

DATT MEDIPRODUCTS PRIVATE LIMITED

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2016-17

To,
The Members,

Your directors have pleasure in presenting their 22nd Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2017.

Financial Highlights (Standalone and Consolidated)

During the year under review, performance of your company as under:

(Rupees in Lakhs)

Particulars	Year ended 31 st March 2017	Year ended 31 st March 2016
Turnover	8,160.99	7,179.82
Profit/(Loss) before taxation	103.21	201.28
Less: Tax Expense	24.99	70.48
Profit/(Loss) after tax	78.21	130.79
Add: Balance B/F from the previous year	737.19	606.41
Balance Profit / (Loss) C/F to the next year	815.40	737.19

The consolidated performance of the group as per consolidated financial statements is as under:

(Rupees in Lakhs)

Particulars	Year ended 31 st March 2017	Year ended 31 st March 2016
Turnover	8,161.00	7,223.70
Profit/(Loss) before taxation	92.34	167.21
Less: Tax Expense	25.02	70.50
Profit/(Loss) after tax	67.31	96.70
Add: Balance B/F from the previous year	676.38	579.68
Balance Profit / (Loss) C/F to the next year	743.70	676.38

State of Company's Affairs and Future Outlook

Your Directors have pleasure to inform that the company achieved 14.24 % growth in gross operating revenue which increased from Rs.7,202.07 lacs in FY 2015-16 to Rs.8,227.73 lacs in FY 2016-17. However, Profit before tax decreased by 48.72 % from Rs.201.01 lacs to Rs.103.21 lacs. After tax profit also decreased by 40.20 % from Rs.130.79 lacs in 2015-16 to Rs.78.21 lacs in 2016-17.

The company is under process of developing some specialized wound care products in its in-house lab which is in advanced stage. The company is hopeful of doing good business in this segment in the near future. Various applications for patent have also been filed.

Change in nature of business, if any

There is no change in the nature of business of the company during the Financial Year 2016-17.

Dividend

Due to requirement of funds for the envisaged expansion activities of your company, the Directors of your Company do not recommend any dividend for the Financial Year 2016-17 (Previous year- NIL).

Amounts Transferred to Reserves

Whole of the accumulated profits of the company have been kept as credit in Profit & Loss Account. No amount was proposed to be transferred to Reserves in the year 2016-17.

Changes in Share Capital, if any

During the Financial Year 2016-17, the company has issued 49,62,600 equity shares of Rs.10/- each at a premium of Rs.5/- per share to the specific persons in terms of section 62(1)(c) on the basis book value of equity shares as on 31st March 2016.

Disclosure regarding Issue of Equity Shares with Differential Rights

The Company has not issued any equity shares with differential rights.

Disclosure regarding issue of Employee Stock Options

The Company has not issued any Employee Stock Option Scheme or Employee Stock Purchase Scheme during the year.

Disclosure regarding issue of Sweat Equity Shares

The Company has not issued any sweat equity shares during the year.

Extract of Annual Return

The extract of Annual Return, in format MGT -9, for the Financial Year 2016-17 has been enclosed with this report.

Number of Board Meetings

During the Financial Year 2016-17, following meetings of the Board of Directors of the company were held on the following dates:

11/04/2016 20/06/2016 22/08/2016 02/09/2016 14/10/2016
28/11/2016 16/12/2016 23/01/2017 14/03/2017 AND 29/03/2017

Research & Development Expenses

Your director have the pleasure of informing you that the company has started its in-house Research and Development facility at Plot No. 52, Roz Ka Meo Industrial Area , Sohna ,Gurgaon and has got the approval from Department of Scientific and Industrial Research, Government of India, Ministry of Science and Technology ,New Delhi for the purpose of section 35(2AB) from 25th September 2014 to 31st March 2017. The R & D Lab of the company is putting in its efforts to develop advanced wound care products and is hopeful of launching new products very soon.

