

12th
Annual Report
1999-2000



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

Annual General Meeting
Saturday, 23rd September, 2000
at 2:30 p.m.
at J.S. Krishnamurthy Hall
Red Hills, Hyderabad.

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, 7842602.
Telex : 0425-6319 GOD IN
FAX : (040) 7849859
Email : godavari@hd1.vsnl.net.in

Factory

A6/?, M.I.D.C.
Nanded - 431 603
Maharashtra



GODAVARI DRUGS LIMITED

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of Members of Godavari Drugs Limited will be held on 23rd September 2000 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, 2000, Balance Sheet as on that date, and Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Prakashchand Shrimal 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.

SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modifications, the following Resolution as Special Resolution :
"RESOLVED THAT Articles of Association of the company be altered and the following Article and its heading be inserted after Article 65:

"DEMATERIALIZATION OF SECURITIES**65A.**

1. For the purpose of this Article:- the words "Beneficial Owner", "Depository", "Participant" and "Securities" shall have the meanings assigned to them under The Depositories Act 1996; "SEBI" means the Securities Exchange Board of India"
 2. Notwithstanding anything contained in these Articles, but subject to approvals, if any, required of statutory and other authorities, the Company shall be entitled To dematerialise its securities and of offer the securities in dematerialised form pursuant to the provisions of The Depositories Act, 1996.
 3. Every person subscribing to securities offered by the Company shall have the option to receive the certificates or to hold the securities with a Depository and the Provisions of the Depositories Act, 1996 will apply to such securities.
 4. All securities of the company held by a Depository shall be dematerialised and be in fungible form. The provisions of Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall not apply to a Depository in respect of the securities held by it on behalf of the Beneficial owner.
 5. Notwithstanding anything to the contrary contained in these Articles, the Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of the securities. On behalf of the beneficial owners but shall not have any Voting rights or any other rights in respect of the securities held by it on behalf of such beneficial owners.
 6. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the company. The beneficial Owner of securities shall be entitled to exercise all the rights and have benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.
 7. Notwithstanding anything contained to the contrary in these Articles where securities are held in depository, the records of beneficial Ownership may be served by such depository on the company by means of electronic communication or by delivery of floppies Or disks containing data relating to beneficial ownership.
 8. The provisions of the Depositories Act, 1996 shall apply to a transfer of securities effected by transferor and transferee both Of whom are entered as beneficial owners in the records of a Depository.
 9. Allotment of securities in dematerialised form and certificates thereof shall be in accordance with the provisions of the Depositories Act, 1996. The rights and obligations of Depositories, Beneficial Owners, the company and the participants shall be as defined in the Depositories Act, 1996.
 10. The Register and Index of beneficial owners maintained by a Depository in respect of Securities of the company issued or maintained in dematerialised form shall be deemed to be the Register and Index of Members and Holders of securities".
5. To consider and if thought fit, to pass, with or without modification the following Resolution as a Special, Resolution:

"RESOLVED subject to approval, permissions and sanctions, if any required, from SEBI, Stock Exchanges and other statutory or other authorities, under any laws, rules and regulations of such authorities and subject to and in accordance with the provisions of the Depositories Act, 1996, the Companies Act, 1956 or other applicable laws and rules, regulations and guidelines issued thereunder, wherever applicable and Articles of Association, as amended :

That approval of Members be and is hereby accorded for dematerialisation of the shares and other Securities, already issued or to be issued from time to time, of the company and maintenance of the same in fungible form and the Board of Directors and Managing Director be and are hereby severally authorised to take steps for dematerialisation of shares and trading in electronic mode, in such manner, on such terms and conditions and at such times as may be deemed fit by the Board/or Managing Director and to do all such things as may be necessary including an application to a Depository for admission of Shares for trading in electronic mode and execution of agreement with a Depository or other agencies.

