ALBERT DAVID LIMITED ANNUAL REPORT 2018-2019

























ALBERT DAVID

ALBERT DAVID LIMITED

ANNUAL REPORT

2018-2019

Adds life to life



VISION

To become a globally respected pharmaceutical entity and create value for our stakeholders and employees



MISSION

To deliver excellence in each of our efforts through innovation using cutting edge technology and methodology

DIRECTORS	:	Mr. A. K. Kothari Executive Chairman Mr. T. S. Parmar Managing Director & CEO Smt. Prabhawati Devi Kothari Mr. Hemal Kampani Mr. Rajiv Singhi Mr. Arindam Sarkar Mr. Shirish G. Belapure (From 14th February, 2019) Dr. A. K. Bhattacharya (Upto 31st March, 2019)
MANAGEMENT TEAM	:	Dr. D. P. Ghosh Corporate Head - Technical & Scientific Development Mr. S. C. Shah Corporate Head (Finance) & CFO Mr. Atul Kichlu Head (Sales & Marketing) - ADL Div.-I Mr. A. J. Chattopadhyay Corporate Head – HR Mr. P. K. Jain Plant Head, Kolkata Mr. H. T. Nazare Plant Head, Ghaziabad Md. Altaf Qazi Head (Sales & Marketing) - ADL Div.-II
COMPANY SECRETARY	:	Dr. Indrajit Dhar
AUDITORS	:	Basu Chanchani & Deb, Chartered Accountants
BANKER	:	State Bank of India
REGISTRAR & SHARE TRANSFER AGENT	:	Maheshwari Datamatics Pvt. Ltd. 23, R. N. Mukherjee Road, 5th Floor, Kolkata-700001. Tel : 033-2248-2248 / 2243-5029, Fax : 033-2248-4787 Email : mdpldc@yahoo.com
REGISTERED OFFICE	:	ALBERT DAVID LIMITED (CIN : L51109WB1938PLC009490) D-Block, 3rd Floor, Gillander House, Netaji Subhas Road, Kolkata - 700001 Tel : 033-2262-8436 / 8456 / 8492, 2230-2330 Fax : 033-2262-8439 Email : adidavid@dataone.in, Website : www.albertdavidindia.com
WORKS	:	5 / 11, D. Gupta Lane Kolkata - 700050 (W.B.) B-12 / 13, Meerut Road, Industrial Area Ghaziabad - 201003 (U.P.)

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Chairman's Message

Albert David Limited is a trusted, flagship Pharmaceutical Company of the 'Kothari Group' with over 80 years of successful operations. 'Kothari Group' is a prominent, highly diversified business group headquartered in Kolkata with operations across India and overseas.

The Year Gone By

Indian pharma companies have been going through a tough phase for the past couple of years. Some of the reasons being significant competitive intensity, pricing pressure in export markets, lower prices and regulatory hurdles in domestic markets etc. Further, despite being a late bloomer, China has proved itself as a growth engine for the biopharma industry posting double digit growth.

Most global pharma companies have initiated restructuring programs to reposition their companies, focusing their efforts on refocusing R&D, optimising manufacturing plants, reducing employee costs, and divesting poorly-performing or sub-scale businesses.

Structural Changes

In order to strengthen the brand marketing, your Company has undertaken many proactive steps which include restructuring the marketing team at the highest levels and launch of a seperate division for focused brands. On the way forward, your Company plans to take more initiatives including strengthening its branded and generics business.

Dividend

Backed by the strategic changes being taken by your Company and the positive performance outlook, Albert David Limited Board has proposed a dividend of Rs.6/- per equity share of Rs.10/- each.

Future Outlook

The Indian pharma industry has adjusted to the disruptions of demonetization and GST in the last two years and has reverted to a steady low double-digit growth. The industry is expected to grow at 11-12% in near future, driven by a mix of strong volume growth and price increase, increasing lifestyle diseases, higher penetration in rural markets and rising health insurance coverage. Given that, pharma companies need to tread their path with caution in view of several risks the sector faces vis.-a-vis. unfavorable results of facility inspections and delay in product approval by USFDA, chances of more products being added to NLEM list and FDC ban.

I, on behalf of Albert David Limited Board, express my appreciation and gratitude to all our shareholders and we look forward to your continued trust and support.

A K Kothari
Executive Chairman



Managing Director & CEO's Message

Dear Shareholders,

It gives me great pleasure to address you after more than two years of association with Albert David Limited.

