



CHEM LAB LIMITED

**DENIS**

ANNUAL REPORT  
2009-2010



---

## DENIS CHEM LAB LIMITED 29TH ANNUAL REPORT 2009-2010

<b>Board of Directors</b>	:	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
<b>Registered Office &amp; Factory</b>	:	Block No. 457, Village : Chhatral , Taluka : Kalol (N.G.) - 382 729, District : Gandhinagar	
<b>Auditors</b>	:	Shah & Shah Associates Chartered Accountants, Ahmedabad.	
<b>Company Law Consultant</b>	:	M/s. Mehta Hurkat & Associates Company Secretaries, Ahmedabad.	
<b>Bankers</b>	:	The Kalupur Commercial Co. Op. Bank Ltd. Stadium Road Branch, Navrangpura, Ahmedabad - 380 009.	
<b>Registrar &amp; Share Transfer Agent</b>	:	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



**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
<b>A</b>	<b>Promoters Holding</b>				
	1. Promoters				
	- Indian Promoters	537775	41.59	605775	44.51
	- Foreign Promoters				
	2. Persons acting in concert	-	-	-	-
<b>B</b>	<b>Non-Promoter Holding</b>				
	3. Institutional Investors/ Mutual Funds/Banks/FI/FIIs/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
	<b>Grand Total</b>	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.

**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
	<b>Total</b>	<b>537775</b>	<b>41.59</b>	<b>68000</b>	<b>605775</b>	<b>44.51</b>

**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
<b>Appropriations:</b>		
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.



## ANNUAL REPORT 2009-2010 .....

### **6. 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.

### **7. 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.

### **8. 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.

### **9. FIXED DEPOSITS:**

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

### **10. 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.

### **11. CHANGE OF REGISTRAR AND TRANSFER AGENTS:**

During the period under review the Registrar and Transfer Agents of the Company have been changed to M/s. Sharepro Services (India) Private Limited.

### **12. 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.

### **13. 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.

### **14. FINANCE:**

- 14.1 The Company's Income-tax Assessment has been completed up to the Assessment Year 2008-2009 and Sales tax Assessment is completed up to the Financial Year 2005-06.
- 14.2 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.

### **15. 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

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

with Life Insurance Corporation of India and amount of gratuity liability up to 31-03-2010 has been deposited with this Gratuity Trust Fund.

**16. PROPOSED ISSUE OF 68,000 EQUITY SHARES OF RS. 10/- EACH AT A PREMIUM OF RS. 25/- PER SHARE TO PROMOTERS ON PREFERENTIAL BASIS:**

The Company, subject to necessary approvals, proposes to issue 68,000 Equity Shares of Rs. 10/- each at Rs. 35/- per Share (including premium of Rs. 25/- per Share) aggregating to Rs. 23.80 lacs to Promoters on Preferential Basis after complying guidelines under SEBI (ICDR) Regulations, 2009.

**17. ALLOTMENT OF SHARES PURSUANT TO WARRANTS CONVERSION:**

During the year under review warrants holders holding 56,216 warrants exercised their option to convert warrants in to Shares and accordingly the paid up capital of the Company has been increased by Rs. 5.62 lacs to Rs. 129.30 lacs. There are now no outstanding warrants.

**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 2009-2010 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 Form A prescribed in The Rules is at Annexure-I to this report.

**19. FOREIGN EXCHANGE EARNING AND OUTGO**

The Company has not earned foreign exchange but has spent Rs. 20.03 lacs during the years under review for purchase of raw material.

**20. 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 : 28th July, 2010

**Dinesh B. Patel**  
Chairman



## ANNEXURE - I

## FORM - A

Disclosure of Particulars with respect to Conservation of Energy

Particulars		2009-2010	2008-2009	
<b>(1)</b>	<b>Power &amp; Fuel Consumption:</b>			
	(i) Electricity:			
	(a) Purchased Unit (KWH)	1868922	1526564	
	Total Amount (Rupees)	10422999	8525597	
	Rate / unit(Rs. In per KWH)	5.58	5.58	
	(b) Own Generation	11857	25312	
	Through Diesel GeneralTotal Litres.	2635	5625	
	Unit per Ltr of Diesel Oil	4.5	4.5	
	Cost/Unit (Rs.)	8.38	8.61	
	(ii) Lignight/Coal(kgs)	2221253	1915285	
	Total Amount (Rupees)	3330655	3917243	
	Avg. Rate (In Rs. Per Litre)	1.5	2.05	
	(iii) Bio-fuel (Kgs)	21990	—	
	Total Amount (Rupees)	852349	—	
	Avg. Rate (In Rs. Per kgs)	3.87	—	
<b>(2)</b>	<b>Consumption per unit of Production:</b>			
	Particulars	Standard Unit	2009-2010	2008-2009
	(i) Electricity (In Units) - I.V. Solution	Bottle	00.06	00.06
	(ii) Diesel Oil (in Ltrs.) - I.V. Solution	Bottle	0.00008	00.0002
	(iii) Lignite/Coal (In Kgs.) - I.V.Solution	Bottle	0.07	00.16
	(iv) Bio-Fuel (In Kgs.) - I.V.Solution	Bottle	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:

<b>(i) Research &amp; Development (R &amp; D)</b>	
(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
<b>(ii) Technology absorption, adoption and innovation.</b>	: The Company does not envisage any technology absorption.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
Total Foreign Exchange Used (Rs. in lacs)	<b>20.03</b>	16.47
Total Foreign Exchange Earnings.	<b>Nil</b>	Nil

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

Place : Ahmedabad  
Date : 28th July, 2010

**Dinesh B. Patel**  
*Chairman*



**ANNUAL REPORT 2009-2010** .....  
CIN: L24230GJ1980PLC003843

Authorised Capital: Rs. 7,00,00,000/-

**FORM**  
[SEE RULE 3]  
**COMPLIANCE CERTIFICATE**

To,  
The Members,  
Denis Chem Lab Limited,  
Block No. 457, Village: Chhatral,  
Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729.

We have examined the registers, records, books and papers of Denis Chem Lab Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has generally maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and all entries therein have been recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is Public limited company with its equity shares listed on Ahmedabad Stock Exchange Limited.
4. The Board of Directors duly met 7 times on 30th April, 2009, 25th June, 2009, 27th July, 2009, 30th October, 2009, 21st December, 2009, 22nd January, 2010 and 26th February, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. The Company has not passed any circular resolution during the year.
5. The Company closed its Register of Members from Monday, the 14th September, 2009 to Wednesday, 23rd September, 2009 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 23rd September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. The Company has not held Extraordinary General Meeting of the Company during the financial year.
8. The Company has not advanced loan to its directors and/or persons or firms or companies referred in the Section 295 of the Act.
9. The Company has generally complied with the provisions of Section 297 of the Act except some transactions of purchase for cash at market price in which Director is interested.
10. The Company has generally entered contracts in the register under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act during the year under review, the Company has not obtained any approvals from the Board of Directors, members or the Central Government as the case may be.