Provided however that the shareholders and holders of securities will have the same rights, Benefits and obligations as the person subscribing to securities has within the meaning of Section 8 and other applicable provisions of the Depositories Act, 1996".

6. To consider and, if thought fit, to pass with or without modification(s) with the following resolution as Special Resolution.

"RESOLVED THAT Members consent be and is hereby given for delisting of equity shares on Ahmedabad Stock Exchange subject to the guidelines of Stock Exchange and SEBI".

"FURTHER RESOLVED THAT Mr. Mukund Kakani, Managing Director be authorised to initiate action in delisting the shares and to do all such other acts in connection thereon".

By order of the Board

MUKUND KAKANI,
MANAGING DIRECTOR

Place : SECUNDERABAD

Date : 25.08.2000

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



GODAVARI DRUGS LIMITED

- BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM SEPTEMBER, 2000 TO 23rd SEPTEMBER, 2000 (BOTH DAYS INCLUSIVE)
 - MEMBERS ARE REQUESTED TO INTIMATE IMMEDIATELY ANY CHANGE IN THEIR ADDRESS TO THE COMPANY.

EXPLANATORY STATEMENT PERTAINING TO THE ABOVE SPECIAL BUSINESS:

Item No: 4

After the enactment of the Depositories Act 1996, the company is under an obligation to offer an option to every person subscribing to securities, of receiving the security certificates or holding securities with a Depository. Consequently provisions have been made for regulating the business of depositories, defining the beneficial owners, laying down the obligations and rights of issuer companies, beneficial owners and depositories through participants and maintenance of securities in dematerialised and fungible form. Provisions have also been made for maintenance of Register of Members and Holders of Securities in electronic mode. Consequent amendments have been made to the Companies Act, 1956. All these developments necessitated amendment to the Articles for enabling dematerialisation of securities including shares. Dematerialisation of Securities of the company will facilitate expeditious trading and transfer of securities through electronic mode and is safer and easier mode of dealing in securities, besides being cost-effective. It is therefore proposed to alter the Articles so as to provide for dematerialisation of securities and incidental matters.

The Directors commend the Resolution.

None of the Directors is concerned or interested in passing of the Resolution except as Shareholder.

Item No.5

In furtherance of interests of shareholders, it is proposed to offer the facility of trading in Shares in dematerialised form and maintenance of shares in fungible form through Depository systems. The depository system and maintenance and operation of the dealings in shares and transfers thereof in electronic mode is safer and more convenient mode and is investor-friendly. Board of Directors and / or Managing Director shall have power to apply for induction of shares into Depository system and enter into necessary agreements.

Item No.6

Since the Equity Shares are not being traded on the Ahmedabad Stock Exchange and due to continuous losses incurred by the company it is proposed to delist the shares on the above Stock Exchange.

The Board of Directors commends this Resolution

None of the Directors is concerned or interested in passing of the Resolutions except as Shareholders.

for and on behalf of the Board of Directors.

GODAVARI DRUGS LIMITED,

MUKUND KAKANI,

MANAGING DIRECTOR.

PLACE: Secunderabad

DATE : 25-8-2000

DIRECTORS' REPORT

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting their Twelfth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS :	(Rs. in Lacs)	
Particulars	1999-00	1998-99
Sales and other Income	2119.84	2478.04
Profit before interest, and depreciation	188.27	49.29
Interest	115.54	108.59
Depreciation	49.37	48.68
Profit/(Loss) before tax	23.37	(546.82)
Provision for Tax	—	—
Profit/(Loss) before tax	23.37	(546.82)
Profit/(Loss) brought forward from previous year	(742.16)	(256.34)
Transferred from General Reserve	—	61.00
Balance carried forward to Balance sheet	(718.78)	(742.16)

REVIEW OF OPERATIONS

The Sales during the year was Rs.2112.24 lacs as against Rs.2449.30 lacs in the previous year. During the year the company has exported 43% of total sales and continued to be a net foreign

exchange earner. 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 has made a net profit of Rs.23.37 lacs during the year under review as against a net loss of Rs.107.98lacs during previous year.

