

Annual Report  
2011-2012



**DENIS**  
CHEM LAB LIMITED



## DENIS CHEM LAB LIMITED

### 31ST ANNUAL REPORT 2011-2012

#### Board of Directors :

Mr. Dinesh B. Patel	Chairman
Dr. Himanshu C. Patel	Managing Director
Mr. Priyavadan C. Randeria	Director
Mr. Chinubhai N. Munshaw	Director
Dr. Gaurang Dalal	Director
Ms. Anar H. Patel	Director

#### Registered Office & Factory :

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

#### Auditors :

M/s. Shah & Shah Associates,  
Chartered Accountants,  
Ahmedabad.

#### Company Law Consultants :

M/s. Kashyap R. Mehta & Associates,  
Company Secretaries,  
Ahmedabad.

#### Bankers :

Axis Bank Limited,  
Ahmedabad

#### 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.

#### CONTENTS

	Page No.
Notice of Annual General Meeting	01 to 09
Directors' Report	10 to 15
Compliance Certificate	16 to 20
Auditors' Report	21 to 23
Balance Sheet	24
Statement of Profit and Loss	25
Cash Flow Statement	26
Notes Forming part of Financial Statements	27 to 40



## NOTICE

**NOTICE** is hereby given that the **31<sup>ST</sup> ANNUAL GENERAL MEETING** of the members of **DENIS CHEM LAB LIMITED** will be held as scheduled below:

Date : 14<sup>th</sup> September, 2012

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, 2012 and the Balance Sheet as on that date along with Directors' Report thereon.
2. To declare dividend for the year ended on 31st March, 2012.
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 Ms. Anar H. Patel, 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, to pass with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314, 316 read with Para (B) of Section II of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accord its approval to the reappointment of Mr. Himanshu C. Patel as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015, not liable to retire by rotation, on the terms and conditions (as approved by the 'Remuneration Committee') set out in the draft agreement of appointment submitted to this meeting duly initialled by the Chairman for identification and that he be paid remuneration by way of Salary and Perquisites not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under Para (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT the extent and scope of Salary and Perquisites as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration in force during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again."

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 Axis Bank Limited (the Bank) to secure Financial Assistance up to Rs. 1087.80 lacs (Rupees one thousand eighty

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

seven lacs eighty thousand 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 Director 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."

8. To consider and if thought fit to, 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):

to issue, offer and allot up to 75,000 Equity Shares of Rs. 10/- each @ premium of Rs. 29/- per Share aggregating to Rs. 39/- per Share which is in accordance with the SEBI Regulations for Preferential Issues to Ms. Anar H. Patel, Director (Promoter) 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 14<sup>th</sup> August, 2012."

"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."

"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."

**Registered Office:**

Block No. 457, Village: Chhatral,  
Tal : Kalol (N.G.),  
Dist : Gandhinagar - 382 729  
Date : 25<sup>th</sup> July, 2012

**By Order of the Board,**

**Dinesh B. Patel**  
Chairman



**ANNUAL REPORT 2011-2012 .....**

**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 Saturday, the 8<sup>th</sup> September, 2012 to Friday, the 14<sup>th</sup> September, 2012 (both days inclusive) for the purpose of deciding the right of entitlement of dividend on Equity Shares for the year 2011-12. The dividend, if declared by the members, will be paid **on or after 17<sup>th</sup> September, 2012.**
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 25<sup>th</sup> July, 2012 and should be taken as forming part of the notice.

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

Shareholders may recall that in the 28<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2009, Mr. Himanshu C. Patel was appointed as Managing Directors of the Company for a period of three years from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2012.

The Board of Directors, on the recommendation of Remuneration Committee, in their meeting held on 30<sup>th</sup> January, 2012 has reappointed Mr. Himanshu C. Patel as Managing Director for a further period of 3 years i.e. from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015.

The major terms and conditions of their reappointment are as under:

**I. PERIOD:**

The term of the Managing Director shall be for a period of three years from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015.

**II. REMUNERATION:**

**A. SALARY:**

The Managing Director shall be entitled to salary of Rs. 2,50,000/ per month.

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

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**B. PERQUISITES:**

1. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.
4. Free use of Company's car with driver for Company's business and free telephone facility at residence.

**C. COMMISSION:**

The Managing Director shall be entitled to commission of 1 % of the net profits of the Company so that for any year of aggregate of salary, perquisites and commission shall not exceed the overall ceilings laid down under Section 198 and 309 of the Companies Act, 1956.

**III.** The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

**IV.** The Managing Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

**V. DUTIES:**

Subject to the superintendence, direction and control of the Board of Directors of the Company, the Managing Director Shall be entrusted with substantial powers of management and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time. The headquarter of the Managing Director shall be at Ahmedabad or at such place as the Board of Directors may decided from time to time.

**VI. TERMINATION:**

The Managing Director may be removed from his office for gross negligence, breach of duty or trust if the Company in its General Meeting to that effect passes a special Resolution. The Managing Director may resign from his office by giving 90 days' notice to the Company.

**VII. COMPENSATION:**

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director Shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 318 of the Companies Act, 1956.

The terms and conditions mentioned in the above explanatory statement may be treated as abstract of the terms of proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors reappointing Mr. Himanshu C. Patel as Managing Director and Draft agreements of reappointment 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.

Mr. Himanshu C. Patel is concerned or interested in the business since it relates to his appointment as Managing Directors of the Company. Mr. Dinesh B. Patel and Ms. Anar H. Patel are also concerned or interested in the business as Mr. Himanshu C. Patel is their relative. No other Director of the Company is deemed to be interested or concerned with the business.

**ANNUAL REPORT 2011-2012 .....**

The following are the information required under Para (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956:

<b>Sr. No</b>	<b>Particulars</b>	<b>Information</b>
<b>I GENERAL INFORMATION</b>		
1	Nature of industry	Manufacturing of Pharmaceuticals Formulations.
2	Date or expected date of commencement of commercial production	Existing
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4	Financial performance based on given indicators	Rs. 41.84 Crores turnover (2011-12)
5	Exports performance and net foreign exchange collaborations	Export of US \$ 48883/- (2011-12)
6	Foreign investments or collaborations, if any.	N.A.
<b>II INFORMATION ABOUT THE APPOINTEE</b>		
1	Background details	B.E., M.S., Ph.D.
2	Past remuneration	Rs. 2.50 lacs p.m. + Perquisites
3	Recognition or awards	WHO - GMP
4	Job profile and his suitability	29 Years experience in the Pharmaceuticals field
5	Remuneration proposed	Same as existing remuneration i.e. Rs. 2.50 lacs p.m. + Perquisites
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is lower compared to industry standard formula.
7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Mr. Himanshu C. Patel is the Managing Director of the Company.
<b>III OTHER INFORMATION</b>		
1	Reasons of loss or inadequate profits	High Interest Cost High Market competition
2	Steps taken or proposed to be taken for improvement	Rationalisation of existing product Range and Opening new Markets
3	Expected increase in productivity and profits in measurable terms	Turnover expected to increase drastically

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

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<b>Sr. No</b>	<b>Particulars</b>	<b>Information</b>
<b>IV DISCLOSURES</b>		
1	The shareholders of the Company shall be informed of the remunerations package of the managerial person	The shareholders have been informed in the notice of 31st Annual General Meeting.
2	The following disclosure shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:	N.A.
(i)	All elements of remuneration package such as salary, benefits, bonuses, stock, stock options, pension, etc, of all the directors;	No other Director is entitled for any remuneration.
(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	No performance linked incentives.
(iii)	Service contracts, notice period, severance fees;	90 days' Notice.
(iv)	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;	No stock option have been offered.

