

*28<sup>th</sup>*  
*Annual Report*  
*2015-2016*



**GODAVARI DRUGS LIMITED**

Regd. Office : 1-8-303/34, Mayfair,  
Sardar Patel Road, Secunderabad - 500 003. Telangana State.



**BOARD OF DIRECTORS:**

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

**Annual General Meeting**

13th August, 2016

at 3.30p.m.

at FTAPCCI

J. S. Krishnamurthy Hall

Red Hills, Hyderabad

**Bankers :**

Andhra Bank

State Bank of Hyderabad

HDFC Bank

**Auditors :**

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

**Registered Office :**

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

Sardar Patel Road,

Secunderabad - 500 003, India.

Phones: (040) 27849700,27844557.

Fax: (040) 27849859

Email: info@godavaridrugs.com

**Factory :**

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

Maharashtra.

**Registrars:**

CIL Securities Ltd.

214, Raghavaratna Towers. Chiragali lane,

Abids, Hyderabad - 500 001.



## **NOTICE**

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of **M/s Godavari Drugs Limited** will be held at J.S. Krishna Murthy Hall, FTAPCCI Premises, 11-6-841, Red Hills, Hyderabad -500004 on 13<sup>th</sup> day of August, 2016 at 03.30 p.m. to transact the following businesses:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2016 including Audited Balance Sheet as at 31st March, 2016 and the Statement of the Profit & Loss for the year ended on that date and Cash Flow Statement and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ghanshyam Jaju who retires by rotation and being eligible, offers himself for reappointment.
3. Re-Appointment of Auditor to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section - 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule VI of the Act, as amended from time to time, M/s S. Daga & Co., Chartered Accountants, (Firm Registration No. 000669 S), be and is hereby re-appointed ( their appointment being ratified ) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their re-appointment at every next Annual General Meeting), at such remuneration as may be mutually agreed upon between the Board of Directors and Statutory Auditors."

### **SPECIAL BUSINESS:**

4. Ordinary Resolution for ratification of remuneration payable to M/s. Bharathula & Associates, appointed as Cost Auditors of the Company for FY 2016-17

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Bharathula & Associates, Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of the Company for the financial year 2016-17, be paid a remuneration of Rs.15000 per annum plus applicable service tax and out of pocket expenses that may be incurred

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. Ordinary Resolution for revision in terms of remuneration of Mr. Mukund Kakani, Managing Director of the Company

**"RESOLVED THAT** Pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of Mr. Mukund Kakani [DIN: 00104646], Managing Director of the Company, with effect from 9th February, 2016, on the terms and conditions including remuneration as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Mukund Kakani .

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Mukund Kakani, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.



**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

6. Ordinary Resolution for revision in terms of remuneration of Mr. Kirti Kumar Jain, Director Finance of the Company

To consider and if thought fit, to pass with or without modifications(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** in partial modification of the resolution passed by the members at the 24th Annual General Meeting of the Company held on 28 September, 2012 for the appointment of Mr. Kirti Kumar Jain (DIN: 00076657) as the Director Finance of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from this financial year commencing from 1st April, 2016, the revision in the salary scale applicable to Mr. Kirti Kumar Jain, as detailed in the statement forming part of this notice.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof ) be and is hereby authorised to fix his salary within the salary scale approved, increasing thereby, proportionately, all benefits related to the quantum of salary.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.

7. Ordinary Resolution for revision in terms of remuneration of Mr. Mohit Jaju, Executive Director of the Company

To consider and if thought fit, to pass with or without modifications(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** in partial modification of the resolution passed by the members at the 24th Annual General Meeting of the Company held on 28 September, 2012 for the appointment of Mr. Mohit Jaju (DIN: 03405414) as the Executive Director of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from this financial year commencing from 1st April, 2016, the revision in the salary scale applicable to Mr. Mohit Jaju, as detailed in the statement forming part of this notice.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof ) be and is hereby authorised to fix his salary within the salary scale approved, increasing thereby, proportionately, all benefits related to the quantum of salary.

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

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

Place: Secunderabad  
Date: 28.05.2016

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

**NOTES:**

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.** The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 06.08.2016 to 13.08.2016 (both days inclusive).
3. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 6<sup>th</sup> August, 2016, are entitled to vote on the Resolutions set forth in this Notice.  
  
Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. **The e-voting period will commence at 9.00 a.m. on, 10<sup>th</sup> August, 2016 and will end at 5.00 p.m. on, 12 August, 2016.** The Company has appointed Mrs. Vidya Harkut, Practising Company Secretary, partner of VSS & Associates to act as the Scrutinizer, for conducting the scrutiny of the votes cast.
4. Log in ID and Password are printed on the Address Sticker.
5. Members holding shares in physical form are requested to intimate any change of address to M/s. CIL Securities Limited / Investor Service Department of the Company immediately.
6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
7. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
8. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
9. 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.
10. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
11. **Information required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.**



<b>Name of Director</b>	<b>Ghanshyam Jaju</b>
Director Identification Number	00104601
Date of Last Appointment	28 <sup>th</sup> September, 2012
Brief resume of the Director including the nature of the expertise in specific functional areas	Mr. Ghanshyam Jaju is a Non – Executive Director of the Company. Mr.Ghanshyam Jaju aged 69 years, is a Commerce graduate with more than 40 years of experience in business. Prior to joining GDL Mr. Jaju was in the family business of Cotton Ginning Pressing factory and oil mills, looking after administration and Marketing. He holds wide experience in Finance, Administration and Marketing.
No. of shares held in Company	3,43,800
Directorships held in other listed companies (excluding foreign companies and Section 8 companies Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil
Disclosure of relationships between directors inter-se;	Father of Mr. Mohit Jaju

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

Place: Secunderabad  
Date: 28.05.2016

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 4**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company. On the recommendation of the Audit Committee at its meeting held on May 28, 2016, the Board has considered and approved the appointment of Messrs. Bharathula & Associates, Cost Accountants as the cost auditor for the financial year 2016-17 at a remuneration of Rs.15000 plus applicable service tax and reimbursement of out of pocket expenses.

The Board recommends this resolution for approval of the Members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No. 5**

The members of the Company at the 24th Annual General Meeting of the Company held on 28th September, 2012, had approved the appointment of Mr. Mukund Kakani as Managing Director of the Company and the terms of remuneration payable to him.

The members had inter alia approved, salary in the scale of Rs. 24,000 per month with the authority to the Board to fix the salary within the said scale from time to time.

Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 09th February, 2016 decided to revise the salary scale applicable to Mr. Mukund Kakani from the existing Rs. 24,000 to Rs.85,000 per month.

All other terms and conditions relating to his appointment and remuneration as approved earlier by the members remain unchanged. Details of remuneration paid to Mr. Mukund Kakani during the Financial Year 2015-16 have been disclosed in the annexure to the Directors' Report and in the Corporate Governance Report.

