

ANNUAL REPORT & ACCOUNTS

For the year ended 31st March 2017



DEY'S MEDICAL STORES (MFG.) LIMITED

6/D, Nelly Sengupta Sarani, Kolkata - 700 087

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Dey's Medical Stores (Manufacturing) Limited



CIN No. : U24232WB1957PLC023528
Telephone No. : 033-22499810/9811/9825/9827
Website : www.deysmedical.com

Board of Directors :

Mr. Gautam Dey, Managing Director
Mr. Ranajit Dey, Jt. Managing Director
Mr. Subharthee Dey, Wholetime Director
Mr. Ushanath Banerjee, Director
Mr. Aditya Banerjee, Director
Mr. Amit Kumar Roy, Director
Mr. Baidyanath Datta, Director
Mr. Sourendra Prosad Saha, Director
Mr. Debashish Mazumdar, Director
Mr. Bhaskar Ghose, Director

Auditors :

Nundy Roy & Co. Chartered Accountants

Bankers :

UCO Bank

Registered Office :

6/D, Nelly Sengupta Sarani (Formerly Lindsay Street) Kolkata - 700 087

Factories :

62, Bondel Road, Kolkata - 700 019
8, Rifle Range Road, Kolkata - 700 019

BRANCHES / C & F AGENTS / C & S AGENTS

Ahmedabad : Dey's Block, Hariom Avenue, 31/B, Govt. Servant Housing Society Ltd.
Near Municipal Market, Navrangpura, Ahmedabad - 380 009.
Bengaluru : Mahendra Drug Distributors, 3/6, 1st Floor, 4th Cross, Mysore Road,
Behind Corporation Bank, Bangalore - 560 026
Chandigarh : Geeta Marketing, Plot No. 10, 2, Kanai Industrial Area, Phase-II
Chandigarh - 160 002.
Chennai : Shruti's, New No. 333, Old No. 194, Sydenhams Road, Apparao Garden,
Choolai, Chennai - 600 112.
Kochi : 73/1862, K.S.Udayan Road, Pachalan, Kochi - 682 012.

Cuttack	: 26 Cantonment Road, Chandni Chawk, Cuttack - 753 001.
Delhi	: A-49 (Basement), Main Kanti Nagar, Delhi - 110 051 Kapco Marketing Pvt.Ltd., 138, Raja Garden, New Delhi - 110 015.
Guwahati	: L. B. Medi Services Pvt. Ltd., 1, Gopal Road, Panbazar, Guwahati - 781 001.
Jabalpur	: Khasra No. 466/1, 467/1, Mouza Karmeta, Katangi Road, Jabalpur - 482 002.
Jaipur	: Plot No. 102, Near Bank of Baroda, Tonk Road, Sanganer, Jaipur - 302 033.
Kolkata	: 6/D, Nelly Sengupta Sarani, (Formerly Lindsay Street), Kolkata - 700 087. Rajprotim Agencies, 49/89, Prince Gulam Mohammad Shah Road, Golf Gardens, Kolkata - 700 033.
Lucknow	: E-435, Transport Nagar, Behind Parking No.9, Lucknow - 226 012.
Mumbai	: 103/104/105, Dattani Palza, Safed Pool, Saki Naka, Andheri, Kurla Road, Mumbai - 400 072.
Patna	: S. P. Pharma, Mahatma Gandhi Nagar Road, Railway Coach Complex Kankarbagh, Patna - 800 020.
Ranchi	: J.M.Pharma, 120, Basant Vihar, Road No.1, Harmu, Ranchi - 834 012.
Secunderabad	: Durga Bhavan (1st Floor), 141/1, Rashtrapati Road, Secunderabad - 500 003.
Varanasi	: H.K.Das Marketing, Lahartara Boulia, Varanasi Cantt. - 221 002.
Ambala Cantt.	: Soleks MLT, House No. 751/28, Shikligarh Colony, Ambala Cantt.
Zirakhpur	: Vill. Pabhat, Godown Area, Near J P Hospital, Behind Unicity Business Center, Zeerakhpur MC, Distt. S.A.S. Nagar (Mohali), Punjab - 140 603. Soleks MLT, SCF 89, Govind Vihar, Baltana, Zeerakhpur, Dist. - Mohali, Punjab
Parwanoo	: Geeta Marketing, Khasra No. 427/2, Narriyal Road, Sector - 4, Parwanoo.
Raipur	: Shri Krishna Traders, Shop No.105, Medical Complex, GE Road, Raipur Gawri Marketing, Gawri Bhavan, 7/619, Fafadih Naka, Raipur.
Rishikesh	: Narang Distributors, 585/311, Bankhandi Gram, Rishikesh - 249 201.
Nagpur	: Tradelinks, Block - 401, Pooja Chamber, Wadi, Nagpur - 440 023.
Vijaywada	: Satya Logistics, Door No. 76-1/1, 1 st Floor, Shop No-31, Hrt Sai Nirman Complex, Bhavanipuram, Vijaywada - 520 012. Vinayaka Corporation, Door No. 76-10-20/2B4, Gandhi Bomma Road, Bhavanipuram, Vijayawada - 520 012.

