

*25th*  
*Annual Report*  
*2012-2013*



**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
- EXECUTIVE DIRECTOR
- 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  
12th August, 2013  
at 2.30 p.m.  
at FAPCCI  
J. S. Krishnamurthy Hall  
Red Hills, Hyderabad

**NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of the members of **M/s. Godavari Drugs Limited** will be held on Monday, August 12, 2013 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 consider and adopt the Audited Balance Sheet of the Company as at March 31, 2013, 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. Syed Anis Hussain 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 224(1) and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. Daga & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

By order of the Board  
For **Godavari Drugs Limited**

Place : Secunderabad  
Date : 30.05.2013

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 05.08.2013 to 12.08.2013 (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.



Dear Shareholder,

**Subject: Green Initiative - Registration of E-mail address**

The Ministry of Corporate Affairs, (MCA) had taken a "Green Initiative in the Corporate Governance" vide its Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively had permitted the companies to serve the documents viz. annual reports, notices of general meetings/ postal ballot, other documents etc. to the shareholders through electronic mode. SEBI, vide its circular ref. No. CIF/CFD/DIL/2011 dated 5 October 2011, and has directed listed companies to supply soft copies of full Annual Reports to all those shareholders who have registered their email addresses.

Your Company, being dedicated towards preserving and protecting environment, continuously seeks opportunities to reduce adverse impact on the planet. In order to support "Green Initiative", your Company has decided to have paperless documentation to the maximum possible extent by forwarding the above referred documents to you through electronic mode from the end of this Annual General Meeting. This will also ensure prompt receipt of communication and avoid loss in postal transit.

We therefore 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](mailto: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 reverse of this communication 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.

We request your whole-hearted support to this "Green Initiative" by opting for electronic mode of communication.

Thanking you,  
Yours faithfully,

**For Godavari Drugs Limited**

**Mukund Kakani**  
(Managing Director)

Secunderabad  
30.05.2013.

**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 Fifth Annual Report and the Audited Accounts of the Company for the year ended 31st March 2013:

FINANCIAL RESULTS: Particulars	(in Rupees)	
	2012-13	2011-12
Revenue from Operations	7,62,35,526	3,71,73,761
Other income	36,11,900	3,01,246
Depreciation	99,87,790	91,47,990
Finance Cost	20,70,069	14,42,276
Profit/loss before tax	71,93,902	(1,59,66,259)
Provision for Deferred Tax	(23,73,988)	0
Profit/loss after tax	48,19,914	(1,59,66,259)

### PERFORMANCE:

Your Company had resumed full fledged production after upgrading the plant during the financial year and has achieved a gross sale and contract manufacturing income of Rs. 762.36 lakhs which is almost double of the gross sales of last financial year. Your company has earned a profit of Rs.48 Lacs as against the loss of Rs.160 Lacs in the previous year.

### OPERATIONS:

The management has upgraded the manufacturing plant to meet the cGMP and Quality Assurance Requirement alongwith ware housing, storage, and other facilities upgradation, to ensure better customer service, and to offer for inspections to multinational companies. As the plant is in proper working conditions the company has resumed the production and manufacturing activities to higher levels.

### AUDITOR'S REPORT:

The Auditor's Report together with the Audited Accounts for the financial year ended March 31, 2013 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:

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.

### 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, 2013 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 judgement 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  
30.05.2013

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	2012-2013	2011-2012
<b>A. Power &amp; Fuel Consumption</b>			
1. Electricity			
a) Purchased			
Units	000KWH	1328	966
Total Amount	Rs. In Lacs	104.47	64.63
Average cost	Rs./KWH	7.87	6.69
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	3337	1991
Total Cost	Rs.In Lacs	91.60	51.83
Average Cost	Rs./Ton	2745	2603
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)**

- The Company at its R&D facilities develops processes for improvements in technology which is absorbed and implemented at the plant level.
- The Company has executed process development of its products alongwith process optimization helping in reduction of production cost, and increasing in recoveries.
- 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	NIL
b. Recurring	Rs.1405229
c. Total:	Rs.1405229
d. Total R&D expenditure as a percentage of total turnovers:	1.84 %

**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**

The company has initiated various steps to improve its operational performance and remove the bottlenecks relating to production and hence the up gradation was carried out. The company is sanguine to raise the resources and based of the current business plan, the company is confident that it would be able to meet its financial and production commitment.

**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  
30.05.2013

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 10 May 2012, 14 August 2012, 02 November 2012 and 12 February 2013.

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	4
Shri S. A. Hussain	4	Yes	2	2

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 (Executive Director). 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 Committee during the year

The Committee met Four (4) times during the financial year on 10 May 2012, 14 August 2012, 02 November 2012 and 12 February 2013.

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 Committee during the year

During the year, the committee met two times on 10 May 2012 and 02 November 2012.

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 2012 -13 is as under :

Sl.No.	Nature of Complaint/request	Received	Cleared
1	Change / Correction of Address	Nil	Nil
2.	No. Of transfers	01	01
3.	Non receipt of shares /Others	01	01

**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 2012-13 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
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.
2009-2010	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	28th September 2010	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 in Business Standard (English Daily) and Andhra Bhoomi (Telugu Daily).

