

15th
Annual Report
2002-03

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12/02

GODAVARI DRUGS LIMITED

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

BOARD OF DIRECTORS:

SHRI GHANSHYAM JAJU

SHRI MUKUND KAKANI

SHRI KIRTI KUMAR JAIN

SHRI PRAKASH CHANDRA SHRIMAL

DR.C.G.KARANJGAONKAR

- **CHAIRMAN**
- **MANAGING DIRECTOR**
- **EXECUTIVE DIRECTOR**
- **DIRECTOR**
- **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) 27849700, 27819624.

FAX : (040) 27849859

Email : godavari@hd1.vsnl.net.in

Factory

A6/2, M.I.D.C.

Nanded - 431 603

Maharashtra

Registrars

CIL Securities Pvt., Ltd.

214, Raghavaratna Towers, Chiragallilane

Abids, Hyderabad.

Annual General Meeting
Saturday, 27th September, 2003
at 2:30 p.m.
at J.S. Krishnamurthy Hall
Red Hills, Hyderabad.



NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of Members of Godavari Drugs Limited will be held on 27th September 2003 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, 2003, Balance Sheet as on that date, and Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Karnjgaonkar 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 : 02.09.2003

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 WILL REMAIN CLOSED FROM 26th OF SEPTEMBER 2003 TO 29th OF SEPTEMBER 2003 (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 Fifteenth Annual Report and the Audited Accounts of the Company for the year ended 31st March 2003.

FINANCIAL RESULTS:

Particulars	(Rs. in Lacs)	
	2002-03	2001-02
Sales and other Income	2604.55	3222.33
Profit before interest And depreciation	366.00	327.99
Interest	202.36	186.30
Depreciation	78.28	76.27
Profit/(Loss) before tax	(85.36)	65.42
Provision for Tax		
Current tax	—	—
Deferred tax	8.76	14.35
Profit/(Loss) after tax	(76.58)	51.07
Balance brought forward from previous year	(745.83)	(795.96)
Short Provision of tax for earlier year	21.43	---
Adjustments pertaining to previous year	19.28	0.94
Balance Carried to Balance Sheet	(824.56)	(745.83)

REVIEW OF OPERATIONS

The Sales during the year was Rs.2494.76 lacs as against Rs.3203.87lacs in the previous year. During the year the company has exported 60% of total sales and continued to be a net foreign exchange earner.

The company has made a net loss of Rs.76.58 lacs during the year under review as against a net profit of Rs. 51.07 lacs during previous year.

The over all situation during the year was remained as compared to previous year, the production of bulk drugs and intermediates was at 627 MT as against 589 MT during previous year.

MARKETING PROSPECTS:

Since inception your company has been in manufacture of SMX. The changed scenario in the last couple of years have necessitated addition of new products and shifting the company from a single product base to a multi product manufacturing facility. The company having successfully achieved quality and market share in new product Pyrazinamide proposes to increase the capacity of 180 TPA and have also finalised on other products Cislaclum, which is an intermediate used to produce Diltiazem an anti anginal drug. The processes have been established at the pilot plant level and we shall shortly take in to commercial production. Considering the marketing set up the company is confident of achieving domestic/export sales targets fixed for new products. The present scenario of SMX where the prices are un-remunerative has also strengthen the resolve of the company to take up alternative products to achieve growth and profitability.



GODAVARI DRUGS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT :

In pursuance of the provision of Section 217(2AA) of the Companies Act, 1956, the Directors of your company hereby furnish the following responsibility statement with regard to annual accounts, accounting policies, maintenance of adequate accounting records etc. of the company.

- i) That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any, there from;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2003 and of the loss of the company for that period;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for Safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors had prepared the annual accounts on a going concern basis.

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:

Dr. C.G. Karanjgaonkar 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 & Co., Chartered Accountants, the present Auditors of the Company retire and offers themselves for re-appointment.

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

Place : Secunderabad.

Date : 02-09-2003



GODAVARI DRUGS LIMITED

ANNEXURE TO DIRECTORS' REPORT

Particulars as required under section 217 (1)(e) 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 60% of its turnover
Total foreign exchange used and earned:
- | | | |
|--------|---|------------------|
| Used | : | Rs. 591.61 Lacs |
| Earned | : | Rs. 1274.02 Lacs |

FORM - A

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

Particulars	Unit	2002-03	2001-02
A. Power & Fuel Consumption			
1. Electricity			
a) Purchased			
Units	000KWH	4713	4375
Total Amount	Rs. in Lakhs	175.28	166.58
Rate/Unit	Rs./KWH	3.72	3.80
b) Own Generation			
i. Through Diesel Generator			
	—	—	—
ii. Through Steam Turbine Generator			
	—	—	—
2. Coal			
("C" Grade for Steam Generation)			
Quantity	Tones	289	1928
Total Cost	Rs. in Lakhs	4.69	37.16
Average cost/tonne	Rs/Tone	1623	1927
3. Furnace Oil			
(For Steam Generation)			
Quantity	K.L	72	1187
Total Cost	Rs. in Lakhs	6.72	135.80
Average cost/kl	Rs/Tone	9333	11441
4 Agro /Ind Waste			
Quantity	Tones	9191	
Total Cost	Rs. in Lakhs	49.78	
Average cost/tonne	Rs/Tone	542	
5 Others/Internal Generation			
	—	—	—
B. Consumption per unit of production			
: Since the company manufactures different types of bulk drugs and drug intermediates, it is not practicable to give consumption per unit of production.			



GODAVARI DRUGS LIMITED

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 : Development of Technology for advanced bulk drugs and intermediates.
2. Benefits derived as a result of the : Development of processes and identification of new drug intermediates.
3. Future plan of action : The company has plans to upgrade process to improve quality and reduce costs.
4. Expenditure on R&D:
 - a) Capital Rs.
 - b) Recurring : Rs. 2466437
 - c) Total : Rs.2466437
 - d) Total R&D expenditure as a percentage of total turnover : Rs. 1%

Technology absorption, adoption and innovation

1. Efforts made towards technology : Inhouse developments towards absorption, adoption, innovation. 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

COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Forming part of Directors' Report for the year ended 31st March 2003)

1. Company's philosophy on code of governance.

The company is committed to good corporate governance. The Company respects the rights of its Shareholders to information on the performance of the Company and it is its endeavor to maximize the long term value to the Shareholders of the Company. The Compliance Report is prepared and given below in conformity with the mandatory requirements of Listing Agreement with the Stock Exchanges.

2. Board of Directors

The Board of Directors comprises of Managing Director, one Executive Director and three Non-Executive Directors. The three Non-Executive Directors includes the Chairman who alongwith the Managing Director and another Non-Executive Director represent promoter group while the other one is an independent Director.

During 2002-2003 the Board met five times on 31st July, 2002, 28th September, 2002, 26th October, 2002, 31st January, 2003 and 22nd March, 2003.

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting with particulars of their Directorship and Committee Memberships are given in the following table.

Name of the Director	Category of directorship	Board Meetings attended	Last AGM attended	No. of outside Directorships	No. of other Committee Memberships
Mr. Ghanshyam Jaju	NED	5	Yes	2	3
Mr. Mukund Kakani	MD	5	Yes	1	Nil
Mr. Kirti Kumar Jain	ED	5	Yes	1	Nil
Mr. P.C.Shrial	NED	5	Yes	2	3
Dr.C.G.Karanjgaonkar	NED	2	Yes	1	3