

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)



**CEO AND CFO CERTIFICATE TO THE BOARD PURSUANT TO CLAUSE 49
OF THE LISTING AGREEMENT OF THE SEBI**

We, Mukund Kakani, Managing Director and Chief Executive Officer, and Kirti Kumar Jain, Director and Chief Financial Officer, to the best of our knowledge and belief, certify that :

- A We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended 31 March 2014 and that these statements:
- i. Do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - ii. Together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B There are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Business Conduct and Ethics.
- C We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.
- D We have disclosed, wherever applicable, to the auditors and the Audit Committee :
- i. The significant deficiencies in the internal controls over financial reporting and corrective actions taken;
 - ii. That there are no material weaknesses in the internal controls over financial reporting;
 - iii. That there are no significant changes in internal control over financial reporting during the year;
 - iv. All significant changes in the accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
 - v. That there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Secunderabad 28.05.2014	Mukund Kakani Managing Director and Chief Executive Officer	Kirti Kumar Jain Director and Chief Financial Officer
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AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GODAVARI DRUGS LIMITED

We have examined the compliance of conditions of Corporate Governance by Godavari Drugs Limited ("GDL" or "the Company") for the year ended 31 March 2014 as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.DAGA & CO.,
Chartered Accountants,
(F.No.0006695)

(PAVAN KUMAR BIHANI)
Partner M.No.225603
Partner

Place: Hyderabad
Date: 28.05.2014



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, 2014, 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") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 statement 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, 2014;
- (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.

Other Matters :

Without qualifying our report we refer to :

Note No. 2.28 regarding Trade Receivables, Trade payables, sundry balances of debit and credit of parties are subject to confirmation and review by the management;

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, 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;
 - 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 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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)

(PAVAN KUMAR BIHANI)
 M.No.225603
 Partner

Place: Hyderabad
 Date: 28.05.2014



ANNEXURE TO AUDITORS' REPORT

(Referred to Point 1 of Report on Other Legal and Regulatory Requirements 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. (a) The company had not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In view of our comment in paragraph 3(a) above, reporting under clause 4(iii) (b), (c) & (d) of the aforesaid order are not applicable to the Company.
- (c) The company has taken unsecured loans from six parties (Previous year six parties) covered in the register maintained u/s.301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 254.43 lakhs (Pr. year Rs.247.05 lakhs,) the yearend balance is Rs. 246.41 (Pr. year Rs.239.44 lakhs) in case of said parties covered in the register maintained u/s.301 of the Companies Act.
- (d) 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 long term loans 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.
- (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 yearend for a period of more than six months from the date they become payable.
10. The company does not have 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.
20. 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)

(PAVAN KUMAR BIHANI)
Partner M.No.225603
Partner

Place: Hyderabad
Date: 28.05.2014



**STATEMENT
OF
ACCOUNTS**

**BALANCE SHEET AS AT 31st MARCH, 2014**

	Note No.	31.03.2014 Rupees	31.03.2013 Rupees
Equity And Liabilities			
Share holders' funds			
Share Capital	2.1	75,305,000	75,305,000
Reserves and Surplus	2.2	19,780,443	4,264,275
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	2.3	0	4,596,613
Long term Borrowings	2.4	24,167,502	23,944,002
Long term Provisions	2.5	2,147,807	1,864,300
Current Liabilities			
Trade payables	2.6	4,856,100	5,958,856
Other current liabilities	2.7	27,177,987	33,059,950
Short-term provisions	2.8	311,426	516,750
TOTAL		153,746,265	149,509,746
Assets			
Non-Current assets			
Fixed Assets			
	2.9		
Tangible Assets		78,943,907	66,567,105
Intangible Assets		3,107,772	7,679,977
Capital work-in-progress		0	2,332,486
Investments	2.10	1,000	1,000
Deferred Tax Assets (Net)	2.3	3,892,732	0
Current Assets			
Inventories	2.11	30,367,552	31,311,683
Trade receivables	2.12	5,118,053	6,682,948
Cash & Cash equivalents	2.13	2,500,041	2,714,660
Short term Loans & Advances	2.14	10,841,212	13,066,554
Other Current assets	2.15	18,973,996	19,153,333
TOTAL		153,746,265	149,509,746

