

ANNUAL REPORT & ACCOUNTS

For the year ended
31st March, 2018



DEY'S MEDICAL STORES (MFG.) LIMITED

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

C O N T E N T S

	Page No.
1. Company Details	1 - 2
2. Notice	3 - 6
3. Boards' Report	7 - 24
4. Independent Auditors' Report	25 - 31
5. Balance Sheet	34
6. Statement of Profit and Loss	35
7. Cash Flow Statement	36
8. Notes to Balance Sheet and Statement of Profit and Loss Account	37 - 50

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. 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., S-3, Bhagwan Dass Nagar, East Punjabi Bagh, Delhi - 110 026.
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. 1, DRM Office Road, P.O.: Kuldeep Nagar, Ambala Cantt. - 133 001.
Zirakhpur	: Vill. Pabhat, Godown Area, Near J P Hospital, Behind Unicity Business Center, Zirakhpur 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, Near Jeet Cold Storage, Ring Road No. 2, Gondwara, Raipur -493 221, Chattisgarh.
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 Sixty First Annual General Meeting of the Members of the Company will be held on Friday, the 28th September, 2018 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 2018 and report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Baidyanath Dutta (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.

AS SPECIAL BUSINESS

5. 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. 96,000/- plus applicable GST, payable to M/s. DGM & Associates, Cost Accountants, as Cost Auditor for conducting Cost Audit of the Pharmaceutical Products of the Company for the Financial year 2018-2019 be and is hereby ratified."

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 Dr. Amit Kumar Roy (DIN 06910710) who was appointed as an additional Director in the category of Independent Director at the Board Meeting held on 30th August, 2018 and in respect of whom a Notice Under section 160 of the Companies Act 2013 has been recieved

from a member signifying his intention to propose Dr. Amit Kumar Roy as a candidate for the office of the Independent Director and who fulfills the criteria as specified in section 149(6) of the Companies Act 2013 and who had given a declaration as per Section 152(4) of the Companies Act 2013 be and is hereby appointed as Independent Director of the Company for a period of five consecutive years as per section 149(10) of the said act and not liable to retire by rotation as per section 152(6) of the said act read with section 149(13) of the said act."

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

"RESOLVED THAT pursuant to the provision of Section 185 of the Companies Act 2013, consent is given to the Board of Directors of the Company to advance any loan directly or indirectly, including any loan represented by a book debt to its holding Company or to any person in whom any Director of the Company is interested subject to the condition that any such loan given by the Company are utilized by the borrowing company for its principal business activities"

By Order of the Board

Registered Office :
6/D Nelly Sengupta Sarani
Kolkata- 700 087
Date : 30th August, 2018

(Goutam 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/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) and 124(6) 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 "Investor Education and Protection Fund" set up by the Central Government.

Dividend for the financial years up to 31st March, 2010 which remained unpaid or unclaimed for seven years, have been transferred to the Investor's Education and Protection Fund of the Central Government pursuant to the amended provision 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 Shareholders from the Company. Shareholders who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2011 or any subsequent years, 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 Companies Act, 2013. In terms of which all shares for which dividend remain unpaid/unclaimed or a continuous period of seven years, shall also required to be transferred to the Investors' 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. 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.
7. Route map showing prominent landmark of the location of the Venue of the meeting is attached herewith.
8. 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 25th September, 2018.
9. Register of members shall remain closed on 25th September, 2018.

EXPLANATORY STATEMENT

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

Item No. 5

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 by members of the Company. For the financial Year 2018-2019, 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. 96,000/- 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.

Item No. 6

Dr. Amit Kumar Roy (DIN 06910710) was appointed as an Additional Director in the category of Independent Director of the Company by Board of Directors at its meeting held on 30th August 2018. A Notice has been received from a shareholder pursuant to section 160 of the Companies Act 2013 proposing Dr. Amit Kumar Roy as Independent Director of the Company for a period of Five consecutive years as per Section 149(10) of the Companies Act 2013.

Dr. Amit Kumar Roy, by Profession a Doctor, has been associated with Pharmaceutical Industry for a long time and it is felt that his professional expertise will enormously contribute in regular activities of the Company. He has given a declaration of Independence under Subsection 6) of section 149 of the Companies Act 2013. Except Dr. Amit Kumar Roy, none of the Directors, key Managerial Personnel and their relatives is interested in the resolution.

The Board recommends the resolution for approval of the members.