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

---

12. The Company has not issued duplicate share certificates during the financial year under review.
13. The Company has:
  - a. allotted 56,216 Equity Shares during the year as a consequence of conversion of warrants issued on preferential basis to promoters for which necessary share certificates have been issued within time prescribed.
  - b. deposited amount of dividend, declared in the Annual General Meeting of the Company held on 23rd September, 2009, in a separate Bank Account within 8 days from the date of Annual General Meeting.
  - c. posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company.
  - d. transferred amount of unpaid/unclaimed dividend for the years up to Financial Year 2000-01 to Investor Education and Protection Fund beyond time prescribed under section 205C of the Act.
  - e. duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of directors, additional director or director to fill casual vacancy during the financial year.
15. The Company has complied with applicable provisions of the Act regarding reappointment of Managing Director during the year under review.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company has not obtained approval of the Central Government required under the provisions of Section 297 of the Act.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued 56,216 Equity Shares of Rs.10/- each at a premium of Rs. 15/- per share consequent upon conversion of Warrants issued on preferential basis to promoters after complying necessary formalities in that regard and no debentures or other securities were issued during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted or invited any deposit including unsecured loans falling within the purview of Section 58A of the Companies Act, 1956 during the year and hence no comments are offered for the same.
24. The amounts borrowed by the Company from directors, members, public, financial institutions, banks and/or others during the financial year ending 31st March, 2010 are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual/extraordinary general meeting.
25. During the year under report, the Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate.





**ANNUAL REPORT 2009-2010** .....

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There has not been any prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also there were no fines and penalties or any other punishment imposed on the Company in such cases.
32. The Company has not received any amount as security from its employees during the year under certification and hence the question of deposit of the same as per provisions of Section 417(1) of the Act does not arise.
33. The company has generally deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For **MEHTA HURKAT & ASSOCIATES**  
Company Secretaries

**Kashyap R. Mehta**  
Partner  
COP No.: 2052

Place : Ahmedabad  
Date : 28th July, 2010

**Annexure A**

**LIST OF REGISTERS AS MAINTAINED BY THE COMPANY:**

1. Register of charges under section 143
2. Register of members under Section 150
3. Index of Members under section 151
4. Minutes book of General Meeting under section 193
5. Minutes book of Board meeting under section 193
6. Minutes books of Committee meetings under section 193
7. Books of Accounts under section 209
8. Register of contracts under section 301
9. Register of general notice of directors under section 301(3)
10. Register of Directors etc. under section 303
11. Register of Directors' shareholding under section 307
12. Register of Inter corporate Loans etc. under section 372A
13. Register of renewed and duplicate certificates under Rules 7 of the Companies (Issue of Share Certificates) Rules, 1960

**Annexure – B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during/relating to the financial year ending on 31st March, 2010.

**A. REGISTRAR OF COMPANIES, GUJARAT:**

Sr. No.	Form No.	Under section	Purpose	Date of filing	Whether filed within time?
1.	8	135	Registration of Modification of Charge	08-05-2009	Yes
2.	2	75	Return of Allotment of 56,216 Equity Shares of Rs. 10/- each.	29-06-2009	Yes
3.	Form 1	Rule 3 of IEPF Rules, 2001	Transfer of Rs. 5,245/- lying in Unpaid Dividend Account for the year 1993-94 to IEPF.	13-08-2009	No
4.	Form 1	Rule 3 of IEPF Rules, 2001	Transfer of Rs. 13082/- lying in Unpaid Dividend Account for the year 1994-95 to IEPF.	13-08-2009	No
5.	Form 1	Rule 3 of IEPF Rules, 2001	Transfer of Rs. 30,005/- lying in Unpaid Dividend Account for the year 1995-96 to IEPF.	13-08-2009	No
6.	Form 1	Rule 3 of IEPF Rules, 2001	Transfer of Rs. 14,060/- lying in Unpaid Dividend Account for the year 1999-00 to IEPF.	13-08-2009	No
7.	Form 1	Rule 3 of IEPF Rules, 2001	Transfer of Rs. 22,812/- lying in Unpaid Dividend Account for the year 2000-01 to IEPF.	13-08-2009	No
8.	DIN 3	266E	Intimation of Director Identification Number to Registrar of Companies.	06-10-2009	Yes
9.	Balance Sheet(23AC +23ACA)	220	Balance Sheet as on 31st March, 2009 with all annexure and attachments	10-10-2009	Yes
10.	Compliance Certificate (66)	383A	Company Law Compliance Certificate for the year ended on 31st March, 2009	10-10-2009	Yes

**ANNUAL REPORT 2009-2010 .....**

Sr. No.	Form No.	Under section	Purpose	Date of filing	Whether filed within time?
11.	Form 1	Rule 3 of IEPF Rules, 2001	Transfer of Rs. 23,856/- lying in Unpaid Dividend Account for the year 2001-02 to IEPF.	26-10-2009	Yes
12.	23	192	Registration of Resolution with ROC in connection with resolution passed in general meeting held on 23-09-2009	27-11-2009	No Late fees paid
13.	25C	269	Return of Reappointment of Managing Director	28-11-2009	No Late fees paid
14.	8	135	Registration of Modification of Charge	01-12-2009	Yes
15.	8	135	Registration of Modification of Charge	01-12-2009	Yes
16.	8	135	Registration of Modification of Charge	19-12-2009	Yes
17.	8	135	Registration of Modification of Charge	19-12-2009	Yes
18.	Annual Return (20B)	159	Annual Return made up to 23rd September, 2009	25-01-2010	No Late fees paid
19.	8	125	Registration of Creation of Charge	18-03-2010	Yes
20.	23	192	Registration of Resolution passed in the meeting of the Board of Directors with respect to reappointment of Managing Director	27-07-2010	No Late fees paid

**B. REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES : NIL**

**For MEHTA HURKAT & ASSOCIATES**  
Company Secretaries

**Kashyap R. Mehta**  
Partner  
COP No.: 2052

Place : Ahmedabad  
Date : 28th July, 2010

**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, 2010, 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. Based on the written representations received from the Directors and taken on record by the Board of Directors of the company and according to the information and explanation given to us, none of the Directors of the company are, prima-facie, as at 31st March, 2010, 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. 3 : regarding accounting for leave encashment as and when claimed by the employees, the amount of which could not be ascertained;**
  - b) **Note No. 4 : regarding confirmation of balances of debtors, creditors, Loans & Advances and some bank balances; and**

c) **Note No. 5 : regarding non provision of doubtful debts of Rs. 24,58,597/-**

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,2010;
- 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 (as amended) issued by the Central Government of India in terms of section 227(4A) of the Companies Act,1956 (the order) 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 in the process of compiling and preparing 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. However in the absence of records of fixed assets; material discrepancies, if any could not be found on such verification of the said fixed assets. 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.  
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 has neither granted nor taken unsecured loan, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clauses (a), (b), (c), (d), (e) and (g) of clause 4(iii) of the Order are not applicable.
4. In our opinion and as per 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. On the basis of audit procedures performed by us and according to the information, explanations and



**ANNUAL REPORT 2009-2010** .....

representations given to us, we are of the opinion that, 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 the market prices prevailing at the relevant time as evaluated on the basis of quotations obtained from parties/prices charged by the company in case of similar transactions during the year.