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

(PAVAN KUMAR BIHANI)
Partner M.No.225603

MUKUND KAKANI
Managing Director

KIRTI KUMAR JAIN
Director (Finance)

Place : Hyderabad
Date:28.05.2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 st MARCH, 2014****Rupees**

	Note No.	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
INCOME			
Revenue from Operations(Net)	2.16	94,346,432	76,235,526
Other Income	2.17	1,163,571	3,611,900
TOTAL REVENUE		95,510,003	79,847,426
EXPENDITURE			
Cost of Raw Materials Consumed	2.18	5,147,174	3,957,364
Changes in Inventories of Finished Goods and Work -in-Process	2.19	6,284,201	3,695,725
Employee Benefit expenses	2.20	14,644,311	12,159,680
Finance costs	2.21	2,085,493	2,070,069
Depreciation/Amortisation	2.9	10,486,117	9,987,790
Other expenses	2.22	49,835,884	40,782,896
TOTAL EXPENSES		88,483,180	72,653,524
Profit/(Loss) before tax		7,026,823	7,193,902
Provision for taxation			
Deferred tax		(8,489,345)	2,373,988
Corporate tax (MAT)		1,343,380	1,370,798
MAT Entitlement credit		(1,343,380)	(1,370,798)
Profit /(Loss) after tax		15,516,168	4,819,914
EARNINGS PER EQUITY SHARE			
Basic and Diluted earning per share	2.24	2.06	0.64
Face value of each share		10.00	10.00

Significant Accounting Policies & Notes on Financial Statements 1 & 2

The Significant Accounting Policies & Notes on Financial Statements form an integral 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

(PAVAN KUMAR BIHANI)
Partner M.No.225603

MUKUND KAKANI
Managing Director

KIRTI KUMAR JAIN
Director (Finance)

Place : Hyderabad
Date:28.05.2014

**CASH FLOW STATEMENT For the year ended 31st March 2014**

Particulars	31.03.2014 Amount in Rs.	31.03.2013 Amount in Rs.
A. Cash Flow From Operating Activities :		
Net Profit/loss before prior period adjustments	15,516,168	4,819,914
Adjustment for depreciation	10,486,117	9,987,790
Deferred revenue expenses written off	4,572,205	4,982,680
Deferred Tax Liability	(8,489,345)	2,373,988
Provisions for Gratuity & Leave encashment	78,183	160,741
Operating Profit before working capital changes	22,163,327	22,325,113
Adjustment for		
Trade and other receivables	3,969,572	(2,519,353)
Inventories	944,131	5,134,893
Trade Payables	(6,984,718)	(17,088,389)
Cash Generated from Operations	20,092,311	7,852,264
Prior period adjustments	---	---
Capital work in progress	2,332,486	223,311
Net Cash Flow from Operating Activities (A)	22,424,797	8,075,575
B. Cash Flow From Investing Activities :		
Purchase Of Fixed Assets	(22,862,916)	(11,619,027)
Deferred revenue expenses	---	---
Net Cash Used In Investing Activities (B)	(22,862,916)	(11,619,027)
C. Cash Flow From Financing Activities :		
Unsecured loans received	6,813,379	7,184,584
Unsecured loans paid	(6,589,879)	(1,888,750)
Net Cash flow from Financing Activities (C)	223,500	5,295,834
Net increase in cash and cash equivalents (A+B+C)	(214,619)	1,752,382
Cash and Cash equivalents at beginning of the year	2,714,660	962,278
Cash and Cash equivalents at end of the year	2,500,041	2,714,660

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

(PAVAN KUMAR BIHANI)
Partner M.No.225603

MUKUND KAKANI **KIRTI KUMAR JAIN**
Managing Director Director (Finance)

Place : Hyderabad
Date:28.05.2014

**Notes on financial statements for the year ended 31st March, 2014****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, raw materials 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 refined 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.

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.


