

ANNUAL REPORT & ACCOUNTS

For the year ended 31st March 2019



DEY'S MEDICAL STORES (MFG.) LIMITED

62, Bondel Road, Kolkata - 700 019

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CIN No. : U24232WB1957PLC023528

Telephone No. : 033-2287-1381/1382/6467

Website : www.deysmedical.com

Board of Directors :

Mr. Gautam Dey, Managing Director

Mr. Ranajit Dey, Jt. Managing Director

Mr. Subharthee Dey, Wholetime Director

Mr. Sourendra Prosad Saha, Director

Mr. Debashish Mazumdar, Director

Mr. Bhaskar Ghose, Director

Mr. Amit Kumar Roy, Director

Mr. Dwarakeswar Chatterjee, Director

Auditors :

Nundy Roy & Co. Chartered Accountants

Bankers :

UCO Bank

Registered Office :

62, Bondel Road, Kolkata - 700 019

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, Bengaluru - 560 026

Chandigarh : Geeta Marketing, Plot No. 10, 2 Kanal Industrial Area, Phase-II
Chandigarh - 160 002.

Chennai : Shruti's, New No. 353, Old No. 202, 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 : 8, Rifle Range Road, Kolkata - 700 019
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 : 004/005/103, Dattani Palza, Safed Pool, Saki Naka, Andheri, Kurla Road
Mumbai - 400 072.
- Patna : Arya Remedies Pvt. Ltd., Sahara Road, Choti Pahari, Agam Kuan,
P.O. : Gulzarbagh, Patna - 800 007.
- 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, Nariyal 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, 1st Floor, Shop No-31, Hrt Sai Nirman
Complex, Bhavanipuram, Vijaywada - 520 012.
Vinayaka Corporation, Door No. 75/5/7, R. S. No. 10, Durga Plot,
Temple Road, Bhawanipuram, Vijaywada - 520 012

BOARD'S REPORT

To
The Shareholders,
Dey's Medical Stores (Manufacturing) Limited

Your Directors have pleasure in presenting the **Sixty-Second** Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2019

| 1. Financial Results : | As at 31.3.19 | As at 31.3.18 |
|--|-----------------------|-----------------|
| | (Rupees in Thousands) | |
| Revenue from Operations | <u>105,21,23</u> | <u>98,32,43</u> |
| Profit before Depreciation | 10,54,96 | 4,36,40 |
| Depreciation | <u>65,28</u> | <u>79,57</u> |
| Profit before Tax | 9,89,68 | 3,56,83 |
| Less : Provision for Taxation | | |
| - For the Current Year | 2,88,27 | 1,22,72 |
| - Deferred Tax | (149) | (357) |
| - Tax Adj. for Previous Year | <u>16,77</u> | <u>—</u> |
| Total amount available for appropriation | 6,86,13 | 2,37,68 |
| Less : Transfer to General Reserve | 2,00,00 | 1,00,00 |
| Proposed Dividend | 12,77 | 8,51 |
| Tax on Dividend | <u>2,62</u> | <u>1,75</u> |
| | 4,70,74 | 1,27,42 |
| Balance brought forward from last year | <u>22,60,33</u> | <u>21,32,91</u> |
| Balance carried forward | <u>27,31,07</u> | <u>22,60,33</u> |

Operating Results

During the year under review your Company's Revenue from Operations amounted to Rs.10521.23 Lakhs as compared to Rs.9832.43 Lakhs in the previous year. Company's Profit Before Tax is Rs. 989.68 Lakhs against Rs. 356.83 Lakhs in the previous year.

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 subject to approval by the shareholders at the ensuing Annual General Meeting. Total financial outgo will be Rs. 15.39 lakhs, including dividend distribution tax of Rs. 2.62 lakhs.

Share Capital

There has been no change in authorised, issued subscribed and paid up share capital during the year under review.

Material changes/any commitments affecting financial position between end of the financial year and Date of Report.

Subsequent to the end of financial year on March 31, 2019 till date, there has been no material change and /or commitment which may affect the financial position of the Company.

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, 2019, 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, 2019 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 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. Bhaskar Ghose (DIN 00007714) and Mr. Debashish Mazumdar (DIN 00119396), Directors of the Company, are due to retire by rotation

at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Board recommends reappointment of Mr. Bhaskar Ghose and Mr. Debashish Mazumdar as Director of the Company liable to retire by rotation.

Mr. Ushanath Banerjee (DIN 02312565 and Mr. Baidyanath Dutta (DIN 06948842) have resigned as Director of the Company and the Board accepted the resignation at the Board Meeting held on 30th August, 2018 and on 1st November, 2018 respectively. The Board accepted the resignation and recorded appreciation of invaluable advice received from them during their tenure as Director of the Company.

