



CHEM LAB LIMITED

DENIS

ANNUAL REPORT
2009-2010



DENIS CHEM LAB LIMITED 29TH ANNUAL REPORT 2009-2010

Board of Directors	:	Mr. Dinesh B. Patel Dr. Himanshu C. Patel Mr. Priyavadan C. Randeria Mr. Chinubhai N. Munshaw Mr. Paul Schoemaker Dr. Gaurang Dalal Mr. Laxmiraj M. Rathod Ms. Anar H. Patel	Chairman Managing Director Director Director Director Director Alternate Director Director
Registered Office & Factory	:	Block No. 457, Village : Chhatral , Taluka : Kalol (N.G.) - 382 729, District : Gandhinagar	
Auditors	:	Shah & Shah Associates Chartered Accountants, Ahmedabad.	
Company Law Consultant	:	M/s. Mehta Hurkat & Associates Company Secretaries, Ahmedabad.	
Bankers	:	The Kalupur Commercial Co. Op. Bank Ltd. Stadium Road Branch, Navrangpura, Ahmedabad - 380 009.	
Registrar & Share Transfer Agent	:	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Mumbai -400 072	

CONTENTS

	Page No.
Notice of Annual General Meeting	01 to 06
Directors' Report	07 to 12
Compliance Certificate	13 to 17
Auditors' Report	18 to 19
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Schedules to Accounts	23 to 36



NOTICE

NOTICE is hereby given that the **TWENTY NINTH ANNUAL GENERAL MEETING** of the members of **DENIS CHEM LAB LIMITED** will be held as scheduled below:

Date : 20th September, 2010

Day : Monday

Time : 10.00 A.M.

Place : Registered Office of the Company at:

Block No. 457, Village: Chhatral, Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729

to transact the following:

ORDINARY BUSINESS:

1. To receive and adopt Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as on that date along with Directors' Report thereon.
2. To declare dividend for the year ended on 31st March, 2010.
3. To appoint a Director in place of Mr. Dinesh B. Patel, who retires by rotation and, being eligible, offers himself for re appointment.
4. To appoint a Director in place of Mr. Gaurang Dalal, who retires by rotation and, being eligible, offers himself for re appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re enactment thereof for the time being in force), provisions of the Memorandum and Articles of Association of the Company, and the Listing Agreement entered into by the Company with the Ahmedabad Stock Exchange where the securities of the Company are listed and subject to the approval, consent, permission and /or sanction, as may be necessary of Securities and Exchange Board of India (SEBI) and any other appropriate authority, institution or Body and subject to such terms, condition, alterations, corrections, changes, variations and/ or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and / or sanction, consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include any Committee duly constituted by the Board of Directors or any Committee which the Board of Directors may hereafter constitute, to exercise one or more of its powers including the powers conferred by this resolution):

(i) to issue, offer and allot up to 68,000 Equity Shares of Rs. 10/- each @ premium of Rs. 25/- per Share aggregating to Rs. 35/- per Share which is in accordance with the SEBI Regulations for Preferential Issues to Promoters on Preferential Basis."

"RESOLVED FURTHER THAT the 'Relevant Date' for the preferential issue, as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the determination of applicable price for Equity Shares, is 21st August, 2010."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as Securities and Exchange Board of India (SEBI) and / or such other appropriate authority may impose at the time of their approval as agreed by the Board."

DENIS CHEM LAB LIMITED

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted in accordance with the terms of the offer and all such Equity Shares allotted shall rank pari passu with the existing equity shares of the Company in all respects."

"RESOLVED FURTHER THAT for the purpose of creating, issuing offering and allotting Equity Shares of the Company as aforesaid, the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilising the issue proceeds of the Equity Shares of the Company, as it may, in its absolute discretion, deem fit and proper."