Sl No	Item	Details																																																								
1.	AGM Date, Time and Venue	On 12th August, 2013 at 2.30 PM at J.S.Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad (To be held)																																																								
2.	Financial Calendar 2013-2014 (Tentative)	First Quarter Results - By 15th Aug 2013 Second Quarter /Half year Results - By 15th November 2013 Third Quarter/Nine Months Results - By 15th February 2014																																																								
3.	Dates of book closure	05.08.2013 to 12.08.2013																																																								
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	<table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="2">Bombay Stock Exchange Limited</th> </tr> <tr> <th></th> <th></th> <th>High (Rs.)</th> <th>Low (Rs.)</th> </tr> </thead> <tbody> <tr> <td>April'12</td> <td></td> <td>6.25</td> <td>4.30</td> </tr> <tr> <td>May'12</td> <td></td> <td>8.60</td> <td>6.00</td> </tr> <tr> <td>June'12</td> <td></td> <td>7.05</td> <td>6.30</td> </tr> <tr> <td>July'12</td> <td></td> <td>7.40</td> <td>6.25</td> </tr> <tr> <td>August'12</td> <td></td> <td>7.20</td> <td>5.97</td> </tr> <tr> <td>September'12</td> <td></td> <td>8.20</td> <td>6.25</td> </tr> <tr> <td>October'12</td> <td></td> <td>6.80</td> <td>6.13</td> </tr> <tr> <td>November'12</td> <td></td> <td>11.62</td> <td>5.95</td> </tr> <tr> <td>December'12</td> <td></td> <td>15.30</td> <td>12.00</td> </tr> <tr> <td>January'13</td> <td></td> <td>13.43</td> <td>7.68</td> </tr> <tr> <td>February'13</td> <td></td> <td>9.49</td> <td>7.68</td> </tr> <tr> <td>March'13</td> <td></td> <td>8.71</td> <td>7.32</td> </tr> </tbody> </table>			Bombay Stock Exchange Limited				High (Rs.)	Low (Rs.)	April'12		6.25	4.30	May'12		8.60	6.00	June'12		7.05	6.30	July'12		7.40	6.25	August'12		7.20	5.97	September'12		8.20	6.25	October'12		6.80	6.13	November'12		11.62	5.95	December'12		15.30	12.00	January'13		13.43	7.68	February'13		9.49	7.68	March'13		8.71	7.32
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March'13		8.71	7.32																																																							
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 31 <sup>st</sup> March 2013	Category	No. of Shares	%
		Promoter	3238433	43.00
		Financial Institution and Banks	103100	01.37
		Bodies Corporate	646909	0 8.59
		Indian Public	3295602	43.79
		NRI's / OCB's	244995	03.25
		TOTAL	7530500	100.00

**11. Distribution of Shareholding as on 31st March 2013**

Shareholding of Nominal value		No. of Holders	% of total Holding	Shares Amount	% of total Amount
From	To				
--	5000	3,035	87.62	46,18,770	6.13
5001	10000	210	6.06	18,23,490	2.42
10001	20000	65	1.88	10,01,780	1.33
20001	30000	42	1.21	10,57,850	1.40
30001	40000	9	0.26	3,25,090	0.43
40001	50000	20	0.58	9,57,400	1.27
50001	100000	17	0.49	12,95,320	1.72
100001	ABOVE	66	1.91	6,42,25,300	85.29
		3,464	100.00	7,53,05,000	100.00

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: <a href="mailto:info@godavaridrugs.com">info@godavaridrugs.com</a>
* 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 2013.

Place: Secunderabad  
Date: 30.05.2013

Mukund Kakani  
(Managing Director)



### INDEPENDENT AUDITOR'S REPORT

To  
The Members,  
Godavari Drugs Limited.

#### Report on the Financial Statements

We have audited the accompanying financial statements of Godavari Drugs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the

matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.DAGA & CO.,  
Chartered Accountants,  
(F. No. 000669S)

(T. V. Subba Rao)  
M.No.9363  
Partner

Place: Hyderabad  
Date: 30.05.2013



## ANNEXURE TO AUDITORS' REPORT

## Referred to in Paragraph 3 of our Report of even date:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, most of the fixed assets have been physically verified by the Management during the year. In our opinion, the frequency of such physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification as compared to the available records.
- (c) There was no substantial disposal of fixed assets during the year
2. (a) Physical verification of Inventory has been conducted by the management at reasonable intervals.
- (b) The procedures for physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification, as compared to the book records.
3. The company has taken unsecured loans from six parties (Previous year seven parties) covered in the register maintained u/s.301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.247.05 lakhs (PY Rs.187.48 lakhs), the year end balance is Rs.239.44 (PY Rs.186.48 lakhs) in case of said parties covered in the register maintained u/s.301 of the Companies Act.  
The company has not granted unsecured loans to Companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.  
As per the information and explanation provided to us, interest paid on unsecured loans taken from parties are reasonable as per prevailing market rate in case of three parties and no interest is charged by three parties listed in the register maintained under section 301 of the Companies Act, 1956. All the loans are repayable on demand and the other terms and conditions on which loans have been taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing major weaknesses in internal control system.
5. a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public but has accepted unsecured loans from shareholders and directors for which no return was filed within the meaning of provisions of section 58A, 58AA of the Companies Act, 1956 or any other relevant provisions of the act, and

rules framed there under.