DEY'S MEDICAL STORES (MANUFACTURING) LTD.

CIN : U24232WB1957PLC023528

REGISTERED OFFICE: 6/D NELLY SENGUPTA SARANI, KOLKATA – 700 087

Phone : 033 22499810/9811/9825/9827 e-mail : dmsboac@deysmedical.com

website : www.deysmedical.com

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixtieth Annual General Meeting of the Members of the Company will be held on Friday the 20th September, 2017 at 8, Rifle Range Road Kolkata 700019, at 3.00 P.M. to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31st March 2017 and report of the Board of Directors and Auditors.
2. To declare Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Ushanath Banerjee (DIN 02312565), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Aditya Banerjee (DIN 05233444), who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify appointment M/s. Nundy Roy & Co. Chartered Accountants, (Firm Registration No. 301049E), as Statutory Auditors of the Company from the conclusion of Sixtieth Annual General Meeting till the conclusion of Sixty Third Annual General Meeting of the Company.

AS SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Bhaskar Ghose (DIN 00007714), who was appointed as an Additional Director at the Board Meeting held on 8th December, 2016, to hold office upto the date of this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act 2013 has been received from a member signifying his intention to propose Mr. Bhaskar Ghose as a candidate for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s) if any, the following resolution as an Ordinary Resolution:

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company.
2. Proxy in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting. Person appointed as proxies can act on behalf of members not exceeding 50 and not holding more than 10% of the paid up share capital.
3. In terms of Section 124(5) of the Companies Act 2013, any dividend remaining unpaid/unclaimed for a period of Seven years from the date of transfer to Unpaid Dividend Account is required to be transferred to the "Investors Education and Protection Fund" established under Section (1) of Section 125 of Companies Act, 2013.

Dividend for the financial years up to to 31st March, 2009 which remained unpaid or unclaimed for seven years, have been transferred to the General Revenue Account or the Investor's Education and Protection Fund of the Central Government as applicable, pursuant to the provisions of Section 205A of the Companies Act, 1956 and Section 124(5) of the Companies Act, 2013. It may be noted that once the unclaimed dividend amount is transferred to the Fund, the same cannot be claimed by the Members from the Company. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2010 or any subsequent year(s), are requested to claim the same from the Company.

The attention of the shareholders are also invited to the provisions of Section 124(6) of the Act. accordingly, all shares in respect of which dividend remained unpaid/unclaimed for a continuous period of 7 years, shall also required to be transferred to the Investor Education and Protection Fund (IEPF).

4. Pursuant to the provisions of Section 72 of the Companies Act 2013, members may send their nomination Form No. SH-13 attached herewith.
5. An Explanatory Statement Pursuant to Section 102 of the Companies Act 2013, relating to the Special Business to be transacted at this Annual General Meeting is annexed herewith.
6. Dividend, if declared at the Annual General Meeting, will be paid within 30 days from the date of AGM to those Shareholders whose names appear in the Company's Register of Members on record date which is 20th September, 2017.

7. Corporate members intending to exercise voting power at the Annual General Meeting through their representatives should forward a copy of their Board Resolution before the date of the meeting.
8. Route map showing prominent landmark of the location of the Venue of the meeting is attached herewith.
9. Register of members and Share Transfer Register shall remain closed on 20th September, 2017. Dividend will be paid to those shareholders whose names appears in the Register of members at the close of working hours on 19th September, 2017.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 6

Mr. Bhaskar Ghose (DIN 00007714) was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 8th December, 2016, to hold office till the conclusion of this Annual General Meeting. A notice has been received from a shareholder, pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Ghose as a Director of the Company.