- 6. As the company has not accepted or renewed any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and rules framed there under are not applicable. 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.
- 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, there is a scope for increasing the coverage so as to make it commensurate with its size and nature of its business.
- 8. We are of the opinion that the books of accounts and records required to be maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 have not been maintained.
- 9. Based on our audit procedure and according to information and explanation provided to us, the company is generally 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, 2010 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.

<b>Disputed liability in respect of</b>	<b>Dispute pending before</b>	<b>Financial Year to which it relates</b>	<b>Amount involved (Rs.)</b>
Sales Tax Act	Dy. Commissioner of Commercial Tax, Gandhinagar	2005-06	80,34,728/-

- 10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash loss during the financial year covered by our audit and also 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. Based on our examination of documents and records and as per information given to us; the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13. The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of Clauses 4 (xiii) of the order are not applicable to the Company.
- 14. In our opinion and according to the information and explanations given to us, the company does not deal or trade in shares, securities, debentures and other investments. However it holds investment in shares of other body corporate and the same are held in its own name.
- 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from any bank or financial institutions.
- 16. On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the company were applied during the year for the purpose for which they were obtained.
- 17. 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.
- 18. The company has made issue of convertible warrants on preferential basis to parties covered in the register maintained u/s 301 of the Companies Act, 1956 out of which last allotment of shares have been made during the year. The issue, allotment and pricing of the warrants/shares have been made in accordance with the guidelines laid down in this regard by SEBI and hence the prices at which the shares have been issued, are not prima facie prejudicial to the interest of the company.
- 19. There are no debentures issued by the Company during the year and therefore the requirement of creation of security or charge is not applicable.
- 20. The Company has not raised any money during the year by public issue.
- 21. In our opinion and as per 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.

For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. : 113742W

**NIMISH B. SHAH**  
Partner  
Mem. No. 30102

Place : Ahmedabad  
Date : 19th May, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

PARTICULARS	Schedule No.	As at	
		31/03/10	31/03/09
		Rupees	Rupees
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	12,929,660	12,367,500
Reserves & Surplus	2	<u>38,687,146</u>	<u>33,395,354</u>
		<b>51,616,806</b>	<b>45,762,854</b>
<b>Preferential Warrants :</b>			
<b>Fully Convertible (See note)</b>		—	1,405,400
<b>Loan Funds :</b>			
Secured Loans	3	79,868,388	79,852,152
Unsecured Loans	4	<u>14,284,794</u>	<u>7,351,832</u>
		<b>94,153,182</b>	<b>87,203,984</b>
<b>Deferred Tax Liability ( Net )</b>		<b>6,148,212</b>	<b>5,591,096</b>
Total		<u><b>151,918,200</b></u>	<u><b>139,963,334</b></u>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets :</b>			
Gross Block (At cost)	5	173,289,374	143,765,229
Less : Depreciation		<u>76,249,884</u>	<u>64,031,954</u>
Net Block		<b>97,039,490</b>	<b>79,733,275</b>
Capital Work In Progress		<u>688,147</u>	<u>209,792</u>
		<b>97,727,637</b>	<b>79,943,067</b>
Investments	6	<u>1,975,000</u>	<u>1,975,000</u>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	24,433,063	17,086,825
Sundry Debtors	8	80,589,635	60,480,903
Cash & Bank Balance	9	8,095,622	11,854,758
Loans & Advance	10	<u>24,416,523</u>	<u>16,177,722</u>
		<b>137,534,843</b>	<b>105,600,208</b>
Less :			
<b>Current Liabilities &amp; Provisions :</b>	11		
Current Liabilities		81,358,034	45,117,825
Provisions		<u>3,961,246</u>	<u>2,437,116</u>
		<b>85,319,280</b>	<b>47,554,941</b>
Net Current Assets		<b>52,215,563</b>	<b>58,045,267</b>
Total		<u><b>151,918,200</b></u>	<u><b>139,963,334</b></u>
<b>Significant Accounting Policies and Notes forming parts of accounts</b>			
	18		

Signature to the Balance Sheet

Directors

As per our attached report of even date  
For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. : 113742W

**Dinesh B. Patel**  
Chairman

**Priyavadan C. Randeria**  
**Chinubhai N. Munshaw**

**Nimish B. Shah**  
Partner  
Membership No.: 30102  
Place : Ahmedabad.  
Date : 19th May, 2010

**Dr. Himanshu C. Patel**  
Managing Director

**Laxmiraj M. Rathod**  
**Mrs. Anar H. Patel**

Place : Ahmedabad.  
Date : 19th May, 2010



ANNUAL REPORT 2009-2010 .....

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010**

<b>PARTICULARS</b>	<b>Schedule No.</b>	<b>For the year 2009-2010 Rupees</b>	<b>For the year 2008-2009 Rupees</b>
<b>INCOME</b>			
Sales	12	287,583,319	222,450,349
Conversion Charges		20,328,532	43,668,489
Other Income	13	1,204,471	3,613,232
Variations in Stocks	14	(277,199)	(3,998,149)
Total		<u>308,839,123</u>	<u>265,733,921</u>
<b>EXPENDITURE</b>			
Cost of Materials	15	183,743,670	162,395,088
Manufacturing & Other Admn. Exps.	16	90,527,517	70,514,806
Interest	17	13,126,552	12,589,148
Depreciation		12,217,930	11,481,129
Total		<u>299,615,669</u>	<u>256,980,171</u>
<b>PROFIT BEFORE TAX</b>		<u>9,223,454</u>	<u>8,753,750</u>
<b>Less: Provision for Taxation:</b>			
Provision for tax(including FBT) (net excess/short provision of earlier years)		2,100,000	3,050,000
Deferred Tax		557,116	(1,391,634)
<b>Profit For the Year</b>		<u>6,566,338</u>	<u>7,095,384</u>
Add : Balance brought forward		11,821,800	7,336,315
<b>SURPLUS AVAILABLE FOR APPROPRIATION</b>		<u>18,388,138</u>	<u>14,431,699</u>
<b>APPROPRIATIONS :</b>			
Proposed Dividend		1,810,152	1,810,152
Corporate Dividend Tax		307,635	307,635
Final Dividend paid for the year 2007-08		—	78,702
Corporate Dividend Tax paid on the above		—	13,410
Transferred to General Reserve		400,000	400,000
<b>Balance carried to Balance Sheet</b>		<u>15,870,351</u>	<u>11,821,800</u>
Significant Accounting Policies and Notes forming parts of accounts	18		