None of the Directors and Key Managerial Personnel of the Company, except Mr. Mukund Kakani and his relatives, who hold shares in the Company, is concerned or interested in the Resolution mentioned at item No.5 of the Notice.

The Board recommends the resolution set forth in Item No.5 for the approval of the Members.

**Item No. 6**

The members of the Company at the 24th Annual General Meeting of the Company held on 28th September, 2012, had approved the appointment of Mr. Kirti Kumar Jain as Director Finance of the Company and the terms of remuneration payable to him.

The members had inter alia approved salary in the scale of Rs. 15,000 per month with the authority to the Board to fix the salary within the said scale from time to time.

Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 28th May, 2016 decided to revise the salary scale applicable to Mr. Kirti Kumar Jain from the existing Rs. 15,000 to Rs. 50,000 per month with effect from 1st April, 2016.

All other terms and conditions relating to his appointment and remuneration as approved earlier by the members remain unchanged



None of the Directors and Key Managerial Personnel of the Company, except Mr. Kirti Kumar Jain and his relatives, who hold shares in the Company, is concerned or interested in the Resolution mentioned at Item No.6 of the Notice.

The Board recommends the resolution set forth in item No.6 for the approval of the Members.

**Item No. 7**

The members of the Company at the 24th Annual General Meeting of the Company held on 28th September, 2012, had approved the appointment of Mr. Mohit Jaju as Executive Director of the Company and the terms of remuneration payable to him.

The members had inter alia approved salary in the scale of Rs. 15,000 per month with the authority to the Board to fix the salary within the said scale from time to time.

Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 28th May, 2016 decided to revise the salary scale applicable to Mr. Mohit Jaju from the existing Rs. 15,000 to Rs. 50,000 per month with effect from 1st April, 2016.

All other terms and conditions relating to his appointment and remuneration as approved earlier by the members remain unchanged

None of the Directors and Key Managerial Personnel of the Company, except Mr. Mohit Jaju and his relatives, who hold shares in the Company, is concerned or interested in the Resolution mentioned at Item No.7 of the Notice.

The Board recommends the resolution set forth in item No.7 for the approval of the Members.

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

Place: Secunderabad  
Date: 28.05.2016

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





## **DIRECTOR'S REPORT**

**To,  
The Members,**

Your directors have pleasure in presenting their Twenty Eighth Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2016.

**Financial Highlights**

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

<b>PARTICULARS</b>	<b>Year ended 31st March 2016</b>	<b>Year ended 31st March 2015</b>
		( in Rupees)
Revenue from Operations	71,30,97,980	55,14,73,488
EBITDA	4,68,40,819	6,08,24,413
Less: Finance cost	1,87,99,085	66,76,239
Less: Depreciation	62,61,590	68,09,772
Profit before tax & exceptional items	2,17,80,144	4,73,38,402
Less: Exceptional items	-	-
Profit before tax	2,17,80,144	4,73,38,402
Less: Tax expenses	82,69,398	1,08,69,924
Profit After Tax	1,35,10,746	3,64,68,478
Transferred to general reserve	-	-
Proposed Dividend	-	-
Closing Balance in Statement of Profit and Loss	(4,46,75,523)	(5,81,86,269)

**Company Performance**

Your Company has posted good financial results during the year under review. Turnover of the Company has increased from 5514.73 lakhs to 7112.10 lakhs and the Net profit reduced from 364.68 lakhs to 135.10 lakhs.

**Dividend**

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

**Amounts Transferred to Reserves:** Nil

**Disclosures regarding:**

**Changes in Share Capital**

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

**Issue of Equity Shares with Differential Rights**

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

**Issue of Employee Stock Options**

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



### Issue of Sweat Equity Shares

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

### Extract of Annual Return

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

### Details of Board Meetings held

During the Financial Year 2015-16, five meetings of the Board of Directors of the company were held, as against the minimum requirement of four meetings.

Date	Board Strength	No. of Directors Present
30th May, 2015	08	08
13th August, 2015	08	08
26th September, 2015	08	08
6th November, 2015	08	07
9th February, 2016	08	08

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

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

### Particulars of Contracts or Arrangements with Related Parties

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

### Explanation to Auditor's Remarks

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

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

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

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

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

### Details of Subsidiary, Joint Venture or Associates

#### Associated Companies:

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

#### Vigil Mechanism

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



with the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.godavaridrugs.com](http://www.godavaridrugs.com)

#### **Nomination & Remuneration Committee Policy**

The Board of Directors of your Company had constituted the Nomination and Remuneration Committee with the requisite terms of reference as required under Section 178 of the Companies and other applicable provisions thereof in place of existing Remuneration Committee. The said Committee framed, adopted and recommended the "Nomination Remuneration & Evaluation Policy". The Details of the Committee have been provided under Corporate Governance Report, which forms part of this Annual Report.

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

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

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

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

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Listing Obligations and Disclosure Requirement (LODR).

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

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

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

- Matter of Imports relating advance licensing scheme is under adjudication with the CESTAT, Mumbai amounting Rs. 696,062/-
- Matter of Central Excise & Customs, amounting Rs. 1,629,999/- is under adjudication with Commissioner (Appeals) Customs, Central Excise & Service Tax, Nagpur.
- Matter of Central Excise & Customs, amounting Rs. 398,766/- is under adjudication with Commissioner (Appeals), Customs, Central Excise & Service Tax, Nagpur.

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

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

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

#### **Deposit from Public**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet. However opening



balance of unsecured loans from related parties is lying with the Company, which is subordinated to bank borrowings against cash credit limit availed from Andhra Bank.

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

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

**Declaration of Independence**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed in Sub-Section (6) of Section 149 of Companies Act, 2013, read with the Regulations and Rules issued thereunder as well as Listing Obligations and Disclosure Requirement (LODR).

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

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

**Risk Management**

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

**Secretarial Audit Report**

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

**Corporate Social Responsibility (CSR) Policy**

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

**Audit Committee**

During the year under review, 4 meetings of the Committee were held on, May 30, 2015; August, 13, 2015; November, 06, 2015; February, 09, 2016.

The composition of the Committee as on 31<sup>st</sup> March, 2016 as well as the particulars of attendance at the Committee during the year are given in the table below:

<b>Name</b>	<b>Category of Directorship</b>	<b>No. of Meetings Attended</b>	<b>% of Total meetings attended during the tenure as a Director</b>
Shri Dilip Patel	Independent Director / Chairman	4	100
Shri Syed Hussain	Independent Director	4	100
Shri K K Jain	Director Finance	3	75

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 18 of SEBI Regulations 2015, members of the Audit Committee possess financial / accounting expertise / exposure.



## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"), the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

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

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2015-16 ( in Lakhs)	% increase in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees
1	<b>Ghanshyam Jaju</b> Chairman	Nil	Nil	Not Applicable
2	<b>Mukund Kakani</b> Managing Director	4.10	42	2.20:1
3	<b>Kirti Kumar Jain</b> Director Finance	1.80	Nil	0.96:1
4	<b>Mohit Jaju</b> Executive Director	1.80	Nil	0.96:1
5#	<b>Syed Hussain</b> Independent Director	0.50	Nil	0.27:1
6#	<b>Dilip Patel</b> Independent Director	0.50	Nil	0.27:1
7#	<b>Ramesh Babu Telugu</b> Independent Director	0.50	Nil	0.27:1
8#	<b>Vimala Madon</b> Independent Director	0.50	Nil	0.27:1
9	<b>Jeevan Innani</b> Company Secretary & Compliance Officer	3.60	Nil	1.93:1

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

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

The median remuneration is Rs. 15,544 and the percentage increase in the median remuneration of employees in the financial year is 3.62%.

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

Number of employees on the roll of the Company as on 31st March, 2016 was 95 Nos.

**Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**



The average increase in salaries of employees other than managerial personnel in 2015-16 was 5%. Percentage increase in the managerial remuneration for the year was 11%.

**Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

**Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the companies (appointment and Remuneration of managerial personnel) rules, 2014.**

- (a) Employed throughout the financial year and was in receipt of remuneration for the year in aggregate of not less than Rs. 1,02,00,000 : NIL
- (b) Employed for a part of the financial year and was in receipt of remuneration at a rate in aggregate not less than Rs. 8,50,000/- per month: NIL
- (c) Employed throughout the financial year or part thereof, was in receipt of remuneration in the year which, in the aggregate or at a rate which in the aggregate was in excess of that drawn by the Whole-time Director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company : NIL

**Fraud Reporting**

No cases of fraud have been reported to the Audit Committee / Board during the financial year under review.

**Statutory Auditors**

Pursuant to the provisions of Section - 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule VI of the Act, as amended from time to time, M/s S. Daga & Co., Chartered Accountants, (Firm Registration No. 000669 S), be and is hereby re-appointed ( their appointment being ratified ) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the (29th) Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their re-appointment at every next Annual General Meeting), at such remuneration as may be mutually agreed upon between the Board of Directors and Statutory Auditors.

They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

**Management Discussion and Analysis Report**

The above report is annexed herewith as **Annexure V**

**Directors Responsibility Statement**

In accordance with the provisions of Section 134(3) (c) of the Companies Act 2013, your directors confirm that:

- a) In the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit /loss of the Company for that period. The Company has adopted weighted average policy in lieu of FIFO policy for all inventories.



- c) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on going concern basis.
- e) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
- f) The Company has laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.

**Acknowledgment**

The Directors express their sincere appreciation to the employees, valued shareholders, customers, bankers suppliers and government authorities for their continued support.

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

Place : Secunderabad  
Date : 28.05.2016

Ghanshyam Jaju  
(Chairman)  
DIN: 00104601

Mukund Kakani  
(Managing Director)  
DIN: 00104646

**ANNEXURE I**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on Financial Year ended on 31<sup>st</sup> March, 2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L24230TG1987PLC008016
2.	Registration Date	2 December, 1987
3.	Name of the Company	GODAVARI DRUGS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares / Pharmaceutical Company
5.	Address of the Registered office & contact details	1-8-303/34, Mayfair, S.P. Road, Secunderabad - 500 003. Tel: 040 -27849700, 27844557, Fax: 040-27849859
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	CIL Securities Limited 214, Raghavaratna Towers, Chiragali lane, Abids, Hyderabad - 500001. Tel : 040 -23203155, Fax: 040 -23203028 Email: rta@cilsecurities.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Ciprofloxacin HCL	21001	96.32%

**III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i: Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01.04.2015]				No. of Shares held at the end of the year[As on 31.03.2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/HUF	3721204	-	3721204	49.42	3721204	-	3721204	49.42	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-





e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total share-holding of Promoter(A)</b>	<b>3721204</b>	<b>-</b>	<b>3721204</b>	<b>49.42</b>	<b>3721204</b>	<b>-</b>	<b>3721204</b>	<b>49.42</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	25227	37500	62727	0.83	25227	37500	62727	0.83	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>25227</b>	<b>37500</b>	<b>62727</b>	<b>0.83</b>	<b>25227</b>	<b>37500</b>	<b>62727</b>	<b>0.83</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	412789	70500	483289	6.42	549882	70500	620382	8.24	1.82
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	1014707	290753	1305460	17.34	1164928	270253	1435181	19.06	1.72
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1115871	480000	1595871	21.19	896608	480000	1376608	18.28	(2.91)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	122756	227700	350456	4.65	83889	217200	301089	4.00	(0.65)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	11493	-	11493	0.15	13309	-	13309	0.18	0.03
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - DR	-	-	-	-	-	-	-	-	-



<b>Sub-total (B)(2)</b>	<b>2677616</b>	<b>1068953</b>	<b>3746569</b>	<b>49.75</b>	<b>2708616</b>	<b>1037953</b>	<b>3746569</b>	<b>49.75</b>	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>2702843</b>	<b>1106453</b>	<b>3809296</b>	<b>50.58</b>	<b>2733843</b>	<b>1075453</b>	<b>3809296</b>	<b>50.58</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>6424047</b>	<b>1106453</b>	<b>7530500</b>	<b>100.0</b>	<b>6455047</b>	<b>1075453</b>	<b>7530500</b>	<b>100.0</b>	-

### B) Shareholding of Promoters -

Sl.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year(As on 31.03.2016)			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledge / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledge / encumbered to total Shares	
1	Kamala Jaju	902676	11.99	0.00	902676	11.99	0.00	-
2	Sushma Kakani	952700	12.65	0.00	952700	12.65	0.00	-
3	Ghanshyam Jaju	343800	4.57	0.00	343800	4.57	0.00	-
4	Mukund Kakani	323100	4.29	0.00	323100	4.29	0.00	-
5	Mohit Jaju	223400	2.97	0.00	223400	2.97	0.00	-
6	Kirti Kumar Jain	159700	2.12	1.19	159700	2.12	1.19	-
7	Mangala Srimal	197000	2.62	2.62	197000	2.62	2.62	-
8	Prakash Chandra Shrimal	80000	1.06	1.06	80000	1.06	1.06	-
9	Jayashree Jain	27000	0.36	0.36	27000	0.36	0.36	-
10	Neeraj Jain	37900	0.50	0.00	37900	0.50	0.00	-
11	Manish Jain	33000	0.44	0.00	33000	0.44	0.00	-
12	Mohit Jain	36000	0.48	0.00	36000	0.48	0.00	-
13	Priyanka Jaju	125779	1.67	0.00	125779	1.67	0.00	-
14	Naina Jain	22149	0.29	0.00	22149	0.29	0.00	-
15	Tanushree Kakani	50000	0.66	0.00	50000	0.66	0.00	-
16	Akshiet Kakani	207000	2.75	0.00	207000	2.75	0.00	-

### C) Change in Promoters' Shareholding

There is no change Change in Promoters' Shareholding during the year under review.



