



# ANNUAL REPORT 2012 - 13



**DENIS**  
CHEM LAB LIMITED





## CORPORATE INFORMATION

### Board of Directors :

Mr. Dinesh B. Patel	<i>Chairman</i>
Dr. Himanshu C. Patel	<i>Managing Director</i>
Mr. Priyavadan C. Randeria	<i>Director</i>
Mr. Chinubhai N. Munshaw	<i>Director</i>
Dr. Gaurang K. Dalal	<i>Director</i>
Ms. Anar H. Patel	<i>Director</i>
Mr. Janak G. Nanavaty	<i>Director</i>

### 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  
Bank of India, 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

## CONTENTS

	Page No.
Notice of Annual General Meeting	01
Directors' Report	06
Corporate Governance Report	12
Management Discussion And Analysis	19
Compliance Certificate	20
Auditors' Report	25
Balance Sheet	30
Statement of Profit and Loss	31
Cash Flow Statement	32
Notes Forming part of Financial Statements	33



## NOTICE

**NOTICE** is hereby given that the **32<sup>ND</sup> ANNUAL GENERAL MEETING** of the members of **DENIS CHEM LAB LIMITED** will be held as scheduled below:

Date : 6<sup>th</sup> September, 2013

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 Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as on that date along with Directors' Report thereon.
2. To declare dividend for the year ended on 31<sup>st</sup> March, 2013.
3. To appoint a Director in place of Dr. Gaurang K. Dalal who retires by rotation and, being eligible, offers himself for re appointment.
4. To appoint a Director in place of Mr. Priyavadan C. Randeria, who retires by rotation and, being eligible, offers himself for re appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS:**

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

"RESOLVED THAT Mr. Janak G. Nanavaty be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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. 24.79 Crores (Rupees twenty four crores seventy nine lacs only) lent and advanced/agreed to be lent/advanced to the Company by the Bank together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the Bank under Financial Assistance Agreements entered into/ to be entered into by the Company in respect of the such Financial Assistance."

“RESOLVED FURTHER THAT the Board of 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 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 Bank of India (the Bank) to secure Financial Assistance up to Rs. 12 Crores (Rupees twelve crores 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.”

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

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

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

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

“RESOLVED THAT in super session of all the earlier resolutions passed at the Board Meeting/ General Meeting if any, pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sums of money, from time to time from any one or more of the Company's bankers and/or from any other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise whether



## ANNUAL REPORT 2012-2013.....

unsecured or secured so that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, however that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 100 Crores (Rupees one hundred crores only)."

### Registered Office:

Block No. 457, Village: Chhatral,  
Tal : Kalol (N.G.),  
Dist : Gandhinagar - 382 729  
Date : 26<sup>th</sup> July, 2013

**By Order of the Board,**

**Dinesh B. Patel**  
Chairman

### NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Item Nos. 6 to 10 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 31<sup>st</sup> August, 2013 to Friday, the 6<sup>th</sup> September, 2013 (both days inclusive) for the purpose of deciding the right of entitlement of dividend on Equity Shares for the year 2012 13. The dividend, if declared by the members, will be paid on or after 9<sup>th</sup> September, 2013.
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 10 of the accompanying notice dated 26<sup>th</sup> July, 2013 and should be taken as forming part of the notice.

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

The Board of Directors of the Company in their meeting held on 29<sup>th</sup> October, 2012 appointed Mr. Janak G. Nanavaty as Director of the Company. As per the Articles of Association of the Company and section 260 of the Companies Act, 1956, he will hold the office up to the date of this General Meeting.

As required under the provisions of Section 257 of the Companies Act, 1956, notice has been received from some of the members signifying their intention to propose him as candidate for office of the Director.

Mr. Janak G. Nanavaty is concerned or interested in the said business, since it relates to his appointment as Director of the Company. Except him, none of the Directors are in any way concerned or interested in the said business.

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

Axis Bank Limited (the Bank) has sanctioned Financial Assistance of Rs. 24.79 Crores (Rupees twenty four crores and seventy nine lacs only) to the Company which is to be secured by mortgage/hypothecation/pledge of the Company's entire goods movables and other assets, present and future, including documents title to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future, and are to be further secured by (a) deposit of all title deeds of the existing immovable/movable properties of the Company with intent to create a security in favour of the Bank on such terms and conditions as may be arranged by the Bank.

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

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

Copy of Sanction Letter, Agreement, Deed of Hypothecation, correspondence of the Company with the Bank and copies of the relevant documents are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

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

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

Bank of India (the Bank) has sanctioned Financial Assistance of Rs. 12 Crores (Rupees twelve crores only) to the Company which is 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.



## **ANNUAL REPORT 2012-2013.....**

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

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

Copy of Sanction Letter, Agreement, Deed of Hypothecation, correspondence of the Company with the Bank and copies of the relevant documents are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

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

### **In respect of Item No. 9:**

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

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

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

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

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

### **In respect of Item No. 10:**

The proposed increase in the borrowing power of the Board is required in view of certain borrowing proposed to be made by the Company from Financial Institution/Banks/other lender. The Board of Directors feel that the limit be raised to Rs. 100 crores. The Resolution at item No.10 is of an enabling nature and would authorise the Directors to borrow from time to time sums not exceeding Rs. 100 crores. The Resolution would be in the super session of the earlier resolution passed at the Board of Directors meeting of the Company, if any.

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

### **Registered Office:**

Block No. 457, Village: Chhatral,  
Tal : Kalol (N.G.),  
Dist : Gandhinagar - 382 729  
Date : 26<sup>th</sup> July, 2013

**By Order of the Board,**

**Dinesh B. Patel**  
Chairman

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors have pleasure in presenting the THIRTY-SECOND ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2012-13 ended 31<sup>st</sup> March, 2013.

**1. FINANCIAL RESULTS:**

(Rs. In Lacs)

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Operating Profit (Before Interest & Depreciation)	<b>595.93</b>	446.84
Less : Interest	<b>212.52</b>	186.94
Profit before Depreciation	<b>383.41</b>	259.90
Less : Depreciation	<b>129.48</b>	136.90
Profit before Tax	<b>253.93</b>	123.00
Less : Provision for Tax	<b>95.00</b>	49.00
Less/(Add) : Deferred Tax Liability/ (Assets)	<b>(0.30)</b>	(5.04)
(Add) : Excess provision of tax relating to earlier years	<b>(9.15)</b>	—
Profit after Tax	<b>168.38</b>	79.04
Balance brought forward from previous year	<b>237.62</b>	195.21
Surplus available for appropriation	<b>406.00</b>	274.25
<b>Appropriations:</b>		
Proposed Dividend	<b>30.14</b>	22.91
Corporate Dividend Tax	<b>5.12</b>	3.72
Transfer to General Reserve	<b>13.00</b>	10.00
Balance carried to Balance Sheet	<b>357.74</b>	237.62
<b>Total</b>	<b>406.00</b>	<b>274.25</b>

**2. DIVIDEND:**

The operating profit for the year ended on 31<sup>st</sup> March, 2013 is Rs. 595.93 Lacs as compared to Rs. 446.84 Lacs for the year 2011-12. The net profit before tax for the year 2012-13 is Rs. 253.93 Lacs as compared to profit of Rs. 123.00 Lacs for the year 2011-12. The net profit after tax for the year 2012-13 is Rs. 168.38 Lacs as compared to Rs. 79.04 Lacs for the year 2011-12. The surplus available for appropriation stands at Rs. 406.00 Lacs.

In view of this, your Directors are pleased to recommend a dividend of Rs. 2.00 per Equity Share of Rs. 10/- each (Rs. 1.60 per Equity Share for previous year) for the year 2012-13 subject to statutory approvals as may be required. The total dividend to be distributed will be thus Rs. 30.14 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 26% for the year 2012-13 as compared to 2011-12. 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 manufacturing license renewal which was satisfactorily completed. The Company's manufacturing license is valid till





## ANNUAL REPORT 2012-2013.....

December 2017. During 2012-13, 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 Management has envisaged an increased demand for various I. V. fluids in India for the future considering the development of health related instrument and steady population increase.

The Company is proposing to expand its existing facilities of manufacturing Intravenous Fluids. It has identified a new process of manufacturing plastic bottles. The Bottles will be manufactured through single stage Stretch Blow moulding technology as compared to technologies used at present i.e. Blow Fill Seal (BFS) and Form Fill and Seal (FFS).

This product has a distinct advantage over the existing FFS technology. It is more compact, more transparent and the fluids can be sterilized up to 121 Degree centigrade, which is recommended by EMEA also. It has a stopper attached to it, so there are less leakages and superior quality as compared to FFS. Hence, the Company is proposing for raising of resources by way of project term loan as well as from promoter and existing shareholders' contribution by way of proceeds of the Rights Issue aggregating up to Rs. 34.50 Crores.