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank, Financial Institution or any other lender to secure Financial Assistance up to Rs. 100 Crores that may be lent/advanced to the Company by such Bank, Financial Institution or such other lender together with interest thereon at the rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to Bank, Financial Institution or any such lender under Financial Assistance Agreement to be entered into by the Company in respect of the such Financial Assistance."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with the Bank, Financial Institution or any such lender the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in super session of all the earlier resolutions passed at the General Meeting pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sums of money, from time to time from any one or more of the Company's bankers and/or from any other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise whether unsecured or secured so that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, however that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 100 Crores (Rupees one hundred crores only)."

Registered Office:

Block No. 457, Village: Chhatral,
Tal : Kalol (N.G.),
Dist : Gandhinagar - 382 729
Date : 28th July, 2010

By Order of the Board,

Dinesh B. Patel
Chairman



ANNUAL REPORT 2009-2010

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Item Nos. 6 to 8 as set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
3. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from Wednesday, the 8th September, 2010 to Monday, the 20th September, 2010 (both days inclusive) for the purpose of deciding the right of entitlement of dividend on Equity Shares for the year 2009 10. The dividend, if declared by the members, will be paid **on or after 22nd September, 2010.**
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
 - a) 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.
 - b) Notify immediately the Change if any, in the registered address, to the Company.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item Nos. 6 to 8 of the accompanying notice dated 28th July, 2010 and should be taken as forming part of the notice.

In respect of Item No. 6:

As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the required details are furnished as under:

1. OBJECT OF THE ISSUE:

The Company needs funds for its increasing working capital requirements and to meet certain general corporate purposes. The Company, therefore, needs additional working capital/funds for general corporate purposes to the tune of Rs. 23.80 lacs for:

- smooth day to day operations
- building up of Stock of raw materials/finished goods
- general corporate purposes

Accordingly, the Company proposes to offer, issue and allot up to 68,000 Equity Shares of Rs. 10/- each @ premium of Rs. 25/- per Share aggregating to Rs. 35/- per Share aggregating to Rs. 23.80 lacs which is in accordance with the SEBI Regulations for Preferential Issues to Promoters on Preferential Basis.

DENIS CHEM LAB LIMITED**2. PRICING:**

The issue of 68,000 Equity Shares of Rs. 10/- each on preferential basis is Rs. 35/- per Equity Share inclusive of Share premium of Rs. 25/- per share. The pricing of the issue has been arrived at by calculating Book Value, Profit Earning Capacity Value (PECV) method and Fair Value method. The price is/will be in compliance with the SEBI Pricing Norms. As the shares of the Company are listed only on Ahmedabad Stock Exchange (which is not in operation and no trading facility is available since last couple of years), the criteria for pricing under SEBI (ICDR) Regulations, 2009 would not apply, as there is no trading done on ASE. The Certificate of Auditors dated 1st July, 2010 is received by the Company.

3. PAYMENT TERMS:

The entire amount towards the allotment of Equity Shares shall be paid before the date of Allotment of Equity Shares.

4. RELEVANT DATE:

'Relevant Date' for the purpose of this issue is 21st August, 2010 i.e. 30 days prior to the date of General Meeting which is 20th September, 2010.

5. SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE ISSUE:

The Shareholding pattern of the Company before and after the issue is given below:

Sr. No.	Category	Pre Issue		Post Issue	
		No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
A	Promoters Holding				
	1. Promoters				
	- Indian Promoters	537775	41.59	605775	44.51
	- Foreign Promoters				
	2. Persons acting in concert	-	-	-	-
B	Non-Promoter Holding				
	3. Institutional Investors/ Mutual Funds/Banks/FI/FIs/Insurance Companies	-	-	-	-
	4. Others				
	a. Private Corporate Bodies	5555	0.43	5555	0.41
	b. Indian Public	343446	26.56	343446	25.24
	c. NRIs / OCBs	406190	31.42	406190	29.85
	Grand Total	1292966	100.00	1360966	100.00

6. PROPOSED TIME WITHIN WHICH THE ALLOTMENT SHALL BE COMPLETED:

The Board proposes to allot the Equity Shares within a period of 15 days from the date of passing of this resolution by the Members or within 15 days from the date of approval of any regulatory authority which ever is later.

