

26th
Annual Report
2013-2014



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 DILIP PATEL
SHRI S. A. HUSSAIN
SHRI MOHIT JAJU

- CHAIRMAN
- MANAGING DIRECTOR
- DIRECTOR FINANCE
- INDEPENDENT DIRECTOR
- INDEPENDENT DIRECTOR
- DIRECTOR

Bankers

State Bank of Hyderabad
HDFC Bank

Auditors

M/s S. DAGA & CO.
Hyderabad

Registered Office

“Mayfair”,
Sardar Patel Road,
Secunderabad - 500 003.India.
Phones : (040) 27849700, 27844557.
Fax : (040) 27849859
Email : info@godavaridrugs.com

Factory

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

Registrars

CIL Securities Pvt., Ltd.
214, Raghavaratna Towers, Chiragali lane,
Abids, Hyderabad - 500 001.

Annual General Meeting
14th August, 2014
at 2.30 p.m.
at FAPCCI
J. S. Krishnamurthy Hall
Red Hills, Hyderabad



Notice

NOTICE is hereby given that the 26th Annual General Meeting of the members of **M/s. Godavari Drugs Limited** will be held on Thursday, August 14, 2014 at 2.30 PM at J.S. Krishna Murthy Hall, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following Business:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2014, the Statement of Profit & Loss for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dilip Patel who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. S. Daga & Co., Chartered Accountants, as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

The following resolution is proposed to be passed, with or without modifications, as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, read with Schedule VI of the Act, , M/s. S. Daga & Co. (Firm Registration No. 000669 S), Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the thirty-first (31st) Annual General Meeting of the Company to be held in the year 2019 (subject to ratification of appointment at every AGM), on such remuneration as shall be fixed by the Board of Directors.”

By order of the Board
For **Godavari Drugs Limited**
CIN : L24230TG1987PLC008016

Place: Secunderabad
Date: 28.05.2014

Mukund Kakani
(Managing Director)

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (“the Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting. Members are requested to bring their attendance slips along with their copy of Annual Report to the Meeting.
4. 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.



5. The Register of Members and Share Transfer Books of the Company shall remain closed from 07.08.2014 to 14.08.2014 (both days inclusive).
6. Members are requested to quote their Registered Folio Number/Client ID on all correspondence with the Company/RTA and notify the Company's RTA, or the Depository Participants, in case of shares in dematerialized form, immediately of change, if any, in their registered address.
7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, CIL Securities Limited (CIL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to CIL.
8. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
9. To support the 'Green Initiative', we request you to register your E-mail address and / or changes therein from time to time with the Company's Registrar & Share Transfer Agent (RTA) viz. CIL Securities Private Limited. In case you do not have your email address registered with the Company or Company's RTA you may send us an email to info@godavaridrugs.com by quoting the name of first/sole shareholder, Folio no./DP ID and Client ID or in case you are holding shares in physical mode by filling up the form appearing on next page (page no. 3) of this booklet so that the Company can make a note of it and start sending you the communications through electronic mode to your respective email id's.
10. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder from time to time, the members will be provided with the facility to cast their vote electronically, through the evoting services provided by NSDL, on all resolutions set forth in future with this facilities being made mandatory.



REGISTRATION OF E-MAIL ADDRESS FORM

(In terms of circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011,
respectively issued by Ministry of Corporate Affairs)
(For shares in physical mode)

CIL Securities Private Limited
(Unit: Godavari Drugs Limited)
214, Raghava Ratna Towers,
Abids, Hyderabad-500001

I/we shareholder(s) of Godavari Drugs Limited hereby accord my/our approval to receive documents viz. annual reports, notices of general meetings/ postal ballot and such other documents that Ministry of Corporate Affairs may allow, to be sent in electronic mode.

I/we request you to note my/our latest email address, as mentioned below. If there is any change in the E-mail address, I/we will promptly communicate the same to you. I/we attach the self attested copy of PAN Card / Passport towards identification proof for the purpose of verification.

Folio No.

Name of first/sole shareholder

Name of joint shareholder(s) if any

Registered Address

E-mail address (to be registered)

Place:

Date:

(Signature of shareholder)



DIRECTORS' REPORT

To The Share Holders

Your Directors have pleasure in presenting their Twenty Sixth Annual Report and the Audited Accounts of the Company for the year ended 31st March 2014:

FINANCIAL RESULTS: Particulars	(in Rupees)	
	2013-14	2012-13
Revenue from Operations	9,43,46,432	7,62,35,526
Other income	11,63,571	36,11,900
Depreciation	1,04,86,117	99,87,790
Finance Cost	20,85,493	20,70,069
Profit/loss before tax	70,26,823	71,93,902
Provision for Deferred Tax	84,89,345	(23,73,988)
Profit/loss after tax	1,55,16,168	48,19,914

PERFORMANCE:

Your company has produced 432 MT of APIs and their intermediates as against 384MT during the previous year. The company has achieved gross sale including contract manufacturing income of Rs.943.46 lacs as against Rs.762.35 lacs in the previous year achieving an increase of 24 % during the year under review. Your company has earned a net profit of Rs.155 lacs as against Rs.48 lacs in the previous year.

