

ANNUAL REPORT & ACCOUNTS

For the year ended 31st March 2016



DEY'S MEDICAL STORES (MFG.) LIMITED

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

CONTENTS

	Page No.
1. Company Details	1 - 2
2. Notice	3 - 7
3. Boards' Report	9 - 23
4. Independent Auditor's Report	24 - 30
5. Balance Sheet	32
6. Statement of Profit and Loss	33
9. Cash Flow Statement	34
7. Notes to Balance Sheet and Statement of Profit and Loss Account	35 - 48

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

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, Kanal 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 Bouliya, Varanasi Cantt. - 221 002.
Ambala Cantt.	: Soleks MLT, House No. 751/28, Shikligarh Colony, Ambala Cantt.
Zeerakhpur	: 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 : dmshoac@deysmedical.com

website : www.deysmedical.com

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-ninth Annual General Meeting of the Members of the Company will be held on Friday the 23rd September, 2016 at **8, Rifle Range Road Kolkata 700019, at 3.30 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 2016 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. Baidyanath Datta (DIN 06948842) , who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sourendra Prasad Saha (DIN 01927506), 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 Fifty-ninth 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. Debashish Mazumder (DIN 00119396), who was appointed as an Additional Director at the Board Meeting held on 21.03.2016 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. Debashish Mazumder 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:

"RESOLVED THAT pursuant to Section 148(3) of the Companies Act 2013, remuneration of Rs. 90,000/- plus applicable service tax, payable to M/s. DGM & Associates, Cost Accountants, as Cost Auditor for conduction Cost Audit of the Pharmaceutical Products of the Company for the Financial Year 2016-2017 be and is hereby ratified."

8. To consider and if thought fit, to pass the following resolution as Special Resolution with or without modificatio(s), if any :

"RESOLVED THAT pursuant to the provisions of Section 5 read with Section 14 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the shareholders of the Company be and is hereby accorded for adoption of new set of Articles of Association, containing Article 1 to Article 197, as placed at the meeting and signed by the Chairman for the purpose of identification, by substituting existing Articles of Association of the Company, containing Article 1 to Article 155."

"RSOLVED FURTHER THAT the Board of Directors be and is hereby authorised to sign and execute such paper, documents, deeds and instuments and to do all such act, deeds, and things as may be necessary for the purpose of giving effect to this resolution relating to adoption of a new set of Articles of Association of the Company."

By Order of the Board

Registered Office :
6/D Nelly Sengupta Sarani
Kolkata- 700 087
Date : 18th August, 2016

(Gautam Dey)
Managing Director
DIN : 01277238

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 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 205A of the Companies Act 1956, 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, set up by the Central Government.

Dividend for the financial years up to to 31st March, 2008 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 amended provisions of Section 205A of the Companies Act, 1956. It may be noted that once the unclaimed dividend amount is transferred to the Fund, the same cannot be claimed by the Members therefrom. Members who have not yet encased their dividend warrant(s) for the financial year ended 31st March, 2009 or any subsequent year(s), are requested to claim the same from the Company.

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 23rd September, 2016.
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.

EXPLANATORY STATEMENT

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

Item No. 6

Mr. Debashish Mazumder (DIN 00119396), was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 21.03.2016, 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. Mazumder as a Director of the Company.

Mr. Debashish Mazumder has 40 years experience in Business Development, Efficiency Enhancement and Energy Economy. His professional expertise will contribute enormously in regular activities of the Company.

Except, Mr. Debashish Mazumder, 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 2016-2017, the Board of Directors of the Company appointed M/s. DGM & associates, Cost Accounts, as Cost Auditor of the Company at a remuneration of Rs. 90,000/-, plus applicable service 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.

Item No. 8

The Directors at a meeting of the Board held on 18th August, 2016, decided to substitute existing Articles of Association of the Company to bring the same in consonance with the applicable provisions of the Companies Act, 2013. The Board decided to adopt new set of Articles of Association in substitution of the existing Articles of Association as per provisions of the Companies Act, 2013 and Table-F of Schedule-1.

Pursuant to the provision of Section 14 of the Companies Act, 2013, alteration of Articles of Association requires approval of the shareholders of the Company by way of passing a Special Resolution at a General Meeting.

