

**ANNUAL REPORT**  
**2010-2011**



**DENIS**  
**CHEM LAB LIMITED**



## DENIS CHEM LAB LIMITED

### 30TH ANNUAL REPORT 2010-2011

#### Board of Directors :

Mr. Dinesh B. Patel	<i>Chairman</i>
Dr. Himanshu C. Patel	<i>Managing Director</i>
Mr. Priyavadan C. Randeria	<i>Director</i>
Mr. Chinubhai N. Munshaw	<i>Director</i>
Mr. Paul Schoemaker	<i>Director</i>
Dr. Gaurang Dalal	<i>Director</i>
Mr. Laxmiraj M. Rathod	<i>Alternate Director</i>
Ms. Anar H. Patel	<i>Director</i>

#### 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,  
Ahmedabad - 380 014.

#### 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

#### GREEN INITIATIVE

Dear Members,

As you know, the Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively.

Your Company proposes to deliver electronically various communication/documents such as Notice of General Meeting, Annual Reports, Postal Ballot documents and such other necessary communication/ documents from time to time to the Members, who have provided their email address to their Depository Participant (DP). Members holding shares in physical form and who are desirous of receiving the communication/documents in electronic form, are required to inform their email address to the Registrar and Transfer Agent of the Company.

Email addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which will be periodically downloaded, will be deemed to be your registered email address for serving the necessary communication/documents. Thus, the necessary communication would be sent in electronic form to the registered email address. Members, who wish to inform any updations/changes of their email address, are requested to promptly update the same with their DP/ the Registrar and Transfer Agent of the Company, as the case may be, from time to time.

As a member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of the requisition from you.

We request you to support this initiative and opt for the electronic mode of communication by submitting your email address to your DP or to the Company, as the case may be, in the interest of the environment.

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## NOTICE

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

Date : 9th September, 2011

Day : Friday

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, 2011 and the Balance Sheet as on that date along with Directors' Report thereon.
2. To declare dividend for the year ended on 31st March, 2011.
3. To appoint a Director in place of Mr. Priyavadan C. Randeria who retires by rotation and, being eligible, offers himself for re appointment.
4. To appoint a Director in place of Mr. 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 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, 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 The Kalupur Commercial Co-operative Bank Ltd. (the Bank) to secure Financial Assistance up to Rs. 9.20 Crores (Rupees Nine Crores Twenty Lacs Only) lent and advanced/agreed to be lent/advanced to the Company by the Bank together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the Bank under Financial Assistance Agreements entered into/ to be entered into by the Company in respect of the such Financial Assistance."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Bank 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."

### Registered Office:

Block No. 457, Village: Chhatral,

Tal : Kalol (N.G.),

Dist : Gandhinagar - 382 729

Date : 27th July, 2011

By Order of the Board,

Dinesh B. Patel

Chairman

### 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 as set out in the Notice is annexed hereto.

**DENIS CHEM LAB LIMITED .....**

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 Friday, the 2nd September, 2011 to Friday, the 9th September, 2011 (both days inclusive) for the purpose of deciding the right of entitlement of dividend on Equity Shares for the year 2010-11. The dividend, if declared by the members, will be paid **on or after 12th September, 2011.**
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 No. 6 of the accompanying notice dated 27th July, 2011 and should be taken as forming part of the notice.

**In respect of Item No. 6:**

As per the Financial Assistance Agreement already entered and to be entered with The Kalupur Commercial Co-operative Bank Ltd., (the Bank) the Financial Assistance enhanced up to Rs. 9.20 Crores (Rupees Nine Crores and Twenty Lacs Only) sanctioned by the Bank are to be secured by mortgage/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/movable properties of the Company with intent to create a security in favour of the Bank on such terms and conditions as may be arranged by the Bank.

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 Sanction Letter, Agreement, Deed of Hypothecation, correspondence of the Company with the Bank and copies of the relevant documents 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.

**Registered Office:**

Block No. 457, Village: Chhatral,  
Tal : Kalol (N.G.),  
Dist : Gandhinagar - 382 729  
Date : 27th July, 2011

**By Order of the Board,**

**Dinesh B. Patel**  
Chairman

**DIRECTOR'S REPORT**

Dear Shareholders,

The Directors have pleasure in presenting the THIRTIETH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2010-11 ended 31st March, 2011.