The Company plans to increase its mfg. capacity for plastic bottles during 2013-14 & steps are being taken for implementation of the same. The Company plans to register its products in various countries for increasing its exports.

### 5. RIGHTS ISSUE OF EQUITY SHARES:

In view of the projects envisaged as shown in paragraph 4 above, the Directors have felt it prudent to raise funds to part finance the project through Rights Issue up to an amount not exceeding Rs. 12.00 Crores (approximately) inclusive of premium, if any, on the terms and conditions like entitlement ratio, quantum of shares, offer price etc. as may be determined in consultation with the Lead Manager / Advisor to the Rights Issue and such other authorities and agencies as may be required to be consulted by the Company.

### 6. DIRECTORS:

**6.1** Two of your Directors viz. Dr. Gaurang K. Dalal and Mr. Priyavadan C. Randeria retire by rotation in terms of the Articles of Association of the Company. They, however, being eligible offers themselves for reappointment.

**6.2** The Board of Directors in their meeting held on 29<sup>th</sup> October, 2012 had appointed Mr. Janak G. Nanavaty as Directors of the Company.

### 7. 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, 2013 being end of the Financial Year 2012-13 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.

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

The Company, after obtaining necessary approvals, have allotted 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. These shares have been listed at Ahmedabad Stock Exchange Limited.

**9. AUDIT COMMITTEE:**

The Board of Directors have constituted Audit Committee consisting of the following:

1. Mr. Chinubhai N. Munshaw Chairman
2. Dr. Gaurang K. Dalal Member
3. Mr. Dinesh B. Patel Member

**10. REMUNERATION COMMITTEE:**

The Board of Directors have constituted Remuneration Committee consisting of the following:

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

**11. SHAREHOLDERS' GRIEVANCE COMMITTEE:**

The Board of Directors have constituted Shareholders' Grievance Committee consisting of the following:

1. Dr. Himanshu C. Patel Chairman
2. Ms. Anar H. Patel Member

**12. 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 2013-14.

**13. 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.

**14. 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.

**15. 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.

**16. FIXED DEPOSITS:**

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

**17. 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.



**18. LISTING:**

The Equity Shares of the Company are listed on Ahmedabad Stock Exchange Limited and the Company has paid Annual Listing Fees up to the year 2013-14.

**19. CORPORATE GOVERNANCE:**

The Board of Directors have voluntarily prepared Report on Corporate Governance which is annexed to this report.

**20. 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.

**21. FINANCE:**

21.1 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.

21.2 The Company is enjoying Working Capital facilities, Corporate Loan and Term Loan from Axis Bank Limited and Bank of India. The Company is regular in payment of interest and principal.

**22. 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.

**23. 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.

**24. 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, Financial Institutions, Government Agencies and employees of the Company.

For and on behalf of the Board,

Place : Ahmedabad  
Date : 26<sup>th</sup> July, 2013

**Dinesh B. Patel**  
Chairman

## ANNEXURE I

## FORM A

## Disclosure of particulars with respect to Conservation of Energy

	Particulars		2012-13	2011-12
<b>(A)</b>	<b>Power And Fuel Consumption:</b>			
	1. Electricity			
	(a) Purchased Units (KWH)		<b>2404732</b>	2033586
	Total Amount (Rs. in lacs)		<b>167.65</b>	120.40
	Rate (unit)		<b>6.97</b>	5.92
	(b) Own generation Through Diesel Generator		<b>26644</b>	17400
	Total Litres		<b>6400</b>	4200
	Unit per Litre of Diesel Oil		<b>4.16</b>	4.14
	Cost/Unit (Rs.)		<b>11.11</b>	10.05
	2. Coal/Lignite (Kgs)		—	—
	Total Amount (Rupees)		—	—
	Average Rate (In Rs. Per Litre)		—	—
	3. Bio Fuel (Kgs.)		<b>2537535</b>	2525990
	Total Amount (Rs. In lacs)		<b>114.44</b>	107.44
	Average Rate (In Rs. Per Kgs.)		<b>4.51</b>	4.25
<b>(B)</b>	<b>Consumption per unit of Production:</b>			
	Particulars	Standard Unit	2012-13	2011-12
	(i) Electricity (in Units) I. V. Solution	Bottle	<b>0.06</b>	0.06
	(ii) Diesel Oil (in Litres) I. V. Solution	Bottle	<b>0.0001</b>	0.0001
	(iii) Lignite/Coal I. V. Solution	Bottle	—	—
	(iv) Bio Fuel I. V. Solution	Bottle	<b>0.06</b>	0.07

**(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**

<b>Particulars</b>	<b>2012-13</b>	<b>2011-2012</b>
Total Foreign Exchange used	—	—
Total Foreign exchange earnings.	<b>US \$ 1,47,616</b>	US \$ 48,882

For and on behalf of the Board,

Place : Ahmedabad  
Date : 26<sup>th</sup> July, 2013

**Dinesh B. Patel**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-à-vis the Stock Exchange Listing Agreement is presented below.

### 2. BOARD OF DIRECTORS:

#### a) Composition and Category of Directors as on the date of report:

Name of Directors	Category of Directorship	No. of other Director ships@	Committee Member/ Chairmanship in other Companies	No. of Board Meetings attended	Attendance at AGM held on 14-09-2012 Yes(Y)/No(N)
Mr. Dinesh B. Patel	Non-Executive	1	-	8	Y
Dr. Himanshu C. Patel	Executive	2	-	8	Y
Mr. Priyavadan C. Randeria	Non-Executive Independent	-	-	5	N
Mr. Chinubhai N. Munshaw	Non-Executive Independent	-	-	8	N
Dr. Gaurang K. Dalal	Non-Executive Independent	1	-	8	N
Ms. Anar H. Patel	Non-Executive	-	-	8	Y
Mr. Janak G. Nanavaty	Non-Executive Independent	2	Santaram Spinners Limited	3*	N

@ Private Companies Excluded

\* Part of the year

**(b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:**

Name of Directors	Mr. Janak G. Nanavaty	Dr. Gaurang K. Dalal	Mr. Priyavadan C. Randeria
Date of Birth	14-05-1955	18-05-1952	02-03-1926
Date of Appointment	29-10-2012	01-11-2007	22-03-1983
Expertise in specific functional areas	Industry Management	Medical	Economics
List of Public Limited Companies in which Directorships held	Sataram Spinners Limited Mihikita Infrastructure Limited	Sayaji Industries Limited	-
Chairman/Member of the Committees of the Board of Directors of the Company	-	Audit Committee Remuneration Committee	Remuneration Committee
Chairman/Member of the Committees of Directors of other Companies	Santaram Spinners Limited	-	-

**c) Board Procedures:**

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors were held on 28-04-2012; 25-07-2012; 24-09-2012; 28-09-2012; 29-10-2012; 02-11-2012; 31-01-2013 & 27-02-2013.

**3. AUDIT COMMITTEE:**

The Audit Committee consists of the following Directors as on date of the Report:

<b>Name of the Directors</b>	<b>Expertise</b>	<b>Functions of the Committee</b>	<b>Attendance</b>
Mr. Chinubhai N. Munshaw Dr. Gaurang K. Dalal Mr. Dinesh B. Patel	All members are Non executive. Chairman is Independent Director and majority are independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	Majority of members were present at the meeting held on 16-05-2013.

**4. REMUNERATION COMMITTEE:**

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Managing Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.

The Committee comprises the following Directors as members:

1. Mr. Priyavadan C. Randeria - Non executive Independent  
(Chairman of the Committee)
2. Dr. Gaurang K. Dalal - Non executive Independent
3. Mr. Chinubhai C. Munshaw - Non executive Independent

All the members attended the meetings held on 30-01-2012.

Details of remuneration paid:

1. Dr. Himanshu C. Patel, Managing Director was paid Rs. 32,31,318/- as managerial remuneration during the financial year 2012-13.
2. The Directors were paid total Rs.20,000/- as Sitting Fees during the financial year 2012-13.
3. No Commission or Stock Option has been offered to the Directors.

**5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:**

The Board has constitutes a Shareholders'/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non receipt of Balance Sheet etc.

Dr. Himanshu C. Patel and Ms. Anar H. Patel, Directors are the Members of the Committee.

The Company has not received any complaints during the year. There was no valid request for transfer of shares pending as on 31<sup>st</sup> March, 2013.

Dr. Himanshu C. Patel, Managing Director is the Compliance Officer for the above purpose.





## ANNUAL REPORT 2012-2013.....

### 6. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2009-10	20-09-2010	10.00 a.m.	Block No. 457, Village: Chhatral, Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729
2010-11	09-09-2011	10.00 a.m.	As above
2011-12	14-09-2012	10.00 a.m.	As above

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot. The Company has passed four Special Resolutions in last 3 years.

### 7. DISCLOSURES:

- The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- There has neither been any non compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.

### 8. MEANS OF COMMUNICATIONS:

In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati).

Results are not displayed on Website and are not sent individually to the Shareholders.