**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the shareholders	Shareholding at the beginning of the year as on 01.04.2015		Shareholding at the end of the year as on 31.3.2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Highcrestt Global Company Ltd.	200000	2.66	200000	2.66
2	Shri Parasram Holdings Pvt.ltd	600	0.01	175768	2.33
3	Autofin Limited	139800	1.86	138800	1.84
4	Anuradha Karanjgaokar	100000	1.33	100000	1.33
5	Vrunda Karanjgaokar	100000	1.33	100000	1.33
6	Varun Jain	100000	1.33	100000	1.33
7	Swet Realtors Pvt. Ltd.	100000	1.33	100000	1.33
8	Ashwini Karanjgaokar	100000	1.33	100000	1.33
9	Karanjgaokar	80000	1.06	80000	1.06
10	Sanjay Jaju	75175	0.99	70575	0.94

**E) Shareholding of Directors and Key Managerial Personnel:**

Sr No	Shareholder's Name	Shareholding		Date*	Increase/ (Decrease) in share holding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the company				No. of shares	% of total shares of the company
01	Kirti Kumar Jain (Director & CFO)	159700	2.12	01.04.2015	0	Nil movement during the year	159700	2.12
		159700	2.12	31.03.2016				
02	Ghanshyam Jaju (Director & Chairman)	343800	4.57	01.04.2015	0	Nil movement during the Year	343800	4.57
		343800	4.57	31.03.2016				
03	Mukund Kakani (MD & KMP)	323100	4.29	01.04.2015	0	Nil movement during the year	323100	4.29
		323100	4.29	31.03.2016				
04	Mohit Jaju (Director)	223400	2.97	01.04.2015	0	Nil movement during the year	223400	2.97
		223400	2.97	31.03.2016				



05	Dilip Patel (Director)	0 0	0 0	01.04.2015 31.03.2016	0 0	Nil movement during the year	0	0
06	Syed Hussain (Director)	0 0	0 0	01.04.2015 31.03.2016	0 0	Nil movement during the year	0	0
07	Ramesh Babu Telugu (Director)	2500 2500	0 0.03	01.04.2015 31.03.2016	0 0	Nil movement during the year	0	0.033
08	Vimala Madon (Director)	0 0	0 0	01.04.2015 31.03.2016	0 0	Nil movement during the year	0	0
09	Jeevan Innani (KMP)	0 0	0 0	01.04.2015 31.03.2016	0 0	Nil movement during the year	0	0

F) **INDEBTEDNESS:** Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	48394494	36428002	-	84822496
ii) Interest due but not paid	-	2310183	-	2310183
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>48394494</b>	<b>38738185</b>	-	<b>87132679</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	68478761	4955493	-	73434254
* Reduction	-	-	-	
<b>Net Change</b>	<b>68478761</b>	<b>4955493</b>	-	<b>73434254</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	116873255	37888090	-	154761345
ii) Interest due but not paid	-	5805588	-	5805588
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>116873255</b>	<b>43693678</b>	-	<b>160566933</b>


**G) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD / WTD/ Manager		
		Mukund Kakani	K. K.Jain	Mohit Jaju
1	<b>Gross salary (excluding Commission)</b>			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	410000	180000	180000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
5	Others, Allowances	-	-	-
	<b>Total</b>	410000	180000	180000
	Ceiling as per the Act	-	-	-

**B. Remuneration to other Directors**

Name of Director	Sitting Fees (In Lacs.)	Commission (In lacs)	Total (In Lacs)
Shri Syed Hussain	0.50	Nil	0.50
Shri Dilip Patel	0.50	Nil	0.50
Shri Ghanshyam Jaju	Nil	Nil	Nil
Shri Ramesh Telugu	0.50	Nil	0.50
Smt. Vimala Madon	0.50	Nil	0.50



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amount in Lakhs)

Sl.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
1	Gross salary	1.8	3.6	5.4
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit others, specify.	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>			<b>5.4</b>

**XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

No penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

**ANNEXURE - II**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

**Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto**

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NA
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	



## 2. Details of contracts or arrangements or transactions at Arm's length basis.

Name of Related Party	Nature of Relationship	Duration of Contract	Salient Terms	Amount (In Rupees)
<b>Rent Paid:</b>				
Sushma Kakani	Relative of KMP	-	NA	1,80,000
Mohit Jaju	KMP	-		3,00,000
<b>Interest Paid:</b>				
Kamala Jaju	Relative of Director		NA	11,68,514
Ghanshyam Jaju HUF	HUF		NA	2,98,572
Ghanshyam Jaju	Director		NA	13,46,815
Mukund Kakani	Managing Director		NA	12,42,665
Kirti Kumar Jain	Director		NA	3,60,073
Mohit Jaju	Director		NA	13,22,901

**Purchase of Stores:**

A.K.Paper Products Pvt. Ltd.	Associated Company	Ongoing	Based on Transfer Pricing Guidelines	2,52,991
<b>Sundry Creditors:</b>				
Sushma Kakani	Relatives of KMP	NA	NA	2,05,008
<b>Loans:</b>				
Mohit Jaju	Director	Repayable after 31.03.2017	Carries interest rate of 15% p.a.	92,68,158
Mukund Kakani	Managing Director	Repayable after 31.03.2017	Carries interest rate of 15% p.a.	82,66,000
Kirti Kumar Jain	Director	Repayable after 31.03.2017	Carries interest rate of 15% p.a.	23,56,152
Ghanshyam Jaju	Director	Repayable after 31.03.2017	Carries interest rate of 15% p.a.	86,45,000
Ghanshyam Jaju (HUF)	HUF	Repayable after 31.03.2017	Carries interest rate of 15% p.a.	19,03,414
Kamala Jaju	Relative of Director	Repayable after 31.03.2017	Carries interest rate of 15% p.a.	74,49,366



### **ANNEXURE - III**

#### **a) Conservation of Energy**

It is an ongoing process in the Company's activities to conserve the energy. The details are set out below:

##### **Steps taken for conservation**

Keeping in view the environment, carbon mapping issue and rising fuel costs and dwindling non-replenishable resources, the use of rice husk as agro waste fuel is continued for generation of steam required for the various applications.

The electrical power consumption is optimized by maintaining a power factor exceeding 0.97.

##### **Capital investment on energy conservation equipments: Nil**

#### **b) Technology Absorption**

##### **Efforts made for technology absorption:**

Focus is always on new ideas & innovations to support existing businesses. Backward integration has been taken up through innovative technology and in-house R & D has been successfully implemented. New equipments are installed and are running to achieve commercial implementations.

##### **Benefits derived:**

Focus on efficiency optimization has contributed on obtaining the targeted operations. Achieved better consistency of operation, thereby reaching improved production process, & improved cost of production.

