

*27<sup>th</sup>*  
*Annual Report*  
*2014-2015*



**GODAVARI DRUGS LIMITED**

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



**BOARD OF DIRECTORS:**

SHRI GHANSHYAM JAJU	:	CHAIRMAN
SHRI MUKUND KAKANI	:	MANAGING DIRECTOR
SHRI KIRTI KUMAR JAIN	:	DIRECTOR FINANCE
SHRI MOHIT JAJU	:	EXECUTIVE DIRECTOR
SHRI DILIP PATEL	:	INDEPENDENT DIRECTOR
SHRI S.A.HUSSAIN	:	INDEPENDENT DIRECTOR
SHRI RAMESH BABU TELUGU	:	INDEPENDENT DIRECTOR
SMT VIMALA MADON	:	INDEPENDENT DIRECTOR
SHRI JEEVAN INNANI	:	COMPANY SECRETARY & COMPLIANCE OFFICER

**Annual General Meeting**

13th August, 2015

at 3.30p.m.

at FTAPCCI

J. S. Krishnamurthy Hall

Red Hills, Hyderabad

**Bankers :**

State Bank of Hyderabad

HDFC Bank

Andhra Bank

**Auditors :**

M/s. S.DAGA&CO., Hyderabad

**Registered Office :**

1-8-303/34, "Mayfair",

Sardar Patel Road,

Secunderabad - 500 003, India.

Phones: (040) 27849700, 27844557.

Fax: (040) 27849859

Email: info@godavaridrugs.com

**Factory :**

A6/2, M.I.D.C., Nanded - 431603.

Maharashtra.

**Registrars:**

CIL Securities Ltd.

214, Raghavaratna Towers. Chiragali lane,

Abids, Hyderabad - 500 001.



## **NOTICE**

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of **M/s Godavari Drugs Limited** will be held at J.S. Krishna Murthy Hall, FTAPCCI Premises, 11-6-841, Red Hills, Hyderabad -500004 on 13th day of August, 2015 at 3.30 p.m. to transact the following businesses:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial statement of the Company for the year ended 31st March, 2015 including Audited Balance Sheet as at 31st March, 2015 and the Statement of the Profit & Loss for the year ended on that date and Cash Flow Statement and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mohit Jaju who retires by rotation and being eligible, offers himself for reappointment.
3. Re-Appointment of Auditor to consider and if thought fit, to pass with or without modification(s), the following resolution 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 the Rules framed there under, read with Schedule VI of the Act, as amended from time to time, M/s S. Daga & Co., Chartered Accountants, (Firm Registration No. 000669 S), be and is hereby re-appointed ( their appointment being ratified ) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the (29<sup>th</sup>) Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their re-appointment at every next Annual General Meeting), at such remuneration as may be mutually agreed upon between the Board of Directors and Statutory Auditors."

### **SPECIAL BUSINESS:**

#### **4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of section 14 and all other applicable provisions of the Companies Act, 2013 and the Rules made there under including any statutory modifications(s) or re-enactment thereof, for the time being in force, the draft form of the revised Articles of Association submitted to this meeting, be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the any one of the Directors and the Company Secretary of the Company be and are hereby jointly /severally authorized to do all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution."

#### **5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the resolution passed at the Board Meeting of the Company held on May 30, 2015 and the provisions of Section 180(1)(c) of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of Directors may deem fit from banks, financial institutions or any other kind of lenders notwithstanding that the money or money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not so set aside for any specific purposes, provided however that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs. 50 Crores."