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**In respect of Item No. 7:**

As per the Financial Assistance Agreement with Axis Bank Limited (the Bank) the Financial Assistance of Rs.1087.80 lacs (Rupees One thousand eighty seven lacs eighty thousand 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.





## **ANNUAL REPORT 2011-2012 .....**

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.

### **In respect of Item No. 8:**

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. 29.25 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 upto 75,000 Equity Shares of Rs. 10/- each @ premium of Rs. 29/- per Share aggregating to Rs. 39/- per Share aggregating to Rs. 29.25 lacs which is in accordance with the SEBI Regulations for Preferential Issues to Ms. Anar H. Patel, Promoter on Preferential Basis who has agreed to subscribe the same.

#### **2. PRICING:**

The issue of 75,000 Equity Shares of Rs. 10/- each on preferential basis is Rs. 39/- per Equity Share inclusive of Share premium of Rs. 29/- 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 25th July, 2012 is received by the Company.

The Company undertakes to re-compute the price in terms of the provisions of SEBI (ICDR) Regulations, 2009 where it is required to do so. In the event of re-computation of price, the shares shall remain locked-in till the allottee pays the recomputed price.

#### **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 14<sup>th</sup> August, 2012 i.e. 30 days prior to the date of Annual General Meeting which is 14<sup>th</sup> September, 2012.

**DENIS CHEM LAB LIMITED .....****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 Promoters Holding</b>					
1.	Promoters				
	- Indian Promoters	677175	47.29	752175	49.91
	- Foreign Promoters				
2.	Persons acting in concert	-	-	-	-
<b>B Non-Promoter Holding</b>					
3.	Institutional Inventors/ Mutual Funds/Banks/FI/FILs /Insurance Companies	-	-	-	-
4.	Others				
a.	Private Corporate Bodies	5445	0.38	5445	0.36
b.	Indian Public	343006	23.95	343006	22.76
c.	NRIs / OCBs	406340	28.38	406340	26.97
<b>Grand Total</b>		<b>1431966</b>	<b>100.00</b>	<b>1506966</b>	<b>100.00</b>

**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 ALLOTTEE 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	0.63	-	8940	0.59
2.	Himanshu C. Patel	288840	20.17	-	288840	19.17
3.	Anar H. Patel	90316	6.31	75000	165316	10.97
4.	Nirmal H. Patel	49314	3.44	-	49314	3.27
5.	Giraben J. Patel	3800	0.27	-	3800	0.25
6.	Jaykumar J. Patel	2200	0.15	-	2200	0.15
7.	Anar D. Patel	233765	16.32	-	233765	15.51
<b>Total</b>		<b>677175</b>	<b>47.29</b>	<b>75000</b>	<b>752175</b>	<b>49.91</b>



## ANNUAL REPORT 2011-2012 .....

The proposed allottee Mr. Anar H. Patel is residing at 2, Ashwamegh Society IV, Opp. P & T Colony, Satellite Road, Ahmedabad 380 015 having Permanent Account No.: AEPPP0514F.

### 8. AUDITORS' CERTIFICATE:

Certificate of M/s. Shah & Shah Associates, 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 25<sup>th</sup> July, 2012. Copy of the Certificate is available for inspection at the Registered Office of the Company.

### 9. LOCK IN:

The 75,000 Equity Shares of Rs. 10/- each to be allotted on preferential basis to Ms. Anar H. Patel, Promoter shall be locked in for a period of three years from the date of allotment as per SEBI Regulations. The pre-preferential holding of 3,24,081 Equity Shares of Rs. 10/- each (out of which 34,000 Equity Shares of Rs.10/- each are already under locked in up to 4<sup>th</sup> October, 2013) of Ms. Anar H. Patel shall be locked in for a period of 6 months from the date of aforesaid allotment.

### 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.

Ms. Anar H. Patel, Director is concerned or interested in the above Resolution as it relates to issue of Equity Shares to her as Promoter on Preferential Basis. Mr. Dinesh B. Patel and Mr. Himanshu C. Patel, Directors may also be treated as concerned or interested as relatives of the proposed Allottee.

#### Registered Office:

Block No. 457, Village: Chhatral,  
Tal : Kalol (N.G.),  
Dist : Gandhinagar - 382 729  
Date : 25<sup>th</sup> July, 2012

By Order of the Board,

Dinesh B. Patel  
Chairman

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors have pleasure in presenting the THIRTY-FIRST ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2011-12 ended 31<sup>st</sup> March, 2012.

**1. FINANCIAL RESULTS:**

(Rs. In Lacs)

Particulars	2011-12	2010-11
Operating Profit (Before Interest & Depreciation)	446.83	384.41
Less : Interest	186.93	142.11
Profit before Depreciation	259.90	242.30
Less : Depreciation	136.90	136.06
Profit before Tax	123.00	106.24
Less : Provision for Tax	49.00	41.00
Less : Deferred Tax Liability/ (Assets)	(5.04)	2.59
Profit after Tax	79.04	62.65
Balance brought forward from previous year	195.21	158.70
Surplus available for appropriation	274.25	221.35
<b>Appropriations:</b>		
Proposed Dividend	22.91	19.05
Corporate Dividend Tax	3.72	3.09
Transfer to General Reserve	10.00	4.00
Balance carried to Balance Sheet	237.62	195.21
Total	274.25	221.35

**2. DIVIDEND:**

The operating profit for the year ended on 31<sup>st</sup> March, 2012 is Rs. 446.83 Lacs as compared to Rs. 384.41 Lacs for the year 2010-11. The net profit before tax for the year 2011-12 is Rs. 123.00 Lacs as compared to profit of Rs. 106.24 Lacs for the year 2010-11. The net profit after tax for the year 2011-12 is Rs. 79.04 Lacs as compared to Rs. 62.65 Lacs for the year 2010-11. The surplus available for appropriation stands at Rs. 274.25 Lacs.



## ANNUAL REPORT 2011-2012 .....

In view of this, your Directors are pleased to recommend a dividend of Rs. 1.60 per Equity Share of Rs. 10/- each (Rs. 1.40 per Equity Share for previous year) for the year 2011-12 subject to statutory approvals as may be required. The total dividend to be distributed will be thus Rs. 22.91 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 April, 2012 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 December 2012. During 2011-12, 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 2011-12 except for the freight cost which has recorded a significant increase due to higher sales and due to further increase in cost of diesel.

### 4. FUTURE PLANS:

The company plans to increase its mfg. capacity for plastic bottles during 2012-13 & steps are being taken for implementation of the same. The company plans to register its products in various countries for increasing its exports.

### 5. DIRECTORS:

5.1 The Board of Directors of the Company regret to inform that Mr. Paul Shoemaker, Director of the Company passed away on 4<sup>th</sup> December, 2011. Mr. L. M. Rathod ceased as Alternate Director due to death of Mr. Paul Shoemaker.

