

Annual Report **2004-2005**

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DENIS
CHEM LAB LIMITED

DENIS CHEM LAB LIMITED

ANNUAL REPORT 2004-2005

Board of Directors	: Shri Dinesh B. Patel Dr. Himanshu C. Patel Dr. Tribhuvanbhai N. Patel Shri Priyavadan C. Randeria Shri Chinubhai N. Munshaw Shri Paul Schoemaker Shri Laxmiraj M. Rathod Smt. Anar H. Patel	Chairman Managing Director Director Director Director Director Alternate Director Director
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Bankers : ICICI Bank Ltd.
JMC House, Opp. Parimal Garden,
C.G. Road, Ahmedabad - 380 006.

Auditors : Shah & Shah Associates
Chartered Accountants
Ahmedabad

Registered Office & Factory : Block No. 457,
Village : Chhatral
Taluka : Kalol (N.G.) - 382 729
District : Gandhinagar

Registrar & Share Transfer Agent : Pinnacle Shares Registry (P) Limited
Near Ashoka Mills, Naroda Road,
Ahmedabad - 380 025

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NOTICE

NOTICE is hereby given that the **TWENTY FORTH** Annual General Meeting of the members of **DENIS CHEM LAB LIMITED** will be held at the Registered Office of the Company situated at Block No : 457, Village : Chhatral, Taluka : Kalol (N.G.), Dist : Gandhinagar - 382 729 on Thursday the 15th September, 2005 at 10.00 a.m to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2005, the Balance Sheet as at that date and the Report of the Board of Directors and Auditor thereon.
2. To declare dividend on equity shares, if any.
3. To appoint a Director in place of Shri Dinesh B. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Chinubhai N. Munshaw, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office :

Block No. 457,

Village : Chhatral,

Ta. : Kalol (N.G.)

Dist. : Gandhinagar

Date : 8th July, 2005

By Order of the Board
For Denis Chem Lab Ltd.Dinesh B. Patel
Chairman**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AT THE MEETING AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 06.09.05 to 15.09.05 (both days inclusive).
3. The Dividends on Shares as recommended by the Directors for the financial year ended 31st March 2005, if approved, at the meeting will be made payable at branches of ICICI Bank Limited, from 14th October, 2005 by dividend warrants for a period of three months during banking hours to those members whose names appear on the Register of Members on 15th September, 2005.
4. The Company has transferred the Unclaimed Dividend to the General Revenue Account of the Central Government for and upto the financial year 1995-96. Concerned shareholders are being informed about the particulars of such transfer.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of Seven years (7) shall be transferred to the Investors Education and Protection Fund. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

5. Members desiring to seek any information of the Annual Accounts to be explained at the meeting, are requested to send their queries in writing to the Company at the Regd. Office so as to reach at least 7 days before the date of the meeting to make the required information available.
6. In order to prevent the possibility of interception in transit & fraudulent encashment of Dividend Warrants sent to Members, Members are requested to inform Bank Account No. & Name of their Bankers, which would be incorporated in the Dividend Warrants. Information may be sent in this respect to the Registered Office of the Company at the earliest.

Members, who hold share in the de-materialised form and want to change/correct the bank account details should send the same immediately to the concerned Depository participant. Members are also requested to give the MICR code of their Depository Participant. The Company will not entertain any direct request from members for deletion/changes in the bank account details furnished by Depository Participants of the Company.

Members are requested to :

- (i) Bring their copy of the Annual Report to the Meeting as the practice of distributing copies of accounts in the meeting has been discontinued.
- (ii) Intimate, if shares are held in the same name or in the same order and names but in more than one account to enable the Company to club the said accounts into one account.
- (iii) Fill the attendance slip for attending the meeting [members as well as proxies (if any)]
- (iv) Bring the Client ID and DP ID numbers for easy identification of attendance at the meeting for the members who hold shares in dematerialised form.

Notify immediately the change of address, if any, to the Registrar & Share Transfer Agent.

Registered Office :

Block No. 457,

Village : Chhatral,

Ta. : Kalol (N.G.)