Expenditure on Research & Development, if any:

- a. Capital Rs. Nil
- b. Recurring Rs. 25,14,285/-
- c. Total Rs. 25,14,285/-
- d. Total R & D expenditure as a % of total turnovers: 0.35%

Details of technology imported, if any	NA
Year of import	NA
Whether imported technology fully absorbed	NA
Areas where absorption of imported technology has not taken place, if any	NA

#### **Form for Disclosure of particulars with respect to Conservation of Energy**

Particulars	Unit	2015-16	2014-15
A. Power & Fuel Consumption			
1. Electricity			
a) Purchased Units	000KWH	1962	1929
Total Amount	Rs. In Lacs	147.98	138.79
Average cost	Rs. / KWH	7.54	7.19
2. Coal			
Quantity	Tons	Nil	Nil
Total Cost / Average Cost	Rs.In Lacs	Nil	Nil





3.	Furnace OilQuantity Total Cost / Average Cost Agro / Ind. Waste Quantity Total Cost Average Cost	K.L. Rs. In Lacs Tons Rs. In Lacs Rs./ Ton	Nil Nil 3917.19 123.30 3.15	Nil Nil 4641 150.57 3244
4.	Others /Internal Generation	Nil	Nil	Nil

**Foreign Exchange Earnings/ Outgo:**

Earnings	The foreign exchange earnings on account of sale of goods were USD 1.66 Lakhs (Rs.108.25 lakhs)
Outgo	The foreign exchange outgo on account of purchase of raw material is USD 59.60 Lakhs (Rs.3940.89 lakhs )

**ANNEXURE IV****Form No. MR-3  
SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Godavari Drugs Limited  
Secunderabad - 500003.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Godavari Drugs Limited** (hereinafter called **the company**). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Godavari Drugs Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;



- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified during the Audit Period and hence not applicable).
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company and have obtained proper licences and their timely renewals:

- (i) The Factories Act, 1948
- (ii) Food and Drugs Administration
- (iii) The Environment ( Protection) Act, 1986
- (iv) Air (Prevention and Control of Pollution) Act, 1981 , Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by the Maharashtra Pollution Control Board

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of meetings of the Board of Directors or Committee of the Board as the case may be.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For VSS & Associates  
Company Secretaries  
Sd/-  
Vidya Harkut  
FCS No. : F 7086;  
C P No.:7534

Place: Hyderabad  
Date: 28.05.2016



**'ANNEXURE A'**

To,  
The Members,  
Godavari Drugs Limited  
Secunderabad - 500 003

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad  
Date: 28.05.2016

For VSS & Associates  
Company Secretaries  
Sd/-  
Vidya Harkut  
FCS No. : F 7086;  
C P No.:7534



## **ANNEXURE - V**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **❖ Forward-Looking Statements**

Certain statements in this annual report may constitute "forward-looking statements". These forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, cash flow projections, our exposure to market risks as well as other risks.

#### **❖ Industry Structure and Developments**

Rapid industrialization, urbanization, economic development, changing demographic profile and enhanced life expectancies is creating growth for pharmaceuticals and life science sectors.

The volumes of medicine used globally for is going up year on year and global spending on medicines is likely to reach \$ 1.4 trillion by 2020 driven by greater use of pricier branded drugs in developed markets and expanding reach of medicines into emerging market. Domestically, there is a huge focus on making medicines affordable and increase government spending on account of social responsibility towards all citizens.

#### **❖ Opportunities and threats**

The company is working towards exploiting the emerging market opportunities and driving its R & D and development initiatives in realising its aspirations.

- The company's position in the Quinolones segment with the reputation and acceptability as the best quality manufacturer for its products provides an edge and mitigates risk from competitors.
- Rising healthcare awareness leading to an increase in spending on medicines is a driving factor for this pharmaceutical industry.
- Government's initiative towards making medical treatment facilities and medicines available to all as part of social responsibility towards its citizens is a huge propeller of growth in this segment.

With hosts of opportunities, the company is also exposed to internal and external risk. We aim to address these risks through appropriate risk management system.

The financial highlights are as under: -

**(Rs. in Rupees)**

Sales for the year 2015-2016	71,12,10,536
Profit after tax	1,35,10,746
Paid up equity share capital as on 31st Mar'2016	7,53,05,000
Finance costs	1,87,99,085
Depreciation / Amortisation	62,61,590
Employee Benefit Expenses	2,16,94,444

#### **❖ Risks and Outlook**

At GDL, we realize the need to better understand anticipate, evaluate and mitigate business issues in order to minimise its impact on business.



Our risk management programme is aligned with our business strategy, process, technology, people and governance.

The company's fundamental approach to risk management is

- Forward looking to identify and measure risks.
- In depth knowledge of the business, market and competitors.
- A structured risk management program to safeguard the organisation from various risks through adequate and timely action.
- To identify, assess, prioritise and manage existing as well as emerging risks in a cohesive manner.

Demographic trends will be a significant driver of global demand for pharmaceuticals in the next five years. Increase in diagnosis and treatment of chronic conditions and an aging population will drive pharmaceutical demand in developed markets. In emerging markets, population growth, coupled with improved access to healthcare and rising per capita income will drive demand.

In the long term, we are targeting growing faster than the respective markets in which we are present. Your company proposes to take up new products along with enhancing capacities of existing products.

#### ❖ **Internal control systems**

Company believes that internal control is a necessary prerequisite of the principle of Governance and that freedom should be exercised within a framework of checks and balances. The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection and effective utilisation of resources and assets.

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**

Human resource development continues to remain a focus area for the Company. It has a structured process to identify recruit, train and retain young talent. Nurturing young talents to take on senior and responsible positions by mentoring and coaching them through various programmes has been our continuous effort.

Company believes that employees are the key to achieve its objectives and move on the growth path. There were cordial and harmonious industrial relations during the year.



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

**Company 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.

**Board of Directors:**

The Company's highly professional and responsive Board of Directors is composed of eminent thought-leaders and seasoned stalwarts drawn from diverse fields ensures extensive deliberation and expertise which have bearing on the process of decision- making.

Category	No. of directors
Non-Executive & Independent Directors including the Chairman	5
Other Non-Executive Directors	Nil
Executive Director	3
Total	8

**Independent Director and Limit of Number of Directorships**

The Company has complied with terms and conditions of appointment and re - appointment of Independent Directors of the Company.

**Maximum Tenure of Independent Directors**

The maximum tenure of Independent Directors of the Company, namely Mr. Syed Anis Hussain (DIN 00115949), Mr. Dilip Keshavlal Patel, (DIN 00013150), Mr. Ramesh Babu Telugu, (DIN 03613926), and Mrs. Vimala B. Madon , (DIN 06925101) shall be in accordance with the Companies Act, 2013 and clarifications / circulars issued by the Ministry of Corporate Affairs. They were appointed as an Independent and Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years.