Signature to the Balance Sheet

As per our attached report of even date  
For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. : 113742W

**Nimish B. Shah**  
Partner

Membership No.: 30102  
Place : Ahmedabad.  
Date : 19th May, 2010

**Dinesh B. Patel**  
Chairman

**Dr. Himanshu C. Patel**  
Managing Director

Directors

**Priyavadan C. Randeria**  
**Chinubhai N. Munshaw**

**Laxmiraj M. Rathod**  
**Mrs. Anar H. Patel**

Place : Ahmedabad.  
Date : 19th May, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	For the year ended on 31st March, 2010		For the year ended on 31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
<b>A. Cash Flow form operating activities :</b>				
Net profit before tax		9,223,454		8,753,749
Adjustment for				
Depreciation	12,217,930		11,481,129	
Profit on Sales of Fixed Assets	—		—	
Profit on Sales of Investments	—		—	
Dividend/Interest Income	(942,690)		(1,084,035)	
Net Interest Outflow	13,126,552		12,589,148	
		24,401,792		22,986,242
<b>Operating Profit Before Working Capital Changes</b>		<b>33,625,248</b>		<b>31,739,992</b>
Adjustment for				
Sundry Debtors	(20,108,732)		(17,964,885)	
Inventories	(7,346,238)		4,205,895	
Current Liabilities	36,240,209		15,739,695	
Other Current Assets	(2,738,801)		(2,071,590)	
		6,046,437		(90,885)
Cash from Operations		39,671,685		31,649,107
Interest paid		(13,126,552)		(12,589,148)
Corporate Tax & FBT Paid		(575,870)		(2,586,838)
<b>Net Cash Outflow from Operating Activities</b>		<b>25,969,263</b>		<b>16,473,121</b>
<b>B. Cash Flow from Investing Activities :</b>				
Purchase of Fixed Assets	(30,002,500)		(5,169,292)	
Investments in Equity Shares	—		(262,500)	
Dividend/Interest Income	942,690		1,084,035	
Sale Proceeds of Fixed Assets	—		—	
Sale Proceeds of Investments	—		—	
<b>Net Cash used in investing activities</b>		<b>(29,059,810)</b>		<b>(4,347,757)</b>
<b>C. Cash Flow from Financing Activities</b>				
Increase/(Decrease) in Secured Loans (Net)	16,237		(21,677,029)	
Increase/(Decrease) in Unsecured Loans (Net)	6,932,962		(2,204,300)	
Dividend Paid (incl. corporate Dividend Tax)	(2,117,787)		(2,025,745)	
Preferential Warrant	—		1,189,180	
Equity Shares (on conversion of warrants)	—		562,160	
Share Premium on Equity Shares	—		843,240	
<b>Net Cash used in Financing Activities</b>		<b>4,831,412</b>		<b>(23,312,494)</b>
<b>Net Increase/(Decrease) in Cash And Cash Equivalents</b>		<b>1,740,864</b>		<b>(11,187,131)</b>
<b>Cash and Cash Equivalents at the begining of the year</b>		<b>11,854,758</b>		<b>23,041,888</b>
<b>Cash and Cash Equivalents at the end of the year</b>		<b>13,595,622</b>		<b>11,854,758</b>

Signature to the Balance Sheet

Directors

As per our attached report of even date

Dinesh B. Patel  
Chairman

Priyavadan C. Randeria

For **SHAH & SHAH ASSOCIATES**

Chartered Accountants

Chinubhai N. Munshaw

Firm Reg. No. : 113742W

Dr. Himanshu C. Patel  
Managing Director

Laxmiraj M. Rathod

Nimish B. Shah

Partner

Mrs. Anar H. Patel

Membership No.: 30102

Place : Ahmedabad.

Place : Ahmedabad.

Date : 19th May, 2010

Date : 19th May, 2010



**SCHEDULES FORMING PART OF THE ACCOUNTS**

PARTICULARS	As at 31/03/10		As at 31/03/09	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE-1 : SHARE CAPITAL</b>				
<b>Authorised :</b>				
70,00,000 Equity Shares of Rs. 10/- each		<b>70,000,000</b>		70,000,000
<b>Issued &amp; Subscribed :</b>				
1,292,966 (Previous year 1,236,750 )Equity Shares of Rs. 10/- each fully paid		<b>12,929,660</b>		12,367,500
	<b>Total</b>	<b>12,929,660</b>		12,367,500
<b>SCHEDULE-2 : RESERVES &amp; SURPLUS</b>				
<b>1. CAPITAL RESERVES :</b>				
<b>i. Capital profit on forfeiture of equity shares</b>				
Balance as per last Balance Sheet	<b>14,500</b>		14,500	
<b>ii. Cash Subsidy</b>				
Balance as per last Balance Sheet	<b>1,183,950</b>	<b>1,198,450</b>	1,183,950	1,198,450
<b>iii. Security Premium</b>				
Balance as per last Balance Sheet	<b>19,284,180</b>		18,440,940	
Addition during the year	<b>843,240</b>	<b>20,127,420</b>	843,240	19,284,180
<b>2. GENERAL RESERVES :</b>				
Balance as per last Balance Sheet	<b>1,090,925</b>		690,925	
Add : Transferred from Profit & Loss A/c	<b>400,000</b>	<b>1,490,925</b>	400,000	1,090,925
<b>3. PROFIT &amp; LOSS ACCOUNT :</b>				
Balance as per annexed account	<b>15,870,351</b>	<b>15,870,351</b>	11,821,798	11,821,798
	<b>Total</b>	<b>38,687,146</b>		33,395,353