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

5.3 The Board of Directors, upon recommendation of remuneration committee, have reappointed Mr. Himanshu C. Patel as Managing Director of the Company for a period of 3 years from 1st April, 2012 subject to approval of the members as specified in notice of 31st Annual General Meeting.

### 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 31<sup>st</sup> March, 2012 being end of the Financial Year 2011-12 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.

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

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**7. ALLOTMENT OF 71,000 EQUITY SHARES OF RS. 10/- EACH AT PREMIUM OF RS. 26/- PER SHARE TO PROMOTERS ON PREFERENTIAL BASIS:**

The Company, after obtaining necessary approvals, have allotted 71,000 Equity Shares of Rs. 10/- each at premium of Rs.26/- per Share to Promoters on Preferential Basis after complying guidelines under SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009. These shares have been listed at Ahmedabad Stock Exchange Limited.

**8. ISSUE OF 75,000 EQUITY SHARES OF RS. 10/- EACH AT PREMIUM OF RS. 29/- PER SHARE TO PROMOTERS ON PREFERENTIAL BASIS:**

The Board of Directors have sought your approval as specified in the notice of 31st Annual General Meeting of the Company, to issue 75,000 Equity Shares of Rs. 10/- each at premium of Rs.29/- per Share to Promoters on Preferential Basis after complying guidelines under SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009.

**9. REMUNERATION COMMITTEE:**

The Board of Directors have constituted remuneration committee consisting of the following:

1. Shri P.C. Randeria Chairman
2. Dr. Gaurang Dalal Member
3. Shri C. N. Munshaw Member

**10. 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 2011-12 and 2012-13.

**11. 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.

**12. 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. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad which is attached to the Directors' Report.

**13. 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.

**14. FIXED DEPOSITS:**

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

**15. 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.

**16. LISTING:**

The Equity Shares of the Company are listed on Ahmedabad Stock Exchange and the Company has paid Annual Listing Fees up to the year 2012-13.



**17. 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.

**18. FINANCE:**

- 18.1 The Company's Income-tax Assessment has been completed up to the Assessment Year 2009-10 and Sales tax Assessment is completed up to the Financial Year 2008-09.
- 18.2 The Company is enjoying Working Capital facilities and Term Loan from Axis Bank Limited, 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.

**19. 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 31-03-2012 has been deposited with this Gratuity Trust Fund.

**20. 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 2011-12 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.

**21. 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 : 25<sup>th</sup> July, 2012

**Dinesh B. Patel**  
Chairman

## ANNEXURE I

## FORM A

## Disclosure of particulars with respect to Conservation of Energy

Particulars		2011-12	2010-11
<b>(A) Power And Fuel Consumption:</b>			
1. Electricity			
(a) Purchased Units (KWH)		2033586	2152729
Total Amount (Rs. in lacs)		120.40	122.41
Rate (unit)		5.92	5.69
(b) Own generation Through Diesel Generator		17400	16452
Total Litres		4200	3656
Unit per Litre of Diesel Oil		4.14	4.50
Cost/Unit (Rs.)		10.05	9.20
2. Coal/Lignite (Kgs)			
Total Amount (Rupees)		—	1440210
Average Rate (In Rs. Per Litre)		—	3.80
3. Bio Fuel (Kgs.)			
Total Amount (Rs. In lacs)		107.44	42.72
Average Rate (In Rs. Per Kgs.)		4.25	4.18
<b>(B) Consumption per unit of Production:</b>			
Particulars	Standard Unit	2011-12	2010-11
(i) Electricity (in Units) I. V. Solution	Bottle	0.06	0.06
(ii) Diesel Oil (in Litres) I. V. Solution	Bottle	0.0001	0.0001
(iii) Lignite/Coal I. V. Solution	Bottle	—	0.04
(iv) Bio Fuel I. V. Solution	Bottle	0.07	0.03



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

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

Particulars	2011-12	2010-2011
Total Foreign Exchange used (Rs. in lacs)	<b>US \$ 48,882.72</b>	<b>5.68</b>
Total Foreign exchange earnings.	<b>Nil</b>	<b>Nil</b>

For and on behalf of the Board,

Place : Ahmedabad  
Date : 25<sup>th</sup> July, 2012

**Dinesh B. Patel**  
Chairman

**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 31<sup>st</sup> March, 2012. 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 8 times on 28<sup>th</sup> April, 2011, 27<sup>th</sup> July, 2011, 29<sup>th</sup> September, 2011, 21<sup>st</sup> October, 2011, 8<sup>th</sup> December, 2011, 30<sup>th</sup> January, 2012, 11<sup>th</sup> February, 2012 and 21<sup>st</sup> March, 2012 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 Friday, the 2<sup>nd</sup> September, 2011 to Friday, the 9<sup>th</sup> September, 2011 (both days inclusive) for the purpose of deciding the right of entitlement of dividend on Equity Shares for the year 2010-11 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2011 was held on 9<sup>th</sup> September, 2011 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. One Extraordinary General Meeting was held on 14<sup>th</sup> March, 2012 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.
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 made necessary entries in the register maintained 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.



**ANNUAL REPORT 2011-2012 .....**

12. The Company has issued duplicate share certificates after approval of the Board of Directors of the Company in their meeting during the financial year under review.
13. The Company has:
  - a. allotted 71,000 Equity Shares during the year, issued on preferential basis to promoter, for which necessary Share Certificate have been issued and credit of Equity Shares have been made in the respective demat account of allottee during stipulated time and also such certificates have been delivered on lodgement thereof for transfer/transmission of Share during the financial year under review.
  - b. deposited amount of dividend declared in the Annual General Meeting of the Company held on 9<sup>th</sup> September, 2011 in a separate Bank Account within stipulated time.
  - 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 2003-04 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 Board of Directors has reappointed one Managing Director for a period of three years w.e.f 1<sup>st</sup> April, 2012 after complying with necessary provisions of the Act. The Company has not made any appointment/reappointment of Executive Director/Whole time Director during the year under report.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company has obtained approvals of the Central Government as was required to be obtained under the Provisions of the Act except under the provisions of Section 297 of the Act. The Company was not further required to obtain any approvals of the Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions 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 71,000 Equity Shares of Rs.10/- each at a premium of Rs. 26/- per share 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 31<sup>st</sup> March, 2012 are within the borrowing limits prescribed under section 293(1)(d) of the Act.
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.

