | 1,015,273                          | 9,45,282                           | 26,886,018                         | 25,537,130                         | 23,402,421                         |
| Surplus (Deficit) in Plan              | (1,015,273)                        | (9,45,282)                         | 1,148,932                          | 3,881,945                          | 4,798,954                          |
| Experience Adjustments                 |                                    |                                    |                                    |                                    |                                    |
| Actuarial (Gain)/Losses on Obligations |                                    | 2,814,421                          | 2,814,421                          | (124,969)                          | (7,747,496)                        |
| Actuarial (Gain)/Losses on Plan Assets |                                    | (393,125)                          | (393,125)                          | 133,737                            | 333,413                            |

**(viii) Expected contribution for next twelve months is Rs. 305,010**
**27 FINANCE COST**

|                         | 2015-16<br>Rs. | 2014-15<br>Rs.    |
|-------------------------|----------------|-------------------|
| Interest Expenses*      | 277,612        | 42,213,120        |
| Other Borrowing Costs # | -              | 1,733,961         |
|                         | <b>277,612</b> | <b>43,947,081</b> |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 28 OTHER EXPENSES                               | 2015-16<br>Rs.    | 2014-15<br>Rs.     |
|---|-------------------|--------------------|
| <b>Manufacturing Expenses</b>                   |                   |                    |
| Processing charges                              | -                 | 22,676,765         |
| Laboratory Expenses                             | -                 | 1,225,310          |
| Power and Fuel                                  | -                 | 21,648,888         |
| Stores Consumed                                 | -                 | 18,551,773         |
| Excise duty paid                                | -                 | 6,331,069          |
| Repairs to Building                             | -                 | 2,406,857          |
| Repairs to Plant & Machineries                  | -                 | 1,027,955          |
| Research & Development Expenses                 | -                 | 14,206,482         |
| Other Manufacturing Expenses                    | -                 | 999,545            |
|   | <b>-</b>          | <b>89,074,644</b>  |
| <b>Selling &amp; Distribution Expenses</b>      |                   |                    |
| Liquidated Damage                               | -                 | 3,056,423          |
| Royalty   | -                 | 9,353,340          |
| Target Discount                                 | -                 | 1,628,228          |
| Freight Outward Expenses.                       | -                 | 31,013,565         |
| Sales Commission                                | -                 | 14,567,889         |
| Travelling and Conveyance (Marketing)           | -                 | 18,377,791         |
| Sales Promotion/Statutory Advertisement Expense | 470,378           | 15,724,805         |
| Provision for Doubtful Debts                    | -                 | 81,001             |
| Other Selling & Distribution Expenses           | -                 | 1,148,055          |
|   | <b>470,378</b>    | <b>94,951,097</b>  |
| <b>Administration and Other Expenses</b>        |                   |                    |
| Communication Expenses                          | 198,574           | 5,322,347          |
| Printing and Stationery                         | 217,449           | 37,119             |
| Travelling and Conveyance (Others)              | 2,632,770         | 7,719,767          |
| Directors' Sitting Fees & Allowances            | 345,500           | 200,000            |
| Rates & Taxes                                   | 2,067,749         | 8,075,382          |
| Insurance Charges                               | 70,615            | 1,410,952          |
| Rent (Refer Note No. 31)                        | 843,500           | 4,444,180          |
| Payment to Auditors (Refer Note 28.2)           | 872,477           | 1,115,637          |
| Legal & Professional Charges                    | 6,252,464         | 7,378,218          |
| Electricity Charges                             | 69,556            | 1,864,286          |
| House Keeping Expenses                          | 6,245             | 3,141,335          |
| Security Charges                                | -                 | 2,706,245          |
| Stamp duty                                      | 96,245            | -                  |
| Exchange loss (Net)                             | 103,946           | -                  |
| Unrealised loss on Investments                  | 1,703,320         | -                  |
| Cenvat Credit Written Off                       | 6,267,024         | -                  |
| Buy Back Expenses                               | 3,635,370         | -                  |
| Loss on sale of investment                      | -                 | 271,085            |
| Registration Expenses                           | 37,070            | -                  |
| Land and Development Charges                    | 17,300            | -                  |
| Other Expenses                                  | 1,819,556         | 19,185,633         |
|   | <b>27,256,729</b> | <b>65,392,186</b>  |
|   | <b>27,727,107</b> | <b>249,417,927</b> |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