ANNUAL REPORT 2009-2010
7. THE IDENTITY OF THE PROMOTERS, PROPOSED ALLOTTEES AND THE PERCENTAGE OF SHARES THAT MAY BE HELD BY THEM (PRE & POST PREFERENTIAL ISSUE):

Sr. No.	Name of the Promoters	Pre Issue holding	% of pre issue Capital	Equity Shares under Preferential Allotment	Post Issue Holding	% of Post issue Capital
1.	Dineshchandra B. Patel	8940	0.69	-	8940	0.66
2.	Himanshu C. Patel	183840	14.22	34000	217840	16.01
3.	Anar H. Patel	286681	22.18	34000	320681	23.56
4.	Nirmal H. Patel	49314	3.81	-	49314	3.62
5.	Satishchandra B. Patel	3000	0.23	-	3000	0.22
6.	Giraben J. Patel	3800	0.29	-	3800	0.28
7.	Jaykumar J. Patel	2200	0.17	-	2200	0.16
	Total	537775	41.59	68000	605775	44.51

8. AUDITORS' CERTIFICATE:

Certificate of M/s. Shah & Shah, Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements contained in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 has been obtained on 1st July, 2010, before the Relevant Date i.e. 21st August, 2010. Copy of the Certificate is available for inspection at the Registered Office of the Company.

9. LOCK IN:

The Equity Shares to be allotted on preferential basis to Promoters shall be locked in for a period of three years from the date of allotment as per SEBI Regulations.

10. CHANGE IN MANAGEMENT:

The issue of Equity Shares will not result in any change in the management or control of the Company as the issue of Equity Shares is made to some of the existing Promoters only.

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the subscribed capital of a Company by allotment of further shares etc., such further shares shall be offered to the existing Members of the Company in the manner laid down in Section 81, unless the Members in general meeting decide otherwise by passing a special resolution.

Hence, consent of the Members by way of a Special Resolution is being sought pursuant to the provisions of Section 81(1A) and all other applicable provision of the Companies Act, 1956 and in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the listing agreements executed by the Company with the Ahmedabad Stock Exchange where the Shares of the Company are listed.

The members are, therefore, requested to accord their approval authorising the Board for the proposed preferential issue as set out in the Special Resolution mentioned in the Notice.

Copy of the Memorandum and Articles of Association of the Company, resolution of the Board of Directors, Certificate of Auditors etc. are open for inspection at the Registered office of the Company on all working days during normal business hours.

DENIS CHEM LAB LIMITED

Mr. Himanshu C. Patel and Ms. Anar H. Patel, Directors are concerned or interested in the above Resolution as it relates to issue of Equity Shares to them as Promoters on Preferential Basis. Mr. Dinesh B. Patel may also be treated as concerned or interested as Relative of the proposed Allottees.

The Board recommends the resolution.

In respect of Item No. 7:

The Company is planning to borrow funds from any Bank, Financial Institution or any other lender to meet its short term and long term financial requirements. Normally such Financial Assistance are to be secured by hypothecation / pledge of the Company's entire goods movables and other assets, present and future, including documents title to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future, and are to be further secured by (a) deposit of all title deeds of the existing immovable properties of the Company with intent to create a security in favour of such Bank, Financial Institution or such other lender on such terms and conditions.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of Draft Financial Assistance Agreement and correspondence of the Company with such Bank, Financial Institution or such other lender are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the Resolutions.

In respect of Item No. 8:

The proposed increase in the borrowing power of the Board is required in view of certain borrowing proposed to be made by the Company from Financial Institution/Banks/other lender. The Board of Directors feel that the limit be raised to Rs. 100 Crores. The Resolution at item No.8 is of an enabling nature and would authorise the Directors to borrow from time to time sums not exceeding Rs. 100 crores. The Resolution would be in the super session of the earlier resolution passed at the General meeting of the Members of the Company.