7. In our opinion, the company has the internal audit system commensurate with the size and nature of its business.
8. The company has not maintained cost records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956. We have been informed that adequate steps are being taken to maintain the cost records and accounts as prescribed by law.
9. a) The company is generally regular in depositing undisputed Statutory dues including Provident fund and Employees' state insurance, Income-Tax, Sales-Tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues applicable to it with the appropriate authorities. However there are delays in payment of Provident Fund, Employees State Insurance and TDS.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales-tax, Income-Tax, Wealth Tax, Service tax, Custom Duty, Excise duty and Cess were outstanding at the year end for a period of more than six months from the date they become payable.
10. The company has accumulated losses exceeding more than fifty percent of its net worth at the end of the financial year and has not incurred cash losses in the current financial year and in the immediate preceding financial year.
11. There are no outstanding loans granted by Financial Institution, banks or debenture holders
12. There are no unsecured loans granted against pledge of securities/shares which are outstanding as at the end of year.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
14. In our opinion and according to the information and explanation given to us, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company has not raised any fresh term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company or vice versa.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the companies act, 1956.
19. The company did not have any outstanding debentures during the year. The company has not raised any money through public issue during the year.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For S.DAGA & CO.,  
Chartered Accountants,  
(F.No. 000669S)

(T.V. SUBBA RAO)  
Partner  
MNo.9636

Place: Hyderabad  
Date : 30.05.2013

**BALANCE SHEET AS AT 31st MARCH, 2013**

	Note No.	31.03.2013 Rupees	31.03.2012 Rupees
<b>Equity And Liabilities</b>			
<b>Share holders' funds</b>			
Share Capital	2.1	75,305,000	75,305,000
Reserves and Surplus	2.2	4,264,275	-555,639
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (Net)	2.3	4,596,613	2,222,625
Long term Borrowings	2.4	23,944,002	18,648,169
Long term Provisions	2.5	1,864,300	1,502,518
<b>Current Liabilities</b>			
Short term Borrowings	2.6	0	1,977,290
Trade payables	2.7	5,958,856	16,130,082
Other current liabilities	2.8	33,059,950	37,983,686
Short-term provisions	2.9	516,750	717,791
<b>TOTAL</b>		<b>149,509,746</b>	<b>153,931,522</b>
<b>Assets</b>			
<b>Non-Current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	2.10	66,567,105	64,935,869
Intangible Assets	2.10	7,679,977	12,662,657
Capital work-in-progress	2.10	2,332,486	2,555,797
Investments	2.10A	1,000	0
<b>Current Assets</b>			
Inventories	2.11	31,311,683	36,446,576
Trade receivables	2.12	6,682,948	4,081,705
Cash & Cash equivalents	2.13	2,714,660	962,278
Short term Loans & Advances	2.14	13,066,554	13,339,012
Other Current assets	2.15	19,153,333	18,947,628
<b>TOTAL</b>		<b>149,509,746</b>	<b>153,931,522</b>

Significant Accounting Policies & Notes on Financial Statements 1 & 2

The Significant Accounting Policies & Notes on Financial Statements form an integral part of Balance Sheet.

As per our attached report of even date

**For S.DAGA & Co.,**  
Chartered Accountants  
(FRN.000669 S)

For and on behalf of the Board of Directors

**(T.V.SUBBA RAO)**  
Partner M.No.9636  
Place: Hyderabad  
Date: 30.05.2013

**MUKUND KAKAN**  
Managing Director

**KIRTIKUMAR JAIN**  
Executive Director



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 st MARCH, 2013

		Rupees	
	Note No.	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
<b>INCOME</b>			
Revenue from Operations(Net)	2.16	76,235,526	37,173,761
Other Income	2.17	3,611,900	301,246
		-----	-----
<b>TOTAL REVENUE</b>		79,847,426	37,475,007
<b>EXPENDITURE</b>			
Cost of Raw Materials Consumed	2.18	3,957,364	18,307,323
Changes in Inventories of Finished Goods and Work -in-Process	2.19	3,695,725	(7,681,921)
Employee Benefit expenses	2.20	12,159,680	11,424,084
Finance costs	2.21	2,070,069	1,442,276
Depreciation/Amortisation	2.10	9,987,790	9,147,990
Other expenses	2.22	40,782,896	20,801,514
		-----	-----
<b>TOTAL EXPENSES</b>		72,653,524	53,441,266
		-----	-----
<b>Profit/(Loss) before tax</b>		7,193,902	(15,966,259)
Provision for taxation			0
Deferred tax		2,373,988	0
Corporate tax (MAT)		1,370,798	0
MAT Entitlement credit		(1,370,798)	0
		-----	-----
<b>Profit /(Loss) after tax</b>		4,819,914	(15,966,259)
<b>EARNINGS PER EQUITY SHARE</b>			
Basic and Diluted earning per share	2.24	0.64	(2.12)
Face value of each share		10.00	10.00

The Significant Accounting Policies & Notes on Financial Statements 1 & 2  
part of Statement of Profit and Loss