| 28.1 | VALUE OF STORES & SPARES CONSUMED                                       | 2015-16          | 2014-15          |
|------|---|------------------|------------------|
|      |   | Value in Rs.     | Value in Rs.     |
|      |   | % of Consumption | % of Consumption |
|      | <b>Stores and Spares</b>  |                  |                  |
|      | Imported  | --               | 2,847,185        |
|      | Indigenous  | --               | 15,704,589       |
|      |   | --               | 18,551,774       |
|      |   | 0.00%            | 15.35%           |
|      |   | 0.00%            | 84.65%           |
|      |   | 0.00%            | 100.00%          |
|      |   |                  |                  |
| 28.2 | AUDITOR'S REMUNERATIONS (Including Service Tax)                         | 2015-16          | 2014-15          |
|      |   | Rs.              | Rs.              |
|      | <b>Particulars</b>  |                  |                  |
|      | Audit Fees  | 367,715          | 452,065          |
|      | Tax Audit Fees  | 75,000           | 75,000           |
|      | Other Services  | 382,253          | 512,827          |
|      | Reimbursement of Expenses   | 47,509           | 75,745           |
|      |   | 872,477          | 1,115,637        |
| 28.3 | EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE                            | 2015-16          | 2014-15          |
|      |   | Rs.              | Rs.              |
|      | <b>a) Earnings in Foreign Exchange</b>                                  |                  |                  |
|      | Export of Goods calculated on F.O.B. basis                              | -                | 150,596,030      |
|      | <b>b) Expenditure in foreign currency</b>                               |                  |                  |
|      | 1. Royalty  | -                | 4,709,315        |
|      | 4. Technical Know-how   | -                | 6,789,204        |
|      | 5. Salary and Other cost  | -                | 831,505          |
|      | 6. Marketing expenses   | -                | 12,187,135       |
|      | 7. Sales Promotion  | -                | 843,483          |
|      | 8. Foreign Travelling expenditure                                       | -                | 1,756,711        |
|      | 9. Other expenses   | -                | 615,371          |
|      | <b>c) Value of imports calculated on CIF basis</b>                      |                  |                  |
|      | Raw Materials & Packing Materials                                       | -                | 120,448,902      |
|      | Traded Goods  | -                | 18,823,965       |
|      | Consumable Stores   | -                | 2,409,595        |
| 29   | EARNING PER SHARE   | 2015-16          | 2014-15          |
|      |   | Rs.              | Rs.              |
|      | Profit after taxation as per Statement of Profit and Loss (Amt. in Rs.) | 33,075,060       | 389,872,631      |
|      | Weighted average number of equity shares outstanding                    | 5,461,747        | 7,276,000        |
|      | Basic and Diluted Earning per shares                                    | 6.06             | 53.58            |
|      | (face value – Rs. 10 per share) (Amount in Rs.)                         |                  |                  |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**30 CONTINGENT LIABILITIES AND COMMITMENTS**
**A. Contingent Liabilities**

| Particulars  | As at<br>31-03-2016<br>Rs. | As at<br>31-03-2015<br>Rs. |
|--|----------------------------|----------------------------|
| a) Taxes   |                            |                            |
| (1) Sales tax  |                            |                            |
| Demands under contest  | 837,838                    | 837,838                    |
| C-Form Pending   | 512,474                    | 3,940,707                  |
| (2) Income tax   |                            |                            |
| Demands under dispute  | 1,492,930                  | 21,607,889                 |
| b) Claims against the Company not acknowledged as Debts  | 2,542,704                  | 2,542,704                  |
| c) On account of guarantees given by the bank on behalf of the company in favor of customs and others. | -                          | 19,281,311                 |

**B. Commitment :**

| Particulars  | As at 31-03-2016<br>Rs. | As at 31-03-2015<br>Rs. |
|--|-------------------------|-------------------------|
| Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account and not provided for | 28,27,270               | -                       |