Notes on financial statements for the year ended 31st March, 2014
Note. No. 2

	Rupees As at 31.03.2014	Rupees As at 31.03.2013
Note No.2.1		
Share capital		
Authorised		
100,00,000 (Previous Year 100,00,000) Equity shares of Rs.10/- each	100,000,000	100,000,000
ISSUED, SUBSCRIBED AND PAID UP		
75,30,500 (Previous Year 75,30,500) Equity shares of 10/- each	75,305,000	75,305,000
TOTAL	75,305,000	75,305,000

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 31.03.2014		As at 31.03.2013	
	No. of shares	%	No. of shares	%
Kamala Jaju	902,676	11.99	902,676	11.99
Sushma Kakani	952,700	12.65	952,700	12.65
Laxmidas Jhaveri	172,555	2.29	418,555	5.56

Note No.2.2
RESERVES AND SURPLUS
RESERVES
Capital Reserves:

Central Subsidy	1,000,000	1,000,000
Maharashtra State Special Capital Incentive	4,500,000	4,500,000

	5,500,000	5,500,000
Securities premium Reserve	106,318,993	106,318,993
Investment Allowance Reserve	1,654,000	1,654,000
	113,472,993	113,472,993

Surplus in statement of profit and loss

As per last balance sheet	(109,208,718)	(114,028,632)
Add : Profit / (Loss) for the year	15,516,168	4,819,914
	(93,692,550)	(109,208,718)

TOTAL RESERVES & SURPLUS	19,780,443	4,264,275
-------------------------------------	-------------------	------------------


Notes on financial statements for the year ended 31st March, 2014

	Rupees As at 31.03.2014	Rupees As at 31.03.2013
Note No. 2.3		
Deffered Tax Assets / (Liabilities)		
Deffered Tax Liabilities arising on account of On Fiscal allowances on Fixed assets	(4,925,651)	(4,596,613)
Deffered Tax Assets		
On unabsorbed Losses	8,818,383	----
	-----	-----
Net Deffered Tax Assets / (Liabilities)	3,892,732	(4,596,613)
The Deffered Tax assets have been measured and recognised at the close of the year against unabsorbed depreciation and carry forward of losses under tax laws to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.		
Note No.2.4		
Other Long term borrowings		
Loans from Directors - Unsecured	17,084,712	16,861,212
Loans from Others - Unsecured	7,082,790	7,082,790
	-----	-----
	24,167,502	23,944,002
Note No.2.5		
Long Term Provisions		
Provision for Gratuity	1,998,529	1,742,558
Provision for Leave Encashment	149,278	121,742
	-----	-----
	2,147,807	1,864,300
Note No.2.6		
Trade Payables		
Raw materials	3,164,151	2,916,428
Others	1,691,949	3,042,428
	-----	-----
	4,856,100	5,958,856


Notes on financial statements for the year ended 31st March, 2014

	Rupees As at 31.03.2014	Rupees As at 31.03.2013
Note No.2.6a		
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 remaining unpaid	----	----
Amount of further interest remaining due and payable in succeeding years	----	----
Note No.2.7		
Other Current liabilities		
Int .acc.and due Borrowings	473,100	7,052,816
Sundry Creditors Capital	1,719,433	1,598,523
Other Liabilities	24,985,454	24,408,611
	-----	-----
	27,177,987	33,059,950
Note No. 2.8		
Short term Provisions		
Provision for Gratuity	287,596	486,491
Provision for Leave Encashment	23,830	30,259
	-----	-----
	311,426	516,750



Notes on financial statements for the year ended 31st March, 2014

Note No.2.9

Name of the Asset	Rate of Dep	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		AMOUNT IN RS
		As at 01.04.13	Additions during Year	As at 31.03.14	Upto 01.04.13	for the Year	Up to 31.03.14	As at 31.03.14	As at 31.03.13	
Lease hold land	0	327,800	----	327,800	----	----	----	327,800	327,800	327,800
Factory Building	3.34	28,425,257	4,661,754	33,087,011	12,083,304	949,404	13,032,708	20,054,303	16,341,953	16,341,953
Plant & Machinery	5.28	160,122,576	17,220,843	177,343,419	116,916,887	8,454,472	125,371,359	51,972,060	43,205,689	43,205,689
Elect.Installations	4.75	11,142,949	----	11,142,949	6,216,389	529,290	6,745,679	4,397,270	4,926,560	4,926,560
Laboratory Equipments	5.15	1,215,639	----	1,215,639	970,471	62,605	1,033,076	182,563	245,168	245,168
Furniture & Fixture	18.1 wdv	649,503	138,793	788,296	365,600	51,386	416,986	371,310	283,903	283,903
Vehicles	25.89 wdv	2,091,437	650,000	2,741,437	1,177,568	284,090	1,461,658	1,279,779	913,869	913,869
Office Equipment	13.91 wdv	564,174	75,416	639,590	491,737	18,089	509,826	129,764	72,437	72,437
Computers	40 wdv	1,673,793	116,110	1,789,903	1,424,065	136,781	1,560,846	229,057	249,728	249,728
Total		206,213,128	22,862,916	229,076,044	139,646,021	10,486,117	150,132,138	78,943,907	66,567,106	66,567,106
Intangible Assets R & D		19,725,555	----	19,725,555	12,045,578	4,572,205	16,617,783	3,107,772	7,679,977	7,679,977
Total		225,938,683	22,862,916	248,801,599	151,691,599	15,058,322	166,749,921	82,051,679	74,247,083	74,247,083
Previous Year		214,319,656	11,619,027	225,938,683	136,721,130	14,970,470	151,691,600	74,247,083	77,598,526	77,598,526