As per our attached report of even date  
**For S.DAGA & Co.,**  
Chartered Accountants  
(FRN.000669 S)

For and on behalf of the Board of Directors

**(T.V.SUBBA RAO)**  
Partner M.No.9636  
Place: Hyderabad  
Date: 30.05.2013

**MUKUND KAKANI**  
Managing Director

**KIRTIKUMAR JAIN**  
Executive Director


**CASH FLOW STATEMENT For the year ended 31st March 2013**

Particulars	31.03.2013 Amount in Rs.	31.03.2012 Amount in Rs.
<b>A. Cash Flow From Operating Activities :</b>		
Net Profit/loss before prior period adjustments	4,819,914	(15,966,259)
Adjustment for depreciation	9,987,790	9,147,990
Deferred revenue expenses written off	4,982,680	824,624
Deferred Tax Liability	2,373,988	---
Provisions for Gratuity & Leave encashment	160,741	---
Operating Profit before working capital changes	22,325,113	(5,993,645)
Adjustment for		
Trade and other receivables	(2,519,353)	(4,826,889)
Inventories	5,134,893	6,281,206
Trade Payables	(17,088,389)	13,297,458
Cash Generated from Operations	7,852,264	5,849,496
Prior period adjustments	---	---
Capital work in progress	223,311	(971,784)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>8,075,575</b>	<b>4,877,712</b>
<b>B. Cash Flow From Investing Activities :</b>		
Purchase Of Fixed Assets	(11,619,027)	(12,627,612)
Deferred revenue expenses	---	---
<b>Net Cash Used In Investing Activities (B)</b>	<b>(11,619,027)</b>	<b>(12,627,612)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Unsecured loans received	7,184,584	7,000,000
Unsecured loans paid	(1,888,750)	---
<b>Net Cash flow from Financing Activities ( C)</b>	<b>5,295,834</b>	<b>7,000,000</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,752,382</b>	<b>(749,900)</b>
Cash and Cash equivalents at beginning of the year	962,278	1,712,178
Cash and Cash equivalents at end of the year	2,714,660	962,278

As per our attached report of even date

**For S.DAGA & Co.,**  
Chartered Accountants  
(FRN.000669 S)

For and on behalf of the Board of Directors

**(T.V.SUBBA RAO)**  
Partner M.No.9636  
Place: Hyderabad  
Date: 30.05.2013

**MUKUND KAKANI**  
Managing Director

**KIRTIKUMAR JAIN**  
Executive Director



**Notes on financial statements for the year ended 31st March, 2013**

**Note No. 1: SIGNIFICANT ACCOUNTING POLICIES**

**1.1 ACCOUNTING CONCEPTS**

The company follows mercantile system of Accounting and recognizes Income and Expenditure on accrual basis. Accounting Policies not otherwise referred to consistent with generally accepted principles.

**1.2 REVENUE RECOGNITION**

- a) Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership are transferred to the customer.
- b) Interest income is accounted as per contractual terms entered into with the parties concerned.

**1.3 TURNOVER**

Turnover comprises sale of goods and contract manufacturing charges.

**1.4 FIXED ASSETS**

Fixed Assets are stated at cost less depreciation.

**1.5 DEPRECIATION**

Depreciation on Plant & Machinery, Factory Building, Electrical Installations and Laboratory Equipment is provided on straight line method, while in case of Furniture and Fixtures, Vehicles, Office Equipment and Computers is provided on written down value method as per the rates prescribed in schedule XIV of the Companies Act, 1956 as amended and rules framed there under.

**1.6 INVENTORIES**

Raw materials, Trading goods, Work-in-process and finished goods are valued at the lower of cost or net realizable value.

Cost of raw materials, packing materials, trading goods and stores, spares is determined on first-in first-out basis. Cost of work-in-process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**1.7 BORROWING COSTS**

Borrowing costs that are attributable to acquisition of machinery or construction of buildings are capitalized as part of such assets for the period up to the date such assets are put to use. All other borrowing costs are charged to revenue.

**1.8 RESEARCH AND DEVELOPMENT**

- (i) Equipment purchased for research and development is capitalised when commissioned and included in the gross block of fixed assets
- (ii) Research and Development expenditure incurred are charged to Profit & Loss account of the year under relevant head of Account.
- (iii) Research and Development expenditure incurred on identified products on or before 31st March 2003, the benefit of which is expected to accrue to the company over period of time will be written off in five years from the production/launch of the product.

**1.9 GOVERNMENT GRANTS**

Grants in the form of capital/investment subsidy are treated as capital reserve.

**1.10 FOREIGN EXCHANGE TRANSACTIONS**

Revenue from overseas clients and collections are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Monetary Assets and Liabilities

denominated in foreign currency as at the Balance Sheet date not covered by foreign exchange contracts are translated at year-end rates. The resultant exchange differences are recognized in the Profit & Loss account.

**1.11 EMPLOYEE BENEFITS**

**a. Short term employee benefits**

Undiscounted value of short term employee benefits such as salaries, wages, short term compensated absences bonus, exgratia and performance incentives are recognized as expense in the period in which the employees render the related service.