**31 LEASE :**

- I. The Company does not have financial lease arrangement.
- II. The Company has taken residential, office and godown premises under short term cancelable lease arrangements and are renewable on mutually agreeable terms.
- iii. The company has given premises under operating lease arrangements. This assets has been capitalised and consequently depreciation has also been provided on the assets.

| Particulars                    | As at 31-03-2016<br>Rs. | As at 31-03-2015<br>Rs. |
|--------------------------------|-------------------------|-------------------------|
| Rent paid under this agreement | 843,500                 | 2,202,512               |

| Particulars  | As at 31-03-2016<br>Rs. | As at 31-03-2015<br>Rs. |
|--|-------------------------|-------------------------|
| Rent received during the year under this agreement | -                       | 1,777,903               |

**32 SEGMENT REPORTING :**

The company was in a single segment. i.e. Diagnostic products, Which was considered as primary business segments. However, company had sold it's entire business on March 05, 2015.

In respect of geographical segment:

| Particulars         | 2015-16  |               | 2014-15     |               |
|---------------------|----------|---------------|-------------|---------------|
|                     | In India | Outside India | In India    | Outside India |
| Revenue             | -        | -             | 609,381,954 | 150,596,030   |
| Assets (Debtors)    | -        | -             | 7,730,987   | -             |
| Capital Expenditure | -        | -             | 36,584,143  | -             |

**33 RELATED PARTY DISCLOSURE :**
**RELATED PARTY DISCLOSURES**

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

**A: Relationship**

- (i) Key Management Personnel :
- Dr. Pradip K. Desai (Upto March 04, 2015)
- Mr. Veeral P. Desai
- Ms. Sujata V. Desai (Upto March 04, 2015)
- Mr. Minesh Patel



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**(ii) 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  
 Dr. Udai D. Desai  
 Dr. Pradip K. Desai (From March 05, 2015)  
 Ms. Sujata V. Desai (From March 05, 2015)

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

Span Diagnostics SARL  
 Quest Biochemicals Pvt. Ltd  
 Desai Agri Bio-tech Pvt. Ltd  
 Span Biotherapeutics Pvt Ltd

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

**B: Transactions with related parties :**

| Particulars                  | Referred In A(i)<br>Above | Referred In A(ii)<br>Above | Referred In A(iii)<br>Above |
|------------------------------|---------------------------|----------------------------|-----------------------------|
| <b>Purchase:</b>             |                           |                            |                             |
| Goods and Material           | -                         | -                          | -                           |
|                              | -                         | -                          | 317,750                     |
| <b>Expenses :</b>            |                           |                            |                             |
| Remuneration/Appreciation    | 4,720,519                 | -                          | -                           |
|                              | 16,619,413                | -                          | -                           |
| Interest on F.D./Loan        | -                         | -                          | -                           |
|                              | 155,582                   | 319,533                    | 309,764                     |
| Rent paid                    | 420,000                   | 420,000                    | -                           |
|                              | 35,000                    | 79,516                     | -                           |
| Garden Expense               | -                         | -                          | -                           |
|                              | -                         | -                          | 619,300                     |
| Evaluation & Testing Charges | -                         | -                          | -                           |
|                              | -                         | -                          | 30,000                      |
| Royalty                      | -                         | -                          | -                           |
|                              | -                         | -                          | 1,712,738                   |
| <b>Balance Sheet Items :</b> |                           |                            |                             |
| Deposits Accepted            | 500,000                   | 2,000,000                  | -                           |
|                              |                           |                            | -                           |
| Deposits Repaid              |                           |                            | -                           |
|                              | 1,400,000                 | 5,140,000                  | -                           |
| Loan & Advances received     |                           |                            | -                           |
|                              | 952,000                   | -                          | -                           |
| Loan & Advances Repaid       |                           |                            | -                           |
|                              | 1,583,686                 | 2,800,000                  | -                           |
| Loan & Advances given        | 100,000                   | -                          | -                           |
|                              | -                         | -                          | -                           |
| Prepaid expenses             |                           |                            | -                           |
|                              | 105,000                   | 105,000                    | -                           |
| Balance as at March 31, 2016 |                           |                            |                             |
| Loans & Advances             | 100,000                   | -                          | -                           |
|                              | -                         | -                          | -                           |
| Rent Deposits given          | 100,000                   | 100,000                    | -                           |
|                              | 100,000                   | 100,000                    | -                           |
| Prepaid expense              | -                         | -                          | -                           |
|                              | 105,000                   | 105,000                    | -                           |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**Disclosure in Respect of Material Related Party Transactions during the year**