During the year ended on 31<sup>st</sup> March, 2013, no presentations were made to Institutional Investors or analyst or any other enterprise.

Management Discussion and Analysis form part of the Annual Report.

### 9. SHAREHOLDERS' INFORMATION:

- |                          |  |  |
|--------------------------|--|--|
| A Registered Office      | Block No. 457, Village: Chhatral, Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729 |  |
| B Annual General Meeting | Day  | Friday   |
|                          | Date   | 6 <sup>th</sup> September, 2013  |
|                          | Time   | 10.00 a.m.   |
|                          | Venue  | Block No. 457, Village: Chhatral, Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729 |
| C Financial Calendar     | 1st Quarter Results  | Mid - August, 2013.  |
|                          | Half yearly Results  | Mid - November, 2013.  |
|                          | 3rd Quarter Results  | Mid - February, 2014.  |
|                          | Audited yearly Results   | End May, 2014.   |
| D Book Closure Dates     | <b>From</b>  | <b>To</b>  |
|                          | Saturday, the 31 <sup>st</sup> August, 2013                                      | Friday, the 6 <sup>th</sup> September, 2013 (both days inclusive).               |
| E Dividend Payment Date  | On or after 9 <sup>th</sup> September, 2013.                                     |  |

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

- f Listing of Shares on Stock Exchanges **Ahmedabad Stock Exchange Limited,**  
Kamdhenu Complex, 1st Floor, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad 380015.
- g Stock Exchange Code **Stock Exchange Code**  
**ASE 13710**
- h Registrar and Share Transfer Agents. In terms of SEBI Circular No. D&CC/FITTC/CIR 15/2003 dated 27<sup>th</sup> December, 2002 read with Circular No. D&CC/FITTC/CIR 18/2003 dated 12<sup>th</sup> February, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:  
  
M/s. Sharepro Services (India) Private Limited,  
13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Mumbai -400 072  
Tel no : (22) 67720300/400 Fax : (22) 28591568  
Email Address : sharepro@shareproservices.com
- i Share Transfer System: The transfer of shares in physical form is processed and completed by M/s. Sharepro Services (India) Private Limited within a period of 15 days from the date of receipt thereof. In case of Shares in electronic form, the transfers are processed by NSDL/ CDSL through the respective Depository Participants.
- j Stock Price Data: The shares of the Company are Listed on Ahmedabad Stock Exchange Limited only and the trading of Securities are suspended hence, information on stock price data are not available
- k Distribution of Shareholding as on 31<sup>st</sup> March, 2013:

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares held	% of Shareholding
Up to 500	1191	84.65	149857	9.94
501 to 1000	158	11.23	112959	7.50
1001 to 2000	37	2.63	49760	3.30
2001 to 3000	6	0.43	14890	0.99
3001 to 4000	1	0.07	3800	0.25
4001 to 5000	2	0.14	9910	0.66
5001 to 10000	1	0.07	8940	0.59
10001 to 20000	2	0.14	32889	2.18
20000 and above	9	0.64	1123961	74.58
Grand Total	1407	100.00	1506966	100.00



## ANNUAL REPORT 2012-2013.....

l Category of Shareholders as on 31<sup>st</sup> March, 2013:

Category	No. of Shares held	% of Shareholding
Promoters (Directors & Relatives)	746175	49.52
Financial Institutions/ Banks	-	-
Mutual Fund	-	-
Bodies Corporate	5445	0.36
Public	349006	23.16
NRIs, Trust CM & CH	406340	26.96
Grand Total	1506966	100.00

- m Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity: The Company has not issued any GDRs/ADRs.
- n Dematerialisation of Shares. : The Company has entered into Agreement with NSDL/CDSL for Dematerialisation of Shares. As on 31<sup>st</sup> March, 2013, a total of 8,69,533 Shares of the Company which form 58 % of the Share Capital of the Company stands dematerialised.

### 10. PLANT LOCATION:

The Company's plant is located at Block No. 457, Village: Chhatral, Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729.

### 11. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form:

M/s. Sharepro Services (India) Private Limited,  
13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Mumbai -400 072  
Tel no : (22) 67720300/400 Fax : (22) 28591568 Email Address : sharepro@shareproservices.com

For any assistance regarding correspondence dematerialisation of shares, share transfers, transactions, change of address, non receipt of dividend or any other query, relating to shares:

M/s. Sharepro Services (India) Private Limited,  
13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Mumbai -400 072  
Tel no : (22) 67720300/400 Fax : (22) 28591568 Email Address : sharepro@shareproservices.com

Compliance Officer : Dr. Himanshu C. Patel

For and on behalf of the Board,

Place : Ahmedabad  
Date : 26<sup>th</sup> July, 2013

**Dinesh B. Patel**  
Chairman

**CERTIFICATE**

To  
The Members of Denis Chem Lab Limited.

We have examined the compliance of conditions of Corporate Governance by M/s. Denis Chem Lab Limited, for the year ended on 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Ahmedabad Stock Exchange Limited. We have conducted our review on the basis of relevant records and documents maintained by the Company for the year ended 31<sup>st</sup> March, 2013 and furnished to us for the purpose of the review and the information and explanation given to us by the Company during the course of review.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause- 49 of the above mentioned listing agreements.

As per representation received from the Registrars of the Company, we state that as per records maintained by the Shareholders'/Investors' Grievance Committee, no investor grievance remaining unattended/ pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **Kashyap R. Mehta & Associates**  
**Company Secretaries**

Place : Ahmedabad  
Date : 26<sup>th</sup> July, 2013

**Kashyap R. Mehta**  
**Proprietor**  
**C.O.P. No.: 2052**

**MANAGEMENT DISCUSSION AND ANALYSIS****a. Industry Structure and Developments:**

The Indian pharmaceutical industry currently tops the chart amongst India's science based industries with wide ranging capabilities in the complex field of drug manufacture and technology. The Indian pharmaceutical industry is expected grow at 19% in 2013. Our Company is primarily into the business of manufacturing and marketing of sterile injectables.

**b. Opportunities and Threats:**

Our Competitive Strengths:- Diverse Product Portfolio -Wide sales, marketing and distribution network -Wide range of fill volumes -Experienced management team and well qualified senior executives - Adoption of superior technology for manufacturing sterile injectables -Our contract manufacturing and institutional sales business stabilizes our revenue stream -Targeting new domestic and export markets -Wide range of Sterile Injectable Products.

The prices of our pharmaceutical products are or may be restricted by the price controls imposed by government and healthcare providers in several countries including India. In India, prices of certain pharmaceutical products are determined by the Drug Prices Control Order ("DPCO"), promulgated by the Indian government and administered by the National Pharmaceutical Pricing Authority ("NPPA"). If the price of one or more products are administered or determined by the DPCO/NPPA, it may have a material adverse impact on our profitability in case we are not able to control costs.

**c. Segment wise Performance:**

The Company is operating in single segment. Hence, there is no need of reporting segment wise performance.

**d. Recent Trend and Future Outlook:**

India is now among the top 5 pharmaceutical emerging markets. There will be new drug launches, new drug filings and Phase II clinic trials throughout the year. On back of increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets, the domestic pharmaceutical market is expected to grow at 13-14% in 2013.

**e. Risks and Concerns:**

We operate in a competitive sector. Our institutional customer base includes government, semi-government, hospitals & nursing homes, aided agencies and the defence sector which forms a part of our Company's income. Our Company procures orders from these institutions by tender process. We may face competition during this tender process.

**f. Internal Control Systems and their Adequacy:**

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

**g. Financial Performance with respect to Operational Performance:**

The financial performance of the Company for the year 2012 13 is described in the Directors' Report.

**h. Material Developments in Human Resources and Industrial Relations Front:**

Your Company has undertaken certain employees' development initiatives, which have very positive impact on the morale and team spirit of the employees. The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year.

**i. Cautionary Statement:**

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

For and on behalf of the Board,

Place : Ahmedabad  
Date : 26<sup>th</sup> July, 2013

**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, 2013. 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, 2012, 25<sup>th</sup> July, 2012, 24<sup>th</sup> September, 2012, 28<sup>th</sup> September, 2012, 29<sup>th</sup> October, 2012, 2<sup>nd</sup> November, 2012, 31<sup>st</sup> January, 2013 and 27<sup>th</sup> February, 2013 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 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 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, 2012 was held on 14<sup>th</sup> September, 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.
7. The Company has not held any Extraordinary General Meeting during the financial year.
8. The Company has not advanced loan to its directors and/or persons or firms or companies referred in the Section 295 of the Act.
9. The Company has generally complied with the provisions of Section 297 of the Act except some transactions of purchase for cash at market price in which Director is interested.
10. The Company has generally made necessary entries in the register maintained under Section 301 of the Act.
11. The Company has obtained necessary approval from the Board of Directors for pursuant to Section 314 of the Act relating to appointment of relative of Directors holding office or place of profit.
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.