OPERATIONS:

Your company has completed the upgradation of block I facility during this year and has received WHO and GMP certificates. The company has been successfully audited by more than three renowned companies, which will ensure promising result during next year. Your company during the corresponding year proposes to undertake own manufacturing along with contract manufacturing to ensure higher profitability.

AUDITOR'S REPORT:

The Auditor's Report together with the Audited Accounts for the financial year ended March 31, 2014 and the Notes on Accounts are self-explanatory and therefore do not call for any further comments.

There are no comments/suggestions made by the Auditors on the financials of the Company.

INDUSTRIAL SAFETY AND POLLUTION CONTROL:

Your company has taken utmost care for safety and health of every person working with the company. The commitment to protect the environment and actively seeking means for reduction in consumptions and waste generations, to achieve this, the company has undertaken process improvement initiatives. Your company stands committed to operationally safe and socially responsible manner. Your company is equipped with pollution control devices stripper, multi effect stage evaporators and other measures for treating effluents generated in the processes and recycling the treated effluents with in the plant premises.

PARTICULARS OF EMPLOYEES:

There was no employee of the Company who received remuneration in excess of the limits prescribes under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as by Companies (Particulars of Employees) Amendment Rules, 2011 read with General Circular No.23/2011 issued by the Ministry of Corporate Affairs, Government of India.

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 **Annexure-I** forming part of this Report.

DIRECTORS :

As on the date of this report the Board comprises of (i) Shri Ghanshyam Jaju (ii) Shri Dilip Patel (iii) Shri. Kirti Kumar Jain (iv) Shri S.A Hussain (v) Shri. Mukund Kakani and (vi) Shri Mohit Jaju.

PUBLIC DEPOSITS:

Your Company has not accepted/renewed any deposits U/S 58A of the Companies Act, 1956. .

CORPORATE GOVERNANCE:

The Directors adhere to the requirements set out by Clause 49 of the Listing Agreement. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from M/s. S. Daga & Co, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report for the year ended March 31, 2014 as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is attached as **Annexure-II** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Provisions of Sec.217 (2AA) of the Companies Act, 1956 Directors of your Company hereby confirm that :

- The Annual Accounts of the Company have been prepared in accordance with applicable Accounting Standards.
- The Company has been consistently following selected accounting policies and made judgment 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 and of the Profit & Loss account of the Company.
- The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safe guarding assets of the Company and for preventing and detecting fraud and other irregularities.
- The Annual Accounts have been prepared on a ongoing concern basis.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors
For **Godavari Drugs Limited**

Secunderabad
28.05.2014

Ghanshyam Jaju
(Chairman)

Mukund Kakani
(Managing Director)

**Annexure-I****Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo:**

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: It is an ongoing process in the Company's activities to conserve energy. The details to total energy consumption are set out in Form 'A' below.
- B. Technology Absorption: Technology absorption by the plant of the Company are given in the Form 'B' below.
- C. Foreign Exchange Earnings and Outgo: Nil

Total foreign exchange used and earned: Used – Nil ; Earned – Nil

FORM – A

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

Particulars	Unit	2013-2014	2012-2013
A. Power & Fuel Consumption			
1. Electricity			
a) Purchased			
Units	000KWH	1586	1328
Total Amount	Rs. In Lacs	114.48	104.47
Average cost	Rs./KWH	7.22	7.87
2. Coal			
Quantity	Tons	Nil	Nil
Total Cost /Average Cost	Rs.In Lacs	Nil	Nil
3. Furnace Oil			
Quantity	K.L	Nil	Nil
Total Cost / Average Cost	Rs.In Lacs	Nil	Nil
Agro / Ind.Waste			
Quantity	Tons	3782	3337
Total Cost	Rs.In Lacs	119.42	91.6
Average Cost	Rs./Ton	3157	2745
4. Others /Internal Generation			
	Nil	Nil	Nil

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.

FORM – B**Research and development (R & D)**

1. The Company at its R&D facilities develops processes for improvements in technology which is absorbed and implemented at the plant level.
2. The Company has executed process development of its products alongwith process optimization helping in reduction of production cost, and increasing in recoveries.
3. The Company will pursue to upgrade processes technology through its own R&D facilities, to help in future improvement of products and reduction in costs.
4. Expenditure on R&D
 - a. Capital Rs
 - b. Recurring
 - c. Total:
 - d. Total R&D expenditure as a percentage of total turnovers:

NIL

Rs.1542623

Rs.1542623

1.63%

Annexure-II**Management Discussion and Analysis Report****Industry Overview**

The pharma industry in India is the third largest in terms of volume and fourteenth in terms of value globally. The industry is growing at a CAGR of average 6%+globally and at CAGR 11%+in the developing countries like India, China, South Korea, Indonesia and Malaysia.