- a. Purchase/ materials consumed from Span Diagnostics SARL Rs.NIL (Previous year- 317,750)
- b. Payment to Key Management Personnel include to Dr.Pradeep K. Desai Rs. NIL ( Previous Year Rs. 6,039,104), Shri Veeral P. Desai Rs. 45,00,000 ( Previous Year Rs.5,718,955 ), Ms. Sujata V. Desai NIL ( Previous Year Rs.4,119,259), Payment of appreciation to Sujata V. Desai Rs. NIL (Previous Year- Rs.700,000) Minesh Patel - Rs. 230,515 ( Previous Year NIL ),
- c. Interest on F.D./Loan includes Mr.Veeral P. Desai NIL (Previous Year Rs.34,116 ), Dr.Pradeep K. Desai NIL (Previous Year Rs. 89,228 ), Ms.Sujata V. Desai Rs. NIL (Previous Year Rs.33,184 ), Mrs. Shital S. Kazi Rs. NIL (Previous Year Rs.22,199 ), Mrs. Tejal V.Desai Rs. NIL (Previous Year Rs.57,735), Dr.Harshad R.Gandhi Rs. NIL (Previous Year Rs. 101,515), Mrs.Kokila H. Gandhi Rs. NIL (Previous Year Rs.129,659), Desai Agri Bio-Tech Pvt.Ltd. NIL (Previous Year Rs.Rs. 309,764) Dr. Uday D Desai Rs.NIL (Previous year- Rs.-7479)
- d. Rent paid to Mrs.Shital S.Kazi Rs. NIL ( Previous Year Rs.44,516), Mr. Veeral Desai- Rs.4,20,000(Previous year Rs.- 35,000), Ms. Sujata Desai- Rs.4,20,000(Previous year Rs.- 35,000)
- e. Gardening Expense paid to Desai Agri Bio-Tech Pvt. Ltd. Rs. NIL (Previous Year Rs.619,300).
- f. Evaluation & Testing Charges paid to Quest Biochemicals Pvt. Ltd. Rs. NIL ( Previous Year Rs.Rs.30,000).
- g. Deposits received includes from Shri Veeral P. Desai Rs. 1,00,000 (Previous year - 500,000) and Uday D. Desai Rs. NIL (Previous year Rs. 2,000,000)
- h. Deposits paid includes Mr. Veeral P. Desai Rs. NIL(Previous Year Rs.2,62,316), Sujata V. Desai Rs. NIL(Previous year Rs..2,62,316)
- i. Loans received included from Pradeep K. Desai Rs. NIL (Previous Year Rs.-702,000) and Veeral P. Desai Rs. NIL (Previous year Rs.-250,000)
- j. Loans and Advance repaid includes Pradeep K.Desai Rs. NIL (Previous year Rs.1,333,686) and Veeral P. Desai Rs. NIL (Previous Year Rs.250,000), Desai Agri Bio-tech Pvt. Ltd Rs NIL (Previous Year Rs..2,800,000)
- k. Prepaid expense includes rent paid to Shri Veeral P. Desai Rs. Nil (Previous Year Rs.105,000).
- l. Loans & advances given to Mr Minesh Patel - Rs. 1,00,000 (Previous Year - Rs. NIL)