**b. Post employment Benefits**

**Defined contribution plans**

Contribution to defined contribution plans being Employee Provident Fund, Employee State Insurance, Employee Pension Schemes, Labour Welfare Fund, Employee Insurance Scheme and Super Annuation Fund are recognized in the statement of Profit and Loss during the period in which the employees render the related services.

**Defined Benefit Plans**

Liabilities in respect of defined benefit plans being Gratuity and Leave encashment are determined based on an actuarial valuation using the projected unit cost method. Actuarial gains or losses are recognized immediately in the statement of profit and loss

**1.12 Investment**

Investments are classified into current and long-term investments. Current Investments are stated at the lower of cost and fair value. Long term investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments.

**1.13 TAXES ON INCOME**

Tax on Income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961.

Deferred tax assets and liabilities are accounted for based on the difference between taxable income and accounting income that originate in one period and reasonably expected to reverse in the subsequent periods.

Deferred tax assets arising from timing differences are recognised to the extent, there is reasonable certainty that these would be realised in future.

**1.14 SEGMENT REPORTING**

The Company's operations mainly comprises manufacturing of bulk drugs and Contract manufacturing. These activities constitute the primary segment.

**1.15 EARNINGS PER SHARE**

Basic Earnings per Share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



**Notes on financial statements for the year ended 31st March, 2013**

**1.16 IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such an indication exists, then the carrying value is reduced to the higher of the net selling price or the value in use. The value in use is the present value of estimated future net income expected from use of the asset.

**1.17 PROVISIONS/CONTINGENT LIABILITIES**

Provisions are recognised, when the Company has a present legal or constructive obligation, as a result of past events, for which is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The disclosure is made for all present or possible obligations that may but probably will not require outflow as contingent liability in the financial statements.

Note. No. 2	Rupees	
	As at 31.03.2013	As at 31.03.2012

**Note No.2.1**

**Share capital**

**Authorised**

100,00,000 (Previous Year 100,00,000)

Equity shares of Rs.10/--- each

**ISSUED, SUBSCRIBED AND PAID UP**

75,30,500(Previous Year 75,30,500)

Equity shares of 10/--- each

**TOTAL**

The Company is having one class of Equity Shares of face value Rs.10 per share. Each holder of Equity share is entitled to one vote per share.

The Number of shares at the beginning and the end are the same. There are no fresh issue of shares or forfeiture during the current year and in the previous year.

Details of Equity Shareholders holding more than 5 % of equity shares along with No.of Equity Shares held at the beginning and at the end of the reporting period are as given below:--

	As at 31.03.2013		As at 31.03.2012	
	No. of shares	%	No. of shares	%
Kamala Jaju	902,676	11.99	824,500	10.95
Sushma Kakani	952,700	12.65	752,400	9.99
Laxmidas Jhaveri	418,555	5.56	418,555	5.56

**Note No.2.2**

**RESERVES AND SURPLUS**

**RESERVES**

**Capital Reserves:**

Central Subsidy

Maharashtra State Special Capital Incentive

Securities premium Reserve

Investment Allowance Reserve

**Surplus in statement of profit and loss**

As per last balance sheet

Add : Loss / Profit for the year

**TOTAL RESERVES & SURPLUS**

	1,000,000		1,000,000
	4,500,000		4,500,000
	5,500,000		5,500,000
	106,318,993		106,318,993
	1,654,000		1,654,000
	113,472,993		113,472,993
	(114,028,632)		(98,062,373)
	4,819,914		(15,966,259)
	(109,208,718)		(114,028,632)
	4,264,275		(555,639)





## Notes on financial statements for the year ended 31st March, 2013

	Rupees As at 31.03.2013	Rupees As at 31.03.2012
<b>Note No.2.3</b>		
<b>Deferred Tax Liabilities</b>		
Deferred Tax Liabilities arising on account of On Fiscal allowances on Fixed assets	4,596,613	2,222,625
	<u>4,596,613</u>	<u>2,222,625</u>
<b>Note No. 2.4</b>		
<b>Other Long term borrowings</b>		
Loans from Directors --- Unsecured	16,861,212	11,565,379
Loans from Others --- Unsecured	7,082,790	7,082,790
	<u>23,944,002</u>	<u>18,648,169</u>
<b>Note No. 2.5</b>		
<b>Long Term Provisions</b>		
Provision for Gratuity	1,742,558	1,371,355
Provision for Leave Encashment	121,742	131,163
	<u>1,864,300</u>	<u>1,502,518</u>
<b>Note No. 2.6</b>		
<b>Short Term Borrowings---Secured</b>	0	1,977,290
From Bank---Cash Credit Facility secured by inventory,Trade receivables and other movable assets		
<b>Note No. 2.7</b>		
<b>Trade Payables</b>		
Raw materials	2,916,428	12,295,843
Others	3,042,428	3,834,239
	<u>5,958,856</u>	<u>16,130,082</u>
<b>Note No. 2.7a</b>		
The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under		
Principal amount due and remaining unpaid	---	---
interest due on above and the unpaid interest	---	---
interest paid	---	---
Payment made beyond the appointed day during the year	---	---
Interest due and payable for the period of delay	---	---
Interest accrued and remainig unpaid	---	---
Amount of further interestremaining due and payable in succeeding years	---	---
<b>Note No. 2.8</b>		
<b>Other Current laibilities</b>		
Int. acc.and due Borrowings	7,052,816	7,404,468
Sundry Creditors Capital	1,598,523	3,006,118
Other Liabilities	24,408,611	27,573,100
	<u>33,059,950</u>	<u>37,983,686</u>
<b>Note No. 2.9</b>		
<b>Short term Provisions</b>		
Provision for Gratuity	486,491	682,807
Provision for Leave Encashment	30,259	34,984
	<u>516,750</u>	<u>717,791</u>