Future outlook

Your company has completed the up gradation work in the plant. A combination of our chemistry knowledge with our extremely sound engineering strengths along with strong analytical backup enables to develop, scale up and manufacture products right from Laboratory to Pilot plant and commercial scale which are in line with cGMP requirements. Your company proposes to undertake and expand the contract manufacturing activities and also take up new products along with enhancing the quantities of present product for own manufacturing. The company envisages a high growth during the corresponding period in terms of volumes, sales and profitability.

Internal Control Systems and their Adequacy

The Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that governs its business. It has a well established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines. Considering the growing capital expenditure program, the company continuously reviews the documented approval policy besides the Budgets being approved by the Audit Committee and the Board of Directors. These controls are constantly reviewed and revised with the changing business dynamics. The management duly considers and takes appropriate action on recommendations made by the statutory auditors and the Audit committee of the Board of Directors.

Human Resources

The Company strongly believes that the growth of the organization can be sustained through the continuous development of its people who contribute to the business success. Employees are the key to achievement of the Company's objectives and growth strategies. The Company provides employees with a fair and equitable work environment and support to develop their capabilities. With the added emphasis placed on 'safe operation', the training given to employees not only covers knowledge and technical skills but also lays stress on behavioral areas, like creating a 'safety mindset', and 'attitude building'. A number of HR initiatives have been taken for the well being and continuous development of the employees. .

For and on behalf of the Board of Directors

For Godavari Drugs Limited

Secunderabad
28.05.2014

Ghanshyam Jaju
(Chairman)

Mukund Kakani
(Managing Director)



COMPLIANCE REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY

The Company has complied with the principles and practices of sound Corporate Governance. The Company's philosophy is to attain transparency and accountability in its relationship with employees, shareholders, creditors, consumers, dealers and lenders, ensuring a high degree of regulatory compliance. Your Company firmly believes that a sound governance process represents the foundation of corporate excellence.

2. BOARD OF DIRECTORS

The Board of Directors of the Company as on the date of this report comprises of 4 Executive Directors, 2 Independent Directors.

During the financial year the Board met Four (4) times on 30 May 2013, 12 August 2013, 07 November 2013 and 08 February 2014.

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 below :

Name of the Director	Board Meetings attended	Last AGM attended	No. Of outside Directorships	No. of other Committee Memberships
Shri Ghanshyam Jaju	4	Yes	Nil	Nil
Shri Mukund Kakani	4	Yes	Nil	Nil
Shri Kirti Kumar Jain	4	Yes	Nil	Nil
Shri Mohit Jaju	3	Yes	Nil	Nil
Shri Dilip Patel	4	Yes	6	5
Shri S. A. Hussain	4	Yes	2	4

Other Directorships do not include Directorships in private limited companies.

3. AUDIT COMMITTEE

Composition of the Committee

The Committee comprises of Shri Dilip Patel, Shri S. A. Hussain (Independent Directors) and Shri Kirti Kumar Jain (Director Finance). The Statutory Auditor is also invited to the meetings.

The terms of reference of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement.

Meetings and attendance of the Audit Committee during the year

The Committee met Four (4) times during the financial year on 30 May 2013, 12 August 2013, 07 November 2013 and 08 February 2014..

Members	No. of Meetings held	No. of Meetings attended
Shri Dilip Patel	4	4
Shri S. A. Hussain	4	4
Shri Kirti Kumar Jain	4	4

4. SHAREHOLDERS GRIEVANCE COMMITTEE

Composition of the Committee

As on the date of this report the Committee comprises of Shri Dilip Patel, Shri S. A. Hussain (Independent Directors) and Shri Ghanshyam Jaju (Non-Executive Director).

Meetings and attendance of the Above Committee during the year

During the year, the committee met two times on 30 May 2013 and 07 November 2013.

The committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor service. Given below and all of them have been resolved to date. There were no share transfers pending for registration for more than 30 days.

The status of shareholder's complaints/request during the financial year 2013 -14 is as under :

Sl.No.	Nature of Complaint/request	Received	Cleared
1	Change / Correction of Address	Nil	Nil
2	No. Of transfers	5	5
3	Non receipt of shares /Others	1	1

5. REMUNERATION OF DIRECTORS

The Non-Executive Directors do not receive any remuneration from the company apart from sitting fees for attending the meetings of Board.