The Market Scenario

The Healthcare industry in India is rapidly evolving from a product centric industry to a product-cum-service driven sector largely driven by chronic diseases segments viz. cardiovascular, diabetes and lifestyle diseases. The Indian pharma industry has been ranked 3rd in terms of volume and 14th in terms of value, globally. The domestic formulations segment is expected to grow at 11-12%. The Government of India too has announced policy initiatives viz. increase in Budget allocation for the healthcare sector, National Health Policy 2017 and Pharma Vision 2020 which will hopefully further improve the focus and priority on healthcare in India.

Simultaneously, the Indian Pharma Industry is also facing fresh challenges. Ayushman Bharat and Jan Aushadhi Schemes have been launched with a lot of publicity by the GOI. DPCO/NPPA/FDC fresh notifications continue to be announced. All these will pose specific challenges to the Indian Pharma Industry.

Our Current Status

We, as a company, continued to take initiatives to address the changing business environment. We are taking all necessary steps not only to face the market challenges but also to perform impressively under the current scenario. After satisfactorily crossing the transitional hurdles of GST and demonetization in the last two years, during the FY 2018-19 we have achieved net sales and net profit (from continuing operations) of Rs.312.70 Cr. and Rs.17.72 Cr. against Rs.287.11 Cr. and Rs.13.48 Cr. respectively during the previous year.

We took many strategic initiatives in 2018-19, derived from our in-depth pan Corporate / pan Function review, and aligned to our future strategic and growth plans. We, at Albert David, took several decisive steps to make our operations lean & integrated, further tuned our production & marketing efforts and continued our transformative efforts to address the next phase of opportunities, control our costs and increase our margins.

A few of the key initiatives taken are as follows:

i. Strengthening our new ERP system and SOPs across functions to support sustained and robust growth

ii. Creation of a seperate division for our focused brands and restructured the marketing division

iii. Organizational restructuring pan-India and streamlining overheads

The Way Forward

India, the third largest drug manufacturer in the world by volume and largest provider of generic drugs accounting for 20% global exports, enjoys the exalted position of being the 'Pharmacy to the world'. Generic drug export has been growing at around 24% per year for the last couple of years. On the domestic front, the IPM (Indian Pharma Market) is expected to reach USD 55 bn by 2020, with the potential to reach USD 70 bn in an aggressive growth scenario. Besides, with patents worth around USD 10,500 (India estimate) expiring in the period between 2018-2022 and the GOI's exemplary stand against blind patent protection, there is ample opportunity for the industry to grow. But there are also head-winds for the Indian Pharma Industry viz. Ayushman Bharat & Jan Aushadhi Schemes of GOI, DPCO & NPPA fresh notifications, any new FDC list etc.

We are keeping an eye on the industry developments & prospects and are preparing ourselves for the same.

Few of the key areas / initiatives we are continuing to work on are:

i. Firming up our 'mid-long term' Strategic Plan

ii. Improving our overall operational efficiency through right identification and optimization of all resources

iii. Identifying & tapping available market potential through an efficient, re-structured approach

iv. Further re-alignment of our EMB operations

v. Professionalising & strengthening our ADL Board

I, on behalf of Albert David Limited, can assure you that we are moving towards a stronger and brighter future. I am thankful to all members of our Albert David Limited family – our customers, partners, fellow employees and above all you, our shareholders, for reposing your continued faith and support.

Warm regards!

T S Parmar
Managing Director & CEO

ALBERT DAVID LIMITED

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Email : adidavid@dataone.in Website : www.albertdavidindia.com

Notice

TO THE MEMBERS

NOTICE is hereby given that the EIGHTIETH Annual General Meeting of the Shareholders of the Company will be held at **Science City, Seminar Hall S-18 (A & B), J. B. S. Haldane Avenue, Kolkata-700046 on Friday, the 9th August, 2019 at 4.00 PM** 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, 2019 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mrs. Prabhawati Devi Kothari (DIN: 00051860), who retires by rotation and being eligible, offers herself for re-appointment.

AS SPECIAL BUSINESS

4. **To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:**

   "RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014 and such other rules as may be applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, regulations and guidelines, if any, Mr. Shirish G. Belapure (DIN : 02219458), who was appointed as an Additional Director (Non-Executive, Independent) of the Company by the Board of Directors with effect from 14th February, 2019 under Section 161 and the Articles of Association of the Company and on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five years from 14th February, 2019.

