

11th
Annual Report
1998-1999

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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
SHRI P. DATTA	—	SICOM NOMINEE
DR. C.G. KARANJGAONKAR	—	DIRECTOR

Bankers

State Bank of Hyderabad
State Bank of Bikaner & Jaipur

Auditors

M/s S. DAGA & CO.
Hyderabad

Registered Office

"Mayfair",
Sardar Patel Road,
Secunderabad - 500 003, India.
Phones : (040) 7846700, 7849700, 7842
Telex : 0425-6319 GOD IN
Fax : (040) 7849859
Email : godavari@hd1.vsnl.net.in

Factory

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

Annual General Meeting
Thursday, 30th september, 99
at 2.30 p.m.
at J.S. Krishnamurthy Hall
Red Hills, Hyderabad

Report



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GODAVARI DRUGS LIMITED



NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of Members of Godavari Drugs Limited will be held on Thursday, the 30th September 1999 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, 1999, Balance Sheet as on that date, and Directors and Auditors' Reports thereon.
2. To appoint a Director in place of Dr.C.G.Karanjgaonkar 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 : 24.08.1999

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 CLOSED FROM 27TH OF SEPTEMBER,1999 TO THE 30TH OF SEPTEMBER,1999 (BOTH DAYS INCLUSIVE)
3. MEMBERS ARE REQUESTED TO INTIMATE IMMEDIATELY ANY CHANGE IN THEIR ADDRESS TO THE COMPANY.



GODAVARI DRUGS LIMITED

DIRECTORS' REPORT

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting their Eleventh Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS :

Particulars	1998-99	(Rs. in Lacs)
		1997-98
Sales and other Income	2478.04	2584.54
Profit/ (Loss) before interest, depreciation and prior period adjustments	49.29	(65.45)
Interest	108.59	101.33
Depreciation	48.68	48.95
Prior period adjustments	438.84	
Profit/(Loss) before tax	(546.82)	(215.73)
Provision for Tax	—	—
Profit/(Loss) before tax	(546.82)	(215.73)
Profit/(Loss) brought forward from previous year	(256.34)	(40.61)
Transferred from General reserves	61.00	—
Balance carried forward to Balance sheet	(742.16)	(256.34)

REVIEW OF OPERATIONS :

The Sales during the year was Rs. 2449.30 lacs as against Rs. 2527.60 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 during the year to the extent of Rs. 107.98 lacs as against Rs. 215.73 lacs in previous year before reversal of export benefits of Rs. 438.84 lacs under review. This is mainly due to low realisation of finished products and high raw material cost.

The over all situation during the year was improved as compared to previous year. The production of SMX was increased to 451 tons as against 438 tons during previous year.

Your Directors have pleasure to inform you that the company had successfully completed the trials of its newly developed and high value product namely "Pyrazinamide" and will start its full fledged commercial production in December 1999.

EXPORT :

During the year under review the company has exported 46% of their production of 451 tons. The company has established recently a full fledged international division to improve the export turnover.

MARKETING PROSPECTS :

After improving the percentage of our share in local market with

our hard working and efforts. We now enjoy a good reputation both in local and international market. We have good relations with our Major Traders and Actual Manufacturers in the Global Market, who are continuously giving their repeated orders due to our best quality product, service and relations. Using this reputation it is our pleasure to inform you that we have recently developed a full fledged INTERNATIONAL DIVISION which gives our services to them by offering various products like Commodity Products and New Generation (New Molecule product) to our overseas customers who are regularly importing from India. These products are high value products and fetching high margins and turnover for the company.

It is also our pleasure to inform you that the R&D Dept. of our Company has put their full efforts in developing a New Product with New Formula which is having good market share both in Domestic and International. Through this product the turnover of the Company will be increase.

FUTURE OUTLOOK:

Considering the present scenario in Bulk drug industry, your company is continuously trying to identify new products and improving the existing R & D facilities. The company is planning to improve the installed capacity for production of Pyrazinamide to 60 TPA during the year 1999-2000.

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 multy 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. Regular plantation of trees taken around the plant ensures friendly environment and reduction in pollution.

INDUSTRIAL RELATIONS :

Industrial relation between the management and the employees during the year under review remained cordial. The welfare activities continued as before.

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.



GODAVARI DRUGS LIMITED

DIRECTORS :

Mr. Prakash Chand Shrimal director of the company retires by rotation in accordance with the articles of association of the company and being eligible offers him self for re-appointment.

AUDITORS :

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

Note No. 8 of the Notes to the Accounts referred to in the Auditors'

Place : Secunderabad

Date : 24.08.1999

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

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 and Outgo : During the year under review the Company's export contributed 59% of its turnover Total foreign exchange used and earned:
- Used : Rs. 468.91 Lakhs
- Earned : Rs. 723.90 Lakhs

FORM - A

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

Particulars	Unit	1998-99	1997-98
A. Power & Fuel Consumption			
1. Electricity			
a) Purchased			
Units	000KWH	3003	2891
Total Amout	Rs.in Lakhs	100.31	101.37
Rate/Unit	Rs./KWH	3.34	3.51
b) Own Generation			
i. Through Diesel Generator	—	—	—
ii. Through Steam Turbine Generator	—	—	—
2. Coal			
("C" Grade for Steam Generation)			
Quantity	Tonnes	1418	1293
Total Cost	Rs. in Lakhs	16.20	15.06
Average cost/tonne	Rs/Tonne	1143	1165
3. Furnace Oil			
(For Steam Generation)			
Quantity	Tonnes	979.35	823.400
Total Cost	Rs. in Lakhs	54.59	59.2
Average cost/tonne	Rs/Tonne	5575	7195
4. Others/Internal Generation	—	—	—



GODAVARI DRUGS LIMITED

B. Consumption per unit of production

Per tonne of Sulphamethoxazole			
Electricity	KWH	6.670	6.600
Coal	Tonnes	3.148	2.952
Furnace Oil	Tonnes	2.174	1.880

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 : Cost reduction above R&D
3. Future plan of action : The company has plans to upgrade process technology through its own R&D efforts to improve quality and reduce costs.
4. Expenditure on R&D :
 - a) Capital : Rs. 1,15,622
 - b) Recurring : Rs. 30,45,759
 - c) Total : Rs. 31,61,381
 - d) Total R&D expenditure as a percentage of total turnover : Rs. 1.29%

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