**Other Relevant details of Directors:**

Name of Director	Designation	No. of Directorship(s) held in Indian public & private Limited Companies (Including GDL)	Committee(s) position (including GDL)	
			Member	Chairman
Mr. Ghanshyam Jaju	Chairman	3	2	1
Mr. Mukund Kakani	Managing Director	2	Nil	Nil
Mr. Kirti Kumar Jain	CFO	2	1	Nil
Mr. Mohit Jaju	Executive Director	2	Nil	Nil
Mr. Dilip Patel	Independent Director	9	5	4
Mr. Syed Hussain	Independent Director	4	3	1
Mr. Ramesh Babu Telugu	Independent Director	2	Nil	Nil
Mrs. Vimala Madon	Independent Director	2	Nil	Nil



### Details of Board Meetings held during the year

Date	Board Strength	No. of Directors Present	% (Percentage) of Directors Presence
30th May, 2015	08	08	100
13th August, 2015	08	08	100
26th September, 2015	08	08	100
6th November, 2015	08	07	87.5
9th February, 2016	08	08	100

### Code of Conduct

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company - [www.godavaridrugs.com](http://www.godavaridrugs.com).

### COMMITTEES OF THE BOARD

#### (a) Audit Committee

In compliance with Section 177 of the Companies Act, 2013 read with the Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 18 of SEBI Regulations 2015 and other applicable provisions, the Audit Committee has been constituted by the Board.

The Audit Committee continued working under the Chairmanship of Mr. Dilip Patel with Mr. Syed Hussain and Mr. Kirti Kumar Jain as co-members. During the year, the sub-committee met on four occasions.

The composition of the Audit Committee as at March 31, 2016 and details of the Members participation at the Meetings of the Committee are as under:

Name of Director	Designation/Category	Attendance at the Board Meetings held on			
		30/05/2015	13/08/2015	06/11/2015	09/02/2016
Mr. Dilip Patel	Chairman Independent Director	Y	Y	Y	Y
Mr. Syed Hussain	Member Independent Director	Y	Y	Y	Y
Mr. Kirti Kumar Jain	Member Director Finance	Y	Y	N	Y

The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Obligations and Disclosure Requirement (LODR). Some of the important functions performed by the Committee are:

#### Financial Reporting and Related Processes

- Review the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.



- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- Review the investments made by the Company.

All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

During the year under review, the Audit Committee held a separate meeting with the Statutory Auditors and the Internal Auditor to get their inputs on significant matters relating to their areas of audit.

#### **(b) Nomination and Remuneration Committee**

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

The broad terms of reference of the Committee inter alia, include the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board

The composition of the Nomination and Remuneration Committee as at March 31, 2016 and details of the Members participation at the Meetings of the Committee are as under:

#### **Composition of the Committee**

<b>Name of the Director</b>	<b>Category</b>	<b>Position</b>
Mr. Dilip Patel(DIN:00013150)	Independent Director	Chairman
Mr. Syed Hussain(DIN:00115949)	Independent Director	Member
Mr. Ghanshyam Jaju(DIN:00104601)	Non Executive Director	Member

#### **Familiarization of Directors**

The Company had organized the familiarization programme for its Board of Directors including independent directors to familiarize with the Company, their roles, rights, responsibilities in the Company, nature of industry, business model etc. The same has been kept on the website of the Company [www.godavaridrugs.com](http://www.godavaridrugs.com)

#### **Evaluation**

The performance evaluation criteria for every Director, KMP and Senior Management Personnel is determined by the Nomination and Remuneration committee at such time as may be decided by it from time to time.

#### **Criteria and Factors for Appointment of Independent Directors**

The Committee shall consider the integrity, experience, qualifications, industrial experience and review the independence of the individual in accordance with SEBI Listing Obligations and Disclosure Requirement, 2015 and Companies Act, 2013 and rules & regulations made thereto, as amended from time to time.





## Removal

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

## Performance Evaluation Process

The performance evaluation of the Board, its Committees and individual directors was conducted and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation.

Directors, who were designated, held separate discussions with each of the Directors of the Company and obtained their feedback on overall Board effectiveness as well as each of the other Directors. Based on the questionnaire and feedback, the performance of every director was evaluated in the meeting of the Nomination and Remuneration Committee (NRC).

Some of the key criteria for performance evaluation are as follows –

### Performance evaluation of Directors:

- Attendance at Board or Committee Meetings.
- Contribution at Board or Committee Meetings.
- Guidance /Support to the Management outside Board / Committee Meetings.
- Contribution in board deliberations especially on strategy, performance, risk management & standards of conduct.

### Performance evaluation of Board and Committees:

- Degree of fulfilment of key responsibilities.
- Board Structure and Composition.
- Establishment Committee responsibilities.
- Effectiveness of Board processes, information and functioning.
- Board Culture and Dynamics.
- Quality of Relationship between Board and Management.
- Recommendations made are proper and adequate.
- Efficacy of Communication with External stakeholders

## Remuneration to Executive Directors

The details of remuneration paid to the Directors during the financial year 2015-16 are given below:

Name of the Director	Salary (In Lacs.)
Shri. Mukund Kakani	4.10
Shri. Kirti Kumar Jain	1.80
Shri. Mohit Jaju	1.80

## Remuneration to Non - Executive Directors

The details of remuneration paid to the Non - Executive Directors during the financial year 2015-16 are given below:



Name of Director	Sitting Fees (In Lacs.)	Commission (In lacs)	Total (In Lacs)
Shri Syed Hussain	0.50	Nil	0.50
Shri Dilip Patel	0.50	Nil	0.50
Shri Ghanshyam Jaju	Nil	Nil	0.50
Shri Ramesh Telugu	0.50	Nil	0.50
Smt. Vimala Madon	0.50	Nil	0.50

**(c) Corporate Social Responsibility (CSR) Committee**

The Company doesn't fall under the ambit of Section 135 (1) and hence the Corporate Social Responsibility (CSR) Committee hasn't been formed.

**(d) Stakeholders' Relationship Committee**

The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.

**Composition of the Committee**

Name of the Director	Category	Position
Mr. Syed Hussain(DIN:00115949)	Independent Director	Chairman
Mr. Dilip Patel(DIN:00013150)	Independent Director	Member
Mr. Ghanshyam Jaju(DIN: 00104601)	Non Executive Director	Member

**Meetings and attendance of the Committee during the year:**

During the year, the committee met two times i.e. on 13 August, 2015 and 9th February, 2016. 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 2015 -16 is as under:

Sl. No.	Nature of Complaint/request	Received	Cleared
1	Change / Correction of Address	04	04
2	No. of transfers	15	15
3	Non receipt of shares /Others	Nil	Nil

Pursuant to Regulation 40 (9) of the Listing Obligations and Disclosure Requirement (LODR), a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

**The terms of reference of the Committee:**

To look into various investors related issues including redressal of complaints of shareholders/investors relating to –

- Transfer of shares
- Non-receipt of balance sheet
- Non-receipt of dividend etc.
- Issue of duplicate share certificate
- Other queries.