## ANNUAL REPORT 2012-2013.....

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13. The Company has:
  - a. allotted 75,000 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 14<sup>th</sup> September, 2012 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 2004-05 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 one appointment of director and other then that no additional director or director to fill casual vacancy during the financial year were appointed.
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. 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 75,000 Equity Shares of Rs.10/- each at a premium of Rs. 29/- 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, financial institutions, banks and/or others during the financial year ending 31<sup>st</sup> March, 2013 are within the borrowing limits prescribed under section 293(1)(d) of the Act.
25. During the year under report, the Company has invested in debentures / units within stipulated limit and has not made any loans 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**  
COP No.: 2052  
FCS No.: 1821

Place : Ahmedabad  
Date : 26<sup>th</sup> July, 2013

**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, 2013.

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

<b>Sr. No.</b>	<b>Form No.</b>	<b>Under section</b>	<b>Purpose</b>	<b>Date of filing</b>	<b>Whether filed within time?</b>
1.	25C	269(2)	Re-appointment of Managing Director	02-04-2012	Yes
2.	8	125	Registration of Creation of Charge	05-04-2012	Yes
3.	8	125	Registration of Creation of Charge	26-04-2012	Yes
4.	23C	233B(2)	Application to Central Government for appointment of cost auditor	09-05-2012	Yes
5.	8	135	Registration of Modification of Charge	14-05-2012	Yes
6.	62	Rule 4A of Companies (Acceptance of Deposit) Rules, 1957	Statement in Lieu of Advertisement for the Financial Year 2012-13	30-07-2012	Yes
7.	5 INV	Rule 3 of the Investor Education and Protection Fund (Companies) Rules, 2012	Statement of unclaimed and unpaid amounts	24-08-2012	Yes
8.	23	269	Appointment of Managing Director	14-09-2012	Yes
9.	66	383A	Company Law Compliance Certificate for the year ended on 31 <sup>st</sup> March, 2012.	14-09-2012	Yes
10.	20B	159	Annual Return made up to 14 <sup>th</sup> September, 2012	24-09-2012	Yes

## DENIS CHEM LAB LIMITED .....

Sr. No.	Form No.	Under section	Purpose	Date of filing	Whether filed within time?
11.	2	75(1)	Return of Allotment of 75,000 Equity shares of Rs. 10/- each	24-09-2012	Yes
12.	8	135	Registration of Modification of Charge	01-10-2012	Yes
13.	8	125	Registration of Creation of Charge	15-10-2012	Yes
14.	8	135	Registration of Modification of Charge	23-10-2012	Yes
15.	32	303	Appointment of Director	29-10-2012	Yes
16.	1 (INV)	205	Transfer of unpaid Dividend for the year 2004-05 to IEPF	05-11-2012	Yes
17.	5 INV	Rule 3 of the Investor Education and Protection Fund (Companies) Rules, 2012	Statement of unclaimed and unpaid amounts	20-11-2012	Yes
18.	23AC + 23ACA	220	Balance Sheet as on 31 <sup>st</sup> March, 2012 with all annexure and attachments	04-12-2012	Yes
19.	8	135	Registration of Modification of Charge	29-12-2012	Yes
20.	I-XBRL	233B(4)	Cost Audit Report 2011-12	31-12-2012	Yes

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

**KASHYAP R. MEHTA**  
Proprietor

Place : Ahmedabad  
Date : 26<sup>th</sup> July, 2013

COP No.: 2052  
FCS No.: 1821



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**DENIS CHEM LAB LIMITED**

### Report on the Financial Statements:

We have audited the accompanying Financial Statements of **DENIS CHEM LAB LIMITED** ("the Company"), which comprise Balance Sheet as at 31<sup>st</sup> March, 2013, Statement of Profit & Loss and Cash Flow Statement for the year then ended and summary of Significant Accounting Policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("The Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standard on auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion:

1. As stated in Note 26 (c), no provision has been made in the books of accounts for leave encashment. The pending liability as at the end of the year towards leave encashment is not ascertained. This constitutes a departure from the Accounting Standards referred to in Sub-section 3(c) of Section 211 of the Act. The company's records indicate that it is providing for leave encashment on cash basis. Therefore, profit for the year and surplus in the Statement of Profit & Loss have been overstated by the amount of provision not made towards leave encashment.
2. As stated in Note 26 (d), the company has covered its gratuity liability with Life Insurance Corporation of India under Employee Group Gratuity Scheme. However, the company has not paid necessary premium for the same to cover the liability outstanding at the end of the year for a sum of Rs. 46.60 lacs. This also constitutes a departure from the Accounting Standards referred to in Sub-section

**DENIS CHEM LAB LIMITED .....** \_\_\_\_\_

3(c) of Section 211 of the Act. Therefore, profit for the year and surplus in the Statement of Profit & Loss have been overstated by the said amount.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, except the facts of the matter described in the Basis for Qualified Opinion paragraph, the Financial Statements read with Accounting Policies and Notes thereon give, the information required by the Act, in the manner so required and give, a true and fair view in conformity with the accounting principles generally accepted in India;

- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- ii) in the case of the Statement of Profit & Loss, of the Profit for the year ended on 31<sup>st</sup> March, 2013; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on 31<sup>st</sup> March, 2013.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. As required by section 227(3) of the Act, we report that :
  - (i) 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;
  - (ii) 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
  - (iii) 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.
  - (iv) 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 the basis for qualified opinion above.
  - (v) We report that none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies 1956.

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

**NIMISH B. SHAH**  
*Partner*

Place : Ahmedabad.  
Date : 16<sup>th</sup> May, 2013

Membership Number: 30102



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 under the heading 'Report on other, Legal and Regulatory Requirements' of our Report of even date to the members of **DENIS CHEM LAB LIMITED**)

1. In respect of its fixed assets:
  - a) The company is in the process of compiling and preparing records showing full particulars, including quantitative details and situation of fixed assets.
  - b) 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.
  - c) In our opinion, and according to the information and explanations given to us, the company did not dispose off its substantial part of fixed assets during the year.
2. In respect of its inventories
  - a) As per explanation provided to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
  - b) 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.
  - c) The company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
  - a) According to the information and explanations given to us, the company has not granted any loans to parties covered under section 301 of the Companies Act, 1956.
  - b) The company has taken interest free unsecured loans from two directors. The maximum amount involved during the year is Rs. 1,50,00,000/- and the year-end balance of loans taken from such parties is Rs. 1,50,00,000/-.
  - c) The other terms and conditions of the loans taken by the company are prima facie not prejudicial to the interest of the company.
  - d) No stipulations have been made for repayment of these loans.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5.
  - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) 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 prevailing market prices 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.

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

6. The company has not accepted any deposits from public; hence the compliance of the provisions of Sec. 58A and 58AAA does not arise.
7. During the year, the company has an internal audit system commensurate with the size and nature of business of its company.
8. We have broadly reviewed the cost records maintained by the company and are of the opinion that *prima facie*, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete
9. According to the information and explanations given to us in respect of statutory and other dues:
  - a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, and other material statutory dues applicable to it.
  - b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable.
  - c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

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/-
Income Tax	Commissioner of Income Tax, (Appeals)	2009-10	3,55,690/-

10. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. The company has not borrowed any amount by way of issue of debentures, from any financial institutions or banks.
12. 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 provisions of special statute applicable to chit fund, Nidhi/Mutual Benefit Fund/Societies are not applicable to the company.



**ANNUAL REPORT 2012-2013.....**

14. The company is not dealing or trading in shares, securities, debentures and other investments accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, are not applicable to the company.
15. According to information and explanations given to us, the company has not given guarantee for loans taken by others from 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. Funds raised on short term basis have not been applied for long-term investment.
18. During the year, the company has made preferential allotment of shares to a party covered in the Register maintained u/s. 301 of the Companies Act, 1956. The issue, allotment and pricing of the shares have been made in accordance with the guidelines laid down in this regard by SEBI and hence, the price at which the shares have been issues is not prima facie prejudicial to the interest of the company.
19. The company has not issued any debentures.
20. The company has not raised money by any public issues.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