**34 Additional information, as required under schedule III to the companies Act, 2013 of enterprises consolidated as Subsidiary;**

| Name of Enterprise                | Share in Profit and Loss        |             | Share in Net Assets<br>i.e Total Assets minus Total Liabilities |             |
|-----------------------------------|---------------------------------|-------------|---|-------------|
|                                   | % of Consolidated Profit & Loss | Amount      | % of Consolidated Nett Asset                                    | Amount      |
| Parent<br>Span Divergent Limited  | 107.67%                         | 35,327,702  | 95.32%  | 505,303,089 |
| Subsidiaries                      |                                 |             |   |             |
| Span Diagnostics SA (Pty) Limited | -3.55%                          | (1,165,019) | -0.47%  | (2,500,280) |
| Aranya Agri Biotech LLP           | -0.03%                          | (10,494)    | 2.75%   | 14,599,506  |
| Biospan Scientific LLP            | -0.04%                          | (12,475)    | 0.04%   | 187,525     |
| Dryfruit Factory LLP              | -4.00%                          | (1,313,201) | 2.35%   | 12,434,604  |
| Span Diagnostics Products LLP     | -0.05%                          | (16,045)    | 0.02%   | 83,955      |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**Salient features of financial statements of Subsidiary / Joint Venture as per Companies Act, 2013**
**Part : A - Subsidiary :**

| Sr. No. | Name of Subsidiary                | Reporting Currency |
|---------|-----------------------------------|--------------------|
| 1       | Span Diagnostics SA (Pty) Limited | ZAR                |
| 2       | Aranya Agri Biotech LLP           | INR                |
| 3       | Biospan Scientific LLP            | INR                |
| 4       | Dryfruit Factory LLP              | INR                |
| 5       | Span Diagnostics Products LLP     | INR                |

Details of subsidiary are as under :

| Sr. No. | Share capital / Partners Capital (Includes fixed and fluctuating capital) | Reserve & Surplus | Total Assets | Total Liabilities | Turnover | Profit Before Tax |
|---------|---|-------------------|--------------|-------------------|----------|-------------------|
| 1       | 6177  | (2,506,456)       | 1,741,993    | 4,242,273         | -        | (651,734)         |
| 2       | 14,610,000  | (10,494)          | 14,605,231   | 5,725             | -        | (10,494)          |
| 3       | 200,000   | (12,475)          | 193,250      | 5,725             | -        | (12,475)          |
| 4       | 13,747,805  | (1,313,201)       | 12,497,361   | 62,757            | -        | (1,313,201)       |
| 5       | 100,000   | (16,045)          | 89,680       | 5,725             | -        | (16,045)          |

**Part : B - Joint Venture :**
**Name of Share in Joint Venture sold during the year :**

| Sr. No. | Name of Joint Venture                   | Country of Incorporation | Proportionate Ownership | Sale Consideration | Number of Shares | Amount was Invested in Joint Venture |
|---------|---|--------------------------|-------------------------|--------------------|------------------|--------------------------------------|
| 1       | Span Nihon Kohden Diagnostics Pvt. Ltd. | India                    | 45%                     | 80,200,000         | 54000            | 5,400,000                            |

**Jointly Controlled Entities :**

| Sr. No. | Name of Joint Venture                   | Country of Incorporation | Proportion of Ownership % |                  |
|---------|---|--------------------------|---------------------------|------------------|
|         |   |                          | As at 31-03-2016          | As at 31-03-2015 |
| 1       | Span Nihon Kohden Diagnostics Pvt. Ltd. | India                    | 45%                       | 45%              |

**Financial Interest in Jointly Controlled Entities :**

| Sr. No. | Particulars            | As at 31-03-2016 (Unaudited)              | As at 31-03-2015 (Unaudited)              |
|---------|------------------------|---|---|
|         |                        | Span Nihon Kohden Diagnostics Private Ltd | Span Nihon Kohden Diagnostics Private Ltd |
| 1       | Assets                 | -   | 40,631,616                                |
| 2       | Liabilities            | -   | 3,035,464                                 |
| 3       | Contingent Liabilities | -   | Nil                                       |
| 4       | Capital Commitments    | -   | Nil                                       |
| 5       | Income                 | -   | 28,983,659                                |
| 6       | Expenses               | -   | 21,684,393                                |
| 7       | Tax                    | -   | 2,589,684                                 |