Notes on financial statements for the year ended 31st March, 2014

	Rupees As at 31.03.2014	Rupees As at 31.03.2013
Note No. 2.10		
NON CURRENT INVESTMENTS		
LONG TERM QUOTED		
In Fully Paid Equity Shares Trade		
500 HDFC Shares @ Rs. 2 per share Face Value	1,000	1,000
Quoted Investments		
Market Value	374,425	412,875
Note No.2.11		
Inventories		
Raw materials	10,182,406	5,569,963
Work-in-Process	7,879,279	7,820,683
Finished Goods	11,369,618	17,712,415
Others	936,249	208,622
	-----	-----
	30,367,552	31,311,683
Note No.2.12		
Trade Receivables		
Out standing for a period exceeding six months from the date they are due for payment		
Unsecured considered good	0	0
Others		
Unsecured considered good	5,118,053	6,682,948
	-----	-----
TOTAL	5,118,053	6,682,948
Note No.2.13		
Cash and cash equivalents		
Cash on hand	376,414	195,818
Bank Balances		
Current Accounts	2,123,627	2,518,842
	-----	-----
TOTAL	2,500,041	2,714,660
Note No.2.14		
Short term Loans and Advances		
Unsecured considered good		
Loans and Advances to employees	1,105,637	1,634,485
Security deposits	1,879,398	1,879,398
Others	7,262,081	6,226,060
Prepaid expenses	594,096	359,241
	-----	-----
	10,841,212	10,099,184
Considered doubtful		
Others	5,934,740	5,934,740
Less : Provision created/Bad debts	5,934,740	-2,967,370
	0	2,967,370
	-----	-----
	10,841,212	13,066,554
Note No. 2.15		
Other current assets		
Cenvat Credit Receivable	14,129,083	16,599,666
Others	4,844,913	2,553,667
	-----	-----
	18,973,996	19,153,333


Notes on financial statements for the year ended 31st March, 2014

	Rupees	
	For the year ended 31.03.2014	For the year ended 31.03.2013
Note. 2.16		
Revenues from operations		
Sale of products		
Finished Goods	13,823,235	17,136,005
Contract Manufacturing	80,523,197	59,099,521
	-----	-----
	94,346,432	76,235,526
Note. 2.17		
Other income		
interest income	176,790	210,449
Others	986,781	3,401,451
	-----	-----
	1,163,571	3,611,900
Note. 2.18		
Cost of raw materials consumed		
Opening Stock	5,569,963	7,067,470
Add : Purchases	9,759,617	2,459,857
	-----	-----
	15,329,580	9,527,327
Less :Closing Stock	10,182,406	5,569,963
	-----	-----
	5,147,174	3,957,364
(Individually all the items are less than 10% of consumption)		
Note. 2.19		
Increase or Decrease in inventories		
Inventories at the beginning of the year		
Finished goods	17,712,415	16,765,030
Work in process	7,820,683	12,463,793
	-----	-----
	25,533,098	29,228,823
Inventories at the end of the year		
Finished Goods	11,369,618	17,712,415
Work in process	7,879,279	7,820,683
	-----	-----
	19,248,897	25,533,098
Decrease in inventories	6,284,201	3,695,725


Notes on financial statements for the year ended 31st March, 2014

	Rupees As at 31.03.2014	Rupees As at 31.03.2013
Note. 2.20		
Employee Benefit expenses		
Salaries, Wages and Other Benefits	13,464,687	11,061,742
Contribution to Provident and Other funds	714,676	628,441
Staff welfare Expenses	464,948	469,497
	-----	-----
	14,644,311	12,159,680

Note No. 2.20.a
Employee Benefit :

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

Defined Contributions:

Payments and provisions for employees include Rs. 10.11 lakhs (Previous Year Rs. 9.10 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 disablements 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.