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

Place : Ahmedabad.  
Date : 16<sup>th</sup> May, 2013

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

**BALANCE SHEET AS AT MARCH 31, 2013**

PARTICULARS	Note No.	As at 31/03/13		As at
		Amount Rs.	Amount Rs.	31/03/12 Amount Rs.
<b>EQUITY AND LIABILITIES:</b>				
<b>Shareholders' Funds:</b>				
Share Capital	1	15,069,660		14,319,660
Reserves and Surplus	2	<u>67,011,359</u>		<u>51,524,704</u>
			<b>82,081,019</b>	65,844,364
<b>Non-current Liabilities:</b>				
Long-term borrowings	3	45,069,400		23,116,978
Deferred tax liabilities (Net)	4	<u>5,871,945</u>		<u>5,902,386</u>
			<b>50,941,345</b>	29,019,364
<b>Current Liabilities</b>				
Short-term borrowings	5	98,348,528		62,645,541
Trade payables	6	50,727,893		35,516,244
Other current liabilities	7	53,779,570		59,019,207
Short-term provisions	8	<u>11,074,826</u>		<u>8,327,664</u>
			<b>213,930,817</b>	165,508,656
<b>TOTAL</b>			<b><u>346,953,181</u></b>	<b><u>260,372,384</u></b>
<b>ASSETS :</b>				
<b>Non-Current Assets</b>				
<b>Fixed Assets</b>				
Tangible assets	9	95,033,393		94,188,296
Capital Work-in-Progress		<u>350,133</u>		-
			<b>95,383,526</b>	94,188,296
Non - Current Investments	10	3,011,096		2,137,500
Long-term loans and advances	11	8,616,473		4,027,886
<b>Current Assets</b>				
Inventories	12	33,216,188		24,564,809
Trade Receivables	13	166,579,863		111,734,334
Cash and Bank balances	14	23,791,827		10,786,307
Short-term loans and advances	15	15,579,904		12,764,175
Other current assets	16	<u>774,304</u>		<u>169,077</u>
			<b>239,942,086</b>	160,018,702
<b>TOTAL</b>			<b><u>346,953,181</u></b>	<b><u>260,372,384</u></b>
Summary of Significant Accounting Policies	25			
The accompanying notes forming integral part of the financial statements.	26			
As per our attached report of even date			For and on behalf of the Board of Directors	
For <b>SHAH &amp; SHAH ASSOCIATES</b> Chartered Accountants			<b>Ms. Anar H. Patel</b>	
			<b>Dr. Gaurang K. Dalal</b>	
<b>Nimish B. Shah</b> Partner Membership No.: 30102			<b>Mr. Cinubhai N. Munshaw</b>	
Place : Ahmedabad.			<b>Mr. Priyavadan C. Randeria</b>	
Date : 16 <sup>th</sup> May, 2013			<b>Mr. Janak G. Nanavaty</b>	
			Place : Ahmedabad.	
			Date : 16 <sup>th</sup> May, 2013	





**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Particulars	Note No.	For the year ended 31st March, 2013 Amount Rs.	For the year ended 31st March, 2012 Amount Rs.
<b>INCOME</b>			
Revenue from Operations	17	560,295,593	415,678,177
Other income	18	1,388,576	2,272,917
<b>TOTAL INCOME</b>		<b>561,684,169</b>	<b>417,951,094</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	19	309,234,781	230,473,411
Changes in inventories of finished goods & work-in- progress	20	(2,759,669)	7,707,156
Employee Benefits Expenses	21	37,357,844	31,172,844
Depreciation and amortization expenses	9	12,947,951	13,690,361
Finance Cost	22	21,252,233	18,693,837
Other Expenses			
I) Manufacturing & Other Expenses	23	65,126,769	48,788,411
II) Selling & Distribution Expenses	24	93,131,504	55,125,328
<b>TOTAL EXPENSES</b>		<b>536,291,413</b>	<b>405,651,348</b>
Profit Before Tax		25,392,756	12,299,746
<b>Tax Expenses</b>			
Current Tax		9,500,000	4,900,000
Deferred Tax		(30,440)	(504,449)
Short/(Excess) provision of tax relating to earlier years		(914,609)	—
<b>Profit for the year</b>		<b>16,837,805</b>	<b>7,904,195</b>
<b>Earning per Share (EPS)</b>			
Basic & Diluted		11.17	5.52
Summary of Significant Accounting Policies	25		
The accompanying notes forming integral part of the financial statements.	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 : 16<sup>th</sup> May, 2013

**Mr. Dinesh B. Patel**  
Chairman

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

For and on behalf of the Board  
of Directors

**Ms. Anar H. Patel**  
**Dr. Gaurang K. Dalal**  
**Mr. Cinubhai N. Munshaw**  
**Mr. Priyavadan C. Randeria**  
**Mr. Janak G. Nanavaty**  
Place : Ahmedabad.  
Date : 16<sup>th</sup> May, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

PARTICULARS	For the year ended on 31/03/2013		For the year ended on 31/03/2012	
	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
<b>A. Cash Flow From Operating activities:</b>				
Net Profit before Tax		25,392,756		12,299,746
<b>Adjustments For:</b>				
Depreciation	12947951		13,690,361	
Loss/(Profit) on Sale of Assets Sold/Discarded (Net)	—		(207,000)	
Interest Income	(854,366)		(599,127)	
Finance Cost	21,252,233	33,345,816	18,693,837	31,578,070
<b>Operating Profit before Working Capital Changes</b>		<b>58,738,573</b>		<b>43,877,818</b>
<b>Movement in Working Capital</b>				
Trade Receivables	(54,845,529)		(32,562,990)	
Inventories	(8,651,378)		5,288,139	
Loans & Advances and Other Assets	(8,009,544)		(11,580,660)	
Liabilities & Provisions*	9,193,026		11,933,042	
Short Term loans & Advances	—		(834,620)	
		<b>(62,313,424)</b>		<b>(27,757,089)</b>
Cash Generated From Operations		<b>(3,574,851)</b>		16,120,729
Less: Direct Taxes Paid (Net of refunds received,if any)		<b>8,585,391</b>		
<b>Net Cash Generated from Operating Activities</b>		<b>(12,160,242)</b>		<b>16,120,729</b>
<b>B. Cash Flow From Investing Activities</b>				
Purchase of Fixed Assets	(14,143,184)		(3,783,144)	
Proceeds from Sale of Fixed Assets	—		(412,500)	
Interest Received	854,366		599,127	
Investments	(873,596)		207,000	
<b>Net Cash used in Investing Activities</b>		<b>(14,162,414)</b>		<b>(3,389,517)</b>
<b>C. Cash Flow From Financing Activities</b>				
Increase/(Decrease) in Long term Borrowing	21,952,422		(13,709,671)	
Increase/(Decrease) in Short term Borrowing	35,702,987		7,762,848	
Increase/(Decrease) in Other Long term Provisions	2,925,000		1,617,587	
Finance Cost	(21,252,233)		(18,693,834)	
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>39,328,176</b>		<b>(22,681,519)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>13,005,520</b>		<b>(9,950,306)</b>
<b>Cash &amp; Cash Equivalents as at beginning of the Year</b>		<b>10,786,307</b>		14,866,118
<b>Cash &amp; Cash Equivalents as at closing of the Year</b>		<b>23,791,827</b>		4,915,811

Note : The figures of previous year have been regrouped wherever necessary

As per our attached report of even date

For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants

**Nimish B. Shah**  
Partner  
Membership No.: 30102

Place : Ahmedabad.  
Date : 16<sup>th</sup> May, 2013

**Mr. Dinesh B. Patel**  
Chairman

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

For and on behalf of the Board  
of Directors

**Ms. Anar H. Patel**

**Dr. Gaurang K. Dalal**

**Mr. Cinubhai N. Munshaw**

**Mr. Priyavadan C. Randeria**

**Mr. Janak G. Nanavaty**

Place : Ahmedabad.

Date : 16<sup>th</sup> May, 2013



**NOTES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH,2013**

Particulars	As at 31/03/2013		As at 31/03/2012	
	Number	Amount(Rs)	Number	Amount(Rs)
<b>NOTE - 1 : SHARE CAPITAL</b>				
<b>Authorised:</b>				
7,000,000 Equity Shares of Rs.10/- each		<b>70,000,000</b>	—	70,000,000
<b>Issued, Subscribed &amp; Fully paid up:</b>				
1,506,966 Equity Shares of Rs.10/- each (Previous year 1,431,966 Shares)		<b>15,069,660</b>		14,319,660
<b>Total</b>		<b>15,069,660</b>		14,319,660

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

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

Name of Shareholder	As at 31/03/2013		As at 31/03/2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Himanshu C. Patel	<b>288,840</b>	<b>19.17</b>	288,840	20.17
Anar D Patel	<b>233,765</b>	<b>15.51</b>	233,765	16.32
Anar H Patel	<b>165,316</b>	<b>10.97</b>	90,316	6.31

**(i) 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 year	<b>1,431,966</b>	1,360,966
Issued during the year	<b>75,000</b>	71,000
<b>Shares outstanding at the end of the year</b>	<b>1,506,966</b>	<b>1,431,966</b>

- ii) 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 .....**

(iii) In accordance with the approval of members at meeting held on 14th September, 2012 75000 Equity shares of Rs.10 each have been issued to promoter of the company Smt Anar .H. Patel at premium of Rs.29 per share.