## Notes on financial statements for the year ended 31st March, 2013

## Note No.2.10

AMOUNT IN RS

Name of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	As at 01.04.12	Additions	As at 31.03.13	Upto 01.04.12	for the period	Up to 31.03.13	As at 31.03.13	As at 31.03.12
<b>TANGIBLE ASSETS</b>								
Lease hold land	327,800	0	327,800	0	0	0	327,800	327,800
Buildings	22,703,260	5,721,997	28,425,257	11,308,783	774,521	12,083,304	16,341,953	11,394,477
Plant & Machinery	167,083,637	5,397,527	172,481,164	115,314,837	8,788,910	124,103,747	48,377,417	51,768,800
Furniture & Fixture	371,945	277,558	649,503	358,988	6,612	365,600	283,903	12,957
Vehicles	2,091,437	0	2,091,437	858,313	319,256	1,177,569	913,868	1,233,124
Office Equipment	2,016,022	221,945	2,237,967	1,817,311	98,491	1,915,802	322,165	198,711
<b>Total</b>	194,594,101	11,619,027	206,213,128	129,658,232	9,987,790	139,646,022	66,567,106	64,935,869
Intangible Assets R & D	19,725,555	0	19,725,555	7,062,898	4,982,680	12,045,578	7,679,977	12,662,657
<b>Total</b>	214,319,656	11,619,027	225,938,683	136,721,130	14,970,470	151,691,600	74,247,083	77,598,526
Previous Year	201,692,044	12,627,612	214,319,656	126,748,518	9,972,614	136,721,131	77,598,525	74,943,526



	Rupees As at 31.03.2013	Rupees As at 31.03.2012
<b>Note No. 2.10 A</b>		
<b>NON CURRENT INVESTMENTS</b>		
<b>LONG TERM QUOTED</b>		
In Fully Paid Equity Shares		
Trade	1,000	0
500 HDFC Shares @ Rs. 2 per share Face Value		
Quoted Investments	412,875	0
Market Value		
<b>Note No.2.11</b>		
<b>Inventories</b>		
Raw materials	5,569,963	7,067,470
Work--in--Process	7,820,683	12,125,556
Finished Goods	17,712,415	17,103,267
Others	208,622	150,283
	31,311,683	36,446,576
<b>Note No. 2.12</b>		
<b>Trade Receivables</b>		
Out standing for a period exceeding six months from the date they are due for payment	0	0
Unsecured considered good		
<b>Others</b>	6,682,948	4,081,705
Unsecured considered good	6,682,948	4,081,705
<b>TOTAL</b>	<b>6,682,948</b>	<b>4,081,705</b>
<b>Note No.2.13</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	195,818	352,287
<b>Bank Balances</b>		
Current Accounts	2,518,842	609,991
<b>TOTAL</b>	<b>2,714,660</b>	<b>962,278</b>
<b>Note No. 2.14</b>		
<b>Loans and Advances --- Unsecured considered good</b>		
<b>Short term</b>		
Loans and Advances to employees	1,634,485	1,572,298
Security deposits	1,879,398	1,875,398
Others	6,226,060	9,521,441
Prepaid expenses	359,241	369,875
	10,099,184	13,339,012
<b>Loans and Advances --- Unsecured considered doubtful</b>		
Sreepathi Pharmaceuticals	5,934,740	0
Less : Provision created	(2,967,370)	0
<b>TOTAL</b>	<b>13,066,554</b>	<b>13,339,012</b>
<b>Note No. 2.15</b>		
<b>Other current assets</b>		
Cenvat Credit Receivable	16,599,666	16,917,895
Others	2,553,667	2,029,733
<b>TOTAL</b>	<b>19,153,333</b>	<b>18,947,628</b>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Rupees

	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>Note 2.16</b>		
<b>Revenues from operations</b>		
Sale of products		
Finished Goods	17,136,005	7,997,925
Contract Manufacturing	59,099,521	29,175,836
	76,235,526	37,173,761
<b>Note 2.17</b>		
<b>Other income</b>		
Interest income	210,449	101,710
Others	3,401,451	199,536
	3,611,900	301,246
<b>Note 2.18</b>		
<b>Cost of raw materials consumed</b>		
Opening Stock	7,067,470	7,214,897
Add : Purchases	2,459,857	18,159,896
	9,527,327	25,374,793
Less :Closing Stock	5,569,963	7,067,470
	3,957,364	18,307,323
(Individually all the items are less than 10% of consumption)		
<b>Note 2.19</b>		
<b>Increase or Decrease in inventories</b>		
Inventories at the beginning of the year		
Finished goods	16,765,030	12,419,760
Work in process	12,463,793	9,127,142
	29,228,823	21,546,902
Inventories at the end of the year		
Finished Goods	17,712,415	17,103,267
Work in process	7,820,683	12,125,556
	25,533,098	29,228,823
Decrease in inventories	3,695,725	(7,681,921)
<b>Note No.2.20</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries , wages and Other Benefits	11,061,742	10,444,858
Contribution to Provident and Other Funds	628,441	572,415
	469,497	406,811
	12,159,680	11,424,084

**Note No. 2.20 a****Employee Benefits**

As per Accounting Standard 15 "Employee Benefits," the disclosures of Employee Benefits as defined in the Accounting Standard are given below:

**Defined Contributions:**

Payments and provisions for employees include Rs.9.10 lakhs (Previous Year Rs.8.98 lakhs) recognised as expenses in respect of defined contribution plans.