### Independent Directors Meeting

Independent Directors are regularly updated on performance of each line of business of the Company, strategy going forward and new initiatives being taken/proposed to be taken by the Company. The Independent Directors Shri Syed Hussain, Shri Dilip Patel, Shri Ramesh Babu Telugu and Smt. Vimala Madon, met on 9<sup>th</sup> February, 2016 without any Senior Management Personnel to evaluate the performance of Non-Independent Directors including Chairman of the Board.

### Postal Ballot

Your Company has not passed any resolutions through Postal Ballot during the year.

### General Body Meetings

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

Year	Location	Date	Time
2014-2015	J. S. Krishnamurthy Hall, FTAPCCI Premises, Red Hills, Hyderabad	13th August, 2015	3.30 P.M.
2013-2014	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	14th August, 2014	2.30 P.M.
2012-2013	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	12th August, 2013	2.30 P.M.

### 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 strictures 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 and Form AOC 2, annexed as Annexure II.

### Details of compliance with mandatory and non-mandatory requirements of Listing Obligations and Disclosure Requirement (LODR).

Your Company has complied with all the mandatory requirements of Listing Obligations and Disclosure Requirement (LODR). Following is the status of the compliance with the non-mandatory requirements:

The Non – Executive Chairman of the Company has been provided a Chairman's Office at the Registered Office of the Company. The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CFO.

During the year under review, there was no audit qualification on the Company's financial statements. The Company uploads its Financials on its website [www.godavaridrugs.com](http://www.godavaridrugs.com). The Internal Auditor makes proper reporting to the Board as stipulated in the Law.

### E-voting

Pursuant to the requirements of the Companies Act, 2013 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, company is providing e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at the General Meetings.

### 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).

A separate dedicated section under 'Investors Relation' on the Company's website gives information on various aspects such as financial details, Shareholding Patterns, quarterly results etc.

### General Shareholder Information

Sl No	Item	Details		
1.	AGM Date, Time and Venue	On 13th August, 2016 at 3.30 PM at J.S.Krishnamurthy Hall, FTAPCCI Premises, Red Hills, Hyderabad (To be held)		
2.	Financial Calendar 2016-2017(Tentative)	First Quarter Results – By 15th Aug 2016 Second Quarter /Half year Results- By 15th November 2016 Third Quarter/Nine Months Results- By 15th February 2017		
3.	Dates of book closure	06.08.2016 to 13.08.2016		
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	<b>Bombay Stock Exchange Limited</b>		
			<b>High (Rs.)</b>	<b>Low (Rs.)</b>
		April'15	86.55	56.05
		May'15	74.70	65.05
		June'15	65.70	50.10
		July'15	74.45	53.30
		August'15	79.80	48.15
		September'15	73.90	50.30
		October'15	91.80	67.00
		November'15	81.50	57.15
		December'15	70.50	60.60
		January'16	69.60	48.30
		February'16	52.50	30.05
March'16	45.50	32.65		
8.	Registrars and Transfer Agents (For both physical and electronic)	CIL Securities 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 2016	<b>Category</b>	<b>No. of Shares</b>	<b>%</b>
	Promoter	3721204	49.42
	Financial Institution & Banks	25227	0.33
	Bodies Corporate	620382	8.24
	Indian Public	2862598	38.01
	NRI's / OCB's	301089	4.00
	<b>TOTAL</b>	<b>7530500</b>	<b>100.00</b>

#### 11. Distribution of Shareholding as on 31st March 2016

Shareholding of Nominal value		No. of Holders	% of total Holders	Shares Amount	% of total Amount
From	To				
--	5000	3987	85.74	602315	8.00
5001	10000	327	7.03	275678	3.66
10001	20000	144	3.10	227116	3.02
20001	30000	65	1.40	165202	2.19
30001	40000	13	0.28	46438	0.62
40001	50000	21	0.45	97699	1.30
50001	100000	24	0.52	184612	2.45
100001	75305000	69	1.48	5931440	78.77
		<b>4650</b>	<b>100.00</b>	<b>75305000</b>	<b>100.00</b>

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.

#### Name, designation & address of the Compliance Officer:

**Mr. Jeevan Innani,**  
Company Secretary & Compliance Officer  
Godavari Drugs Limited  
A6/2, M.I.D.C., Nanded – 431603  
Email: info@godavaridrugs.com



## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

(Pursuant to Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company – [www.godavaridrugs.com](http://www.godavaridrugs.com)

Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended 31 March, 2016.

Place: Secunderabad  
Date: 28.05.2016

**Mukund Kakani**  
(Managing Director)

## **CEO AND CFO CERTIFICATE UNDER REGULATION 17 OF THE LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT REGULATIONS, 2015**

The Board of Directors,  
Godavari Drugs Limited  
Secunderabad.

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:

We have reviewed the Balance Sheet, Statement of Profit and Loss and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2015-16, which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies, if any.

We further certify that –

- a) There have been no significant changes in internal control over financial reporting during the year 2015-16;
- b) There have been no significant changes in accounting policies during the year 2015-16 except the change in the Stock valuation method for which Company adopted the Weighted Average Policy and
- c) There have been no materially significant fraud of which we have become aware and the involvement therein, of 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**

Place: Secunderabad  
Date: 28.05.2016

Mukund Kakani  
Managing Director &  
Chief Executive Officer

Kirti Kumar Jain  
Director &  
Chief Financial Officer



**AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Members,  
GODAVARI DRUGS LIMITED

We have examined the compliance of conditions of corporate governance by Godavari Drugs Limited, for the year ended on 31<sup>st</sup> March, 2016 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of 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 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 in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

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  
(ICAI FRN:000669S)

(Shantilal Daga)  
M.No. 011617  
Partner

Place: Hyderabad  
Date : 28.05.2016



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Godavari Drugs Limited**

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of Godavari Drugs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the statement of Profit and Loss and the 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**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2016 and its Profit and its Cash Flows for the year ended on that date.

#### **Emphasis of Matter**

Without qualifying our report we draw attention to:





- (i) Note No. 2.32 of the financial statements, which describes that the confirmation of balances of Trade receivables, Trade payables, sundry balances outstanding to the debit and credit of the parties are subject to reconciliation, review and adjustments thereof;
- (ii) Note No. 2.13B of the financial statements, wherein the Company has changed policy of method of valuation of Inventories from First in First Out method to Weighted average method which has resulted in value of the closing Inventories lower by Rs. 5,53,615/- and profit before tax for the year lower by Rs. 5,53,615/- and reserves and surplus lower by Rs. 3,62,009/- (net of taxes of Rs.1,91,606/-).

#### **Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed under contingent liability not provided for, the possible impact of pending litigations on its financial position in its financial statement – Refer Note No. 2.26 to the financial statements;
    - ii. the company has made provision, as required under the applicable law or Accounting Standards, for the material foreseeable losses, if any, on long term contracts. The company has entered into derivative contracts during the year and outstanding derivative contract at the end of the year is disclosed in the notes to account – Refer Note no. 2.41 to the financial statements;
    - iii. as represented by the company, there is no amount required to be transferred to Investor Education and Protection Fund by the company.