**1. FINANCIAL RESULTS:**

(Rs. In Lacs)

Particulars	2010-11	2009-10
Operating Profit (Before Interest & Depreciation)	384.41	345.68
Less : Interest	142.11	131.26
Profit before Depreciation	242.30	214.42
Less : Depreciation	136.06	122.18
Profit before Tax	106.24	92.24
Less : Provision for Tax	41.00	21.00
Less : Deferred Tax Liability	2.59	5.57
Profit after Tax	62.65	65.67
Balance brought forward from previous year	158.70	118.21
Surplus available for appropriation	221.35	183.88
<b>Appropriations:</b>		
Proposed Dividend	19.05	18.10
Corporate Dividend Tax	3.09	3.08
Transfer to General Reserve	4.00	4.00
Balance carried to Balance Sheet	195.21	158.70
Total	221.35	183.88

**2. DIVIDEND:**

The operating profit for the year ended on 31st March, 2011 is Rs. 384.41 Lacs as compared to Rs. 345.68 Lacs for the year 2009-10. The net profit before tax for the year 2010-11 is Rs. 106.24 Lacs as compared to profit of Rs. 92.24 Lacs for the year 2009-10. The surplus available for appropriation stands at Rs. 221.35 Lacs.

## **DENIS CHEM LAB LIMITED .....**

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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 2010-11 subject to statutory approvals as may be required. The total dividend to be distributed will be thus Rs. 19.05 Lacs. The dividend will be tax free in the hands of shareholders.

### **3. OPERATIONS:**

The production of the Company in transfusion solution in Bottles and Plastic Bottles is increased by 17% for the year 2010-11 as compared to 2009-10. 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 2010-11, 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 2010-11 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 2010-11 & 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. Priyavadan C. Randeria and Mr. Chinubhai N. Munshaw 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, 2011 being end of the Financial Year 2010-11 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.

### **7. ALLOTMENT OF 68,000 EQUITY SHARES OF RS. 10/- EACH AT PREMIUM OF RS. 25/- PER SHARE TO PROMOTERS ON PREFERENTIAL BASIS:**

The Company, after obtaining necessary approvals, have allotted 68,000 Equity Shares of Rs. 10/- each at premium of Rs.25/- per Share to Promoters on Preferential Basis after complying



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guidelines under SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009. These shares have been listed at Ahmedabad Stock Exchange Limited.

### **8. APPOINTMENT OF COST AUDITOR:**

The Board of Directors has appointed M/s Kiran J. Mehta & Co., Cost Accountant, Ahmedabad as Cost Auditors to conduct cost audit for the years 2010-11 and 2011-12.

### **9. INSURANCE:**

The movable and immovable properties of the Company including plant and Machinery and stocks wherever necessary and to the extent required have been adequately insured against the risks of fire, riot, strike, malicious damage etc. as per the consistent policy of the Company.

### **10. COMPLIANCE CERTIFICATE UNDER THE COMPANIES ACT, 1956:**

Your Company has obtained Compliance Certificate as required under the Proviso to Section 383A of the Companies Act, 1956 from M/s. Mehta Hurkat & Associates, Company Secretaries, Ahmedabad which is attached to the Directors' Report.

### **11. PARTICULARS OF EMPLOYEES:**

None of the employees of the Company is drawing remuneration-requiring disclosure of information under Section 217(2 A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### **12. FIXED DEPOSITS:**

The Company has not accepted during the year under review any deposit as defined under the Companies (Acceptance of Deposits) Rules, 1975.

### **13. AUDITORS:**

The present Auditors of the Company M/s. Shah & Shah Associates, Chartered Accounts, Ahmedabad will retire at the ensuing Annual General Meeting. The remarks of auditor and notes on accounts are self explanatory.

### **14. LISTING:**

The Equity Shares of the Company are listed on Ahmedabad Stock Exchange and the Company has paid Annual Listing Fees upto the year 2010-11.