**Defined Benefit Plans:**

**Gratuity** – Gratuity is payable to all the eligible employees of the Company on resignation, death, permanent disablement in terms of the Payment of Gratuity Act, 1972

**Leave Encashment** – entitlement to annual leave is recognised when they accrue to employees. Annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leaves.

The assumptions and other disclosures relating to the Actuarial Valuation of Gratuity and leave Encashment are as under :

Note No.2.20.a	Rs. Gratuity		Rs. Leave Encashment	
	As At 31.03.2013	As At 31.03.2012	As At 31.03.2013	As At 31.03.2012
<b>a Change in present value of obligation</b>				
Present Value of Obligation at beginning of period	2,054,162	2,032,603	166,147	121,407
Interest cost	157,817	166,064	11,395	7,993
Current Service Cost	147,825	149,028	78,314	153,118
Past Service Cost --- (Vested Benefits)	---	---	---	---
Benefits Paid	(162,895)	---	(47,416)	(47,155)
Actuarial (Gain)/Loss on Obligation	32,140	(293,533)	(56,439)	(69,216)
Present Value of Obligation at end of period	2,229,049	2,054,162	152,001	166,147
<b>b Amounts to be recognized in the Balance Sheet and Statement of Profit &amp; Loss</b>				
Present Value of Obligation at end of period	2,229,049	2,054,162	152,001	166,147
Fail Value of Plan Assets at end of period	---	---	---	---
Funded Status	(2,229,049)	(2,054,162)	(152,001)	(166,147)
Unrecognized Actuarial Gain/(Loss)	---	---	---	---
Net Asset/(Liability) recognized in the Balance Sheet	(2,229,049)	(2,054,162)	(152,001)	(166,147)
<b>c Expense recognised in the Statement of Profit &amp; Loss</b>				
Current Service Cost	147,825	149,028	78,314	153,118
Interest Cost	157,817	166,064	11,395	7,993
Past Service Cost --- (non vested benefits)	---	---	---	---
Past Service Cost --- ( vested benefits)	---	---	---	---
Expected Return on Plan Assets	---	---	---	---
Net Actuarial (Gain)/Loss recognised for the period	32,140	(293,533)	(56,439)	(69,216)
Expense recognised in the Statement of Profit & Loss	337,782	21,559	33,270	91,985
<b>d Movements in the Liability recognised in Balance Sheet</b>				
Opening Net Liability	2,054,162	2,032,603	166,147	121,407
Expenses as above	337,782	21,559	33,270	91,895
Contribution Paid	(162,895)	---	(47,416)	(47,155)
Closing Net Liability	2,229,049	2,054,162	152,001	166,147
<b>Assumptions</b>				
Mortality	LIC (1994---93)Ult	LIC (1994---93)Ult	LIC (1994---93)Ult	LIC (1994---93)Ult
Discount Rate	8.00%	8.00%	8.00%	8.00%
Rate of increase in Compensation	1.50%	1.50%	1.50%	1.50%
Rate of return (expected) on Plan Assets	NA	NA	NA	NA
Attrition Rate	13.98	6.39	11.08	5.88
Maximum Limit for Gratuity (Rs. Lakhs)	10.00	10.00	---	---

Notes : The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.


**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**

	For the year ended 31.03.2013	For the year ended 31.03.2012
Rupees		
<b>Note 2.21</b>		
<b>Finance Costs</b>		
Interest on unsecured loans	2,070,069	1,442,276
	2,070,069	1,442,276
<b>Note.2.22</b>		
<b>Other Expenses</b>		
Power & fuel	19,565,792	11,731,519
Consumption of Stores and spares	5,388,784	2,133,568
Rent	480,000	480,000
<b>Repairs and maintenance :</b>		
Plant and machinery	548,191	268,568
Building	0	98,557
Others	0	30,618
	548191	
Insurance	255,710	236,833
Rates & taxes	178,928	152,809
Miscellaneous expenses	14,365,491	5,669,042
<b>Total</b>	<b>40,782,896</b>	<b>20,801,514</b>
<b>Note No: 2.23</b>		
<b>CONTINGENT LIABILITIES</b>		
	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
On account of bank guarantee	0	0
<b>Note No.2.24</b>		
<b>Earnings per Share</b>		
Net profit after tax attributable to equity shareholders	48,19,914	(15,966,259)
Weighted average of number of Shares	7,530,500	7,530,500
Total Shares outstanding	7,530,500	7,530,500
Basic and Diluted earnings per share	0.64	(2.12)
Face value per share	Rs.10/-	Rs.10/-
<b>Note No.2.25</b>		
<b>CAPITAL INCENTIVES</b>		
Maharashtra State Special Capital Incentives granted under the 1993 scheme are refundable if within the operating period, the company does not comply any of the conditions mentioned in terms of the sanction	4,500,000	4,500,000
<b>Note No.2.26</b>		
Claim of Cenvat Refund receivable towards Cenvat Credit availed on inputs used in Manufacture of finished product sold in domestic market is pending with Department	2,798,385	2,798,385