	Rs. Gratuity		Rs. Leave Encashment	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
Note No.2.20.a				
a Change in present value of obligation				
Present Value of Obligation at beginning of period	2,229,049	2,054,162	152,001	166,147
Interest cost	163,778	157,817	10,220	11,395
Current Service Cost	149,558	147,825	98,737	78,314
Past Service Cost - (Vested Benefits)	----	----	----	----
Benefits Paid	(363,646)	(162,895)	(48,504)	(47,416)
Actuarial (Gain)/Loss on Obligation	107,386	32,140	(39,346)	(56,439)
Present Value of Obligation at en of period	2,286,125	2,229,049	173,108	152,001
b Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss				
Present Value of Obligation at end of period	2,286,125	2,229,049	173,108	152,001
Fail Value of Plan Assets at end of period	----	----	----	----
Funded Status	(2,286,125)	(2,229,049)	(173,108)	(152,001)
Unrecognized Actuarial Gain/(Loss)	----	----	----	----
Net Asset/(Liability) recognized in the Balance Sheet	(2,286,125)	(2,229,049)	(173,108)	(152,001)
c Expense recognised in the Statement of Profit & Loss				
Current Service Cost	149,558	147,825	98,737	78,314
Interest Cost	163,778	157,817	10,220	11,395
Past Service Cost - (non vested benefits)	----	----	----	----
Net Actuarial (Gain)/Loss recognised for the period	107,386	32,140	(39,346)	(56,439)
Expense recognised in the Statement of Profit & Loss	420,722	337,782	69,611	33,270


Notes on financial statements for the year ended 31st March, 2014

	Rs. Gratuity		Rs. Leave Encashment	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
d Movements in the Liability recognised in Balance Sheet				
Opening Net Liability	2,229,049	2,054,162	152,001	166,147
Expenses as above	420,722	337,782	69,611	33,270
Contribution Paid	(363,646)	(162,895)	(48,504)	(47,416)
Closing Net Liability	2,286,125	2,229,049	173,108	152,001
Past Service Cost - (vested benefits)	---	---	---	---
Expected Return on Plan Assets	---	---	---	---

Assumptions

	LIC (1994-96)Ult	ALM (2006-08)Ult	LIC (1994-96)Ult	LIC (1994-96)Ult
Mortality IALM (2006-08)Ult				
Discount Rate	9.00%	8.00%	9.00%	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	14.79	13.98	14.79	11.08
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.

	Rupees	
	For the year ended 31.03.2014	For the year ended 31.03.2013
Note. 2.21		
Finance Costs		
Interest on unsecured loans	2,085,493	2,070,069
	-----	-----
	2,085,493	2,070,069
Note. 2.22		
Other Expenses		
Power & fuel	24,288,962	19,565,792
Consumption of Stores and spares	7,135,622	5,388,784
Rent	480,000	480,000
Repairs and maintenance:		
Plant and machinery	1,101,937	548,191
Building	0	0
Others	56,230	0
	-----	-----
Insurance	246,983	255,710
Rates & taxes	239,105	178,928
Deferred revenue exp. Written off	4,572,205	4,982,680
Bad Debts Written off	5,934,740	
Deduct: Provision for doubtful debts (as in last year)	2,967,370	2,967,370
	-----	-----
Research & Development expenses	1,542,623	1,405,229
Sales Tax	1,141,232	
Miscellaneous expenses	6,063,616	5,010,212
	-----	-----
Total	49,835,884	40,782,896


Notes on financial statements for the year ended 31st March, 2014

	Rupees As at 31.03.2014	Rupees As at 31.03.2013
Note. No: 2.23		
CONTINGENT LIABILITIES		
On account of bank guarantee	0	0
Note. No: 2.24		
Earnings Per Share		
Net Profit after tax attributable to equity shareholders	15516168	4819914
Weighted average of number of Shares	7530500	7530500
Total Shares outstanding	7530500	7530500
Basic and Diluted earnings per share	2.06	0.64
Face value per share	Rs.10/-	Rs.10/-
Note. No: 2.25		
CAPITAL INCENTIVE		
Maharashtra State Special Capital Incentive 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	4500000	4500000
Note. No: 2.26		
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	2798385	2798385
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.45.72 lakhs(Pr Year Rs.49.82 lakhs) have been written off and the balance of Rs.31.08 lakhs(Pr year Rs.76.80 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		