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

		As at 31/03/10 Rupees	Rupees	As at 31/03/09 Rupees
<b>SCHEDULE-3 : SECURED LOANS</b>				
<b>1. From Banks :</b>				
a. From Kalupur Commercial co. Operative Bank Limited	1,889,170		2,499,347	
b. From Small Industrial Development Bank Of India (SIDBI)	25,931,134		30,225,000	
c. From Reliance Consumer Finance Loan	2,185,146	30,005,450	—	32,724,347
<b>2. Working Capital</b>				
1. The Kalupur Comm. Co-Op. Bank Ltd		49,862,938		46,951,069
<b>3. Amount due under Hire Purchase Agreement (Secured against Motor Car Purchased thereunder)</b>			—	176,736
<b>Total</b>		<b>79,868,388</b>		<b>79,852,152</b>

**Notes:**

- Term Loan from Small Industrial Development Bank of India /Kalupurbank are secured against equitable mortgage of land and factory building.  
And term loan from Reliance Consumer Finance is secured against the charge created on the machineries purchased out of the loan amount
- Working capital from The Kalupur Commercial Co-Op Bank Ltd is secured against equitable mortgage of another land and exclusive charge by way of stocks of Raw Materials, Work in process, finished goods, consumable stores and spares and such other movable including book debts. Further, it is also secured against personal guarantee of the Managing director of the Company.

**SCHEDULE-4 : UNSECURED LOANS****Deposits :**

From Stockists	1,876,000	2,859,000
From Banks & Others (See Note 13)	12,408,794	4,492,832
<b>Total</b>	<b>14,284,794</b>	<b>7,351,832</b>



**ANNUAL REPORT 2009-2010** .....

**SCHEDULE-5 : FIXED ASSETS**

Sr. Particulars No.	GROSS BLOCK (AT COST)			DEPRECIATION PROVIDED				NET BLOCK	
	As at 01/04/09	Additions during the Year	Deduction during the Year	As at 31/03/10	Up to 31/03/09	For the Year	Up to 31/03/10	As at 31/03/10	As at 31/03/09
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Free Hold Land	1,039,292	-	-	1,039,292	-	-	-	1,039,292	1,039,292
Factory Building	37,067,698	5,385,748	-	42,453,446	15,639,797	2,262,484	17,902,281	24,551,165	21,427,901
Plant & Machinery	92,763,923	21,547,245	-	114,311,168	42,027,378	8,809,170	50,836,548	63,474,620	50,736,545
Laboratory Equipments	2,647,108	1,912,859	-	4,559,967	1,179,624	237,394	1,417,018	3,142,949	1,467,484
Electrical Installations	5,860,219	181,783	-	6,042,002	1,861,717	565,692	2,427,409	3,614,593	3,998,502
Furniture & Fixtures	2,386,029	64,685	-	2,450,714	1,744,500	117,631	1,862,131	588,583	641,529
Computers	141,820	431,825	-	573,645	74,151	133,818	207,969	365,676	67,669
Vehicle	1,859,140	-	-	1,859,140	1,504,787	91,742	1,596,529	262,611	354,353
<b>TOTAL</b>	<b>143,765,229</b>	<b>29,524,145</b>	<b>-</b>	<b>173,289,374</b>	<b>64,031,954</b>	<b>12,217,930</b>	<b>76,249,884</b>	<b>97,039,490</b>	<b>79,733,275</b>
Previous Year	138,805,729	4,959,500	-	143,765,229	52,550,825	11,481,129	64,031,954	79,733,275	-

**PARTICULARS**

	As at 31/03/10	As at 31/03/09
Rupees	Rupees	Rupees

**SCHEDULE-6 : INVESTMENT : ( At Cost )**

**Long Term Investments : (Un Quoted)**

**I. Trade**

**A. Equity Shares:**

69000 Equity Shares of Rs. 25 each, of The Kalupur Comm. Co-Op Bank Ltd	1,725,000	1,725,000
25,000 Equity Shares of Denis Finance Ltd. Rs.10/- each, fully paid	250,000	250,000
	<b>1,975,000</b>	<b>1,975,000</b>
<b>Total</b>	<b>1,975,000</b>	<b>1,975,000</b>
<b>Aggregate cost of Unquoted Investments</b>	<b>1,975,000</b>	<b>1,975,000</b>

**SCHEDULE-7 : INVENTORIES**

**(As valued and certified by Managing Director)**

Stores & Chemicals	477,124	325,079
Raw Materials	15,595,627	8,124,235
Finished Goods	7,340,584	7,604,116
Work in process	1,019,728	1,033,395
<b>Total</b>	<b>24,433,063</b>	<b>17,086,825</b>

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

		As at 31/03/10 Rupees	Rupees	As at 31/03/09 Rupees
--	--	-----------------------------	--------	-----------------------------

**SCHEDULE-8 : SUNDRY DEBTORS**

(Unsecured, Considered Good Unless Stated):

Outstanding for a period exceeding six months :	<b>2,458,597</b>		2,458,597	
Considered doubtful	<b>1,396,854</b>	<b>3,855,451</b>	—	2,458,597
Others (Outstanding for a period less than six months)		<b>76,734,184</b>		58,022,306
<b>Total</b>		<b>80,589,635</b>		<b>60,480,903</b>

**SCHEDULE-9 : CASH & BANK BALANCES**

Cash on hand		<b>1,685,160</b>		691,075
Balances With Scheduled Banks :				
i. In Current Accounts	<b>1,252,930</b>		5,943,353	
ii. In Margin Money Deposit Accounts (With Bank and Financial Institutions)	<b>10,597,532</b>		5,160,330	
iii. In Fixed Deposit Account (Lodged with Government Authorities)	<b>60,000</b>	<b>11,910,462</b>	60,000	11,163,683
<b>Total</b>		<b>8,095,622</b>		<b>11,854,758</b>

**SCHEDULE-10 : LOANS & ADVANCES**

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value

to be received		<b>12,295,112</b>		304,304
Sundry Deposits		<b>4,290,864</b>		4,846,596
Loans to Staff		<b>1,583,703</b>		1,124,814
Balance with Excise Authorities		<b>746,844</b>		264,224
<b>Total</b>		<b>18,916,523</b>		<b>6,539,938</b>

**SCHEDULE-11 : CURRENT LIABILITIES & PROVISIONS****a. Current Liabilities :**

Sundry Creditors	<b>73,970,528</b>		43,849,974	
Overdraft as per books of accounts	<b>3,781,452</b>		343,006	
Unpaid Dividend	<b>206,484</b>		321,558	
Advances From Customers	<b>3,323,398</b>		263,935	
Interest accrued on Stockist Deposits	<b>76,172</b>		339,352	
	<b>81,358,034</b>		<b>45,117,825</b>	

**b. Provisions :**

Proposed Dividend	<b>1,810,152</b>		1,810,152	
Corporate Dividend Tax	<b>307,635</b>		307,635	
Provision for Income Tax (Net of Advance taxes paid)	<b>1,843,459</b>		319,329	
	<b>3,961,246</b>		<b>2,437,116</b>	
<b>Total</b>		<b>85,319,280</b>		<b>47,554,941</b>