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**35 Unhedge foreign currency exposure**

Foreign currency exposures on account of trade receivables/ trade payables not hedged by derivative instruments are as follows:-

| Particulars                  | As at 31-03-2016                  |                               | Share in Net Assets<br>i.e Total Assets minus Total Liabilities |           |
|------------------------------|-----------------------------------|-------------------------------|---|-----------|
|                              | Amount<br>in Original<br>Currency | Amount<br>in Indian<br>Rupees | % of Consolidated<br>Nett Asset                                 | Amount    |
| Foreign Currency Receivables |                                   |                               |   |           |
| USD                          | -                                 | -                             | -   | -         |
| EURO                         | -                                 | -                             | -   | -         |
| ZAR                          | 306,720                           | 1,462,862                     | 397,801   | 2,042,666 |
| Foreign Currency Payables    |                                   |                               |   |           |
| EUR                          | -                                 | -                             | -   | -         |
| GBP                          | -                                 | -                             | -   | -         |
| USD                          | -                                 | -                             | -   | -         |
| ZAR                          | 136,080                           | 649,970                       | 161,460   | 829,081   |

**36 Exceptional Items :**

Following are the details of exceptional items :

| Sr.<br>No. | Particulars   | FY 2015-16        | FY 2014-15         |
|------------|---|-------------------|--------------------|
|            |   | Amount in (Rs.)   |                    |
| 1          | Profit on sale of shares of Span Nihon Kohden Diagnostics Private Limited | 74,800,000        | -                  |
| 2          | Arkray Healthcare Private Limited Full and Final settlement Written off   | (595,754)         |                    |
| 3          | Gain on sale of IVD Business  | -                 | 514,025,257        |
| 4          | None Compete fees   | -                 | 50,000,000         |
| 5          | Professional fees for execution of sale of IVD Business                   | -                 | (45,533,133)       |
|            | <b>Total</b>  | <b>74,204,246</b> | <b>518,492,124</b> |

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

**38** Previous year figures are not directly comparable with current year as company has sold its IVD business on March 5, 2015. Further, there is no any manufacturing activity in the current year.

As per our Report of even date :

**For Haribhakti & Co. LLP,**  
Chartered Accountants  
**ICAI FRN. 103523W**

**Atul Gala**  
Partner  
Membership No. 048650  
Place : Mumbai  
Date : May 05, 2016

**For and on behalf of The Board of Director**

**Viral P. Desai** *Managing Director*  
DIN : 00029219

**Dr. Pradip K. Desai** *Director*  
DIN : 00026451

**Pankaj Ajmera** *Company Secretary*  
**Minesh Patel** *CFO*

Place : Mumbai  
Date : May 05, 2016

**SPAN DIVERGENT LIMITED**

(Formerly Span Diagnostics Limited)

CIN: L74999GJ1980PLC003710

Regd. Office: 9<sup>th</sup> Floor, 902 – 904, Rajhans Bonista, Behind Ram Chowk Temple, Ghod Dod Road, Surat – 395 007

Tel No.: 0261 – 266 32 32 / Fax No.: 0261 – 266 57 57

Email Id: mail@span.co.in / Website: www.spandivergent.com

**Attendance Slip for 36<sup>th</sup> Annual General Meeting**

Registered Folio / DP ID &amp; Client ID

No. of Shares

Name and Address of the Shareholder(s):

Joint Holder(s):

I/We hereby record my / our presence at the 36<sup>th</sup> Annual General Meeting of the Company being held on Monday, September 12, 2016 at 10:30 a.m. at Science Center Auditorium, City Light Road, Surat – 395 007

| If Shareholder(s), please sign here | If Proxy, please mention name and sign here |           |
|-------------------------------------|---|-----------|
|                                     | Name of the Proxy                           | Signature |
|                                     |   |           |

**Note: Please sign this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL**

**ELECTRONIC VOTING PARTICULARS**

| Electronic Voting Sequence Number (EVSN) | User ID | *Default PAN |
|--|---------|--------------|
|  |         |              |

\*Only Members who have not updated their PAN with the Company / Depository Participants shall use default PAN in the PAN Field.