Mr. Ghose B.A. (Hons.); MBA (IIM) is a retired Banker and currently a Financial Consultant. His expertise as a Banker will be a immense help to the Company.

Except, Mr. Bhaskar Ghose, none of the Directors, Key Managerial Personnel and their relatives is interested in this resolution.

The Board recommends the resolution for approval of the members.

Item No. 7

Section 148(3) of the Companies Act 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014, requires ratification, by members of the Company, of remuneration payable to the Cost Auditors for auditing Cost Accounts of Pharmaceutical Products of the Company. For the financial Year 2017-2018, the Board of Directors of the Company appointed M/s. DGM & Associates, Cost Accountant, as Cost Auditor of the Company at a remuneration of Rs. 95,000/- (Rupees Ninely Five Thousand Only) plus applicable tax.

None of the Directors, Key Managerial Personnel and their relatives is interested in this resolution.

The Board recommends the resolution for approval of the members.

By Order of the Board

Registered Office :
6/D Nelly Sengupta Sarani
Kolkata- 700 087
Date : 23rd August, 2017

(Gautam Dey)
Managing Director
DIN : 01277238

BOARD'S REPORT

To the Shareholders

Dey's Medical Stores (Manufacturing) Limited

Your Directors have pleasure in presenting the **Sixtieth** Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2017

Financial Summary

	As at 31.3.17	As at 31.3.16
	(Rupees in Thousands)	
1. Financial Results :		
Revenue from Operations	1,00,99,47	93,32,52
Profit before Depreciation	9,53,34	6,97,87
Depreciation	87,76	1,12,28
Profit before Tax	8,65,58	5,85,59
Less : Provision for Taxation		
- For the Current Year	3,00,65	2,20,85
- Deferred Tax	(514)	(1255)
- Tax Adj. for Previous Year	(1907)	-
Total amount available for appropriation	5,89,14	3,77,29
Less : Transfer to General Reserve	2,00,00	80,00
Proposed Dividend	12,77	12,77
Tax on Dividend	2,60	2,60
	3,73,77	2,81,92
Balance brought forward from last year	17,59,14	14,77,22
Balance carried forward	21,32,91	17,59,14

Operating Results

During the year under review your company's Revenue from Operations amounted to Rs.10099.00 Lakhs as compared to Rs.9333.00 Lakhs in the previous year. Company's Profit Before Tax is Rs. 865.58 Lakhs against Rs. 585.59 Lakhs in the previous year.

The demand for pharmaceutical products has been consistent through out the year but faced temporarily slowdown because of demonitisation.

The increase in sales has been possible because of better market penetration and introduction of new formulations. Your company may be affected in future by the new provisions of DPCO 2013 enacted in MAY 2013 and adverse developments arising out of certain fixed dose combinations marketed by your company.

Good Manufacturing Practices (GMP)

In the last few years, your Company has been continuously making significant investment towards up-gradation of its facilities to bring it in full compliance with Schedule M of the Drugs & Cosmetics Acts and Rules & ICH guidelines. The Company is now fully Schedule M compliant and is relentlessly pursuing its improvement programme to achieve better standards in the years to come. The Company has now also become GLP (Good Laboratory Practices) compliant.

Dividend

Your directors recommend payment of Dividend @ Rs. 1.50/- per Equity Shares i.e., 15% for the year 2016-2017, subject to approval by the shareholders at the ensuing Annual General Meeting. Total financial outgo will be Rs. 15.37 lakhs, including dividend distribution tax of Rs. 2.60 lakhs.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act"). Directors of the Company hereby state and confirm that –

- a) In the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there were no material departures from the same;
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Directors and Key Managerial Personnel

Mr. Bhaskar Ghose (DIN 00007714) who was appointed as Additional Director by the Board at its meeting held on 8th December, 2016. He will hold office of the Additional Director till the conclusion of the ensuing Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013, from a member of the Company along with requisite deposit, signifying the candidature of Mr. Ghose for his appointment as Director of the Company at ensuing Annual General Meeting, whose period of office shall be liable to determination by retirement of director by rotation. Your Board recommends appointment of Mr. Ghose as the Director of the Company.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Rules framed thereunder and the Articles of Association of your Company, Mr. Ushanath Banerjee (DIN 02312565) and Mr. Aditya Banerjee (DIN 05233444), Directors of the Company, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Debashish Mazumdar (DIN 00119396), who was appointed as Additional Director by the Board at its meeting held on 21st March, 2016, was appointed as Director of the Company, liable to retire by rotation, by the Shareholders at 59th Annual General Meeting held on 23rd day of September, 2016.