Section 293(1)(d) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting borrow together with the monies already borrowed in ordinary course of business will exceed aggregate of the paid up capital of the Company and its Free reserves.

Since the borrowings and proposed borrowings of the Company may exceed the limit prescribed under Section 293(1)(d) of the Companies Act, 1956, hence it is necessary for the members to pass a resolution under Section 293(1)(d) of the Companies Act, 1956.

None of the Directors is in any way concerned or interested in the resolution.

Your Directors recommend the Resolutions.

Registered Office:
Block No. 457, Village: Chhatral,
Tal : Kalol (N.G.),
Dist : Gandhinagar - 382 729
Date : 28th July, 2010

By Order of the Board,

Dinesh B. Patel
Chairman

**DIRECTOR'S REPORT**

To
Dear Shareholders,

The Directors have pleasure in presenting the TWENTY NINTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2009 10 ended 31st March, 2010.

1. FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	2009-2010	2008-2009
Opening Profit (Before Interest & Depreciation)	345.68	328.23
Less : Interest	131.26	125.89
Profit before Depreciation	214.42	202.34
Less : Depreciation	122.18	114.81
Profit before Tax	92.24	87.53
Less : Provision for Tax (including FBT)	21.00	30.50
Less/(Add): Deferred Tax Liability/(Assets)	5.57	(13.91)
Profit after Tax	65.67	70.94
Balance brought forward from previous year	118.21	73.36
Surplus available for appropriation	183.88	144.30
Appropriations:		
Proposed Dividend	18.10	18.10
Provision for Dividend Tax	3.08	3.08
Dividend for the year 2007-08 including Dividend Tax	—	0.91
Transfer to General Reserve	4.00	4.00
Balance carried to Balance Sheet	158.70	118.21
Total	183.88	114.30

2. DIVIDEND:

The gross profit for the year ended on 31st March, 2010 is Rs. 345.68 Lacs as compared to Rs. 328.23 Lacs for the year 2008-2009. The net profit before tax for the year 2009-2010 is Rs. 92.24 Lacs as compared to profit of Rs. 87.53 Lacs for the year 2008-2009. The surplus available for appropriation stands at Rs. 183.88 Lacs.

DENIS CHEM LAB LIMITED

In view of this, your Directors are pleased to recommend a dividend of Rs. 1.40 per Equity Share (Rs. 1.40 per Equity Share for previous year) for the year 2009-2010 subject to statutory approvals as may be required. The total dividend to be distributed will be thus Rs. 18.10 Lacs.

3. OPERATIONS:

The production of the Company in transfusion solution in Bottles and Plastic Bottles is increased by 20% for the year 2009-2010 as compared to 2008-2009. The facility was inspected by Food and Drug Control Administration (FDCA), Gandhinagar in January, 2010 for the renewal of its World Health Organization-Good Manufacturing Practices (WHO-GMP) certification and which was satisfactorily completed. The Company's manufacturing license is valid till 2012. During 2009-2010, the export market was explored in more detail and I.V. products in plastic bottles were exported to new destinations. Further efforts are underway for increasing exports to various countries.

The manufacturing costs have been largely controlled for 2009-2010 except for the freight cost which has recorded a significant increase due to higher sales and due to increase in cost of diesel.

4. FUTURE PLANS:

The Company has introduced I.V. Fluids in plastic bottles using Blow Fill Seal (BFS) technology and this new facility was commissioned in 2007-08. This has added to the Company's turnover substantially with better margins. The company plans to increase its mfg. capacity for plastic bottles during 2009-2010 & steps are being taken for implementation of the same. The Company is planning to implement a project for manufacture of I.V. Fluids using imported technology in which stretch blow molded P.P. bottles shall be used.

5. DIRECTORS:

Two of your Directors viz. Mr. Dinesh B. Patel and Dr. Gaurang Dalal retire by rotation in terms of the Articles of Association of the Company. They, however, being eligible offers themselves for reappointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2010 being end of the Financial Year 2009 10 and the Profits of the Company for the year;
- (iii) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.