Dist. : Gandhinagar

Date : 8th July, 2005

By Order of the Board
For Denis Chem Lab Ltd.Dinesh B. Patel
Chairman

DENIS CHEM LAB LIMITED**DIRECTOR'S REPORT**

To

Dear Shareholders,

Your Directors have pleasure in presenting before you the 24th Annual Report and the Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS :

	(Rs. in lacs) <i>For the year 2004-05</i>	(Rs. in lacs) <i>Previous year 2003-04</i>
GROSS PROFIT BEFORE INTEREST, DEPRECIATION AND TAX (PBDIT) & EXTRA ORDINARY ITEMS	101.26	134.70
Less :-> Interest	37.01	37.45
PROFIT BEFORE DEPRECIATION & TAX	64.25	97.25
Less :-> Depreciation	34.57	33.16
PROFIT BEFORE TAX	29.68	64.09
Less :-> Extra Ordinary Items		
(a) V.R.S. amortised	13.66	13.66
(b) Loss on sale of units of Mutual Funds	00.37	28.29
(c) Provision for Taxation (Net of Excess/Short Provision of earlier years)	07.00	03.17
Add :-> Deferred Tax Assets for the year	01.82	00.96
PROFIT AFTER DEPRECIATION, INTEREST AND TAX	06.83	18.01
Add :-> Balance brought forward from previous year	53.43	48.14
SURPLUS AVAILABLE FOR APPROPRIATION	60.26	66.15
APPROPRIATIONS :		
(1) Proposed Dividend	05.62	11.24
(2) Provision for Dividend Tax	00.73	01.47
(3) Balance carried to Balance Sheet	53.91	53.44
Total	60.26	66.15

DIVIDEND :

The Gross Profit for the year ended 31st March, 2005, Rs. 101.76 lacs which is nearly same as that of 5% less than last year. (Last year Rs. 106.41 lacs) The net profit before tax for the noted period is Rs. 30.18 lacs as compared with Rs. 35.80 lacs for last year. The surplus available for appropriation is Rs. 59.76 lacs. In view of this, your Directors have recommended a dividend of Rs. 00.50 per equity share subject to statutory approvals as may be required. The total dividend outgo thus will be thus about Rs.05.62 lacs.

REVIEW OF OPERATIONS :

During the year 2004-05 the company has achieved an increased sales turnover (including job work) totaling to Rs. 1513.08 lacs that is 7% higher than the comparable figure for the same period of last year. The gross profit, i.e. profit before interest and depreciation for the noted period was Rs. 101.76 lacs. The company has increased its production range during the period 2004-05 and has planned new product introduction during the current year so as to increase its sales turnover.

FUTURE PLAN :

The Company has introduced I.V. fluid packed in P.P. Plastic bottles procured separately considering its growing acceptance in India as well as in exports. The response for the same has been very good and it hopes to increase the sales in the current year due to this introduction. The Company has already



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implemented the plant modifications so as to comply with the new Schedule "M" provisions of the Drugs Act. The veterinary range of products has been increased & newer products are also planned in this area & which will have a positive impact on its performance in the current year.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, the Directors' confirm that;

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended on 31-03-2005 and for the profit and loss account for the year ended on 31-03-05.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.

DIRECTORS :

Shri Dinesh B. Patel and Shri Chinubhai N. Munshaw, retires from the Board by rotation in accordance with Article 60 of the Articles of Association of the Company, and being eligible offer themselves for re-appointment.

FIXED DEPOSITS :

As at the end of financial year under review, no fixed deposits which were due for repayment, remained unclaimed by the deposit holders.

INSURANCE :

All the properties of the Company and insurable interest are adequately insured against the risks of fire, riot, strike, malicious damage etc. as per the consistent policy of the Company.

PERSONNEL :

As required by the provisions Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended, the names and particulars of the employees are set out in the Annexure attached to the reports.

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

The Particulars as required under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are given in the Annexure attached to the Report.

AUDITORS :

M/s. Shah & Shah Associates, the Auditor of the Company will retire at the ensuing Annual General Meeting but as they are eligible for re-appointment, your Directors recommend their re-appointment as Auditor of the Company for the year 2005-06 at such remuneration as may be fixed by the shareholders.

INDUSTRIAL RELATIONS :

Your Directors are happy to report that Industrial relations remained satisfactory during the year under review.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation for the services of the staff, officers and executives for sustaining the operations of the Company during year under review.

Your Directors also acknowledge with gratitude the Co-operation, assistance and support to the company given by bankers and financial institutions during the year. Your Directors also express their thanks to company's stockists, retailers and other customers for their continued patronage and to the shareholders for their confidence reposed in the Company.

For and on behalf of the Board

Dinesh B. Patel
Chairman

Place : Ahmedabad
Date : 08.07.2005

DENIS CHEM LAB LIMITED**ANNEXURE TO THE DIRECTORS'REPORT**

Particulars required to be reported as per Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY :**(a) Energy conservation measures taken :**

The Company has installed Multi Column Distillation Still which was fully operated during the year. This has enabled the Company to reduce the consumption of steam substantially. This will lead to utilisation of boiler generated energy for more efficient uses.