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

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 deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

for **KASHYAP R. MEHTA & ASSOCIATES**  
Company Secretaries

**KASHYAP R. MEHTA**  
Proprietor

Place : Ahmedabad  
Date : 25<sup>th</sup> July, 2012

COP No.: 2052  
FCS No.: 1821

**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 31<sup>st</sup> March, 2012.

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

Sr. No.	Form No.	Under section	Purpose	Date of filing	Whether filed within time?
1.	62	Rule 4A of Companies (Acceptance of Deposit) Rules, 1957	Statement in Lieu of Advertisement for the Financial Year 2011-12	25-08-2011	Yes
2.	23	81(1A)	Issue, offer and allot up to 71,000 Equity Shares, authority to the Board of Directors for creation of Charge and authority to the Board of Directors to borrow.	01-10-2011	Yes
3.	8	125	Registration of Creation of Charge	03-10-2011	Yes
4.	66	383A	Company Law Compliance Certificate for the year ended on 31st March, 2011.	06-10-2011	Yes
5.	20B	159	Annual Return made up to 9th September, 2011	21-10-2011	Yes
6.	1 (INV)	205	Transfer of unpaid Dividend for the year 2003-04 to IEPF	16-11-2011	Yes
7.	23AC + 23ACA	220	Balance Sheet as on 31st March, 2011 with all annexure and attachments	18-11-2011	Yes
8.	23	269	Appointment of Managing Director	09-02-2012	Yes
9.	8	125	Registration of Creation of Charge	07-03-2012	Yes
10.	17	138	Satisfaction of Charge	12-03-2012	Yes
11.	17	138	Satisfaction of Charge	12-03-2012	Yes

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

Sr. No.	Form No.	Under section	Purpose	Date of filing .	Whether filed within time?
12.	17	138	Satisfaction of Charge	12-03-2012	Yes
13.	23	192	Approval of Members u/s 81 (1A)	14-03-2012	Yes
14.	2	75(1)	Return of Allotment of 71,000 Equity shares of Rs. 10/- each	21-03-2012	Yes
15.	8	125	Registration of Creation of Charge dated 23-03-2012	05-04-2012	Yes
16.	8	125	Registration of Creation of Charge dated 15-03-2012	14-05-2012	No Late fees paid

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

for **KASHYAP R. MEHTA & ASSOCIATES**  
Company Secretaries

**KASHYAP R. MEHTA**  
Proprietor

COP No.: 2052  
FCS No.: 1821

Place : Ahmedabad  
Date : 25<sup>th</sup> July, 2012



## AUDITORS' REPORT

To  
The Members of  
**M/s. DENIS CHEM LAB LIMITED**

We have audited the attached Balance Sheet of **M/s. DENIS CHEM LAB LIMITED**, as at 31st March, 2012, the Statement of Profit & Loss 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 statement of Profit & Loss 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, 2012, 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 Note 26, 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 non provision of gratuity for the year under consideration . The amount for the same cannot be ascertained.
  - b) Note No. 5 : regarding confirmation of balances of debtors, creditors, Loans & Advances and some bank balances; and

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, 2012;
- b) in the case of the Statement of Profit & Loss, 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:

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

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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 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 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 not 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, undisputed amount with respect to Central Sales Tax of Rs.9,54,626/- is payable in respect of the aforesaid statutory dues which were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable.





## ANNUAL REPORT 2011-2012 .....

According to information and explanation provided to us, there are no dues of disputed Sales Tax, Income Tax, Custom duty, Wealth Tax, or Cess outstanding as at the end of the year

Disputed liability in respect of	Dispute pending before	Financial Year	Amount involved (Rs.)
CST	Commissioner of Commercial Tax, (Appeals)	2005-06	74,41,721/-
GST	Commissioner of Commercial Tax, (Appeals)	2005-06	5,93,005/-
CST	Commissioner of Commercial Tax, (Appeals)	2004-05	12,91,963/-
VAT	Commissioner of Commercial Tax, (Appeals)	2004-05	7,91,085/-
CST	Commissioner of Commercial Tax, (Appeals)	2006-07	44,51,130/-
VAT	Commissioner of Commercial Tax, (Appeals)	2004-05	34,127/-

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 corporates 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 part 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 Registration No. 113742W

**PARTNER**

Name: **NIMISH B. SHAH**  
 Membership Number: 30102

Place : Ahmedabad.  
 Date : 25<sup>th</sup> July, 2012

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

PARTICULARS	Note No.	As at		As at 31/03/11 Amount Rs.
		31/03/12 Amount Rs.	Amount Rs.	
<b>EQUITY AND LIABILITIES:</b>				
<b>Shareholders' Funds:</b>				
Share Capital	1	14,319,660		13,609,660
Reserves and Surplus	2	51,524,705	65,844,365	44,437,392
				58,047,052
<b>Non-current Liabilities:</b>				
Long-term borrowings	3	23,116,978		36,826,649
Deferred tax liabilities (Net)	4	5,902,386		6,406,835
Long-term provisions	5	4,039,266	33,058,630	2,421,679
				45,655,163
<b>Current Liabilities</b>				
Short-term borrowings	6	62,645,541		54,882,692
Trade payables	7	52,231,846		67,212,993
Other current liabilities	8	36,051,925		5,647,797
Short-term provisions	9	12,734,028	163,663,340	10,875,530
				138,619,012
<b>TOTAL</b>			<b>262,566,335</b>	<b>242,321,227</b>
<b>ASSETS :</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
	10			
Tangible assets		94,188,296		104,095,512
Intangible assets		—		—
Capital Work-in-Progress		—	94,188,296	—
				104,095,512
Long-term loans and advances	11		22,874,296	23,319,427
Investments	12		2,137,500	1,725,000
<b>Current Assets</b>				
Inventories	13	24,564,810		29,852,949
Trade Receivables	14	110,027,534		77,464,544
Cash and cash equivalents	15	4,915,811		2,840,327
Short-term loans and advances	16	3,858,088		3,023,468
Other current assets		—	143,366,243	—
				113,181,288
<b>TOTAL</b>			<b>262,566,335</b>	<b>242,321,227</b>
Significant Accounting Policies	25			
Notes Forming Part of the Accounts	26			

As per our attached report of even date

For **SHAH & SHAH ASSOCIATES**  
Chartered AccountantsNimish B. Shah  
Partner  
Membership No.: 30102  
Place : Ahmedabad.  
Date : 25<sup>th</sup> July, 2012Mr. Dinesh B. Patel  
ChairmanDr. Himanshu C. Patel  
Managing DirectorFor and of behalf of the Board  
of Directors

Mr. Priyavadan C. Randeria

Mr. Chinubhai N. Munshaw

Mrs. Anar H. Patel

Dr. Gurang Dalal

Place : Ahmedabad.  
Date : 25<sup>th</sup> July, 2012



**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

Particulars	Note No.	For the year ended 31st March, 2012 Amount Rs.	For the year ended 31st March, 2011 Amount Rs.
<b>INCOME</b>			
Revenue from Operations	17	416,137,852	348,437,006
Other income	18	2,272,917	1,394,108
<b>TOTAL INCOME</b>		<b>418,410,769</b>	<b>349,831,114</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	19	230,933,086	216,018,302
Changes in inventories of finished goods & work-in- progress	20	7,707,155	(6,201,147)
Payments to and Provision for Employees	21	31,172,844	26,337,821
Finance Cost	22	18,693,837	14,211,550
Depreciation and amortization expenses	10	13,690,361	13,606,254
Other Expense			
i) Manufacturing & Other Expenses	23	48,788,411	44,582,558
ii) Selling and Distribution Expenses	24	55,125,328	30,652,457
<b>TOTAL EXPENSES</b>		<b>406,111,022</b>	<b>339,207,795</b>
Profit Before Taxation		12,299,747	10,623,319
<b>Less: Provision for Taxation</b>			
Current Tax (Including Provision for Income Tax & short provision for earlier years)		4,900,000	4,100,000
Deferred Tax		(504,449)	258,623
<b>Profit for the year</b>		<b>7,904,196</b>	<b>6,264,696</b>
<b>Earning per Share (EPS)</b>			
Basic		5.52	4.60
<b>Significant Accounting Policies</b>	25		
<b>Notes Forming Part of the Accounts</b>	26		
As per our attached report of even date		For and of behalf of the Board of Directors	
For <b>SHAH &amp; SHAH ASSOCIATES</b> Chartered Accountants	<b>Mr. Dinesh B. Patel</b> Chairman	<b>Mr. Priyavadan C. Randeria</b>	
<b>Nimish B. Shah</b> Partner Membership No.: 30102	<b>Dr. Hlmanshu C. Patei</b> Managing Director	<b>Mr. Chinubhai N. Munshaw</b>	
Place : Ahmedabad. Date : 25 <sup>th</sup> July, 2012		<b>Mrs. Anar H. Patel</b>	
		<b>Dr. Gurang Dalai</b>	
		Place : Ahmedabad. Date : 25 <sup>th</sup> July, 2012	