During the year under review your Board approved reappointment of Mr. Gautam Dey as Managing Director, Mr. Ranajit Dey as Joint Managing Director, Mr. Subharthee Dey as Whole-time Director for a period of five years subject to the approval of shareholders of the ensuing sixty-second Annual General Meeting as per Section 196(4) of Companies Act 2013. Your Board is of the opinion that their continuous association with the Board shall be beneficial to the Company to achieve its desired objectives.

Independent Director

Dr. Amit Kumar Roy (DIN 06910710) was appointed as an Additional Director in the category of Independent Director at the Board meeting held on 30th August 2018. His appointment as an Independent Director was approved at the sixty-first Annual General Meeting of the Company held on 28th September 2018 for a period of five consecutive years as per Section 149 (10) of the Companies Act 2013 and not liable to retire by rotation as per Section 152 (6) of the said act.

Mr. Dwarakeswar Chatterjee (DIN 08390801) chartered accountant in practice was appointed as an additional director in the category of independent director in terms of Section 149 and Schedule IV of Companies Act 2013 at the Board Meeting held on 19th March 2019 for a period of five consecutive years subject to the approval by shareholders at the ensuing sixty-second Annual General Meeting.

Dr. Amit Kumar Roy and Mr. Dwaraseswar Chatterjee have declared to the Board of Directors that they meet the criteria of Independence as laid down in Section 149(6) of the Companies Act 2013.

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, 2018 to 31st March, 2019 i.e., on 04.07.2018, 30.08.2018, 28.09.2018, 11.01.2019, 04.02.2019 and 19.03.2019. 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 | 6 |
| Mr. Ranajit Dey | 6 |
| Mr. Subharthee Dey | 6 |
| Mr. Bhaskar Ghose | 5 |
| Dr. Amit Kumar Roy | 3 |
| Mr. Debashish Mazumdar | 3 |
| Mr. Sourendro Prosad Saha | 5 |
| Mr. Baidyanath Dutta | 1 |
| Mr. Usha Nath Banerjee | – |

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, 2019. 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**.

Audit Committee

The Board of Directors has duly constituted Audit Committee at the Board Meeting held on 19th March 2019 in terms of Provisions of Section 177 of the Companies Act 2013 read with the rules framed thereunder. The terms of reference of the Audit Committee has been approved by the Board of directors composition of the audit committee is stated below –

- (i) Mr. Dwarakeswar Chatterjee (Chairman)
- (ii) Dr. Amit Kumar Roy (Member)
- (iii) Mr. Sourendra Prasad Saha (Member)

Nomination and Remuneration Committee

The Board of Directors has duly constituted Nomination and Remuneration Committee at the Board Meeting held on 19th March 2019 in terms of provisions of section 178 of the Companies Act 2013 read with rules framed there under composition of the Nomination and Remuneration Committee is stated below –

- (i) Dr. Amit Kumar Roy (Chairman)
- (ii) Mr. Dwarakeswar Chatterjee (Member)
- (iii) Mr. Sourendra Prasad Saha (Member)

Nomination and Remuneration Policy

The Nomination and Remuneration Committee has formulated and recommended to the Board Nomination and Remuneration Policy for identification, selection and Appointment of Directors, Key Managerial Personnel (KMP) and Senior Managerial Personnel (SMS) of your Company. The policy inter alia provides for criteria for fixing remuneration of the Directors of KMPS. SMPS as well as other employees of the Company. The Policy has been placed on the website of the Company at the webaddress – www.deysmedical.com

Corporate Social Responsibility

At the Board Meeting held on 19th March, 2019 your Board has reconstituted a Corporate Social Responsibility (CSR) Committee of the Board under the Chairmanship of Mr. Gautam Dey, Managing Director of the Company. Other members of the Committee are (a) Mr. Ranajit Dey, Joint Managing Director, (b) Mr. Subharthee Dey, Wholetime Director, (c) Dr. Amit Kumar Roy, Independent 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. The CSR Policy is available on the website of the Company at the webaddress - www.deysmedical.com

Investor Education and Protection Fund (IEPF)

During the year under review the Company has transferred to the IEPF unclaimed/unpaid dividend Rs. 8,403/- on 8th January, 2019 and the corresponding shares (13 Nos. on 23.04.2019) in terms of Section 124(6) of the Companies Act 2013 and in pursuance of Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 pertaining to dividend declared for the year 2010-11 and remaining unpaid for continuous 7 years.

The company has also credited to the Demat Account of IEPF Authority in the NSDL System (ISIN INE 00890105) 3045 Equity Shares on 20th November, 2018 and corresponding dividend Rs. 8,860/- on 12th January, 2018 for the year 2009-2010 remaining unpaid for continuous 7 years.

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 appointed 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.

Disclosure

The Directors have devised proper systems and procedures for ensuring compliance with all applicable secretarial standards as 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 :
62, Bondel Road,
Kolkata- 700 019
Date : 9th August, 2019

(Gautam Dey)
Managing Director
DIN : 01277238

(Ranajit Dey)
Jt. Managing Director
DIN : 01277323