**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

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

Place: Secunderabad  
Date: 30.05.2015

**Jeevan Innani**  
Company Secretary & Compliance Officer  
(M. No. A 38372)

**NOTES:**

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.** The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 06.08.2015 to 13.08.2015 (both days inclusive)
3. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 7<sup>th</sup> August, 2015 are entitled to vote on the Resolutions set forth in this Notice.  
Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. **The e-voting period will commence at 9.00 a.m. on, 10<sup>th</sup> August, 2015 and will end at 5.00 p.m. on, 12 August, 2015.** The Company has appointed Mrs. Vidya Harkut, Practising Company Secretary, partner of VSS & Associates to act as the Scrutinizer, for conducting the scrutiny of the votes cast.
4. Members holding shares in physical form are requested to intimate any change of address to M/s. CIL Securities Limited / Investor Service Department of the Company immediately.
5. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
6. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
7. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
8. 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.



9. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

##### **Item No. 4**

The Articles of Association ("AoA") of the Company is presently in force since its incorporation of the Company i.e. year 1987. The existing Articles of Association are in line with the erstwhile Companies Act 1956, which are thus no longer in full conformity with the Companies Act, 2013 ('New Act'). The New Act is now largely in force and substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several articles of the existing Articles of Association of the Company require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

It is thus expedient to adopt new set of Articles of Association (primarily based on Table F set out under the Companies Act, 2013), in place of existing Articles of Association of the Company instead of amending the Articles of Association by alteration/incorporation of provisions of the Companies Act, 2013. Hence the Board of Directors at its meeting held on May 30, 2015 decided to adopt new set of Articles in place of existing Articles of Association of the Company and seek shareholders' approval for the same.

In terms of section 14 of the Companies Act, 2013, the consent of the members by way of special resolution is required for adoption of new set of Articles of Association of the Company.

None of the Directors, Key Managerial Personnel of Company and their relatives are interested in the this resolution.

##### **Item No. 5**

As the Company is under process of expansion of it's business operations there will be requirement of funds by way of working capital limits/ CC limits/ and other means from Banks and financial institutions. As per Section 180 (1) (c) of the Companies Act, 2013, any money borrowed by the Company exceeding the aggregate of its paid up share capital and free reserves apart from temporary loans taken in its ordinary course of business shall be approved by the share holders by the Special resolution. The Company proposes to increase its borrowing powers to a limit of Rs. 50 Crores ( which is exceeding the aggregate of its paid up share capital and free reserves) by way of this resolution.

In terms of section 180 of the Companies Act, 2013, the consent of the members by way of special resolution is requested.

None of the Directors and any key managerial person and their relatives are interested in this Resolution.

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

Place: Secunderabad  
Date: 30.05.2015

**Jeevan Innani**  
Company Secretary & Compliance Officer  
(M. No. A 38372)



## **DIRECTOR'S REPORT**

**To,  
The Members,**

Your directors have pleasure in presenting their Twenty Seventh Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2015.

### **Financial Highlights :**

During the year under review, performance of your company is as under:

	( in Rupees)	
<b>PARTICULARS</b>	<b>Year ended 31st March 2015</b>	<b>Year ended 31st March 2014</b>
Revenue from Operations	55,14,73,488	9,55,10,003
EBITDA	6,08,24,413	1,95,98,432
Less: Finance cost	66,76,239	20,85,493
Less: Depreciation	68,09,772	1,04,86,117
Profit before tax & exceptional items	4,73,38,402	70,26,822
Less: Exceptional items	—	—
Profit before tax	4,73,38,402	70,26,822
Less: Tax expenses	1,08,69,924	(84,89,345)
Profit After Tax	3,64,68,478	1,55,16,167
Transferred to general reserve	—	—
Proposed Dividend	—	—
Closing Balance in Statement of Profit and Loss	(5,81,86,269)	(9,36,92,550)

### **Company Performance**

Your Company has posted good financial results during the year under review. Turnover of the Company has increased from 955.10 lakhs to 5514.73 lakhs and the Net profit increased from 155.16 lakhs to 364.68 lakhs.

### **Dividend**

To Conserve the funds for operations of the Company, the Board do not recommend any dividend for this financial year.

**Amounts Transferred to Reserves:** Nil

### **Disclosures regarding :**

#### **Changes in Share Capital**

There was no change in the structure of the share capital of the Company during the financial year under review.