**ANNUAL REPORT 2009-2010 .....**

<b>PARTICULARS</b>	<b>For the Year</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>SCHEDULE-12 : SALES</b>		
1. Transfusion Solution in Bottles	287,518,158	222,195,916
2. Bulk Drugs	—	236,723
3. Traded Goods	—	17,710
<b>Total</b>	<b>287,518,158</b>	<b>222,450,349</b>
<b>SCHEDULE-13 : OTHER INCOME</b>		
Insurance claim Received	21,781	73,500
Interest Income	767,190	1,040,160
Rent Income	240,000	240,000
Syndry Balances written off	—	2,180,422
Dividend Received on Equity Shares	175,500	43,875
Store misc. income	65,161	35,275
<b>Total</b>	<b>1,269,632</b>	<b>3,613,232</b>
<b>SCHEDULE-14 : VARIATIONS IN STOCKS</b>		
Stock at Commencement of the year		
Finished Goods	7,604,116	9,736,641
Work in Process	1,033,395	2,899,019
	<b>8,637,511</b>	<b>12,635,660</b>
Stock at End of the year		
Finished Goods	7,340,584	7,604,116
Work in Process	1,019,728	1,033,395
	<b>8,360,312</b>	<b>8,637,511</b>
<b>Total</b>	<b>(277,199)</b>	<b>(3,998,149)</b>

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

PARTICULARS	For the Year 2009-2010		For the Year 2008-2009	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE-15 : COST OF MATERIALS</b>				
Consumption of Raw Materials & Packing Materilas :				
Stock at commencement of the Year	8,124,235		7,845,906	
Add : Purchases	191,215,063		162,673,417	
	<u>199,339,297</u>		<u>170,519,323</u>	
Less : Stock at end of the year	15,595,627		8,124,235	
		<u>183,743,670</u>		<u>162,395,088</u>
<b>Total</b>		<u><u>183,743,670</u></u>		<u><u>162,395,088</u></u>

**SCHEDULE-16 : MANUFACTURING & OTHER ADMINISTRATIVE EXPENSES**

1. Stores Consumption		3,466,738		2,197,330
2. Laboratory Chemicals		855,905		106,953
3. Power & Fuel		15,473,871		13,411,691
4. Rent		397,250		360,000
5. Rates & Taxes		26,268		143,509
6. Insurance		255,417		183,464
7. Payments to & provision for Employees:				
Salaries, Wages and Bonus	17,551,370		14,708,404	
Contribution to Provident Fund & other funds	1,568,188		4,600,509	
Staff Welfare	143,187		208,519	
		<u>19,262,745</u>		<u>19,517,432</u>
8. Loading Unloading Expenses		958,176		631,374
9. Repairs & Maintenance:				
Building	122,762		438,154	
Computer	102,047		145,111	
Machinery	1,419,300		1,239,246	
Others	18,557		22,228	
		<u>1,662,666</u>		<u>1,844,739</u>

**ANNUAL REPORT 2009-2010**

PARTICULARS	For the Year 2009-2010		For the Year 2008-2009
	Rupees	Rupees	Rupees
<b>SCHEDULE-16 : MANUFACTURING &amp; OTHER ADMINISTRATIVE EXPENSES</b>			
<b>CONTD....</b>			
10. Freight & Octroi:			
On Inward Materials	4,838,993		3,554,460
On Outward Materials	21,686,540		12,887,011
		<b>26,525,533</b>	<b>16,441,471</b>
11. Travelling & Conveyance Expenses		5,417,330	5,779,533
12. Excise Duty Expenses		63	4,116
13. Printing & Stationary, Postage & Telephone		790,761	732,047
14. Motor Car Expenses		81,366	118,104
15. Advertisement		144,808	40,593
16. Sales Promotion Expenses		1,968,711	1,029,459
17. Commission/Handling Charges		4,100,812	2,255,165
18. Discount		2,160,971	806,205
19. Breakages & Damages		297,836	332,594
20. General Charges		6,680,290	4,579,027
		<b>90,527,517</b>	<b>70,514,807</b>
	<b>Total</b>		

**SCHEDULE-17 : INTEREST**

On Term Loan	1,678,431	1,462,144
On Working Capital	8,607,767	7,171,903
On Other Loan	2,840,354	3,955,101
	<b>13,126,552</b>	<b>12,589,148</b>
	<b>Total</b>	

**SCHEDULE-18 : SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS**

**(I) SIGNIFICANT ACCOUNTING POLICIES:**

**(a) Basis of Accounting:**

The financial statements are prepared in accordance with

- a) The generally accepted Accounting principles in India under the historical cost
- b) Convention on accrual basis of accounting and comply with
- c) The mandatory accounting standards and statement issued by the Institute of Chartered Accountants of India (ICAI) and the Provisions of the Companies Act, 1956.

**(b) Fixed Assets and Depreciation:**

- i. Fixed Assets are stated at cost less accumulated depreciation. The cost includes all expenses incurred in connection with the acquisition of the fixed assets.
- ii. Depreciation on Fixed Assets has been provided at the rates prescribed in the Schedules XIV to the Companies Act, 1956, as amended on pro rata basis with reference to the actual date of purchase/installation on Written Down Value Method.

**(c) Impairment of Assets:**

Impairment of assets is recognised when there is any indication of impairment.

**(d) Investments:**

Long term investments are stated at cost.

**(e) Valuation of Inventories:**

Raw materials, packing materials, and work in process are valued at cost. Finished Goods are valued at cost or net realisable value whichever is lower. Cost includes excise duty and is net of credit availed under Cenvet scheme.

**(f) Excise Duty:**

The excise duty in respect of closing inventory of finished goods is included as part of inventory.

**(g) Revenue Recognition:**

Sales are recognised up on delivery of products and are recorded inclusive excise duty but net of discount, rate differences and outward freight re-imbursed to the customers. Dividend on investments is recognised only when the right of receipt is established.

**(h) Transaction in Foreign Currency:**

Foreign exchange transactions are recorded at the rate of exchange on the date of respective transactions. Assets and Liabilities denominated in foreign currency are converted in to rupees at the rate of exchange prevailing as on balance sheet date.

**(i) Stores and Spares:**

Stores and spares consumed include spares utilised for repairs and maintenance of machinery.

**(j) Cenvat Credit:**

Consumption of materials is arrived at after considering credit availed under CENVAT scheme under central excise rules. Cenvat availed on Capital Goods is reduced from the cost of the Fixed assets.





