

18TH
ANNUAL
REPORT
1998-99

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DENIS
CHEM LAB LIMITED

DENIS CHEM LAB LIMITED

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DENIS CHEM LAB LIMITED

18th Annual Report 1998-99

Board of Directors : SHRI DINESH B. PATEL, (Chairman)
DR. HIMANSHU C. PATEL (Managing Director)
DR. TRIBHUVANBHAI N. PATEL
SHRI PRIYAVADAN C. RANDEIA
SHRI CHINUBHA! N. MUNSHAW
SHRI RAJAN R. HARIVALLABHADAS
SHRI PAUL SCHOEMAKER
SHRI LAXMIRAJ M. RATHOD (Alternate Director)
SMT. ANAR H. PATEL

Company Secretary : SHRI M.S. PATEL

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Bankers : BANK OF BARODA
Kalol (N.G.) 362 721

Auditors : SHAH & SHAH ASSOCIATES,
Chartered Accountant
Ahmedabad

Registered Office & Factory : Block No. 457,
Village : Chhatral
Ta. : Kalol (N.G.) - 382 721
Dist.: Mehsana

DENIS CHEM LAB LIMITED

NOTICE

NOTICE is hereby given that the **EIGHTEENTH** 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, Tal.: Kalol (N.G), Dist.: Mehsana - 382 729 on the 21st September, 1999 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, 1999, the Balance Sheet as at that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dinesh B. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Chinubhai N. Munshaw, who retires by rotation and being eligible offers himself for re-appointment.
4. 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.
Tal. : Kalol (N.G.)
Dist.: Mehsana - 382 729

By Order of the Board
For **DENIS CHEM LAB LTD.**

Date : 21st July, 1999

(M.S. PATEL)
Company Secretary

DENIS CHEM LAB LIMITED

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 Company has transfered the Unclaimed Dividend to the General Revenue Account of the Central Government for and upto the financial year 1994-95. Concerned shareholders are being informed about the particulars of such transfer.
3. Members holding more than one share certificates to the same name under different ledger folios are requested to apply for consolidation of such folios and send relevant share certificates.
4. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office quoting their Folio Numbers.
5. Members are requested to bring their copies of the Annual Report along with them to the Annual General Meeting

Registered Office :

Block No. 457,

Village : Chhatral,

Tal. : Kalol (N.G.)

Dist.: Mehsana - 382 729

Date : 21st July, 1999

By Order of the Board
For DENIS CHEM LAB LTD.

(M.S. PATEL)
Company Secretary

DENIS CHEM LAB LIMITED**DIRECTORS' REPORT**

To

Dear Shareholders,

Your Directors have pleasure in presenting before you the 18th Annual Report and the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :-

(Rs. in lacs)

	For the year 1998-99 (12 months)	Previous period 1996-98 (18 months)
PROFIT BEFORE INTEREST AND DEPRECIATION & TAX	76.91	84.79
Less : Interest	30.41	47.25
PROFIT BEFORE DEPRECIATION	46.50	37.54
Less : Depreciation for the year	22.28	28.59
PROFIT BEFORE TAX	24.22	08.95
Less : Provision for Taxation	03.30	03.30
PROFIT AFTER TAX	20.92	05.65
Add : Provision of dividend & tax thereon written back	07.42	--
Less : Extra Ordinary item expenditure incurred on new project abandoned written off.	00.00	29.41
Less : Deferred Revenue Expense written off	23.75	--
NET PROFIT AFTER ADJUSTMENT	04.59	(23.76)
Balance brought forward from previous year.	32.04	64.23
SURPLUS AVAILABLE FOR APPROPRIATIONS.	<u>36.63</u>	<u>40.47</u>
APPROPRIATIONS :		
(1) Investment Allowance Reserve	--	--
(2) Proposed Dividend	--	6.75
(3) Provision for Dividend Tax	--	0.68
(4) General Reserve	--	01.00
(5) Balance Carried to Balance Sheet	36.63	32.04
TOTAL :	<u>36.63</u>	<u>40.47</u>

DENIS CHEM LAB LIMITED**DIVIDEND :**

The profit and margins for the year ended 31st March, 1999 has improved over last year. However after adjustment of Deferred Revenue expense, the profit left is Rs. 04.59 lacs. Also there is still an overall recession in the market and continued intense competition. In order to conserve resources and liquidity, and in view of the above profit your Directors do not recommended a dividend for the year ended 31st March, 1999.

REVIEW OF OPERATIONS :

During the period 1998-99 , the company has achieved an increased sales turnover, including job work totaling to Rs. 922.12 lacs compared to comparable figure for the same period of last year. The Company has utilized its production capacity to the maximum possible extent. The gross profit, i.e. profit before interest and depreciation for the noted period was Rs. 46.50 lacs. The Company has already increased its product range during the period 1998-99 and is in the process of introducing additional new products also during the current year so as to further increase its sales turnover and improve its profitability.

FUTURE PLAN :

The company has entered into a marketing arrangement with reputed multinational organization for marketing its range of critical care products in many states of India. The initial response for the products has been satisfactory and acceptance for these products is on the increase. The Company hopes to have increased sales for these products during 1999-2000.

The company is also exploring various avenues for entering into similar marketing arrangements with other reputed foreign Pharmaceutical and Healthcare Companies in near future and all such opportunities will be exploited for eventually manufacturing of new products in its existing plant possibly with minor modifications, if required.

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 offers themselves for re-appointment.

Y2K COMPLIANCE :

The company has taken adequate steps to ensure that all critical equipment, processes and systems are Y2K compliant. The cost to the Company on this account is not expected to have any material financial impact.

FIXED DEPOSITS :

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

DENIS CHEM LAB LIMITED**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 :

There is no employee covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1988 as amended time to time forming part of the report.

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 Auditors 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 Auditors of the Company for the year 1999-2000 at such remuneration as may be fixed by the shareholders.

INDUSTRIAL RELATIONS :

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

ACKNOWLEDGEMENT :

Your Directors wish to place on record their warm appreciation of the devoted services of the workmen, 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.

Place : Ahmedabad
Date : 21st July, 1999.

For and on behalf of the Board
DINESH B. PATEL
Chairman

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.

(b). ADDITIONAL INVESTMENT AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY :

The Company has installed power factor improving capacitors 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 :

	1998-99	1996-98
(i). Electricity :		
(a) Purchased Unit (KWH)	5,49,694	6,48,626
Total Amount (Rupees)	23,28,271	24,78,199
Rate/Unit (Rs.in per kwh)	4.24	3.82
(b) Own Generation Through Diesel Generation Unit(KWH)	12,863	21,700
Total Litres	3,486	9,548
Units per Ltr.of Diesel Oil	3.69	2.27
Cost/Unit (Rs.)	3.02	3.76
(ii). Furnace / Diesel Oil		
Qty.(K.Ltrs.)	3,32,640	5,17,355
Total Amount (Rupees)	22,41,708	44,19,151
Avg.Rate (in Rs.per Litre)	6.74	8.54

DENIS CHEM LAB LIMITED**(2). Consumption per unit of Production :**

	Standard Unit	1998-99	1996-98
(i). Electricity (in Units)			
I.V. Solution	Bottle	0.09	0.14
Bulk Drugs	Kgs	0.43	0.42
(ii). Furnace/Diesel Oil (in ltrs)			
I.V. Solution	Bottle	0.12	0.18
Bulk Drugs	Kgs	1.68	1.71

(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 : NIL

Place : Ahmedabad
Date : 21st July, 1999.

For and on behalf of the Board
DINESH B. PATEL
Chairman