#### **Issue of Equity Shares with Differential Rights**

The Company has not made any issue of equity shares with Differential Rights under the provision of Section 43, read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 during the Financial Year under review.

#### **Issue of Employee Stock Options**

The Company has not made any issue of equity shares via Employee stock options during the Financial Year under review.

#### **Issue of Sweat Equity Shares**

The Company has not made any issue of equity shares under the provision of Section 54, read with Rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014, during the Financial Year under review.



### Extract of Annual Return

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as **Annexure I**.

### Details of Board Meetings held

During the Financial Year 2014-15, five meetings of the Board of Directors of the company were held, as against the minimum requirement of four meetings.

Date	Board Strength	No. of Directors Present
28th May, 2014	06	06
14th August, 2014	06	06
12th November, 2014	06	06
11th February, 2015	06	06
27th March, 2015	06	06

### Particulars of Loan, Guarantees and Investments under Section 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 forms part of the Financial Statements.

### Particulars of Contracts or Arrangements with Related Parties

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 shall be disclosed in Form No. AOC-2. As **Annexure II**.

### Explanation to Auditor's Remarks

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

### Material Changes Affecting the Financial Position of the Company

There are no material changes / events, occurring after balance sheet date till the date of the report to be stated.

### Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as **"Annexure III"**

### Details of Subsidiary, Joint Venture or Associates

Associated Companies:

Godavari Capital Private Limited, Godavari Homes Private Limited and A.K. Paper Products Private Limited.

### Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated Vigil mechanism which is in compliance

with the provisions of section 177(9) & (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, in its meeting held on 28th May, 2014. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.godavaridrugs.com](http://www.godavaridrugs.com)

### Nomination & Remuneration Committee Policy

The Board of Directors of your Company in the meeting held on 28th May, 2014, constituted the Nomination and Remuneration Committee with the requisite terms of reference as required under Section 178 of the Companies and other applicable provisions thereof in place of existing Remuneration Committee. The said Committee framed, adopted and recommended the "Nomination, Remuneration & Evaluation Policy".



The Details of the Committee have been provided under Corporate Governance Report, which forms part of this Annual Report.

### **Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013**

In order to promote safe and indiscriminative environment, the Company has formed an Internal Complaints Committee where employees can register their complaints against sexual harassment.

During the year under review Company has not received any complaint of harassment.

### **Details of Directors and Key Managerial Personnel**

In accordance with the provisions of the Act and the Articles of Association of the Company, Shri Mohit Jaju, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the year under review, the members approved the appointments of Shri Syed Hussain, Shri Dilip Patel, Shri Ramesh Babu Telugu and Smt. Vimala Madon as an Independent Director who are not liable to retire by rotation. Pursuant to Section 203 of the Companies Act 2013, Company has appointed Mr. Jeevan Innani, Company Secretary.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company has drafted a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

On the basis of the Policy framed for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation activity was followed by the Board for its own performance and that of its Committees and individual Directors. The Company has conducted programmes to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company works and other allied matters.

### **Details of significant & material orders passed by the regulators or courts or tribunal**

- Matter of Imports relating advance licensing scheme is under adjudication with the Customs Department, Mumbai amounting Rs. 696062/-
- Matter of Central Excise & Customs, amounting Rs. 1629999 is under adjudication with Commissioner (Appeals) Customs, Central Excise & Service Tax, Nagpur.

### **Statement in Respect of Adequacy of Internal Financial Control with Reference to the Financial Statements**

The Company has in place adequate internal financial controls with reference to financial statements.

During the year, such controls were tested and no reportable material weakness in the operation was observed.

### **Deposit from Public**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet. However opening balance of unsecured loans from related party is lying with the Company, which is subordinated to bank borrowings against cash credit limit availed from Andhra Bank.

### **Receipt of any commission by MD / WTD from a Company or for receipt of commission / remuneration from it Holding or subsidiary.**

As there is no holding company or subsidiary of the Company, this part isn't applicable.