A copies of the new set of Articles of Association, proposed to be adopted and the existing Articles of Association are available at the Registered Office of the Company between 10 a.m. and 2 p.m. on all working days till the date of this meeting.

The Board of Directors recommend passing of the resolution as set out under Item No. 7 of the notice.

None of the Directors and Key Managerial Personnel and their relatives are interested in the resolution, except as a shareholder of the Company.

By Order of the Board

Registered Office :
6/D Nelly Sengupta Sarani
Kolkata- 700 087
Date : 18th August, 2016

(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 **Fifty Ninth** Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2016

Financial Summary

	As at 31.3.16	As at 31.3.15
	(Rupees in Thousands)	
1. Financial Results :		
Revenue from Operations	93,32,52	92,62,00
Profit before Depreciation	6,97,87	4,72,79
Depreciation	1,12,28	1,50,59
Profit before Tax	5,85,59	3,22,20
Less : Provision for Taxation		
- For the Current Year	2,20,85	1,25,35
- Deferred Tax	(1255)	(1931)
- Tax Adj. for Previous Year	-	76,39
Total amount available for appropriation	3,77,29	1,39,77
Less : Transfer to General Reserve	80,00	40,00
Proposed Dividend	12,77	12,77
Tax on Dividend	2,60	2,60
	2,81,92	84,40
Balance brought forward from last year	14,77,22	13,92,82
Balance carried forward	17,59,14	14,77,22

Operating Results

During the year under review your company's Revenue from Operations amounted to Rs.9333.00 Lakhs as compared to Rs.9262.00 Lakhs in the previous year. Company's Profit Before Tax is Rs. 585.59 Lakhs against Rs. 322.20 Lakhs in the previous year.

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 approval by the Shareholders at the ensuing Annual General Meeting. Total Financial outgo will be Rs. 15.37 Lakhs including Dividend 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, 2016, 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, 2016 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. Baidyanath Datta (DIN 06948842) and Mr. Sourendra Prasad Saha (DIN 01927506), who were appointed as Additional Directors by the Board at its meeting held on 11th September, 2014 were appointed as Directors of the Company, liable to retire by rotation, by the shareholders at 58th Annual General Meeting held on 22nd day of September, 2015.

Mr. Debashish Mazumdar (DIN 00119396) was appointed as Additional Director by the Board at its meeting held on 21st March, 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 deposits signifying the candidature of Mr. Mazumdar for his appointment as Director of the Company at the ensuing Annual General Meeting, whose period of office would be liable to determination by retirement of directors by rotation. Your Board recommends appointment of Mr. Mazumdar as a 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. Baidyanath Datta (DIN 06948842) and Mr. Sourendra Prasad Saha (DIN 01927506), Directors are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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, 2015 to 31st March, 2016 i.e., on 16.06.2015, 17.08.2015, 22.09.2015, 21.12.2015 and 21.03.2016. 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	5
Mr. Usha Nath Banerjee	2
Mr. Aditya Banerjee	4
Mr. Amit Kumar Roy	3
Mr. Baidyanath Datta	2
Mr. Sourendro Prosad Saha	3
Mr. Debashish Mazumdar	—

Auditors

M/s. Nundy Roy & Co. Chartered Accountants, (Firm Registration No. 301049E), Statutory Auditors of the Company, were 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. The Board recommend ratification of their appointment by the shareholders at the ensuing Annual General Meeting.

Auditors' Report

The Auditors' Report does not contain any qualification, reservation or adverse remark and therefore, do not call for any explanation/comment.

Deposit

The Company has not accepted any deposits and it does not hold any deposit as on March 31, 2016. 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**.

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 propose to appoint a Committee to identify and access risk, both internal and external, affecting the organization and its growth.

Significant and material Orders passed by the Regulators or Courts

There are no significant and material orders passed by any Regulators/Courts which would impact the going concern status of the Company and its future operations.

Performance and Financial Position of Subsidiaries, Associates and Joint Venture Companies

The Company does not have any Subsidiary, Joint Venture Company and/or Associate Company. As such information required to be given pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014 are not applicable.

Particulars of Loans given, Investments made and Guarantee Provided.

During the period under review, the Company did not give any loans or make any investment or provide any security within the meaning of section 186(4) of the Companies Act 2013 and accordingly no disclosure is required to be made with respect thereto.