Extract of Annual Return

The extract of the Annual Return in prescribed Form MGT-9, as required under Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 and applicable Rules thereunder, is annexed herewith as **Annexure - A** and forms an integral part of this report.

Number of Meetings of the Board of Directors

The Board of Directors duly met five times during the financial year from 1st April, 2016 to 31st March, 2017 i.e., on 15.06.2016, 18.08.2016, 23.09.2016, 08.12.2016 and 09.03.2017. The details of meeting attended by the each director of the Company are given below :

Name of Directors	No. of meetings attended
Mr. Gautam Dey	5
Mr. Ranajit Dey	5
Mr. Subharthee Dey	4
Mr. Usha Nath Banerjee	3
Mr. Aditya Banerjee	1
Mr. Amit Kumar Roy	3
Mr. Baidyanath Datta	3
Mr. Sourendro Prosad Saha	4
Mr. Debashish Mazumdar	3
Mr. Bhaskar Ghose	1

Auditors

M/s. Nundy Roy & Co. Chartered Accountants, (Firm Registration No. 301049E), Statutory Auditors of the Company, was appointed as Auditors of the Company for a period of 5 years, from the conclusion of the 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting. In terms of first proviso to Sub-section (1) of Section 139 of the Companies Act, 2013 appointment of M/s. Nundy Roy & Co. as Statutory Auditor has to be ratified at every Annual General Meeting.

Auditors' Report

Comments of the Auditors in their report and the notes forming part of the Accounts are self explanatory and need no comments.

Deposit

The Company has not accepted any deposits and it does not hold any deposit as on March 31, 2017. As such, the details required to be given pursuant to the provisions of sub-rule 5 of Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

Contracts and Arrangements with Related Parties

The Board noted that Contracts and Arrangements now existing with Dey's Medical Stores Private Limited (DMSPL) and Dey's Medical (U.P.) Private Limited [DM(UP)PL], related parties within the meaning of Section 2 (76) of the Companies Act 2013, were approved by the board as transactions in ordinary course of business on the same footing as if such transactions were entered with unrelated parties on arm's length basis. Accordingly there is no requirement to record the details of transactions in prescribed format pursuant to Clause (h) of Subsection (3) of Section 134 and Rule 8(2) of the Companies (Accounts) Rules 2014.

Related Party disclosures pursuant to Accounting Standard 18 are made in the notes to Financial Statements (Note No.: 28).

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The details as required pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with sub-rule 3 of Rule 8 of the Companies (Accounts) Rules, 2014 are given in **Annexure B**.

Corporate Social Responsibility

Your Board has constituted a Corporate Social Responsibility (CSR) Committee of the Board under the Chairmanship of Mr. Gautam Dey, Managing Director. Other members of the Committee are (a) Mr. Ranajit Dey, Joint Managing Director and (b) Mr. Subharthee Dey, Wholetime Director.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR Activities has been annexed to this Board's Report and marked as Annexure – C.

Particulars of Employees and related disclosures

None of the employees of the Company were in receipt of remuneration in excess of the limits prescribed under Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules 2016.

Internal Financial Controls

The Company has in place adequate internal financial controls as a part of sound financial management of the Company. The Company periodically reviews the existing financial controls for better monitoring and evaluation of the performance of the Company.

Risk Management

The Company has formulated and adopted a Risk Management Policy for identification of elements of risk and to mitigate various business risks arising due to internal and external risks. The Company has constituted a Risk Management Committee to identify and access risk, both internal and external, affecting the organization and its growth.

Acknowledgment

In conclusion your Directors pledge to continue to strive to achieve excellence in all fields of the Companies activities and take appropriate measure that may be necessary for the fulfillment of the overall objectives. It is hoped that you will extend your cooperation in the coming years also.

For & on behalf of the Board

Registered Office :
6/D Nelly Sengupta Sarani
Kolkata- 700 087
Date : 23rd August, 2017

(Gautam Dey)
Managing Director
DIN : 01277238

(Ranajit Dey)
Jt. Managing Director
DIN : 01277323