(iii) The Company has one class of equity shares having par value of 10 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding

<b>Particulars</b>	<b>As at 31/03/2013 Amount(Rs)</b>	<b>As at 31/03/2012 Amount(Rs)</b>
<b>NOTE - 2 : RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Balance Sheet	<b>2,890,925</b>	1,890,925
Add: Transferred from Profit & Loss Account	<b>1,300,000</b>	1,000,000
	<b>4,190,925</b>	2,890,925
<b>Capital Reserve</b>		
i. Capital profit on forfeiture of equity shares		
Balance as per last balance sheet	<b>14,500</b>	14,500
ii. Cash Subsidy		
Balance as per last balance sheet	<b>1,183,950</b>	1,183,950
iii. Security Premium	—	—
Balance as per last balance sheet	<b>23,673,420</b>	21,827,420
Add: Addition during the year	<b>2,175,000</b>	1,846,000
	<b>25,848,420</b>	23,673,420
<b>Profit &amp; Loss Account</b>		
Balance as per last Balance Sheet	<b>23,761,909</b>	19,520,598
Add : Transferred from Statement of Profit & Loss	<b>16,837,805</b>	7,904,195
	<b>40,599,714</b>	—
Less : Appropriations		
Transferred to General Reserve	<b>1,300,000</b>	1,000,000
Proposed Dividend on Equity Shares	<b>3,013,932</b>	2,291,146
Tax on Dividend	<b>512,218</b>	371,738
	<b>35,773,564</b>	23,761,909
<b>Total</b>	<b>67,011,359</b>	51,524,704

**ANNUAL REPORT 2012-2013.....**

<b>Particulars</b>	<b>As at 31/03/2013 Amount(Rs)</b>	<b>As at 31/03/2012 Amount(Rs)</b>
<b>NOTE - 3 : LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Term Loans</b>		
<b>From Banks</b>		
Corporate Term Loan (WCTL) (Refer Note - I)	<b>12,520,000</b>	25,000,000
Term Loan (Refer Note - II)	<b>2,711,134</b>	12,401,609
<b>Other Loans</b>		
Life Insurance Corporation (Refer Note - III)	<b>2,478,500</b>	2,478,500
Term Loan (Refer Note - IV )	<b>10,503,159</b>	2,382,550
	<b>28,212,793</b>	42,262,659
<b>Less : Current Maturity within next 12 months</b>	<b>(20,062,750)</b>	(23,742,232)
<b>Total (A)</b>	<b>8,150,043</b>	18,520,427
<b>Unsecured Loans :</b>		
Deposit from Stockist	<b>21,878,990</b>	1,774,496
Deposit from Directors	<b>15,000,000</b>	—
Banks and Others	<b>2,393,499</b>	8,053,331
	<b>39,272,489</b>	9,827,827
<b>Less : Current Maturity withing next 12 months</b>	<b>(2,353,132)</b>	(5,231,276)
<b>Total (B)</b>	<b>36,919,357</b>	4,596,551
<b>Total(A+B)</b>	<b>45,069,400</b>	<b>23,116,978</b>

**Notes:**

- Corporate loan from Axis Bank Limited is secured against first charge on land situated at Block No. 460 and Second charge on land at block No.457 of Village- Chhatral, Taluka :Kalol, Dist Gandhinagar. Further it is also secured against second charge on respective units of immovable properties.
- Term loan from Small Industrials Development Bank of India is secured against first charge on land situated at Block No. 457 and Second charge on land at Block No. 460 of Village- Chhatral, Taluka :Kalol, Dist Gandhinagar. Further it is also secured by personal guarantee of the Managing Director of the company.
- Loan from Life Insurance Corporation of India is secured against assignment of Keyman Insurance Policy.
- Machinery loan from Intec Capital Limited amounting to Rs. 98.54 Lakhs and Reliance Capital Limited amounting to Rs. 6.49 Lakhs are secured against hypothecation of concerned machinery.

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

<b>Particulars</b>	<b>As at 31/03/2013 Amount(Rs)</b>	<b>As at 31/03/2012 Amount(Rs)</b>
<b>NOTE - 4 : DEFERRED TAX LIABILITIES (NET)</b>		
<b>Tax effect of items constituting deferred tax liability:</b>		
On difference between book balance and tax balance of fixed assets	<b>5,902,845</b>	5,902,386
<b>Tax effect of items constituting deferred tax asset:</b>		
Disallowance under Income Tax	<b>30,900</b>	—
<b>Total</b>	<b>5,871,945</b>	<b>5,902,386</b>

**NOTE - 5 : SHORT TERM BORROWINGS**

<b>Secured:</b>		
Working Capital Loan From Banks (Refer Note-I)	<b>57,215,432</b>	58,831,280
<b>Unsecured:</b>		
Bill Discounting Facilities (IFCI Ltd)	<b>41,133,096</b>	3,814,261
	<b>98,348,528</b>	62,645,541
<b>Total</b>	<b>98,348,528</b>	<b>62,645,541</b>

- I. Working Capital Loans from the Axis Bank is secured against equitable mortgage of land situated at Block No. 460 of Village- Chhatral, Taluka :Kalol, Dist Gandhinagar. 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.

**NOTE - 6 : TRADE PAYABLES**

<b>Trade Payables</b>		
Sundry Creditors ( Refer Note-26(h) )	<b>50,727,893</b>	35,516,244
<b>Total</b>	<b>50,727,893</b>	<b>35,516,244</b>


**ANNUAL REPORT 2012-2013.....**

Particulars	As at 31/03/2013 Amount(Rs)	As at 31/03/2012 Amount(Rs)
<b>NOTE - 7 : OTHER CURRENT LIABILITIES</b>		
Employee Benefits Payable	<b>863,293</b>	458,784
Advances from Customers	<b>2,110,246</b>	3,224,460
Current Maturity of Long Term Borrowings (Refer Note under long term borrowings for details of security)	<b>22,415,882</b>	28,973,508
Unpaid Dividend*	<b>462,444</b>	272,043
Other liabilities**	<b>27,927,705</b>	26,090,412
<b>Total</b>	<b>53,779,570</b>	<b>59,019,207</b>

\* There are no amounts due and outstanding to be credited to investor Education and Protection Fund.

\*\* Other liabilities include statutory remittances, payable for capital goods/services, remuneration to employees)

Particulars	As at 31/03/2013 Amount(Rs)	As at 31/03/2012 Amount(Rs)
<b>NOTE - 8 : SHORT TERM PROVISIONS</b>		
Tax Provisions (Net of Advance Tax)	<b>7,548,676</b>	5,664,780
Provision for Dividend	<b>3,013,932</b>	2,291,146
Provision for Coprorated Dividend Tax	<b>512,218</b>	371,738
<b>Total</b>	<b>11,074,826</b>	<b>8,327,664</b>

**NOTE - 9 : FIXED ASSETS AS ON 31/03/2013**

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
	As at 01/04/12 the Year Rs.	Additions during the Year Rs.	Deduction during Rs.	As at 31/03/13 Rs.	Up to 01/04/12 Rs.	For the Year Rs.	Deduction during Rs.	Up to 31/03/13 Rs.	As at 31/03/13 Rs.	As at 31/03/12 Rs.
1 Free Hold Land	1,039,292	—	—	<b>1,039,292</b>	—	-	—	—	<b>1,039,292</b>	1,039,292
2 Building	47,448,046	2,425,906	—	<b>49,873,952</b>	23,091,344	2,496,152	—	<b>25,587,496</b>	<b>24,286,456</b>	24,356,702
8 Plant & Machinery	131,974,575	10,701,798	—	<b>142,676,373</b>	70,245,829	9,267,833	—	<b>79,513,662</b>	<b>63,162,711</b>	61,728,746
5 Laboratory Equipment	5,975,104	440,598	—	<b>6,415,702</b>	2,524,732	532,505	—	<b>3,057,237</b>	<b>3,358,465</b>	3,450,372
4 Electrical Installation	6,187,995	—	—	<b>6,187,995</b>	3,390,382	389,148	—	<b>3,779,530</b>	<b>2,408,465</b>	2,797,613
6 Furniture Fixtures	2,555,261	—	—	<b>2,555,261</b>	2,081,575	85,737	—	<b>2,167,312</b>	<b>387,949</b>	473,686
3 Computer	695,380	161,050	—	<b>856,430</b>	497,732	135,169	—	<b>632,901</b>	<b>223,529</b>	197,648
7 Vehicles	1,859,140	63,699	—	<b>1,922,839</b>	1,714,906	41,407	—	<b>1,756,313</b>	<b>166,526</b>	144,237
<b>Total</b>	<b>197,734,793</b>	<b>13,793,051</b>	—	<b>211,527,844</b>	<b>103,546,500</b>	<b>12,947,951</b>	—	<b>116,494,451</b>	<b>95,033,393</b>	<b>94,188,296</b>
Previous year	193,951,649	3,783,144	—	<b>197,734,793</b>	89,856,139	13,690,361	—	<b>103,546,500</b>	<b>94,188,296</b>	