**Note: Please read the instructions for e-voting given along with Notice of the 36<sup>th</sup> Annual General Meeting. The Voting Period starts from Friday, September 09, 2016 (9:00 a.m.) and ends on Sunday, September 11, 2016 (5:00 p.m.)**

**Form MGT 11****Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

**Venue of Meeting:** Science Center Auditorium, City Light Road, Surat – 395 007

**Day, Date & Time:** Monday, September 12, 2016 at 10:30 a.m.

|  |  |
|--|--|
| <b>Name of Members</b>                 |  |
| <b>Registered Address</b>              |  |
| <b>No. of Shares held</b>              |  |
| <b>Folio No./DP Id &amp; Client ID</b> |  |
| <b>Joint Holder(s)</b>                 |  |
| <b>Email Id</b>                        |  |

I/We \_\_\_\_\_ of \_\_\_\_\_ being member / members of Span Divergent Limited (Formerly Span Diagnostics Limited) hereby appoint the following as my / our proxy to attend and vote on a poll (for me/our behalf at the 36<sup>th</sup> Annual General Meeting of the Company to be held on Monday September 12, 2016 at 10:30 a.m. and at any adjournment thereof) in respect of such resolutions as are indicated below:

1.Name: \_\_\_\_\_ Registered Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him / her

2.Name: \_\_\_\_\_ Registered Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him / her

3.Name: \_\_\_\_\_ Registered Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him / he

| Resolution No.           | Resolution   | No of Shares Held | Optional* |         |
|--------------------------|--|-------------------|-----------|---------|
|                          |  |                   | For       | Against |
| <b>Ordinary Business</b> |  |                   |           |         |
| 1.                       | Adoption of Financial Statements for the year ended on March 31, 2016  |                   |           |         |
| 2.                       | Re-appointment of Dr. Pradip K Desai as Director of of the Company who retires by rotation   |                   |           |         |
| 3.                       | Appointment of M/s. Haribhakti & Co. LLP as Statutory Auditors and fix their remuneration  |                   |           |         |
| <b>Special Business</b>  |  |                   |           |         |
| 4.                       | Re-appointment of Mr. Viral P Desai as Managing Director of the Company for a further period of 3 years with effect from July 01, 2016 |                   |           |         |
| 5.                       | Approval of related party transactions with various related parties  |                   |           |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

**Affix  
One Rupee  
Revenue  
Stamp**

Signature of Shareholder

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting
2. Proxy need not be a member of the Company
3. In case of Joint Holders, the vote of the senior who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. \*It is optional to put "X" in the appropriate column against the resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any resolutions or all resolutions, your proxy will be entitle to vote in the manned as he / she thinks appropriate.

## FINANCIAL HIGHLIGHTS

Rs. in Lacs

|   | 2016     | 2015     | 2014     | 2013     | 2012     | 2011     | 2010     | 2009     | 2008     | 2007     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>OPERATING RESULTS</b>                                    |          |          |          |          |          |          |          |          |          |          |
| Total Revenue   | 274.28   | 7,500.16 | 7,966.79 | 8,002.59 | 5,970.20 | 8,509.78 | 8,187.28 | 6,956.14 | 6,489.78 | 5,551.78 |
| Earning before Depreciation, Interest & Tax <b>(250.92)</b> | 360.73   | 495.44   | 856.04   | 856.04   | 805.88   | 1,023.63 | 1,301.43 | 782.82   | 929.01   | 630.31   |
| Depreciation  | 16.65    | 583.28   | 476.73   | 303.85   | 270.63   | 233.44   | 208.60   | 182.07   | 144.66   | 110.80   |
| Earning before Interest & Tax <b>(267.57)</b>               | (222.85) | 18.71    | 552.19   | 552.19   | 535.25   | 790.19   | 1,092.83 | 600.75   | 784.35   | 519.51   |
| Interest  | 0.00     | 43.63    | 441.32   | 377.71   | 288.11   | 327.98   | 311.28   | 368.34   | 281.39   | 173.81   |
| Earning before Tax  | 474.48   | 4,067.87 | (422.61) | 174.48   | 247.14   | 462.21   | 781.55   | 232.41   | 502.96   | 345.70   |
| Tax *   | 121.20   | 552.57   | 91.37    | 80.85    | 124.72   | 209.51   | 242.60   | 110.23   | 203.30   | 131.32   |
| Profit/(Loss) after tax                                     | 353.28   | 3,515.29 | (513.98) | 93.62    | 122.42   | 252.70   | 538.95   | 122.18   | 299.66   | 214.38   |
| Dividend & Dividend Distribution tax                        | 0.00     | 0.00     | 0.00     | 42.28    | 0.00     | 84.56    | 101.57   | 0.00     | 73.71    | 63.18    |