**(k) Retirement Benefits:**

During the year Company has paid 100 % of its total Gratuity Liability up to 31st March, 2010 and charged the same to revenue accounts. Such amount has been invested with Life Insurance Corporation of India under Employee Group Gratuity Scheme. Leave Encashment payable to the employees are paid when claimed.

Contribution to Provident Fund and Employee State Insurance Scheme is charged to revenue.

**(l) Research & Development Expenses:**

Expenditure on Research & Development on revenue account is charged to Profit & Loss account. Assets acquired for Research & Development activities are capitalised and depreciated in the same manner as other fixed assets.

**(m) Provisions for Taxation:**

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred Tax Assets and Liabilities are recognised on Future Tax consequences attributable to the timing differences that result between the profit offered for Income Tax and Profit as per Financial Statement. Deferred Tax assets and Liabilities are measured as per the tax rates/laws that have been enacted by the balance sheet date.

**II. NOTES FORMING PART OF ACCOUNTS:**

1) Contingent Liability not provided for:

	As At 31-03-2010 Rupees	As At 31-03-2009 Rupees
(a) In respect of counter guarantee given by the bank	4,376,718	4,563,250
(b) In respect of Show Cause notice issued by Commissioner of Central Excise-III, Ahmedabad in respect of the excisable goods manufactured and cleared without payment of Central Excise duty during the period from 4th May, 2000 to 31st March, 2006 for which stay of demand has been taken by the Company.	Nil	Nil
(c) In respect of disputed demand for Sales Tax for Financial year 2005-06	8,034,728	8,034,728
(d) In respect of Bill Discounted with the banks	3,644,000	4,793,570

- 2) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,03,15,500/- (Previous Year Rs. 1,11,74,300/-)
- 3) No provision has been made in the books of accounts for leave encashment. The amount in respect of the same is not ascertainable.
- 4) Balances of Debtors, Creditors and Loans and Advances and that of some bank accounts in the Balance Sheet are subject to confirmation. In the opinion of the management of the Company, provisions for all known liabilities except as stated in (3) above has been made in the books of accounts. Further, the current assets and liabilities are stated at the value realisable in the ordinary course of business.

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

- 5) No provision has been made for doubtful debt of Rs.24,58,597/- as in the opinion of the management efforts are made in recovery process and there are good chances for recovery of the same.
- 6) Profit & Loss Account Includes:

Sr. No.	Particulars	2009-2010 Rupees	2008-2009 Rupees
(i)	Remuneration of Auditors		
	Audit fees	84,270	84,270
	For certification work	5,618	5,618
	Tax audit fees	33,708	33,708
	<b>Total</b>	<b>123,596</b>	<b>123,596</b>
(ii)	Remuneration to Managing Director		
	Salary	3,000,000	2,400,000
	Contribution to Provident Fund	172,800	129,600
	Perquisites	70,783	63,840
	<b>Total</b>	<b>3,243,583</b>	<b>2,593,440</b>

- 7) Under the Micro, Small and Medium Enterprises Development Act, 2006; certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company is in the process of compiling relevant information from its suppliers about their coverage under the Act. Since the relevant information is not properly available, no disclosures have been made in the accounts.
- 8) Loans & Advances includes a sum of Rs.9,60,721/- (Previous year – Rs. 9,60,721/-) paid to sales tax authorities, Gujarat on account of supplies made under specific contract by Lucknow sales depot to UP state Govt. under tenders during the period from 1999-2000 to 2004-2005, for which local sales tax has already been paid. As the company has already paid local sales tax on such supplies at the rate, which is higher than Central Sales Tax, no provision has been made for amount paid to sales tax authorities, Gujarat. Based on the opinion of the legal counsel and merits of the case the management perceives that there will not be any additional sales tax liability on account of above sales.
- 9) The component of deferred tax liabilities/assets provided as on 31st March, 2010, is as under:

Sr. No.	Particulars	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
A.	<b>Deferred Tax Liabilities :</b>		
	On account of timing difference in depreciable assets.	6,250,183	5,780,201
	On account of disallowances of Certain expenses		
B.	<b>Deferred Tax Assets:</b>		
	Expenses allowable against taxable income in future year	101,970	189,105
	<b>Net Deferred Tax Liability</b>	<b>6,148,213</b>	<b>5,591,096</b>



## ANNUAL REPORT 2009-2010 .....

10) The management of the company has carried out an exercise to ascertain impairment of Fixed assets. In the opinion of the management of the company there are no indications of impairment of assets as at 31/03/2010 and therefore no effect of impairment is required to be given in the books of accounts.

### 11) Preferential Warrants:

As per resolution passed in the Extra Ordinary General Meeting of the shareholders on 22nd December, 2007 1,68,648 warrants has been issued to the Promoters on preferential basis to be converted in to equity shares over a period of eighteen months. Out of this 56,216 warrants have been converted in to equity shares. (56,216 warrants converted previous the year).

### 12) Unsecured Loans:

Unsecured loan from banks includes a sum of Rs.12,493,141/- (Previous year Rs.4,492,832/-) borrowed from the different banks for the purpose of the business of the company sanctioned in the personal capacity of Managing Director of the company.

13) Information required by paragraph 3 and 4 part-II of Schedule-VI of the Companies Act, 1956.

#### a) Capacity and actual production :

Particulars	Licensed Capacity		Installed Capacity		Production	
	09-10	08-09	09-10	08-09	09-10	08-09
(i) Transfusion Solution in Bottles(Nos.)	N.A.	N.A.	21840000	21840000	17913951	16166042
(ii) Plastic Bottles(Nos.)	N.A.	N.A.	18720000	18720000	12179881	8839312

Note: Production quantities are inclusive of quantities on job work basis.

#### b) Opening & Closing Stocks in respect of Finished Goods:

Particulars	Unit	2009-2010		2008-2009	
		Qty	Rupees	Qty	Rupees
<b>Opening Stock:</b>					
Solution in Bottles	Nos.	1,361,795	7,604,116	1,115,719	9,736,641
<b>Closing Stock:</b>					
Solution in Bottles	Nos.	985,255	7,340,583	1,361,795	7,604,116

## c) Raw Material Consumed:

Particulars	Unit	2009-2010		2008-2009	
		Qty	Rupees	Qty	Rupees
Dextrose Anhydrous	Kgs	321,576	13,043,368	249,031	9,772,731
Glass/Plastic Bottles	Nos.	14,569,995	47,736,997	12,633,628	52,432,794
RubberStopper/Seal	Nos.	29,968,203	17,972,271	27,581,793	16,633,630
Lactic Acid	Kgs	9,450	1,026,947	8,517	1,001,151
Plastic Granules	Kgs	314,100	26,735,990	214,475	19,416,443
Others		—	77,228,097	—	86,859,657
			183,743,670		162,395,088