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

Particulars	As at 31/03/2013 Amount(Rs)	As at 31/03/2012 Amount(Rs)
<b>NOTE - 10 : NON CURRENT INVESTMENTS</b>		
<b>Non Trade</b>		
<b>In Equity Instruments</b>		
<b>Unquoted</b>		
Nil, Shares of The Kalupur Comm Co-op Bank Ltd. (Previous year 85,500 Shares of Rs 25 each)	—	2,137,500
<b>OTHER INVESTMENTS</b>		
<b>In Debentures / Mutual Fund</b>		
<b>Quoted</b>		
1, 13.5% Debenture of Peninsula Land Limited 2015 of Rs.10,00,000 each	1,011,096	—
1000, 7.40% Debentures of India Infrastructure Finance Company Limited of Rs.1000 each	1,000,000	—
<b>Unquoted</b>		
400,12.50% Debentures of Tata Capital Ltd of Rs.1500 each	600,000	—
<b>In Mutual Funds</b>		
355.574,Units of India Bulls Liquid Fund of Rs.1000 each	400,000	—
<b>Total</b>	<b>3,011,096</b>	<b>2,137,500</b>
<b>Aggregate amount of Quoted Investments</b>	<b>1,011,096</b>	<b>—</b>
<b>Aggregate market value of Quoted Investments</b>	<b>1,000,000</b>	<b>—</b>
<b>Aggregate amount of Unquoted Investments</b>	<b>1,000,000</b>	<b>2,137,500</b>
<b>NOTE - 11 : LONG TERM LOANS AND ADVANCES</b>		
<u>Unsecured, Considered Good:</u>		
Security Deposits	8,616,473	4,027,886
<b>Total</b>	<b>8,616,473</b>	<b>4,027,886</b>
<b>NOTE - 12 : INVENTORIES</b>		
Raw Materials & Packing Materials	22,725,463	16,680,097
Work-in-Progress	588,863	957,030
Finished Goods	9,532,025	6,404,189
Stores & Spares	369,837	523,493
<b>Total</b>	<b>33,216,188</b>	<b>24,564,809</b>
<b>NOTE- 13 : TRADE RECEIVABLES</b>		
<b>Unsecured:</b>		
Debts outstanding for a period exceeding six months:		
Consider Good	17,202,184	9,219,569
Consider Doubtful (See Note. 26(f))	363,755	—
	<b>17,565,939</b>	9,219,569
Less Provision for Doubtful Debts	—	—
Others, considered Good	149,013,924	102,514,765
<b>Total</b>	<b>166,579,863</b>	<b>111,734,334</b>





## ANNUAL REPORT 2012-2013.....

Particulars	As at 31/03/2013 Amount(Rs)	As at 31/03/2012 Amount(Rs)
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**NOTE - 14 : CASH AND BANK BALANCES****Cash and Cash Equivalents****Balances With Banks**

Current Accounts	2,601,989	3,430,092
Fixed Deposit With Original maturity period of three months	15,000,000	—

<b>Cash on Hand</b>	<b>488,237</b>	<b>1,213,676</b>
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**Other Bank Balances**

Fixed Deposit With Original maturity period of More than twelve months but maturing within next twelve months	50,000	—
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Unpaid Dividend Accounts *	462,444	272,043
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Margin Money /Bank Guarantee (under lien with bankers)	5,189,157	5,870,496
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<b>Total</b>	<b>23,791,827</b>	<b>10,786,307</b>
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\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities .

**NOTE - 15 : SHORT TERM LOANS AND ADVANCES**

(Unsecured, Considered good):

Advances paid to suppliers*	5,633,458	2,054,848
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Balance With Government Authorities	2,268,323	986,967
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Advances recoverable in cash or kind or value to be received*	6,555,807	8,242,657
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Advances to Staff	1,122,316	1,479,703
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<b>Total</b>	<b>15,579,904</b>	<b>12,764,175</b>
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\*Includes to related parties

**NOTE - 16 : OTHER CURRENT ASSETS**

Interest accrued on Deposits	774,304	169,077
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<b>Total</b>	<b>774,304</b>	<b>169,077</b>
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## NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH - 2013

Particulars	For the year ended 31/03/2013 Amount(Rs)	For the year ended 31/03/2012 Amount(Rs)
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**NOTE - 17 : REVENUE FROM OPERATIONS**

Transfusion Solution in Bottles	535,320,521	396,841,742
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Conversion Charges	31,433,862	31,619,763
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	<b>566,754,383</b>	<b>428,461,505</b>
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Less:Excise duty	6,458,790	560,295,593	12,783,328	415,678,177
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<b>Total</b>		<b>560,295,593</b>		<b>415,678,177</b>
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**DENIS CHEM LAB LIMITED .....**

<b>Particulars</b>	<b>For the year ended 31/03/2013 Amount(Rs)</b>		<b>For the year ended 31/03/2012 Amount(Rs)</b>	
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**NOTE - 18 : OTHER INCOME**

Dividend Income	<b>269,062</b>		207,000	
Interest	<b>854,366</b>		599,127	
Miscellaneous Income	<b>29,891</b>		986,790	
Rent Income	<b>235,257</b>	<b>1,388,576</b>	480,000	2,272,917
<b>Total</b>		<b>1,388,576</b>		<b>2,272,917</b>

**NOTE - 19 : COST OF MATERIALS CONSUMED**

Raw Materials and components consumed	<b>302,615,460</b>		224,252,318	
Stores, Spares & Tools consumed	<b>6,619,321</b>	<b>309,234,781</b>	6,221,093	230,473,411
<b>Total</b>		<b>309,234,781</b>		<b>230,473,411</b>

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

Opening Stocks:				
Finished Goods	<b>6,404,189</b>		13,864,426	
Work-in-Progress	<b>957,030</b>	<b>7,361,219</b>	1,203,949	15,068,375
Less : Closing Stocks :				
Finished Goods	<b>9,532,025</b>		6,404,189	
Work-in-Progress	<b>588,863</b>	<b>10,120,888</b>	957,030	7,361,219
Variation		<b>(2,759,669)</b>		7,707,156
<b>Total</b>		<b>(2,759,669)</b>		<b>7,707,156</b>

**NOTE - 21 : EMPLOYEES BENEFIT EXPENSES**

Salaries, Wages & Bonus	<b>34,873,398</b>		29,098,365	
Contribution to provident & other funds	<b>2,070,193</b>		1,971,067	
Staff Welfare Expenses	<b>414,253</b>	<b>37,357,844</b>	103,412	31,172,844
<b>Total</b>		<b>37,357,844</b>		<b>31,172,844</b>

**NOTE - 22 : FINANCE COST**

Interest on Working Capital Loans from banks	<b>10,490,252</b>		9,044,734	
Interest on Term Loan	<b>3,943,848</b>		3,655,717	
Bank charges & Bill Discounting charges	<b>3,649,671</b>		3,572,622	
Interest Others	<b>3,168,462</b>	<b>21,252,233</b>	2,420,764	18,693,837
<b>Total</b>		<b>21,252,233</b>		<b>18,693,837</b>

**ANNUAL REPORT 2012-2013.....**

<b>Particulars</b>	<b>For the year ended 31/03/2013 Amount(Rs)</b>	<b>For the year ended 31/03/2012 Amount(Rs)</b>
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**NOTE - 23 : MANUFACTURING AND OTHER EXPENSES**

Laboratory Chemicals	<b>2,684,443</b>	547,150
Electricity Charges	<b>16,765,394</b>	12,046,960
Fuel Consumption	<b>11,440,420</b>	10,108,095
Freight Inward	<b>4,186,413</b>	3,760,085
Office Rent	<b>360,000</b>	360,000
Rates & Taxes	<b>66,607</b>	35,147
<b>Repairs &amp; Maintenance :</b>		
Machinery	<b>1,644,882</b>	1,280,853
Building	<b>210,831</b>	325,697
Computer	<b>272,630</b>	238,445
Others	<b>87,582</b>	249,608
Insurance	<b>409,922</b>	105,891
Loading & Unloading Charges	<b>14,475,093</b>	11,571,797
Traveling & Conveyance	<b>3,258,895</b>	2,290,982
Vehicle expenses	<b>142,925</b>	107,770
Printing & Stationery expenses	<b>1,073,190</b>	721,784
Excise Duty and Service tax	<b>2,059,032</b>	410,386
Donation	<b>100,000</b>	-
General Charges	<b>5,888,510</b>	4,627,761
<b>Total</b>	<b>65,126,769</b>	<b>48,788,411</b>

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

Packing & Freight	<b>53,274,073</b>	18,468,059
Commission on sales	<b>9,721,651</b>	6,452,465
Advertisement and Sales promotion	<b>7,295,088</b>	2,430,006
Breakages & Damages	<b>4,244,363</b>	545,340
Travelling Expenses	<b>6,520,562</b>	4,584,371
Rate Difference and Discounts	<b>11,966,343</b>	22,485,399
Depot Maintenance Expenses	<b>109,424</b>	159,688
<b>Total</b>	<b>93,131,504</b>	<b>55,125,328</b>

**NOTE-25 : SIGNIFICANT ACCOUNTING POLICIES**

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**Corporate Information:**

Denis Chem Lab Limited is public limited company domiciled in India and incorporated in 1982 under the provisions of Companies act,1956. Its shares are listed on ASE in India. The company is engaged in the business of manufacturing of Pharmaceuticals.