   RESOLVED FURTHER THAT members of the Board of Directors be and they are hereby severally authorized to do all such acts, deeds and things to give effect to the resolution and matters incidental and ancillary thereto."

5. **To consider and if thought fit, to pass the following resolutions as Special Resolutions:**

   "RESOLVED THAT pursuant to the provisions of section 196, 197, 198 and 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, regulations and guidelines, if any, and subject to any other approvals, if applicable, and upon the recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, the consent of members of the Company be and is hereby accorded for revision in remuneration payable to Mr. Arun Kumar Kothari (DIN: 00051900), Wholetime Director designated as Executive Chairman of the Company for the period from 1st April, 2019 to 31st March, 2020 in the manner and to the extent set out in the Explanatory Statement annexed to this notice.

RESOLVED FURTHER THAT notwithstanding the above, in the event of loss or inadequacy of profits in the financial year, Mr. Arun Kumar Kothari, Executive Chairman, will be paid salary and perquisites not exceeding the limits prescribed in Section-II of Part-II of Schedule-V of the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem proper, necessary or desirable to give effect to the foregoing resolutions and to settle any question, difficulty or doubt that may arise in the said regard."

6. **To consider and if thought fit, to pass the following resolutions as Special Resolutions:**

"RESOLVED THAT pursuant to the provisions of section 196, 197, 198 and 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, and subject to any other approvals, if applicable, and upon the recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, the consent of members of the Company be and is hereby accorded for revision in remuneration payable to Mr. Tarminder Singh Parmar (DIN: 05118311), Managing Director & CEO of the Company for the period from 1st April, 2019 to 31st March, 2020 in the manner and to the extent set out in the Explanatory Statement annexed to this notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion consider proper, necessary or desirable in order to give effect to the foregoing resolution and to settle any question, difficulty or doubt that may arise in the said regard."

7. **To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:**

"RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. S. Gupta & Co., Cost & Management Accountants, Kolkata (Firm Registration No. 000020), Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, be paid the remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office :
D - Block, 3rd Floor,
Gillander House,
Netaji Subhas Road,
Kolkata - 700 001.
CIN : L51109WB1938PLC009490
Dated : 29th May, 2019

By Order of the Board
For **Albert David Limited**

Indrajit Dhar
Associate Vice President (Accounts & Taxation)
Cum-Company Secretary
(ACS-9054)

NOTES :

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in relation to the Special Business is annexed hereto and forms part of this Notice.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. MEMBERS/ PROXIES/ AUTHORISED REPRESENTATIVES SHOULD BRING THE DULY FILLED ATTENDANCE SLIP TO ATTEND THE MEETING. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.

   A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT EXCEEDING FIFTY (50) MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.

   A MEMBER HOLDING MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

3. Proxies shall be made available for inspection during twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.

4. Pursuant to the provision of section 91 of the Companies Act, 2013, the Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 3rd August, 2019 to Friday, 9th August, 2019, both days inclusive, for the purpose of AGM and payment of dividend.

5. Dividend, if declared, would be paid within thirty days from the date of declaration to Members whose names appear as beneficial owners with the Depositories or in the Register of Members as on Friday, 2nd August, 2019.

   Members holding shares in demat form may note that bank account particulars registered against their respective demat accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Maheshwari Datamatics Pvt. Ltd., cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the members. Further, in case the shares are held in physical mode, members are requested to furnish Bank account particulars (viz. Account No., Name and Branch of the Bank, IFSC Code and MICR Code) to the RTA to ensure that there is no fraudulent encashment of the warrants.

6. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Members holding shares in physical form are requested to notify immediately, changes, if any, in their registered address, bank details, mandate, nomination, power of attorney and email address to Company's Registrar & Share Transfer Agent at the below-mentioned address quoting their Folio Numbers:-

   M/s. Maheshwari Datamatics Pvt. Ltd.
   23, R. N. Mukherjee Road, 5th Floor, Kolkata - 700 001
   Tel.No.: (033) 2248-2248/ 2243-5029; Fax No.: (033) 2248-4787
   E-Mail: mdpldc@yahoo.com

   In case shares are held in demat form, these information should be passed on directly to the concerned Depository Participant (DP).

9. Pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividends upto the year ended 31st March, 2011 and the underlying shares to the account of the Investor Education and Protection Fund established by the Central Government.