(b) Additional investments and proposals for reduction of consumption of energy :

The Company has installed ignifluid Bed Boiler and this has helped in using energy efficiently and at a lower Cost. Explorations in new areas for reduction in energy consumption have been taken up wherever possible.

(c) Impact of the above measures :

The measures taken above will help in considerable saving in cost per unit of energy generated and reduction in requirement of steam consumption.

(d) Total energy consumption and energy consumption per unit of production :

Details of total energy consumption and energy consumption per unit of production as per FORM - A prescribed in the rules is as under.

(1) Power & Fuel Consumption :	<u>2004-05</u>	<u>2003-04</u>
(i) Electricity :		
(a) Purchased Unit (KWH)	5,81,576	5,55,746
Total Amount (Rupees)	27,56,892	26,15,300
Rate/Unit (Rs. in per kwh)	4.74	4.41
(b) Own Generation	17,894	36,332
Through Diesel Generation		
Total Litres	4,375	8,971
Units per Ltr. of Diesel Oil	4.09	4.05
Cost/Unit (Rs.)	6.59	5.90
(ii) Furnace/Diesel Oil		
Qty. (K.Ltrs.)	2,76,951	2,71,420
Total Amount (Rupees)	39,45,627	37,30,207
Avg. Rate (in Rs. per Litre)	14.25	13.74

**ANNUAL REPORT 2004-2005****(2) Consumption per unit of Production :**

	<u>Standard Unit</u>	<u>2004-05</u>	<u>2003-04</u>
(i) Electricity (in Units)			
I.V. Solution	Bottle	00.05	00.05
Bulk Drugs	Kgs	00.45	00.45
(ii) Furnace/Diesel Oil (in ltrs)			
I.V. Solution	Bottle	00.02	00.02
Bulk Drugs	Kgs	01.29	01.29

(B) TECHNOLOGY ABSORPTION :

Efforts made in Research and Development and Technology Absorption as per FORM - B prescribed in the Rules is as under.

(i) Research & Development (R&D)

- (a) Specific areas in which R&D carried out by the Company. : New product development and improvement in Quality.
- (b) Benefits derived as a result of the above R&D : Increase in the range of products and its volume of contribution in increased Sales turnover
- (c) Future plan of action : To maintain improved quality of products through quality control.
- (d) Expenditure on R&D : Marginal

- (ii) Technology absorption, adoption and innovation. : The Company does not envisage any technology absorption.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- : F.O.B Value : Rs. Nil lacs of Export Value
- : C.I.F Value : Rs. 09.11 lacs of Import Value

(D) STATEMENT OF PARTICULARS OF EMPLOYEE AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

- (a) Employed throughout the financial year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs. 18,00,000/-

Sr. No.	Name of the Employee	Designation and nature of duties	Gross Remuneration (Rs.)	Qualification Experience (Years)	Date of Commencement of employment	Age (Year)	Last Employment
01.	Dr. H. C. Patel	Managing Director Management of affairs of the Company.	18,00,000/-	B.E., M.S. Ph. D. (21)	1984	51	—

DENIS CHEM LAB LIMITED

AUDITORS' REPORT

To,

The Members of **DENIS CHEM LAB LIMITED**

We have audited the attached Balance Sheet of **M/S. DENIS CHEM LAB LIMITED**, as at 31st March, 2005 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

We report that :

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books
3. The Balance sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except what is stated in para 6(a) and (b) below.
5. According to the information and explanation given to us and on the basis of the written representations received from the Directors, none of the Directors of the company are, prima-facie, as at 31st March, 2005, disqualified from being appointed as directors of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with and subject to notes thereon of Schedule 18, and in particular;
 - a. Note No.4 : regarding non-provision of gratuity of Rs. 42,94,535/-
 - b. Note No.4 : regarding accounting for leave encashment as and when claimed by the employees, the amount of which could not be ascertained.
 - c. Note No. 5 : regarding confirmation of balances.

give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India;

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
- (b) In the case of Profit & Loss Account, of the profit for the year ended on that date and;
- (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :

- 1 The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. As per the explanation provided to us, the fixed assets have been physically verified by the management at the end of the year and no material discrepancies were noticed on such verification as compared to the above records has been found. The company did not dispose off its substantial part of fixed assets during the year.
- 2 As per explanation provided to us, inventories have been physically verified by the management at regular intervals during the year.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

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The company has maintained proper records of inventories. As explained to us, the discrepancies noticed on physical verification of inventory as compared to the book records were no material and the same have been properly dealt with in the books of account.