**a) Basis of Accountings:**

The financial statements are prepared in accordance with the generally accepted Accounting Principles in India to comply with accounting standards notified under Companies (Accounting Standards) Rules 2006. The financial statements have been prepared under the historical cost convention on accrual basis of accounting.

**b) Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Fixed Assets and Depreciations:**

- i. Tangible Fixed Assets are stated at cost less accumulated depreciation and impairment provisions. The cost comprises purchase price(Net of Cenvat/Vat credit wherever applicable) and any attributable cost for bringing the asset to its working condition for its intended use, inclusive of financing cost till commercial production.
- 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

**d) Impairment of Assets:**

The company evaluates impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired, the impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.

**e) Investments:**

Long term investments are carried at cost less provision, if any for other than temporary diminution in the value of such investments. Current investments are stated at lower of cost and fair value.

**f) Inventories:**

Inventories consist of Raw Materials and Packing Materials, Work –In-Process, Finished goods and Stores. Inventories are valued at lower of cost and net realizable value. The cost is determined on First In First Out basis. The cost of work in process and finished goods includes material and packing cost, proportion of labour and manufacturing overheads.



**g) Excise Duty:**

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

**h) Revenue Recognition:**

Sales are recognized upon delivery of products and are recorded inclusive of excise duty but net of rate difference and sales tax.

Dividend on investments is recognised only when the right of receipt is established.

Interest income is recognized on time proportion basis.

**i) Transaction in Foreign Currency:**

Foreign exchange transactions are accounted at the exchange rate prevailing at the date of the transaction. Gains and Losses resulting from settlement of such transaction and from the transaction of monetary assets and liabilities denominated in foreign currency are recognized in the statement of Profit and Loss.

**j) Stores and Spares:**

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

**k) 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.

**l) 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 accounted when paid.

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

**m) Research & Development Expenses:**

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

**n) 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: NOTES ON FINANCIAL STATEMENTS**

a) Contingent Liability not provided for:

<b>Sr No.</b>	<b>Particulars</b>	<b>As At 31-03-2013 Rupees</b>	<b>As At 31-03-2012 Rupees</b>
i)	In respect of counter guarantee given by the bank	73,77,427	23,48,337
ii)	Disputed demand not acknowledged as debt against which the company has preferred appeal:		
	Sales Tax	13,841,143	13,841,143
	Income Tax	3,55,690	—
iii)	In respect of Bill Discounted with the banks	—	—

b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 38,59,882/- (Previous Year Rs. 9,33,272/-)

c) No provision has been made in the books of accounts for leave encashment. The amount in respect of the same is not ascertained.

d) 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 has it made necessary provision against the same for its outstanding liability of Rs. 46.60 lakhs as at the end of the year.

e) Balances of Debtors, Creditors and Loans and Advances in the Balance Sheet are subject to confirmation.

f) In the opinion of the management of the Company, provisions for all known liabilities except as stated in (c) and (d) 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.

g) No provision has been made for doubtful debts in the opinion of the management efforts are made for recovery thereof and there are good chances for recovery of the same.

h) Statement of Profit &amp; Loss Includes:

<b>Sr. No.</b>	<b>Particulars</b>	<b>2012-13 Rupees</b>	<b>2011-2012 Rupees</b>
(i)	<b>Remuneration of auditor:</b>		
	For Audit Fees	5,61,800	3,37,080
	For certification work	—	27,902
	Tax audit fees	84,270	55,150
	<b>Total</b>	<b>6,46,070</b>	<b>4,20,132</b>
(ii)	<b>Remuneration to Managing Director</b>		
	Salary	30,00,000	30,00,000
	Contribution to Provident Fund	1,72,800	1,72,800
	Perquisites	58,518	51,643
	<b>Total</b>	<b>32,31,318</b>	<b>32,24,443</b>

**ANNUAL REPORT 2012-2013.....**

i) Under the Micro, Small and Medium Enterprises Development Act, 2006; certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company is in the process of compiling relevant information from its suppliers about their coverage under the Act. Since the relevant information is not properly available, no disclosures have been made in the accounts.

j) The component of deferred tax liabilities/assets provided as on 31<sup>st</sup> March, 2013 is as under:

Sr. No.	Particulars	2012-13 Rupees	2011-2012 Rupees
<b>A.</b>	<b>Deferred Tax Liabilities:</b>		
	On account of timing difference in depreciable assets	<b>59,02,845</b>	59,02,386
<b>B.</b>	<b>Deferred Tax Assets:</b>		
	Expenses allowable against taxable income in future year	<b>30,900</b>	—
	<b>Net Deferred Tax liability</b>	<b>58,71,945</b>	<b>59,02,386</b>

k) 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 31/03/2013 and therefore no effect of impairment is required to be given in the books of accounts.

l) Preferential Issue to Promoters on Preferential Basis:

During the year company has issued 75,000 equity shares each of Rs. 10/- at a premium of Rs. 29/- per share on preferential basis to promoters under section 81(1A) as per special resolution passed in the meeting of the Members of the Company held on **14<sup>th</sup> September, 2012**. (Previous year 71000 shares)

m) Unsecured Loans:

Unsecured loan from banks includes a sum of Rs.23,93,499/- (Previous year Rs.80,53,331/-) 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.

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

Sr.No.		Rupees	2012-13 % of Total	Rupees	2011-12 % of Total
(i)	Raw Material				
	Imported	3,84,788	0.13	—	—
	Indigenous	30,22,30,672	99.87	22,42,52,318	100.00
	<b>Total</b>	<b>30,26,15,460</b>	<b>100.00</b>	<b>22,42,52,318</b>	<b>100.00</b>
(ii)	Stores & Spares				
	Imported	—	—	—	—
	Indigenous	66,19,321	100.00	62,21,093	100.00
	<b>Total</b>	<b>66,19,321</b>	<b>100.00</b>	<b>62,21,093</b>	<b>100.00</b>

o) C.I.F. Value of Imports in respect of Goods: Rs.3,84,788/- (Previous Year Rs. Nil/-)

p) Foreign exchange out go on account of Remittance of Dividend of Rs.6,49,344/- (Previous year Rs. 5,68,176/-) to M/s. Vaessen Schoemaker Holdings B.V. Holland on 4, 05,840 shares.

**q) 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 K. Dalal  
Mrs. Anar H. Patel  
Mr. Janak G. Nanavaty

**b) Transactions with the Related Parties during the year**

<b>Particulars</b>	<b>Related party referred to in i above</b>	<b>Related party referred to in ii above</b>	<b>Related party referred to in iii above</b>
Rent	—	—	3,60,000 (3,60,000)
Sitting Fees	—	—	20,000 (30,000)
Purchases	87,33,556 (54,07,857)	71,96,669 (42,05,148)	—
Sales	—	—	—
Remuneration	—	32,31,318 (32,24,443)	—
Balance Receivable/ Payable as at Balance Sheet Date	—	84,955 ( 26,614)	—

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.

**r) 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 : 16<sup>th</sup> May, 2013

**Mr. Dinesh B. Patel**  
Chairman

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

For and on behalf of the Board  
of Directors

**Ms. Anar H. Patel**  
**Dr. Gaurang K. Dalal**  
**Mr. Cinubhai N. Munshaw**  
**Mr. Priyavadan C. Randeria**  
**Mr. Janak G. Nanavaty**

Place : Ahmedabad.  
Date : 16<sup>th</sup> May, 2013





## DENIS CHEM LAB LIMITED

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

### ATTENDANCE SLIP

32<sup>nd</sup> Annual General Meeting  
Friday, the 6<sup>th</sup> September 2013 at 10.00 A.M.

Place : Registered Office of the Company at:  
Block No. 457, Village: Chhatral,  
Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729

Signature of Member/Proxy attending the meeting \_\_\_\_\_

#### Notes:

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a Member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.



## DENIS CHEM LAB LIMITED

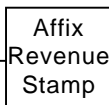
Block No. 457, Village: Chhatral, Tal: Kalol (N.G.), Dist: Gandhinagar - 382 729

### FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district  
of \_\_\_\_\_ being member/s of the above named Company hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ in the district of  
\_\_\_\_\_ or failing him \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our  
Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company,  
to be held on Friday, 6<sup>th</sup> September, 2013 at 10.00 A.M. and at any adjournment thereof.

Signed the \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_



N.B.: This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.



BOOK - POST

*If undelivered, please return to :*

**Denis Chem Lab Limited**

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

District : Gandhinagar - 382 729