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

PARTICULARS	For the year ended on 31/03/2012		For the year ended on 31/03/2011	
	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
<b>A. Cash Flow From Operating activities:</b>				
Net Profit before Tax		12,299,747		10,623,319
<b>Adjustments For:</b>				
Depreciation	13,690,361		13,606,254	
Dividend Income	(207,000)		—	
Interest Income	(599,127)		(1,114,344)	
Finance Cost	18,693,837	31,578,070	14,211,550	26,703,460
<b>Operating Profit before Working Capital Changes</b>		<b>43,877,818</b>		<b>37,326,779</b>
<b>Movement in Working Capital</b>				
Trade Receivables	(32,562,990)		3,125,091	
Inventories	5,288,139		(5,419,886)	
Loans & Advances and Other Assets	(11,580,660)		3,727,538	
Liabilities & Provisions	11,933,042		1,792,037	3,224,780
Short term loans and advances	(834,620)	(27,757,088)		
Cash Generated From Operations		16,120,729		40,551,559
Less: Direct Taxes Paid (Net of refunds received,if any)				15,965,068
<b>Net Cash Generated from Operating Activities</b>		<b>16,120,729</b>		<b>24,586,491</b>
<b>B. Cash Flow From Investing Activities</b>				
Purchase of Fixed Assets	(3,783,144)		(19,974,128)	
Proceeds from Sale of Fixed Assets	(412,500)		250,000	
Interest Received	599,127		1,114,344	
Dividend received	207,000			
<b>Net Cash used in Investing Activities</b>		<b>(3,389,517)</b>		<b>(18,609,784)</b>
<b>C. Cash Flow From Financing Activities</b>				
Increase/(Decrease) in Long term Borrowing	(13,709,671)		(3,440,758)	
Increase/(Decrease) in Short term Borrowing	7,762,848		(1,727,671)	
Increase/(Decrease) in Other Long term Provisions	1,617,587		262,213	
Finance Cost	(18,693,837)			
Dividend paid	(2,214,449)			
Share issued	710,000			
Increase in Securities Premium	1,846,000			
<b>Net Cash used in Financing Activities</b>		<b>(22,681,522)</b>		<b>(4,906,216)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(9,950,310)</b>		<b>1,070,491</b>
<b>Cash &amp; Cash Equivalents as at beginning of the Year</b>		<b>14,866,118</b>		<b>13,795,622</b>
<b>Cash &amp; Cash Equivalents as at closing of the Year</b>		<b>4,915,811</b>		<b>14,866,118</b>

As per our attached report of even date

For **SHAH & SHAH ASSOCIATES**  
Chartered AccountantsNimish B. Shah  
Partner  
Membership No.: 30102  
Place : Ahmedabad.  
Date : 25<sup>th</sup> July, 2012Mr. Dinesh B. Patel  
ChairmanDr. Himanshu C. Patel  
Managing DirectorFor and of behalf of the Board  
of Directors

Mr. Priyavadan C. Randeria

Mr. Chinubhai N. Munshaw

Mrs. Anar H. Patel

Dr. Gurang Dalai

Place : Ahmedabad.  
Date : 25<sup>th</sup> July, 2012



**NOTES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2012**

Particulars	As at 31/03/2012		As at 31/03/2011	
	Number	Amount(Rs)	Number	Amount(Rs)
<b>NOTE - 1 : SHARE CAPITAL</b>				
<b>Authorised:</b>				
7,000,000 Equity Shares of Rs.10/- each		70,000,000	—	70,000,000
<b>Issued, Subscribed &amp; Fully paid up:</b>				
1,431,966 Equity Shares of Rs.10/- each (Previous year 1,360,966 Shares)		14,319,660		13,609,660
<b>Total</b>		<b>14,319,660</b>		<b>13,609,660</b>

**Disclosure Pursuant to Note no. 6(A)(f) and 6 (A)(g) of Part I of Schedule VI to the Companies Act, 1956**

Name of Shareholder	As at 31/03/2012		As at 31/03/2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding

**The Details of Share Holders holding more than 5 % of Shares**

Name of the share holder	No of Shares	%	No of Shares	%
Himanshu Chaitanya Patel	288,840	20.17	217,840	16.01
Anar D Patel	233,765	16.32	233,765	17.18
Anar H Patel	90,316	6.31	90,316	6.64
<b>Total</b>	<b>612,921</b>	<b>42.80</b>	<b>541,921</b>	<b>39.83</b>

**The Reconciliation of the number of shares outstanding is set out below**

Particular	No of Shares	No of Shares
Shares outstanding at the beginning of the period	1,360,966	1,292,966
Addition during the period	71,000	68,000
<b>Shares outstanding at the end of the period</b>	<b>1,431,966</b>	<b>1,360,966</b>

During the immediately preceding 5 Financial years the company has neither issued fully paid-up shares pursuant to Contract(s) without payment being received in cash and by way of Bonus Shares nor has bought back any shares'

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

Particulars	As at 31/03/2012		As at 31/03/2011	
	Amount(Rs)		Amount(Rs)	
<b>NOTE - 2 : RESERVES AND SURPLUS</b>				
<b>Genral Reserve</b>				
Balance as per last Balance Sheet	1,890,925	—	1,490,925	—
Add: Transferred from Profit & Loss Account	1,000,000	2,890,925	400,000	1,890,925
<b>Capital Reserve</b>				
i. Capital profit on forfeiture of equity shares				
Balance as per last balance sheet		14,500		14,500
ii. Cash Subsidy				
Balance as per last balance sheet		1,183,950		1,183,950
iii. Security Premium		—		—
Balance as per last balance sheet	21,827,420		20,127,420	
Add: Addition during the year	1,846,000	23,673,420	1,700,000	21,827,420
<b>Profit &amp; Loss Account</b>				
Balance as per last Balance Sheet	19,520,598	—	15,870,351	—
Add : Transferred from Statement of Profit & Loss	7,904,196	27,424,794	6,264,696	22,135,047
Less : Appropriations	—			
Transferred to General Reserve	1,000,000		400,000	
Proposed Dividend on Equity Shares	2,291,146		1,905,354	
Tax on Dividend	371,738	3,662,884	309,096	2,614,450
<b>Total</b>		<b>51,524,705</b>		<b>44,437,392</b>

