

10th Annual Report 1997-98

MD	✓		BKC	✓
CS	NA		OPY	NA
RO	✓		DIV	NA
TRA	NA		LC	✓
AGM	✓	✓		✓
YE	✓	✓		✓

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GODAVARI DRUGS LIMITED

Regd. Office : May Fair
Sardar Patel Road, Secunderabad - 500 003.

GODAVARI DRUGS LIMITED

BOARD OF DIRECTORS :

SHRI GHANSHYAM JAJU	CHAIRMAN
SHRI MUKUND KAKANI	MANAGING DIRECTOR
SHRI KIRTI KUMAR JAIN	EXECUTIVE DIRECTOR
SHRI PRAKASH CHANDRA SHRIMAL	DIRECTOR
DR. C.G. KARANJGAONKAR	DIRECTOR
SHRI P. DATTA	SICOM NOMINEE

Bankers

State Bank of Hyderabad
State Bank of Bikaner & Jaipur

Auditors

M/s S.DAGA & CO.
Hyderabad

Annual General Meeting
Wednesday, 23rd september,98
at 2.30 p.m.
at J.S. Krishnamurthy Hall
Red Hills, Hyderabad.

Registered Office

"Mayfair",
Sardar Patel Road,
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Grams : "GODRUGS"

Factory

A 6/2,M.I.D.C.,
Nanded - 431 603.
Maharashtra.
India.



GODAVARI DRUGS LIMITED

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of Members of Godavari Drugs Limited will be held on Wednesday, the 23rd September 1998 at 2.30 p.m. at J. S. Krishna Murthy Hall, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad -500 004 (A.P) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1998, Balance Sheet as on that date, and Directors and Auditors' Reports thereon.
2. To appoint a Director in place of Dr.C.G.Karanigaokar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

Place : SECUNDERABAD
Date : 20th August, 1998

MUKUND KAKANI
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN BE CLOSED FROM 18TH OF SEPTEMBER, 1998 TO THE 23rd OF SEPTEMBER, 1998 (BOTH DAYS INCLUSIVE)
3. MEMBERS ARE REQUESTED TO INTIMATE IMMEDIATELY ANY CHANGE IN THEIR ADDRESS TO THE COMPANY.



DIRECTORS' REPORT

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting their Tenth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1998.

(Rs.in lacs)

FINANCIAL RESULTS :	1997-98	1996-97
Sales and other Income	2584.54	2305.90
Profit/(loss) before Interest and depreciation	(65.45)	(72.47)
Interest	101.33	106.73
Depreciation	48.95	36.86
Profit Before Tax	(215.73)	(216.06)
Profit after tax	(215.73)	(216.06)
Surplus brought forward from previous year	(40.61)	175.46
Balance carried forward to Balance sheet	(256.34)	(40.61)

REVIEW OF OPERATIONS :

The Sales during the year was Rs 2527.60 lacs as against Rs 2178.66 lacs in the previous year. These figures would have been far more encouraging but for severe constraints faced by the company due to various factors beyond its control.

The company is regretfully posting losses to the extent of Rs 215.73 lacs during the year under review. This is mainly due to low realisation of Finished product, high raw material cost and unhealthy competitions. The over all situation during the year was improved as compared to previous year. The production of SMX was increased to 438 tonnes as against 347 tonnes during previous year.

EXPORT :

During the year under review the company has exported 61% of their production of 438 MT. The company has established its name in the local market and maintained same level as compared to previous year.

MARKETING PROSPECTS :

As per the policy adopted by your company the local sales are increased in comparison to last year. The company continues to enjoy the privilege and reputation in export market as in the earlier years.

FUTURE OUTLOOK :

Considering the present scenario in Bulk drug industry your Directors' have identified new products &

developed R & D facilities in house. Your directors have pleasure to inform you that the company is proposed to launch a new product namely "Pyrazalamide" within short period. As per the information available, this product is having good demand in local and international markets.

RESEARCH & DEVELOPMENT :

The company has completed setting up of the pilot plant and laboratory which is one of the best equipped in the industry having multi speed and multi agitated reactors, specially design packed columns etc. This facilities will help in improving the processes in our present products and also to develop new molecules.

INDUSTRIAL SAFETY AND POLLUTION CONTROL :

The company continues to follow its policy of maintaining highest standards of safety. Plantation of trees taken around the plant ensures friendly environment and reduction in pollution.

INDUSTRIAL RELATIONS :

The Management is pleased to inform that a fresh 3 year labour agreement is signed upto 2001. Industrial relations between the management and the employees during the year under review remained cordial. The Company continued its welfare activities as earlier to maintain cordial and healthy relations.

PARTICULARS OF EMPLOYEES :

There is no employee drawing remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

As required under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the information is given in the annexures forming part of this Report.

DIRECTORS :

Dr. C.G.Karanjgaokar, director of the company retires by rotation in accordance with the articles of association of the company and being eligible offers him self for reappointment.

AUDITORS :

M/s. S.Daga & Company, Chartered Accountants, the present Auditors of the Company retire and offers themselves for re-appointment.