The details of remuneration paid to the Directors during the financial year 2013-14 are given below:

Name of the Director	Salary (In Rs./per month)
Shri. Mukund Kakani	24,000
Shri. Kirti Kumar Jain	15,000
Shri. Mohit Jaju	15,000

6. CODE OF CONDUCT

The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors which is followed by everyone. There is also a Code of Conduct for the Senior Management Personnel in place.

7. GENERAL BODY MEETINGS

The details of last three Annual General / Extra Ordinary General Meetings are as follows :

Year	Location	Date	Time
2012-2013	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	12th August 2013	2.30 P.M.
2011-2012	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	28th September 2012	2.30 P.M.
2010-2011	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	29th September 2011	2.00 P.M.

During the year, no Extra-Ordinary General Meeting was held and no resolution was passed through Postal Ballot.

8. DISCLOSURES

The Company complied with all the regulations of the Stock Exchange, Securities and Exchange Board of India and other statutory bodies regulating the capital markets. No Stretchers or penalties were imposed on the company. There are no transactions with related parties having potential conflict with the interest of the company at large. Other transactions are adequately disclosed in the notes to Annual accounts.



9. MEANS OF COMMUNICATION

The Company shares are listed on Bombay Stock Exchange and financial results on quarterly basis are being submitted to the Stock Exchange and have been published in newspapers.

The quarterly financial results of the company are generally published Business Standard (English Daily) and Andhra Bhoomi (Telugu Daily).

Sl No	Item	Details		
1.	AGM Date, Time and Venue	On 14th August, 2014 at 2.30 PM at J.S.Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad (To be held)		
2.	Financial Calendar 2014-2015 (Tentative)	First Quarter Results – By 15th Aug 2014 Second Quarter /Half year Results - By 15th November 2014 Third Quarter/Nine Months Results - By 15th February 2015		
3.	Dates of book closure	07.08.2014 to 14.08.2014		
4.	Listing on Stock Exchanges	Bombay Stock Exchange		
5.	Stock Code	530317 (BSE)		
6.	Demat ISIN No. For NSDL & CDSL	INE362C01012		
7.	Market Price Data	Bombay Stock Exchange Limited		
		High (Rs.)	Low (Rs.)	
		April'13	10.25	8.5
		May'13	9.45	8.6
		June'13	9.45	9
		July'13	9.73	9
		August'13	9.75	9.5
		September'13	11.02	9.51
		October'13	10.95	8.54
		November'13	8.55	8.15
		December'13	9	7.77
		January'14	7.77	6.6
February'14	8.67	6.5		
March'14	10.38	6.89		
8.	Registrars and Transfer Agents (For both physical and electronic)	CIL Securities Pvt Ltd. 214, Raghava Ratna Towers, Abids, Hyderabad-500001 Email ID: rta@cilsecurities.com		
9.	Share transfer system	Share transfers are registered and returned with in a Period of thirty days from the date of receipt, if the documents are in order in all respects.		

10.	Shareholding Pattern as on 31st March 2014	Category	No. of Shares	%
		Promoter	3553712	47.19
		Financial Institution and Banks	98725	1.31
		Bodies Corporate	655816	8.71
		Indian Public	2977252	39.54
		NRI's / OCB's	244995	3.25
		TOTAL	7530500	100

11. Distribution of Shareholding as on 31st March 2014

Shareholding of Nominal value		No. of Holders	% of total Holding	Shares Amount	% of total Amount
From	To				
--	5000	2992	87.79	45,17,810	6.00
5001	10000	206	6.04	17,85,840	2.37
10001	20000	59	1.73	9,18,950	1.22
20001	30000	36	1.06	9,05,010	1.2
30001	40000	11	0.32	4,01,290	0.53
40001	50000	17	0.5	8,10,440	1.08
50001	100000	18	0.53	14,02,440	1.86
100001	75305000	69	2.02	6,42,25,300	85.74
		3408	100	7,53,05,000	100

12.	Dematerialization of shares and liquidity	The trading in Company's shares is permitted only in dematerialized form. In order to enable to shareholders to hold their shares in electronic form and to facilitate scrip-less trading, the Company has enlisted its shares with NSDL and CDSL
13.	Plant Location	A-6/2, MIDC, Nanded - 431 603, Maharashtra.
14.	Address for correspondence (Registered office)	1-8-303/34, Mayfair, Sardar Patel Road, Secunderabad – 500 003, Phone: 91-40-2784 9700 Fax: 91-40-2784 9859 E-mail: info@godavaridrugs.com
	* Shareholders holding shares in electronic form should address all their Correspondence to their respective depository participants.	

MANAGING DIRECTOR ON THE COMPANY'S CODE OF CONDUCT

In terms of Clause 49 of the Listing Agreement, I hereby confirm that all the Board members and Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them for the year ended 31st March 2014.

Place: Secunderabad
Date: 28.05.2014

Mukund Kakani
(Managing Director)