**ANNUAL REPORT 2011-2012 .....**

<b>Particulars</b>	<b>As at 31/03/2012</b>		<b>As at 31/03/2011</b>	
	<b>Amount(Rs)</b>		<b>Amount(Rs)</b>	
<b>NOTE - 3 : LONG TERM BORROWINGS</b>				
<b>Secured</b>				
The Kalupur Comm Co-op Bank Ltd -Machinery Loan	—	—	1,246,318	1,246,318
Axis Bank	—	—	—	—
Axis Bank Limited Working Capital Term Loan	25,000,000	—	—	—
Axis Bank Limited - Machinery Loan	625,200	25,625,200	—	—
Amount due under hire purchase agreement against Equipment purchased thereunder				
Reliance Consumer Finance	801,493	—	1,550,670	—
Reliance Capital Limited	1,581,057	2,382,550	—	1,550,670
Small Industrial Development Bank of India (SIDBI)	—	11,776,409	—	21,472,537
LIC Keyman Insurance Policy Loan	—	2,478,500	—	—
<b>Less:Current Maturity withing next 12 months</b>		<b>(23,742,232)</b>		
<b>Unsecured:</b>				
Stockist Deposit	1,774,496	—	1,776,000	—
Banks and Others	8,053,331	9,827,827	10,781,124	12,557,124
<b>Less : Current Maturity withing next 12 months</b>		<b>(5,231,276)</b>		
<b>Total</b>		<b>23,116,978</b>		<b>36,826,649</b>

Note:

1. Term Loan from Small Industries Development Bank of India / Axis Bank are secured against equitable mortgage of Land and Factory Building.
2. Working Capital Term Loan and Machinery Loan from the Axis Bank is secured against equitable mortgage of another land. Further it is also secured against personal guarantee of the Managing Director of the company.

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

Particulars	As at 31/03/2012 Amount(Rs)		As at 31/03/2011 Amount(Rs)	
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**NOTE - 4 : DEFERRED TAX LIABILITIES (NET)****Deferred Tax Liabilities on account of:**

Diffrence in Depreciation	5,902,386	5,902,386	6,406,835	6,406,835
<b>Total</b>		<b>5,902,386</b>		<b>6,406,835</b>

**NOTE - 5 : LONG TERM PROVISION**

<b>For Employee Benefits</b>		458,784		-
Excise Duty		3,580,482		2,421,679
<b>Total</b>		<b>4,039,266</b>		<b>2,421,679</b>

**NOTE - 6 : SHORT TERM BORROWINGS****Secured:****Working Capital Loan From Banks**

From The Kalupur Comm Co-op Bank Ltd.	—		52,160,965	
From Axis Bank Limited	56,120,099		—	
From The Karur Vysya Bank Limited	2,711,181		2,721,727	
IFCI Facotrs Limited	3,814,261	62,645,541	—	54,882,692
<b>Total</b>		<b>62,645,541</b>		<b>54,882,692</b>

## Note :

1. Working Capital Loans from the Axis Bank is secured against equitable mortgage of another land and exculsive charge by way of Stocks of Raw Materials, Work in Process, Finished Goods, Consumable Stores and Spares, and such other movables including Book Debts. Further it is also secured against personal guarantee of the Managing Director of the company.
2. Working capital loan from Karur Vysya Bank is sercured against lien on Bank's own fixed deposit receipt.
3. IFCI Factors Limited is secured against bills factored with recourse with them.

Particulars	As at 31/03/2012 Amount(Rs)		As at 31/03/2011 Amount(Rs)	
-------------	--------------------------------	--	--------------------------------	--

**NOTE - 7 : TRADE PAYABLES****Trade Payables**

Creditors for Goods	35,516,245		49,672,118	
Creditors for Capital Goods	2,995,133		2,241,012	
Creditors for Expenses	13,720,468	52,231,846	15,299,863	67,212,993
<b>Total</b>		<b>52,231,846</b>		<b>67,212,993</b>





**ANNUAL REPORT 2011-2012 .....**

Particulars	As at 31/03/2012 Amount(Rs)	As at 31/03/2011 Amount(Rs)
<b>NOTE - 8 : OTHER CURENT LIABILITIES</b>		
Other liabilities	5,240,489	4,450,154
Advances from Customers	1,837,928	1,197,643
Current Maturity of Long Term Debt	28,973,508	—
<b>Total</b>	<b>36,051,925</b>	<b>5,647,797</b>

**NOTE - 9 : SHORT TERM PROVISIONS**

Tax Provisions (Net of Advance Tax)	5,664,780	4,189,941
For Employee Benefits	—	—
Unpaid Expenses	3,899,448	3,964,224
Provision of Excise on Closing stock	506,916	506,916
Provision for Dividend	2,291,146	1,905,353
Provision for Coprorated Dividend Tax	371,738	309,096
<b>Total</b>	<b>12,734,028</b>	<b>10,875,530</b>

**NOTE - 10 : FIXED ASSETS AS ON 31/03/2012**

Particulars	GROSS BLOCK (AT COST)					DEPRECIATION BLOCK			NET BLOCK	
	Rate of Depre. %	As at 01/04/11 the Year Rs.	Additions during the Year Rs.	Deduction during Rs.	As at 31/03/12 Rs.	Up to 31/03/11 Rs.	For the Year Rs.	Up to 31/03/12 Rs.	As at 31/03/12 Rs.	As at 31/03/11 Rs.
Free Hold Land	—	1,039,292	—	—	1,039,292	—	—	—	1,039,292	1,039,292
Factory Building	10.00	46,276,871	1,171,175	—	47,448,046	20,482,731	2,608,613	23,091,344	24,356,702	25,794,140
Plant & Machinery	13.91	129,385,606	2,588,969	—	131,974,575	60,455,438	9,790,391	70,245,829	61,728,746	68,930,168
Laboratory Equipments	13.91	5,975,104	—	—	5,975,104	1,967,238	557,494	2,524,732	3,450,372	4,007,866
Electrical Installations	13.91	6,187,995	—	—	6,187,995	2,938,358	452,024	3,390,382	2,797,613	3,249,637
Furniture & Fixtures	18.10	2,555,261	—	—	2,555,261	1,976,889	104,686	2,081,575	473,686	578,372
Computers	40.00	672,380	23,000	—	695,380	370,966	126,766	497,732	197,648	301,414
Vehicle	25.89	1,859,140	—	—	1,859,140	1,664,519	50,387	1,714,906	144,237	194,621
<b>Total</b>		<b>193,951,649</b>	<b>3,783,144</b>	<b>—</b>	<b>197,734,793</b>	<b>89,856,139</b>	<b>13,690,361</b>	<b>103,546,500</b>	<b>94,188,296</b>	<b>104,095,510</b>
Previous Year		173,289,374	20,662,275	—	193,951,649	76,249,883	13,606,254	89,856,137	104,095,512	—

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

<b>Particulars</b>	<b>As at 31/03/2012 Amount(Rs)</b>	<b>As at 31/03/2011 Amount(Rs)</b>
<b>NOTE - 11 : LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good:</b>		
Sundry Deposits	5,870,496	11,293,910
Miscellaneous Deposits	5,825,389	3,218,626
Balance with government authorities	6,666,035	6,352,292
Other loans and advances	4,512,376	2,454,599
<b>Total</b>	<b>22,874,296</b>	<b>23,319,427</b>

**NOTE - 12 - INVESTMENTS**

85,500 Equity Shares of The Kalupur Comm Co-op Bank Ltd.(Previous year 69,000 Shares)	2,137,500	1,725,000
<b>Total</b>	<b>2,137,500</b>	<b>1,725,000</b>