GODAVARI DRUGS LIMITED

Note No. 7 of the Notes to the Accounts referred to in the Auditors' Report are self explanatory.

ACKNOWLEDGEMENTS :

Your Directors convey their deep gratitude to Industrial Development Bank of India, SICOM Ltd, Maharashtra State Finance Corporation, State Bank of Hyderabad,

and State Bank of Bikaner & Jaipur for their continuous support and co-operation.

Your Directors also acknowledge with deep sense of appreciation, the continued support from Employees, Shareholders/Investors, Customers and Suppliers.

For and on behalf of the Board

Place : Secunderabad
Date : August 20, 1998

GHANSHYAM JAJU
Chairman

ANNEXURE TO DIRECTORS' REPORT

Particulars as required under section 217 (1e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

- A. Conservation of Energy : The Company continued its efforts to improve energy consumption through planned and close monitoring of manufacturing methods and processes. The details of total energy consumption and energy consumption per unit of production are set out in Form 'A' enclosed.
- B. Technology Absorption : Efforts made in technology absorption are as per Form 'B' enclosed.
- C. Foreign exchange earnings outgo : During the year under review the Company's export contributed 39% of its turnover

Total foreign exchange used and earned:

Used : Rs. 493.35 Lakhs

Earned : Rs. 999.72 Lakhs

FORM - A

(Form for disclosure of particulars with respect to Conservation of Energy)

Particulars	Unit	1997-98	1996-97
A. Power & Fuel Consumption			
1. Electricity			
a) Purchased			
Units	000KWH	2891	2510
Total Amount	Rs.in Lakhs	101.37	83.42
Rate/Unit	Rs./KWH	3.51	3.32
b) Own Generation			
i. Through Diesel Generator	—		
ii. Through Steam Turbine Generator	—		
2. Coal			
("C" Grade for Steam generation)			
Quantity	Tonnes	1293	1380
Total Cost	Rs. in Lakhs	15.06	13.53
Average cost/tonne	Rs./Tonne	11.65	9.81
3. Furnace Oil			
(For Steam Generation)			
Quantity	Tonnes	823.400	593
Total Cost	Rs. in Lakhs	59.24	40.27
Average cost/tonne	Rs./Tonne	71.95	67.91
4. Others/Internal Generation	—	—	—



GODAVARI DRUGS LIMITED

B. Consumption per unit of production

Per tonne of Sulphamethoxazole

Electricity	KWH	6.600	7.243
Coal	Tonnes	2.952	3.983
Furnace Oil	Tonnes	1.880	1.711

FORM - B

(Form of disclosure of particulars with respect to Technology Absorption)

Research and development (R & D)

1. Specific areas in which R & D was carried out by the Company : For improvement of overall yields
2. Benefits derived as a result of the above R&D : Cost reduction
3. Future plan of action process technology through its own R&D efforts to improve quality and reduce costs. : The company has plans to upgrade
4. Expenditure on R&D :
 - a) Capital Rs. : 81,624
 - b) Recurring : Rs. 25,77,203
 - c) Total : Rs. 26,58,827
 - d) Total R&D expenditure as a percentage of total turnover : 1.05%

Technology absorption, adoption and innovation

1. Efforts made towards technology absorption, adoption, innovation. : Inhouse developments towards backward Integration, both on technology and engineering fronts,
2. Benefits derived as a result of in the above efforts : Resulted in reduction manufacturing costs.
3. Particulars of technology imported during the last five years reckoned from the beginning of the financial year. : NIL

GODAVARI DRUGS LIMITED



AUDITOR'S REPORT

To
The Members of
GODAVARI DRUGS LIMITED.

We have audited the annexed Balance Sheet of M/S. GODAVARI DRUGS LIMITED, Hyderabad, as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and report that :

1. As required by the manufacturing and other Companies (Auditors report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a Statement on the matter specified in paragraphs 4 and 5 of the above said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) Proper books of Account as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c) the Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of Account.

d) in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the significant accounting policies and notes on accounts in Schedule-20 more particularly note no. 7 regarding accounting treatment of import duty benefits under advance licence scheme amounting to Rs.166.44 lacs for the year and aggregating to Rs.592.80 lacs at the close of the year and corresponding impact on the realisation of the assets (export benefits accrued), the amount where of is unascertained, gives the information required by the companies act 1956 in the manner so required and give a true and fair view:

- i) in so far as it relates to Balance Sheet of the state of affairs of the Company as at 31st March, 1998 and
- ii) in so far as it relates to the Profit & Loss Account of the loss of the Company for the year ended on that date.

For S. DAGA & COMPANY
Chartered Accountants

SHANTHILAL DAGA
Partner

Place : Hyderabad
Date : 20.08.1998

ANNEXURE TO AUDITOR'S REPORT
(as referred in para 1 of our Report)

Re : GODAVARI DRUGS LIMITED

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. The stocks of finished goods, stores, spares and raw materials have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies between physical stock and book stocks in case of finished goods and raw material were not material and these have been properly dealt in the Books of Account.