## d) Value of Raw Materials, Store &amp; Spares Consumed:

	Particulars	2009-2010		2008-2009	
		Rupees	% of Total	Rupees	% of Total
(i)	Raw Material				
	Imported	2,003,489	1.09	1,647,290	1.02
	Indigenous	181,740,181	98.91	160,747,798	98.98
	<b>Total</b>	<b>183,743,670</b>	<b>100.00</b>	<b>162,395,088</b>	<b>100.00</b>
(ii)	Stores & Spares				
	Imported	—	—	—	—
	Indigenous	3,449,066	100.00	2,197,331	100.00
	<b>Total</b>	<b>3,449,066</b>	<b>100.00</b>	<b>2,197,331</b>	<b>100.00</b>

15) C.I.F.Value of Imports in respect of Goods: Rs. 2,003,489/- (Previous Year Rs. 1,647,290/-)

16) Foreign exchange outgo on account of Remittance of Dividend of Rs. 568,176/- (Previous year Rs. 568,176/-) to M/s.Vaessen Schoemaker Holdings B.V. Holland on 405,840 shares.

## 17) RELATED PARTY DISCLOSURES:-

(a) Name of the Related Parties:-

I. Associate Company

: Denis Finance Limited  
Sintex Industries Ltd.  
Sintex International Ltd.



ANNUAL REPORT 2009-2010 .....

II. Key Management Personnel & their relatives : Dr. Himanshu C. Patel

Dr. Himanshu C.Patel (HUF)

III. Directors

: Shri Dinesh B. Patel

Shri Priyavadan C.Randeriya

Shri Chinubhai N.Munshaw

Shri Paul Schoemaker

Shri L.M.Rathod

Dr. Gaurang Dalal

Mrs. Anar H.Patel

(b) Transactions with the Related Parties during the year

Particulars	Related party referred to in I above	Related party referred to in II above	Related party referred to in III above
Rent	—	—	360,000 (360,000)
Sitting Fees	—	—	36,000 (24,000)
Purchases	7,024,865 (5,255,255)	4,733,196 (8,110,052)	—
Sales	61,786 (26,775)	14,183 (NIL)	—
Remuneration	—	3,243,583 (2,593,440)	—
Balance Receivable as at Balance Sheet Date	— —	224,217 (1,593,616)	— —

Note: The amount in bracket represents the figures in respect of previous year.

The related party as well as transaction shown above is as certified by the Managing Director of the Company.

18) The figures of previous year have been regrouped wherever necessary.

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

19) Additional information pursuant to part IV of schedule VI to the Companies Act, 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE**

(Rs. in Thousand)

<b>1 Registration Details</b>		
Registration No.	:	L24230GJ1980PLCS003843
State Code No.	:	04
Balance Sheet Date	:	31/03/2010
<b>2 Capital raised during the year</b>		
Public Issue (Issue through the prospectus)	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	562
<b>3 Position of Mobilisation and Employment of Funds</b>		
Total Liabilities	:	151,918
Total Assets	:	151,918
<b>Source of Funds</b>		
Paid up capital	:	12,930
Reserves and Surplus	:	38,687
Secured Loans	:	79,868
Unsecured Loans	:	14,285
Deffered Tax Liability	:	6,148
<b>Application of Funds</b>		
Net Fixed Assets	:	97,728
Investments	:	1,975
Net Current Assets	:	52,216
<b>4 Performance of Company</b>		
Turnover (Including Conversion Charges)	:	308,839
Total Expenditure	:	299,616
Profit before tax	:	9,223
Profit after tax	:	6,566
Earning per share (Rs.)	:	5.08
Dividend Rate	:	14%
<b>5 Generic Name of Principal Products, Services of the Company</b>		
Item Code (ITC Code)	:	300320
Product Description	:	Large Volume Parenterals
Item Code (ITC Code)	:	282890-01
Product Description	:	Bulk Drugs

Signature to Schedules 1 to 18

Signature to the Balance Sheet

As per our attached report of even date

For **SHAH & SHAH ASSOCIATES**

Chartered Accountants

Firm Reg. No. : 113742W

**Nimish B. Shah**

Partner

Membership No.: 30102

Place : Ahmedabad.

Date : 19th May, 2010

**Dinesh B. Patel**

Chairman

**Dr. Himanshu C. Patel**

Managing Director

Directors

**Priyavadan C. Randeria****Chinubhai N. Munshaw****Laxmiraj M. Rathod****Mrs. Anar H. Patel**

Place : Ahmedabad.

Date : 19th May, 2010

# DENIS CHEM LAB LIMITED

Chhatral, Ta.: Kalol, Dist.: Gandhinagar-382 729

## ATTENDANCE SLIP

Registered Folio No.

proxy for the registered shareholder of the Company.  
29th ANNUAL GENERAL MEETING being held on Monday  
at the Registered Office at the Company.  
(BLOCK CAPITALS):

SHAREHOLDERS OR PROXY

L.F. NO. \_\_\_\_\_

This attendance slip and hand it over at the Attendance Verification Counter at  
the office of the meeting hall.

2. \_\_\_\_\_ company products shall be given at the meeting.

3. This attendance is valid only in case shares are held on the date of meeting.

\* Applicable for investors holding shares in electronic form.

## DENIS CHEM LAB LIMITED

Regd. Office : 457, Village : Chhatral, Ta.: Kalol, Dist.: Gandhinagar-382 729

### PROXY FORM

DP ID\*

Registered Folio No.

Client ID\*

I/We \_\_\_\_\_  
of \_\_\_\_\_

\_\_\_\_\_ being a member/members of DENIS CHEM LAB LIMITED

hereby appoint (1) \_\_\_\_\_ of \_\_\_\_\_

or failing him (2) \_\_\_\_\_ of \_\_\_\_\_

or failing him (3) \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf at the 29th ANNUAL GENERAL MEETING  
of the Company to be held on Monday the 20th September, 2010 at 10.00 a.m. and/or at any adjournment  
thereof.

AS WITNESS my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Their respective signature are as under

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Signed by the said

Affix  
Revenue  
stamp of  
1.00 Rs.

- Note :
1. The Proxy need not be a member.
  2. The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of meeting.
  3. Please fill in full particulars.
  4. Company reserves the right to ask for identification of the proxy.
  5. Proxy cannot speak at the meeting or vote on a show of hands.

\* Applicable for investors holding shares in electronic form.



BOOK - PC

If undelivered please return to

**DENIS CHEM LAB LIMITED**

Village : Chhatral, Taluka : Kalol (N.G.)

District: Gandhinagar - 382 729