- 3 The company had obtained unsecured loan from a party listed in the register maintained under section 301 of the Companies Act, 1956 and the amount involved was Rs. 2.70 lacs. The said loans have been repaid before the end of the year. The rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the company.
- 4 In our opinion and explanation given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of Audit, we have not observed any major weaknesses in the internal control system.
- 5 In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6 The Company has accepted the deposits from the public and has complied with the provisions of Section 58A of the Companies Act, 1956 and rules framed there under. No order has been passed by the Company Law Board.
- 7 The company has appointed a firm of Chartered Accountants to carry out internal audit. Based on their report submitted to the management, in our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- 8 The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 for formulations manufactured by the company. We are informed that the company is still in the process of installing adequate system for the same.
- 9 Based on our audit procedure and according to information and explanation provided to us, the company is regular in depositing undisputed statutory dues of Sales Tax, Income Tax, Excise Duty and other statutory dues with the appropriate authority. According to information and explanation given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the date of becoming payable.
According to information and explanation provided to us, there are no dues of undisputed Sales Tax, Income Tax, Custom duty, Wealth Tax, or Cess outstanding as at the end of the year, except excise duty of Rs. 560.46 lacs for the period from 4th May, 2000 to 30th November, 2004 which is pending before Commissioner Adjudication.
- 10 The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11 Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- 12 The company has maintained proper records for the purchase of shares and debentures and timely entries for the same have been made therein. The company has held all the investment in shares and debentures in its own name.
- 13 The company has not obtained any term loans during the year under review.
- 14 According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that the Company has not utilized its short term resources for the long term investments.
- 15 In our opinion and the information and explanation provided to us, no fraud on or by the company has been noticed or reported during the year, that causes the financial statements to be materially misstated.
- 16 Other clauses of the said order are not applicable to the company.

For **SHAH & SHAH ASSOCIATES**
Chartered Accountants

NIMISH B. SHAH
Partner

Place : Ahmedabad
Date : 8th July, 2005

DENIS CHEM LAB LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

PARTICULARS	Schedule No.	Rupees	As at		As at
			31/03/05	Rupees	31/03/04
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	1	11,243,180		11,243,180	
Reserves & Surplus	2	24,477,911		24,430,751	
			35,721,091		35,673,931
Loan Funds :					
Secured Loans	3	30,017,436		24,738,025	
Unsecured Loans	4	5,687,139	35,704,575	5,368,970	30,106,995
Deferred Tax Liability (Net)			2,556,962		2,374,703
Total			73,982,628		68,155,629
APPLICATION OF FUNDS:					
Fixed Assets :	5		63,496,048		59,874,454
Gross Block (At Cost)					
Less : Depreciation		36,531,043		33,074,139	
Net Block			26,965,005		26,800,315
Investments	6		16,889,200		15,126,000
Current Assets, Loans & Advances					
Inventories	7	23,774,921		24,179,556	
Sundry Debtors	8	40,049,242		34,564,934	
Cash & Bank Balance	9	3,285,228		4,433,751	
Loans & Advance	10	4,880,351		4,316,481	
		71,989,742		67,494,722	
Less :					
Current Liabilities & Provisions :	11				
Current Liabilities		41,640,770		42,506,074	
Provisions		1,652,626		1,588,253	
		43,293,396		44,094,327	
Net Current Assets			28,696,346		23,400,395
Miscellaneous Expenditure					
(To the extent not W/o. or adjusted)					
Voluntary Retirement Compensation		1,432,077		2,798,154	
Preliminary Expenses		0	1,432,077	30,765	2,828,919
Total			73,982,628		68,155,629
Notes forming parts of accounts	17				
Signature to the Balance Sheet					

As per our attached report of even date
For **SHAH & SHAH ASSOCIATES**
Chartered Accountants

Dinesh B. Patel
Chairman

Dr. Tribhuvanbhai N. Patel
Chinubhai N. Munshaw
Priyavadan C. Rauderia
Mrs. Anar H. Patel
Laxmiraj M. Rathod
Directors

Nimish B. Shah
Partner

Dr. Himanshu C. Patel
Managing Director

Place : Ahmedabad.
Date : 8th July, 2005

Place : Ahmedabad.
Date : 8th July, 2005