### **15. DEMATERIALISATION OF EQUITY SHARES:**

Shareholders have an option to dematerialise their shares with either of the depositories viz NSDL and CDSL. The ISIN No. allotted is INE051G01012.

### **16. FINANCE:**

- 16.1 The Company's Income-tax Assessment has been completed up to the Assessment Year 2008-09 and Sales tax Assessment is completed up to the Financial Year 2005-06.
- 16.2 The Company is enjoying Working Capital facilities and Term Loan from The Kalupur Commercial Co-op. Bank Ltd, Stadium Road Branch, Ahmedabad. The Company has also availed financial assistance from Small Industrial Development Bank of India (SIDBI). The Company is regular in payment of interest and principal.

**17. GRATUITY:**

The Company has entered in to an agreement with Life Insurance Corporation of India for covering its Gratuity Liability and has thus provided for the same. A Gratuity Trust Fund has been created with Life Insurance Corporation of India and amount of gratuity liability up to 31-03-2011 has been deposited with this Gratuity Trust Fund.

**18. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:**

**CONSERVATION OF ENERGY**

**(a) Energy Conservation Measures Taken:**

The Company has switched over to bio-fuels use as fuel for its boiler instead of lignite and this has resulted in improved efficiency of the boiler and also reduced the fuel cost. A new bottle washing machine was installed in 2010-11 due to which the Company was able to reduce the water consumption. The Company has insulated various storage vessels, steam pipe lines and other tanks so as to reduce heat losses.

**(b) Additional Investment and Proposals for reduction of Consumption of Energy:**

The Company is planning to install special servo motors for reducing electricity consumption.

**(c) Impact of the above measures:**

The measures taken above will help in considerable saving in cost per unit of energy.

**(d) Total Energy consumption and Energy consumption per unit of production:**

Total energy consumption and energy consumption per unit of production as per From A prescribed in The Rules is at Annexure-I to this report.

**19. ACKNOWLEDGMENT:**

Your Directors express their sincere thanks and appreciation to Promoters and Shareholders for their constant support and co operation.

Your Directors also place on record their grateful appreciation and co operation received from Bankers and employees of the Company.

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

Place : Ahmedabad  
Date : 27th July, 2011

**Dinesh B. Patel**  
Chairman





**ANNEXURE I**

**FORM A**

**Disclosure of particulars with respect to Conservation of Energy**

Particulars		2010-11	2009-10
<b>(A) Power And Fuel Consumption:</b>			
1. Electricity			
(a) Purchased Units (KWH)		<b>2152729</b>	1868922
Total Amount (Rs. in lacs)		<b>12241187</b>	10422999
Rate (unit)		<b>5.69</b>	5.58
(b) Own generation Through Diesel Generator		<b>16452</b>	11857
Total Litres		<b>3656</b>	2635
Unit per Litre of Diesel Oil		<b>4.50</b>	4.50
Cost/Unit (Rs.)		<b>9.20</b>	8.38
2. Coal/Lignite (Kgs)		<b>1440210</b>	2221253
Total Amount (Rupees)		<b>5466708</b>	3330655
Average Rate (In Rs. Per Litre)		<b>3.80</b>	1.50
3. Bio Fuel (Kgs.)		<b>1020054</b>	21990
Total Amount (Rupees)		<b>4271780</b>	852349
Average Rate (In Rs. Per Kgs.)		<b>4.18</b>	3.87
<b>(B) Consumption per unit of Production:</b>			
Particulars	Standard Unit	2010-2011	2009-2010
(i) Electricity (in Units) I. V. Solution	Bottle	<b>00.06</b>	00.06
(ii) Diesel Oil (in Litres) I. V. Solution	Bottle	<b>0.00010</b>	0.00008
(iii) Lignite/Coal I. V. Solution	Bottle	<b>0.04</b>	0.07
(iv) Bio Fuel I. V. Solution	Bottle	<b>0.0290</b>	0.0074

**(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 in 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**

Particulars	2010-2011	2009-2010
Total Foreign Exchange used (Rs. in lacs)	5.68	20.03
Total Foreign exchange earnings.	Nil	Nil

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

Place : Ahmedabad  
Date : 27th July, 2011

**Dinesh B. Patel**  
Chairman