The over all situation during the year was improved as compared to previous year. The production of SMX was at 396 tons as against 450 tons during previous year in addition to production of intermediates at 32 tonnes and new Product Pyrazinamide at 5 tons.

MARKETING PROSPECTS :

The Company's established name in international markets and local market has helped in achieving fruitful business in international trading division, established last year. In spite of keen competition the company is hopeful of developing this division to procure material for supplies to overseas established clientele. Further the company has successfully introduced "Pyrazinamide" in the market and the quality has been well accepted and approved by major consumers. The company has completed the installation of additional facilities to achieve 5 tons capacity per month of Pyrazinamide and is confident of achieving, the market share. The



GODAVARI DRUGS LIMITED

company is also successfully developing the market for pyrazinamide for exports to various countries and is hopeful of achieving good share in the international market. The company continues to strive for new markets in exports, and is concentrating on development of international business.

FUTURE OUTLOOK:

Having successfully achieved and completed "PYRAZINAMIDE" production facilities the company is keen on achieving the full capacity in a very short period and further expand in this product as the company envisages very good demand in this product. The future outlook in international marketing of other products procured from local manufacturers is also encouraging.

RESEARCH & DEVELOPMENT :

Research and Development Department has commissioned processes for manufacturing of Pyrazinamide during the year. The company continues its path for development and improving the processes in our present products and also to develop new molecules. The progress of research work is satisfactory.

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.

DIRECTORS :

Sri Prakashchandra Shimal 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 will retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.

DEPOSITORY SYSTEM:

Your Company is proposing to make an application for registration with a Depository for trading of shares in De-mat mode.

STATUS ON Y2K :

The company had fully complied with the system requirements for the Y2K problem and had a smooth transition.

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.

GHANSHYAM JAJU

Date : 29.07.2000

CHAIRMAN

Annexure to Director's 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 43% of its turnover
Total foreign exchange used and earned: |
| | Used | : Rs. 252.46 Lakhs |
| | Earned | : Rs. 898.76 Lakhs |



GODAVARI DRUGS LIMITED

FORM - A

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

Particulars	Unit	1999-00	1998-99
A. Power & Fuel Consumption			
1. Electricity			
a) Purchased			
Units	000KWH	2659	3003
Total Amout	Rs.in Lakhs	101.73	100.31
Rate/Unit	Rs./KWH	3.83	3.34
b) Own Generation			
i. Through Diesel Generator	—	—	—
ii. Through Steam Turbine Generator	—	—	—
2. Coal			
("C" Grade for Steam Generation)			
Quantity	Tonnes	1642	1418
Total Cost	Rs. in Lakhs	25.74	16.20
Average cost/tonne	Rs/tonne	1567	1143
3. Furnace Oil			
(For Steam Generation)			
Quantity	Tonnes	674.90	979.35
Total Cost	Rs. in Lakhs	62.49	54.59
Average cost/tonne	Rs/tonne	9259	5575
4. Others/Internal Generation	—	—	—
B. Consumption per unit of producton			
Per tonne of Sulphamethoxazole			
Electricity	KWH	6.706	6.670
Coal	Tonnes	4.142	3.148
Furnace Oil	Tonnes	1.702	2.174

FORM - B

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

Research and development (R & D)

- Specific areas in which R & D was carried out by the Company : For improvement of overall yields
- Benefits derived as a result of the : Cost reduction above R&D
- Future plan of action : The company has plans to upgrade process technology through its own R&D efforts to improve quality and reduce costs.
- Expenditure on R&D :
 - Capital : Rs.—
 - Recurring : Rs. 40,87,039
 - Total : Rs. 40,87,039
 - Total R&D expenditure as a percentage of total turnover : 1.93%

Technology absorption, adoption and innovation :

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