## SOURCES AND APPLICATION OF FUNDS

|                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Share Capital                   | 546.17          | 727.60          | 727.60          | 727.60          | 727.60          | 727.60          | 347.28          | 330.75          | 315.00          | 300.01          |
| Reserves and surplus            | 4,506.86        | 5,151.42        | 727.60          | 2,160.22        | 2,108.88        | 1,986.46        | 1,944.09        | 1,440.67        | 1,256.25        | 1,023.86        |
| Loans                           | 0.00            | 0.00            | 1,646.24        | 3,275.84        | 2,526.43        | 1,679.65        | 2,271.59        | 3,022.83        | 2,510.65        | 1,759.28        |
| Other Liabilities               | 46.44           | 353.71          | 2,798.41        | 2,697.92        | 2,209.95        | 2,003.78        | 2,039.87        | 1,483.81        | 1,523.57        | 1,681.66        |
| <b>EQUITY &amp; LIABILITIES</b> | <b>5,099.47</b> | <b>6,232.73</b> | <b>3,846.04</b> | <b>8,861.58</b> | <b>7,572.86</b> | <b>6,397.49</b> | <b>6,602.83</b> | <b>6,278.07</b> | <b>5,605.47</b> | <b>4,764.81</b> |
|                                 |                 |                 |                 |                 | 9,018.28        |                 |                 |                 |                 |                 |

|                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fixed Assets (Net)  | 215.19          | 39.61           | 4,578.38        | 3,560.35        | 2,671.52        | 2,299.33        | 2,014.47        | 1,870.99        | 1,535.12        |                 |
| Investments         | 3,838.64        | 4,635.54        | 4,696.93        | 70.05           | 70.05           | 70.02           | 69.02           | 93.77           | 50.83           | 35.81           |
| Other Assets        | 1,045.64        | 1,557.57        | 64.05           | 4,213.15        | 3,942.46        | 3,655.95        | 4,234.48        | 4,169.82        | 3,683.65        | 3,193.88        |
| <b>TOTAL ASSETS</b> | <b>5,099.47</b> | <b>6,232.73</b> | <b>4,257.30</b> | <b>8,861.58</b> | <b>7,572.86</b> | <b>6,397.49</b> | <b>6,602.83</b> | <b>6,278.07</b> | <b>5,605.47</b> | <b>4,764.81</b> |
|                     |                 |                 |                 |                 | 9,018.28        |                 |                 |                 |                 |                 |

## AMOUNT ON FACE VALUE OF Rs.10/-

|                    |      |        |      |      |      |      |       |      |      |      |
|--------------------|------|--------|------|------|------|------|-------|------|------|------|
| Earnings Per Share | 6.47 | (7.06) | 1.29 | 1.29 | 1.68 | 6.36 | 15.89 | 3.40 | 9.75 | 6.95 |
| Dividend           | 0.00 | 0.50   | 0.50 | 0.50 | -    | 1.00 | 2.50  | -    | 2.00 | 1.80 |
| Book Value         | 93   | 81     | 33   | 40   | 39   | 37   | 66    | 54   | 50   | 44   |

\* Includes Deferred Tax

To,

Book-Post  
Printed Matter



**Span Divergent Ltd.**

*(Formerly Span Diagnostics Ltd.)*

CORPORATE OFFICE: 9th Floor, Rajhans Bonista,  
B/h. Ram Chowk, Ghod-Dod Road, Surat-395 007, INDIA

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