**Notes on financial statements for the year ended 31st March, 2014**

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	180,000		168,750
	(168,750)		(90,000)
c. Interest			
Kamala Jaju		776,906	776,906
		(776,906)	(774,776)
Ghanshyam Jaju HUF		232,800	232,800
		(232,800)	(228,410)
Ghanshyam Jaju	1,075,787		1,075,787
	(1,064,753)		(1,064,753)
d. Purchase Stores			
A.K Paper Products Pvt.Ltd	1,95,879		1,95,879
	(1,86,582)		(1,86,582)
Sundry Creditors			
Sushma Kakani		50,562	50,562
		(0)	(0)
Loans			
Mohit Jaju	671,740		671,740
	(559,240)		(559,240)
Mukund Kakani	71,58,456		71,58,456
	(69,42,456)		(69,42,456)
Kirti Kumar Jain	21,54,516		21,54,516
	(22,59,516)		(22,59,516)
Ghanshyam Jaju Ind	71,00,000		71,00,000
	(70,00,000)		(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)


Notes on financial statements for the year ended 31st March, 2014

Note No. 2.30	2013-14	2012-13
Payment to Statutory Auditors towards		
Audit fees	50,000	35,000
Fee for audit under IT Ac	15,000	15,000
Certification and other matters	10,000	10,000
TOTAL	75,000	60,000

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

	Rupees			
	Sales Values		Closing inventory	Opening inventory
	2013-14	2012-13	31.03.2014	01.04.2013
Bulk Drugs (Net of ED)	13,823,235	17,136,005	11,369,618	17,712,415
Contract Mfg	80,523,197	59,099,521	---	---
Total	94,346,432	76,235,526	11,369,618	17,712,415

	Rupees			
Note No.2.32	% of cons	2013-14	%of cons	2012-13
Value of Raw materials Consumed				
Imported	---	---	---	---
Indigenous	100%	5,147,174	100%	3,957,364
Note No.2.33				
Value of indigenous goods, Stores & Spares consumed				
Imported	---	---	---	---
Indigenous	100%	7,135,622	100%	5,388,784

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

(PAVAN KUMAR BIHANI)

Partner M.No.225603

MUKUND KAKANI

Managing Director

KIRTI KUMAR JAIN

(Director Finance)

Place : Secunderabad

Date : 28.05.2014



GODAVARI DRUGS LIMITED

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

PROXY FORM

I/We _____ of _____

in the district of _____ being member of the
above Company hereby appoint _____

of _____ in the district of

_____ or failing him/her _____

my/our proxy and to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, 14th August, 2014, at 2.30 p.m. at FAPCCI, J.S. Krishnamurthy Hall, Red Hills, Hyderabad and at any adjournment thereof.

Regd. Folio No. : _____ DPID No. : _____ Client ID No. : _____

Signature _____

No. of Shares held :

Place :

Date :

Affix
Re. 1/-
Revenue
Stamp

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

GODAVARI DRUGS LIMITED

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

ATTENDANCE SLIP

To be handedover at the entrance of meeting hall

Full Name of the member attending _____

Member's Folio No. _____ No. of Shares held _____

Name of Proxy _____

(To be filled in, if the Proxy attends instead of the member)

I hereby record my presence at the 26th Annual General Meeting of Godavari Drugs Limited at FAPCCI, J.S. Krishnamurthy Hall, Red Hills, Hyderabad on Thursday, 14th August, 2014.

Member's Proxy's Signature

Note : Members are requested to bring their copies of the Annual Report to the meeting since further copies will not be available.

THE COMPANY DOES NOT HAVE THE PRACTICE OF GIVING GIFTS AT THE ANNUAL GENERAL MEETING

BOOK POST

If undelivered, please return to :

GODAVARI DRUGS LIMITED

Regd. Office : May Fair

Sardar Patel Road, Secunderabad - 500 003.

AKP HYD. PH : 040-24654223