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013****Note No.2.27**

The company has evaluated the expenditure incurred on the development cost of new product and related pending end use of the same and accordingly Rs.49.82 lakhs (Pr Year 8.24 lakhs) have been written off and the balance of Rs.76.80 lakhs (Pr Year 126.62 lakhs) has been carried forward, which will be written off in future as per accounting policy consistently followed by the company.

**Note No.2.28**

The company has not obtained confirmation of balances outstanding to the debit or credit of the parties.

**Note No.2.29****RELATED PARTY TRANSACTIONS****Names of Associated Companies**

Godavari Capital Pvt Ltd,  
Godavari Homes Pvt. Ltd and A.K Paper Products Pvt.Ltd

**Names of Associated Firms Nil****Names of Key Management Personnel**

Mr. Ghanshyam Jaju, Mr. Mukund Kakani Mr. Kirti Kumar Jain and Mr.Mohit Jaju

**Names of Relatives of Key Management Personnel**

Mrs. Kamala Jaju, Ghanshyam Jaju HUF and Mrs. Sushma Kakani

Nature of transaction	Key management Personnel	Relatives	Rupees
			Total
a. Rent Paid			
Sushma Kakani		180,000	180,000
		(180,000)	(180,000)
Mohit Jaju	300,000		300,000
	(300,000)		(300,000)
b. Remuneration			
Mukund Kakani	288,000		288,000
	(288,000)		(288,000)
Kirti Kumar Jain	180,000		180,000
	(180,000)		(180,000)
Mohit Jaju	168,750		168,750
	(90,000)		(90,000)
c. Interest			
Kamala Jaju		776,906	776,906
		(774,776)	(774,776)
Ghanshyam Jaju huf		228,410	228,410
		(225,000)	(225,000)
Ghanshyam Jaju	10,647,53		10,647,53
	(442,500)		(442,500)

(Note: Previous years figures in brackets)



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Rupees

Nature of transaction	Key management Personnel	Relatives	Total
<b>Sundry Creditors</b>			
Sushma Kakani		0	0
		(180,180)	(180,180)
A.K.Paper Products Pvt Ltd (Associate)	0 (36,407)		0 (36,407)
<b>Loans</b>			
Mohit Jaju	559,240 (829,240)		559,240 (829,240)
Mukund Kakani	69,42,456 (66,64,456)		69,42,456 (66,64,456)
Kirti Kumar Jain	22,59,516 (22,59,516)		22,59,516 (22,59,516)
Ghanshyam Jaju Ind	71,00,000 (70,00,000)		71,00,000 (70,00,000)
Ghanshyam Jaju Huf		19,03,424 (19,03,424)	19,03,424 (19,03,424)
Kamala Jaju		51,79,366 (51,79,366)	51,79,366 (51,79,366)

(Note: Previous years figures in brackets)

Note No.2.30	2012-13	2011-12
<b>Payment to Statutory Auditors towards</b>		
Audit fees	35,000	35,000
Fee for audit under IT Act	15,000	15,000
Certification and other matters	10,000	10,000
<b>TOTAL</b>	<b>60,000</b>	<b>60,000</b>

Note No:2.31  
Particulars of Sales, closing and Opening Inventory

Rupees

	Sales Values		Closing inventory 31.03.2013	Opening inventory 01.04.2012
	2012-13	2011-12		
<b>Bulk Drugs</b> (Net of ED)	17,136,005	7,997,925	17,712,415	17,103,267
Contract Mfg	59,099,521	29,175,836	---	---
<b>Total</b>	<b>76,235,526</b>	<b>37,173,761</b>	<b>17,712,415</b>	<b>17,103,267</b>




**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**

				Rupees
Note No.2.32	% of cons	2012-13	%of cons	2011-12
Value of Raw materials Consumed				
Imported	---	---	---	---
Indigenous	100%	3,957,364	100%	18,307,323
<b>Note No.2.33</b>				
<b>Value of indigenous goods, Stores &amp; Spares consumed</b>				
Imported	---	---	---	---
Indigenous	100%	5,388,784	100%	2,133,568

**Note No.2.34**

The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 (the Schedule) issued by Ministry of Corporate Affairs, Previous period's figures have been recast /restated to conform to the classification required by the revised Schedule VI.

As per our attached report of even date

**For S.DAGA & Co.,**  
Chartered Accountants  
(FRN 000669 S)

For and on behalf of the Board of Directors

**T.V SUBBA RAO**  
Partner M.No: 9636

**MUKUND KAKANI**  
Managing Director

**KIRTI KUMAR JAIN**  
Executive Director

Place: Secunderabad

Date: 30.05.2013