**NOTE - 13 : INVENTORIES**

Raw Materials & Components	16,680,097	13,946,918
Work-in-Progress	957,031	1,203,948
Finished Goods	6,404,189	13,864,427
Stores & Spares	523,493	837,656
<b>Total</b>	<b>24,564,810</b>	<b>29,852,949</b>

**NOTE- 14 : TRADE RECEIVABLES****Unsecured:**Debts outstanding for a period  
exceeding six months:

Consider Good	9,370,272	—	7,140,075	
Consider Doubtful	—		365,304	
	<b>9,370,272</b>	<b>—</b>	<b>7,505,379</b>	<b>—</b>
Less Provision for Doubtful Debts	—	<b>9,370,272</b>	—	<b>7,505,379</b>
Others, considered Good		<b>100,657,262</b>		<b>69,959,165</b>
<b>Total</b>		<b>110,027,534</b>		<b>77,464,544</b>



## ANNUAL REPORT 2011-2012 .....

Particulars	As at 31/03/2012 Amount(Rs)	As at 31/03/2011 Amount(Rs)
<b>NOTE - 15 : CASH AND CASH EQUIVALENTS</b>		
Balances with Banks in current & deposit Accounts	3,702,135	1,510,384
Cash on Hand	1,213,676	1,329,943
<b>Total</b>	<b>4,915,811</b>	<b>2,840,327</b>

Balances with Banks held as margin money deposit against bank guarantee and Letter of Credit issued  
Deposit account with more than 12 months maturity

**NOTE - 16 : SHORT TERM LOANS AND ADVANCES**

(Unsecured, Considered good unless otherwise stated):

Advances paid to suppliers		
Considered Good	2,040,935	950,272
Considered Doubtful	—	—
Less: Provision for Doubtful	—	—
Other Advances	1,817,153	2,073,196
<b>Total</b>	<b>3,858,088</b>	<b>3,023,468</b>

**NOTES FORMING PART OF PROFIT & LOSS STATEMENT  
FOR THE YEAR ENDED ON 31ST MARCH - 2012**

Particulars	As at 31/03/2012 Amount(Rs)	As at 31/03/2011 Amount(Rs)
<b>NOTE - 17 : REVENUE FROM OPERATIONS</b>		
Transfusion Solution in Bottles	396,841,742	328,091,771
Traded Goods	459,675	1,735,979
Conversion Charges	31,619,763	20,186,639
	428,921,180	350,014,389
Less: Excise Duty	12,783,328	416,137,852
<b>Total</b>	<b>416,137,852</b>	<b>348,437,006</b>

**NOTE - 18 : OTHER INCOME**

Dividend Income	207,000	207,000
Interest	599,127	907,344
Miscellaneous Income	986,790	50,400
Rent Income	480,000	2,272,917
<b>Total</b>	<b>2,272,917</b>	<b>1,394,108</b>

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

Particulars	As at 31/03/2012 Amount(Rs)		As at 31/03/2011 Amount(Rs)	
<b>NOTE - 19 : COST OF MATERIALS CONSUMED</b>				
Raw Materials and components consumed	224,711,993		211,209,216	
Stores, Spares & Tools consumed	6,221,093	230,933,086	4,809,086	216,018,302
<b>Total</b>		<b>230,933,086</b>		<b>216,018,302</b>

**NOTE - 20 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS**

Opening Stocks:				
Finished Goods	13,864,427		7,340,584	
Work-in-Progress	1,203,948	15,068,375	1,019,728	8,360,312
Less : Closing Stocks :				
Finished Goods	6,404,189		13,864,426	
Work-in-Progress	957,030	7,361,219	1,203,949	15,068,375
Variation		7,707,155		6,708,063
<b>Increase/(Decrease) in Excise Duty on closing stock</b>		—		(506,916)
<b>Total</b>		<b>7,707,155</b>		<b>(6,201,147)</b>

**NOTE - 21 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

Salaries, Wages & Bonus	29,098,365		24,352,118	
Contribution to provident & other funds	1,971,067		1,817,231	
Staff Welfare Expenses	103,412	31,172,844	168,472	26,337,821
<b>Total</b>		<b>31,172,844</b>		<b>26,337,821</b>

**NOTE - 22 : FINANCE COST**

Interest on Working Capital Loans from banks	9,044,734		6,355,092	
Interest on Term Loan	3,655,717		2,510,767	
Bank charges & Bill Discounting charges	3,572,622		—	
Interest Others	2,420,764	18,693,837	5,345,691	14,211,550
<b>Total</b>		<b>18,693,837</b>		<b>14,211,550</b>

**ANNUAL REPORT 2011-2012 .....**

Particulars	As at 31/03/2012 Amount(Rs)	As at 31/03/2011 Amount(Rs)
<b>NOTE - 23 : MANUFACTURING AND OTHER EXPENSES</b>		
Store Consumption	—	—
Laboratory Chemicals	547,150	387,927
Electricity Charges	12,046,960	12,256,971
Fuel Consumption	10,108,095	9,702,548
Freight Inward	3,760,085	3,343,648
Office Rent	360,000	433,400
Rates & Taxes	35,147	10,613
Repairs & Maintenance :		
Machinery	1,280,853	1,239,320
Building	325,697	137,045
Computer	238,445	118,900
Others	249,608	9,885
Insurance	105,891	219,709
Loading & Unloading Charges	11,571,797	5,552,738
Traveling & Conveyance	2,290,982	1,925,259
Vehicle expenses	107,770	114,852
Printing & Stationery expenses	721,784	789,160
Excise Duty and Service tax	410,386	724,448
General Charges	4,555,356	5,053,386
Advertisement	72,405	99,210
Bad Debts Written Off	—	2,463,539
<b>Total</b>	<b>48,788,411</b>	<b>44,582,558</b>

**NOTE - 24 : SELLING AND DISTRIBUTION EXPENSES**

Packing & Freight	18,468,059	17,414,281
Commission on sales	6,452,464	5,245,040
Advertisement and Sales promotion	2,430,006	1,168,561
Breakages & Damages	545,340	261,642
Travelling Expenses	4,584,372	3,766,152
Rate Difference and Discounts	22,485,399	2,785,281
Depot Expenses	159,688	11,500
<b>Total</b>	<b>55,125,328</b>	<b>30,652,457</b>

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**NOTE - 25 : SIGNIFICANT ACCOUNTING POLICIES**

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**I. NOTES FORMING PART OF ACCOUNTS**

**a) Basic of Accountings:**

The financial statements are prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention on accrual basis of accounting and comply with 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 Depreciations:**

- 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 Cenvat 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 recognized upto delivery of products and are recorded inclusive of 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:**

The company has covered its gratuity liability 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 profits 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.



## NOTE 26 :

## II. NOTES FORMING PART OF ACCOUNTS:

## 1) Contingent Liability not provided for:

	<b>As At 31-03-2012 Rupees</b>	<b>As At 31-03-2011 Rupees</b>
(a) In respect of counter guarantee given by the bank	23,48,337	29,36,457
(b) In respect of disputed demand for Sales Tax for Financial years 2004 – 05 to 2006 – 07	13,841,143	13,841,143
(c) In respect of Bill Discounted with the banks	—	7,526,000

2) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 933272/- (Previous Year Rs. 14,28,180/-)

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) The company has covered its gratuity liability with Life Insurance Corporation of India under Employee Group Gratuity Scheme. However company has neither paid necessary premium for the year under review nor it has made necessary provision against the same.