The details of expenditure on scientific research and development at the Company's in-house R&D facilities eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 for the year ended 31st March 2017, are as follows:

- Capital Expenditure: Rs. 39.37 Lacs
- Revenue Expenditure: Rs. 145.45 Lacs

Particulars of Loan, Guarantees and Investments under Section 186

The Company has not given any fresh loan, guarantee or made any investment covered under Section 186 of the Companies Act, 2013 during the year 2016-17.

Particulars of Contracts or Arrangements with Related Parties

All related party transactions that were entered into during the financial year ended 31st March, 2017 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of

Section 188 of the Companies Act, 2013 are not attracted. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the Company at large.

The company has received an advance of Rs.6 lacs from its subsidiary Datt Life Sciences Pvt. Ltd. during the year against a contract for lab testing.

Expenses on FZE

The company had formed an 100% foreign subsidiary in UAE. During the year 2016-17 the company has incurred Rs.25.83 lacs for maintenance of its office in Sharjah, UAE .

Explanation to Auditor's Remarks

The statutory auditors have qualified their report in respect of provision of gratuity and leave encashment on the basis of certain assumptions. The other comments in the Auditors Report read with the notes to the accounts are self-explanatory and do not call for further explanation.

Material Changes Affecting the Financial Position of the Company

No material changes and commitments affecting the financial position of the Company occurred after the date of Balance Sheet till the date of this report.

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

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as under:

a) Conservation of Energy:

Steps taken for conservation	NIL
Steps taken for utilizing alternate sources of energy	NIL
Capital investment on energy conservation equipments	NIL

b) Technology Absorption:

Efforts made for technology absorption	NIL
Benefits derived	NIL
Expenditure on Research & Development, if any	Revenue Expenses Rs.145.45 lacs Capital Expenses Rs.39.37 lacs
Details of technology imported, if any	NIL
Year of import	NIL
Whether imported technology fully absorbed	NIL
Areas where absorption of imported technology has not taken place, if any	NIL

c) Foreign Exchange Earnings/ Outgo:

Earnings	
FOB Value of Exports(Net of Returns)	4,328.73
Outgo	
Importson C.I.F. Basis	699.41

Details of Subsidiary, Joint Venture or Associates

There are no companies which have become or ceased to be the Company's subsidiaries, joint ventures or associate companies during the year under review the financial year 2016-17.

Risk Management Policy

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

All properties, including building, plant, machinery, furniture, fixture, stock and stock in transit of the Company have been properly insured against all kind of risks.

Details of Directors and Key Managerial Personnel

There has been no change in the constitution of Board during the year under review. No director is required to retire by rotation.

Details of significant & material orders passed by the regulators or courts or tribunal

There are no significant material orders passed by the regulators/courts which would impact the going concern status of the company and its future operations.

Statement in Respect of Adequacy of Internal Financial Control with Reference to the Financial Statements

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Deposits

The Company has neither accepted nor renewed any deposits during the year under review. No deposits remained unpaid or unclaimed at the end of the year.

Receipt of any commission by MD / WTD from a Company or for receipt of commission / remuneration from it holding or subsidiary

A sum of Rs. 8.75 lacs and Rs. 0.95 lacs were paid to Dr. Rajan Datt, Managing Director and Ms. Ruchita Datt, Director, respectively of the company. Further, there was no receipt of any commission or remuneration by Managing Director/ Whole time director from the subsidiary companies.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company is committed to provide a safe and conducive work environment to its employees. Your Directors further state that during the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Statutory Auditors

The Statutory Auditors of the company M/s VBR & Associates was appointed in AGM held on 27/09/2014 to hold office for five consecutive financial years subject to ratification by shareholders in each AGM. The auditors have confirmed their eligibility under section 141 of Companies Act 2013 and that they are not disqualified for re-appointment.

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed there under, it is proposed to ratify the appointment of M/s VBR & Associates, Chartered Accountants, as the statutory auditors of the Company for the Financial Year 2017-18.

Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 as at 31st March, 2017 and of the profit /loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgment

The Directors express their sincere appreciation to the valued shareholders, bankers and clients for their support

Place: Kolkata
Date: 02/09/2017

For and on behalf of the Board of Directors


Rajan Datt
Managing Director (DIN-00832130)