### **Declaration of Independence**

The Company has received declarations from all the Independent Directors confirming that they meet the





criteria of independence as prescribed in Sub-Section (6) of Section 149 of Companies Act, 2013, read with the Schedules and Rules issued thereunder as well as Clause 49 of the Listing Agreement.

#### **Code of Conduct for Directors and Senior Management**

The Board has laid down a code of conduct for all Board members and senior Management of the Company. The Directors and members of Senior Management have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company.

#### **Risk Management**

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis.

#### **Secretarial Audit Report**

In terms of Section 204 of the Act and Rules made there under, M/s. VSS & Associates, Practicing Company Secretary have been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure IV** to this report. The report is self-explanatory and do not call for any further comments.

#### **Corporate Social Responsibility (CSR) Policy**

The Company doesn't fall under the ambit of Section 135 (1), hence, Corporate Social Responsibility policy is not applicable to the Company.

#### **Audit Committee**

During the year under review, 4 meetings of the Committee were held on, May 28, 2014, August, 14, 2014, November, 12, 2014, February, 11, 2015

The composition of the Committee as on 31st March, 2015 as well as the particulars of attendance at the Committee during the year are given in the table below:

<b>Name</b>	<b>Category of Directorship</b>	<b>No. of Meetings Attended</b>	<b>% of Total meetings attended during the tenure as a Director</b>
Shri Dilip Patel	Independent Director / Chairman	4	100
Shri Syed Hussain	Independent Director	4	100
Shri K K Jain	Executive Director	4	100

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Members of the Audit Committee possess financial / accounting expertise.

#### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

#### **Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the companies (appointment and Remuneration of managerial personnel) rules, 2014.**

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:



Sr. No	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014-15 ( in Lakhs)	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees
1	Ghanshyam Jaju, Chairman	Nil	Nil	Not Applicable
2	Mukund Kakani, Managing Director	2.88	Nil	1.6: 1
3	Kirti Kumar Jain, Executive Director	1.80	Nil	1:1
4	Mohit Jaju, Executive Director	1.80	Nil	1:1
5	Syed Hussain, Independent Director	0.50	25	0.27:1
6	Dilip Patel, Independent Director	0.50	25	0.27:1
7	Ramesh Babu Telugu, Independent Director	Nil*	Nil*	Not Applicable
8	Vimala Madon, Independent Director	Nil*	Nil *	Not Applicable
7	Jeevan Innani, Company Secretary & Compliance Officer	0.60**	**	Not Applicable

\* Remuneration not paid as Mr. Ramesh Babu Telugu, Mrs. Vimala Madon joined the Board w.e.f. 27th March, 2015.

\*\* Mr. Jeevan Innani has joined Since February, 2015.

\* Sitting fees is also considered for calculation of remuneration for the above purpose

#### Percentage increase in the median remuneration of employees in the financial year:

The median remuneration is Rs. 15000 and the percentage increase in the median remuneration of employees in the financial year is 28%.

#### Number of permanent employees on the rolls of company:

Number of employees on the rolls of the Company as on 31st March, 2015 was 101 Nos.

#### Explanation on the relationship between average increase in remuneration and Company Performance:

The increase in average remuneration of all employees in the financial year 2014-15 as compared to the financial year 2013-14 was 31%. The average increase in median remuneration was in line with the performance of the Company.

#### Comparison of the remuneration of the Key Managerial Personnel against the performance of your Company:

Particulars	Amount in Rupees
Remuneration of Key Managerial Personnel (KMP) during financial year 2014-15 (aggregated)	7,08,000
Revenue from operations	548,462,587
Remuneration (as % of revenue)	0.12
Profit before tax (PBT)	47,338,402
Remuneration (as % of PBT)	1.49

#### The Key Parameters for any variable component of remuneration availed by the Directors:

There is no variable component of remuneration to the Directors.