Item No. 7

During the Financial Year 2017-18, the Company, inter alia, sold Keo-Karpin Ayurvedic Massage Oil to the Stockiest who also is the Stockist of Keo-Karpin Hair Oil sold by the Holding Company. The stockist settled dues of the Company as well as that of the Holding Company by issuing cheque for total amount payable by the stockist either in the name of the Company or in the name of the Holding Company resulting in book debt of Rs. 22.11 Lakhs recoverable by the Company from its Holding Company as on 31st March 2018. This amount of Rs. 22.11 has been shown as advance in Note 28, Serial no. 12 (i)

Except Mr. Gautam Dey Managing Director, Mr. Ranjit Dey, Jt. Managing Director & Mr. Subharthee Dey, Wholetime Director, none of the other Directors of the Company, key Managerial Personnel and their relatives is interested in the resolution.

The Board recommends the resolution for approval of the members.

By Order of the Board

Registered Office :

6/D, Nelly Sengupta Sarani

Kolkata - 700087

Date : 30th August, 2018

(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 **Sixty-first** Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2018

	As at 31.3.18	As at 31.3.17
	(Rupees in Thousands)	
1. Financial Results :		
Revenue from Operations	98,32,43	1,00,99,47
Profit before Depreciation	4,36,40	9,53,34
Depreciation	79,57	87,76
Profit before Tax	3,56,83	8,65,58
Less : Provision for Taxation		
- For the Current Year	1,22,72	3,00,65
- Deferred Tax	(357)	(514)
- Tax Adj. for Previous Year	—	(1907)
Total amount available for appropriation	2,37,68	5,89,14
Less : Transfer to General Reserve	1,00,00	2,00,00
Proposed Dividend	8,51	12,77
Tax on Dividend	1,75	2,60
	1,27,42	3,73,77
Balance brought forward from last year	21,32,91	17,59,14
Balance carried forward	22,60,33	21,32,91

Operating Results

During the year under review your Company's Revenue from Operations amounted to Rs.9832.00 Lakhs as compared to Rs.10099.00 Lakhs in the previous year. Company's Profit Before Tax is Rs. 356.83 Lakhs against Rs. 865.58 Lakhs in the previous year.

The increase in sales has not been possible since the Sales of first quarter for the Financial year 2017-18 had affected adversely in respect to Sales of first quarter of Financial year 2016-17 because of implementation of GST in the month of July 2017. 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. 1.00/- per Equity Shares subject to approval by the shareholders at the ensuing Annual General Meeting. Total financial outgo will be Rs. 10.26 lakhs, including dividend distribution tax of Rs. 1.75 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, 2018, 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, 2018 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

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 Dutta (DIN 06948842) and Mr. Sourendra Prosad Saha (DIN 01927506), Director of the Company, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. Amit Kumar Ray (DIN 06910710) and Mr. Aditya Banerjee (DIN 05233444) have resigned as director of the company at the board meeting held on 6th December 2017. The Board accepted the resignation and recorded appreciation of invaluable advice received from them during their tenure as directors of the Company.

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 four times during the financial year from 1st April, 2017 to 31st March, 2018 i.e., on 26.05.2017, 23.08.2017, 06.12.2017 and 06.03.2018. 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	4
Mr. Ranajit Dey	4
Mr. Subharthee Dey	4
Mr. Usha Nath Banerjee	2
Mr. Aditya Banerjee	1
Mr. Amit Kumar Roy	3
Mr. Baidyanath Datta	4
Mr. Sourendro Prosad Saha	3
Mr. Debashish Mazumdar	2
Mr. Bhaskar Ghose	4

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 MCA Notification dated 7th May, 2018, the First Proviso to Section 139(1) of Companies Act 2013, requiring ratification of appointment of Statutory Auditor at every Annual General Meeting, has been omitted and accordingly, no resolution need to be passed at any Annual General Meeting to be held after 7th May, 2018 for ratification of appointment of M/s. Nundy Roy & Co. as Statutory Auditor of the Company.

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, 2018. 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.

Industrial Relations

Your Directors place on record their heartiest appreciation of the contributions made by the employees at all levels. Your directors wish to also place on record the utmost cooperation and support extended by various departments and agencies of the State & Central Government, UCO Bank, Indian Drug Manufacturer's Association (IDMA), Ayurvedic Drug Manufacturer's Association and various Chambers of Commerce, in the various fields of the companies' activities.

Disclosure

The Directors have devised proper systems and procedures for ensuring compliance with all applicable secretarial standards approved by the Central Government under Section 118 (10) of the Companies Act 2013.

As required under Companies (Accounts) Rules 2014, the Director of the Company affirm that cost records as prescribed by the Central Government under Section (1) of Section 148 of the Companies Act 2013 have been maintained by the Company.

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 : 30th August, 2018

(Gautam Dey)
Managing Director
DIN : 01277238

(Ranajit Dey)
Jt. Managing Director
DIN : 01277323