5) 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) and (4) above have 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.

6) No provision has been made for doubtful debt of Rs. Nil (P.Y.Rs.3,65,304/-) 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 &amp; Loss Account Includes:

Sr. No.	Particulars	<b>2011-12 Rupees</b>	2010-2011 Rupees
<b>(i)</b>	<b>Remuneration of auditor</b>		
	Audit fees	3,37,080	3,28,540
	For certification work	27,902	27,902
	Tax audit fees	55,150	55,150
	<b>Total</b>	<b>4,20,132</b>	<b>4,11,592</b>
<b>(ii)</b>	<b>Remuneration to Managing Director</b>		
	Salary	30,00,000	30,00,000
	Contribution to Provident Fund	1,72,800	1,72,800
	Perquisites	51,643	66,833
	<b>Total</b>	<b>32,24,443</b>	<b>32,39,633</b>

8) 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

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

Act. Since the relevant information is not properly available, no disclosures have been made in the accounts.

- 9) 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.
- 10) The component of deferred tax liabilities/assets provided as on 31<sup>st</sup> March, 2012 is as under:

Sr. No.	Particulars	As at 31-03-2012 Rupees	As at 31-03-2011 Rupees
A.	<b>Deferred Tax Liabilities:</b> On account of timing difference in depreciable assets.	59,02,386	65,14,985
	On account of disallowances of Certain expenses		
B.	<b>Deferred Tax Assets:</b> Expenses allowable against taxable income in future year	—	1,08,150
	<b>Net Deferred Tax liability</b>	<b>59,02,386</b>	<b>64,06,835</b>

- 11) 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 31/03/2012 and therefore no effect of impairment is required to be given in the books of accounts.
- 12) Preferential Issue to Promoters on Preferential Basis:  
During the year company has issued 71,000 equity shares each of Rs. 10/- at a premium of Rs. 26/- per share on preferential basic to promoters under section 81(1A) as per special resolution passed in the meeting of the Members of the Company held on 14th March, 2012. (Previous year 68000 shares)
- 13) Unsecured Loans:  
Unsecured loan from banks includes a sum of Rs.80,53,331/- (Previous year Rs. 1,07,81,124/-) 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.
- 14) 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	
	11-12	10-11	11-12	10-11	11-12	10-11
(i) Transfusion Solution in Bottles (Nos.)	N.A.	N.A.	21840000	21840000	21669371	21102173
(ii) Plastic Bottles(Nos.)	N.A.	N.A.	18720000	18720000	12584592	14047533

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



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

Particulars	Unit	2011-12		2010-2011	
		Qty	Rupees	Qty	Rupees
<b>Opening Stock:</b>					
Solution in Bottles	Nos.	17,83,181	1,38,64,427	9,85,255	73,40,583
<b>Total</b>		<b>17,83,181</b>	<b>1,38,64,427</b>	<b>9,85,255</b>	<b>73,40,583</b>
<b>Closing Stock:</b>					
Solution in Bottles	Nos.	6,81,088	64,04,189	17,83,181	1,38,64,427
<b>Total</b>		<b>6,81,088</b>	<b>64,04,189</b>	<b>17,83,181</b>	<b>1,38,64,427</b>

**c) Raw Material Consumed:**

Particulars	Unit	2011-12		2010-2011	
		Qty	Rupees	Qty	Rupees
Dextrose Anhydrous	Kgs	3,09,150	1,70,12,525	4,46,822	2,09,25,957
Glass/Plastic Bottles	Nos.	1,78,83,175	7,40,98,154	1,76,59,569	6,02,83,894
Rubber Stopper/Seal	Nos.	1,80,52,231	1,51,84,188	3,27,38,685	2,84,04,733
Lactic Acid	Kgs	8,610	17,22,000	8,420	9,25,675
Plastic Granules	Kgs	2,73,037	2,77,32,368	3,40,125	32,78,131
Others			8,89,62,758		9,73,90,826
<b>Total</b>			<b>22,47,11,993</b>		<b>21,12,09,216</b>

**d) Value of Raw Materials, Store & Spares Consumed:**

	Particulars	2011-12		2010-2011	
		Rupees	% of Total	Rupees	% of Total
(i)	Raw Material Imported	—	—	—	—
	Indigenous	22,47,11,993	100.00	21,12,09,216	100.00
	<b>Total</b>	<b>22,47,11,993</b>	<b>100.00</b>	<b>21,12,09,216</b>	<b>100.00</b>
(ii)	Stores & Spares Imported	—	—	—	—
	Indigenous	62,21,093	100.00	48,09,086	100.00
	<b>Total</b>	<b>62,21,093</b>	<b>100.00</b>	<b>48,09,086</b>	<b>100.00</b>

15) C.I.F.Value of Imports in respect of Goods: Rs.NIL (Previous Year Rs.Nil/-)

16) Foreign exchange out go on account of Remittance of Dividend of Rs. 5, 68,176/- (Previous year Rs. 5, 68,176/-) to M/s.Vaessen Schoemaker Holdings B.V. Holland on 4, 05,840 shares.

**DENIS CHEM LAB LIMITED****16) RELATED PARTY DISCLOSURES:-**

## a) Name of the Related Parties:-

- i) Associate Company : Denis Finance Limited  
Sintex International Ltd.
- 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  
Dr. Gaurang Dalai  
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	—	—	3,60,000 (3,60,000)
Sitting Fees	—	—	30,000 (30,000)
Purchases	54,07,857 (89,47,287)	42,05,148 (36,10,676)	—
Sales	—	—	—
Remuneration	—	32,24,443 (32,39,633)	—
Balance Receivable/Payable as at Balance Sheet Date	—	26,614 (4,32,887)	—

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.

Signature to Notes 1 to 26

As per our attached report of even date

For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants

**Nimish B. Shah**  
Partner  
Membership No.: 30102  
Place : Ahmedabad.  
Date : 25<sup>th</sup> July, 2012

**Mr. Dinesh B. Patel**  
Chairman

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

For and of behalf of the Board  
of Directors

**Mr. Priyavadan C. Randeria**  
**Mr. Chinubhai N. Munshaw**  
**Mrs. Anar H. Patel**  
**Dr. Gurang Dalai**

Place : Ahmedabad.  
Date : 25<sup>th</sup> July, 2012



# DENIS CHEM LAB LIMITED

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

## ATTENDANCE SLIP

DP ID*	
--------	--

Registered Folio No.	
----------------------	--

Client ID*	
------------	--

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I/We hereby record my/our presence at the 31<sup>st</sup> ANNUAL GENERAL MEETING being held on Friday the 14<sup>th</sup> September, 2012 at 10.00 a.m. at the Registered Office at the Company.

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS) :

\_\_\_\_\_

SIGNATURE OF THE SHAREHOLDERS OR PROXY

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

- Note : 1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.
2. No gifts/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 31<sup>st</sup> ANNUAL GENERAL MEETING of the Company to be held on Friday the 14<sup>th</sup> September, 2012 at 10.00 a.m. and/or at any adjournment thereof.

AS WITNESS my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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.

If undelivered please return to

**DENIS CHEM LAB LIMITED**

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

District: Gandhinagar - 382 729