For S Daga & Co.  
Chartered Accountants  
(ICAI FRN: 000669S)

(Shantilal Daga)  
M. No. 011617  
Partner  
Place: Hyderabad  
Date: 28.05.2016

**Annexure – A to the Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Godavari Drugs Limited on the financial statements as of and for the year ended March 31, 2016

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.  
(c) The title deeds of immovable properties, as disclosed in Note 2.10 on fixed assets to the financial statements, are held in the name of the company.
2. (a) The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.  
(b) On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with by the company.
3. The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the registers maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
4. The company has not granted any loan to directors or made investments, provided any guarantees and securities and paragraph 3(iv) of the Order are not applicable. As such, the non-compliance of Section 185 and 186 of the Companies Act, 2013 does not arise.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of Companies Act, 2013 and the rules framed there under to the extent notified.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out detailed examination of the records with a view to determine whether these are accurate or complete.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it, with appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31<sup>st</sup> March, 2016.  
(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty and cess as at 31<sup>st</sup> March, 2016 which has not been deposited on account of a dispute except as under:



Sl. No.	Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Claim Period	Forum where the dispute is pending	Amount Deposited (Rs. in Lakhs)
(i)	Central Excise Act, 1944	Excise Duty	16.30	2008-09 to 2013-14	Commissioner(A)-Nagpur	0.41
(ii)	Customs Act, 1962	Customs Duty	6.96	2000-01	CESTAT-Mumbai	2.50
(iii)	Central Excise Act, 1962	Service Tax	3.98	2014-15	Commissioner(A) Nagpur	0.14

8. According to the information and explanations given to us and records of the company examined by us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company its officers or employees, noticed or reported during the year, nor have we been informed by any such case by the management.
11. The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the company.
13. The company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For S. Daga & Co.  
Chartered Accountants  
(ICAI FRN: 000669S)

(Shantilal Daga)  
M. No. 011617  
Partner

Place: Hyderabad  
Date: 28.05.2016



## **Annexure - B to the Auditors' Report**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Godavari Drugs Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions



of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S Daga & Co.  
Chartered Accountants  
(ICAI FRN: 000669S)

(Shantilal Daga)  
M. No. 011617  
Partner

Place: Hyderabad  
Date: 28.05.2016

**BALANCE SHEET AS AT 31st March 2016****In Rupees**

	<b>Note No.</b>	<b>For the Year Ended 31.03.2016</b>	<b>For the Year Ended 31.03.2015</b>
<b>Equity And Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	2.1	75,305,000	75,305,000
Reserves and Surplus	2.2	68,797,470	55,286,724
<b>Non-Current Liabilities</b>			
Long term Borrowings	2.3	37,888,090	36,428,002
Deferred Tax Liabilities (Net)	2.4	8,095,696	6,178,919
Long term Provisions	2.5	3,347,970	3,135,711
<b>Current Liabilities</b>			
Short term Borrowings	2.6	116,873,255	48,394,494
Trade payables	2.7	173,567,132	87,793,864
Other current liabilities	2.8	21,326,597	31,800,002
Short-term provisions	2.9	244,884	3,085,172
		-----	-----
<b>TOTAL</b>		<b>505,446,094</b>	<b>347,407,887</b>
<b>Assets</b>			
<b>Non-Current assets</b>			
Fixed Assets	2.10		
Tangible Assets		87,262,349	72,750,096
Capital work-in-progress		11,965,173	4,181,337
Non current Investments	2.11	1,000	1,000
Long Term Loans & Advances	2.12	2,247,370	1,866,798
<b>Current Assets</b>			
Inventories	2.13	107,448,797	92,802,824
Trade receivables	2.14	245,463,312	131,280,971
Cash & Bank Balances	2.15	6,503,706	2,634,299
Short term Loans & Advances	2.16	44,378,708	41,736,219
Other Current assets	2.17	175,680	154,342
		-----	-----
<b>TOTAL</b>		<b>505,446,094</b>	<b>347,407,887</b>
-----			

Significant Accounting Policies &amp; Notes on Financial Statements 1 &amp; 2

The Significant Accounting Policies &amp; 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  
(ICAI FRN 000669S)

For and on behalf of the Board of Directors

(SHANTILAL DAGA)  
Partner M.No.011617MUKUND KAKANI  
Managing DirectorKIRTI KUMAR JAIN  
Director (Finance)JEEVAN INNANI  
Company SecretaryPlace: Hyderabad  
Date: 28.05.2016


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016**
**In Rupees**

	Note No.	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
<b>INCOME</b>			
Revenue from Operations (Gross)	2.18	792,273,810	615,161,482
Less: Excise Duty		81,063,274	(66,698,895)
Revenue from Operations (Net)		711,210,536	548,462,587
Other Income	2.19	1,887,444	3,010,901
<b>TOTAL REVENUE</b>		<b>713,097,980</b>	<b>551,473,488</b>
<b>EXPENDITURE</b>			
Cost of Raw Materials Consumed	2.20	566,771,838	426,426,097
Cost of Traded Goods	2.21	2,715,810	4,924,267
Changes in Inventories of Finished Goods and Work -in-Process	2.22	17,279,114	(27,279,739)
Employee Benefit expenses	2.23	21,694,444	20,084,148
Finance costs	2.24	18,799,085	6,712,307
Depreciation/Amortisation		6,261,590	6,809,772
Other expenses	2.25	57,795,955	66,458,234
<b>TOTAL EXPENSES</b>		<b>691,317,836</b>	<b>504,135,086</b>
<b>Profit/(Loss) before tax</b>		<b>21,780,144</b>	<b>47,338,402</b>
Provision for taxation			
Deferred tax		1,916,776	10,501,924
Corporate tax		6,352,622	9,472,000
MAT Entitlement credit		--	(9,104,000)
<b>Profit /(Loss) after tax</b>		<b>13,510,746</b>	<b>36,468,478</b>
<b>EARNINGS PER EQUITY SHARE</b>			
Basic and Diluted earning per share	2.27	1.79	4.84
Face value of each share		10.00	10.00

Significant Accounting Policies &amp; Notes on Financial Statements 1 &amp; 2

The Significant Accounting Policies &amp; 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 &amp; Co.,

For and on behalf of the Board of Directors

Chartered Accountants

(ICAI FRN 000669S)

 (SHANTILAL DAGA)  
Partner M.No.011617

 MUKUND KAKANI  
Managing Director

 KIRTI KUMAR JAIN  
Director (Finance)

 JEEVAN INNANI  
Company Secretary

Place: Hyderabad

Date: 28.05.2016


**CASH FLOW STATEMENT FOR THE YEAR 2015-16**

Particulars	31.03.2016 Amount in Rs.	31.03.2015 Amount in Rs.
<b>A. Cash Flow From Operating Activities:</b>		
<b>Net Profit/loss before prior period adjustments</b>	13,510,746	36,468,478
Adjustment for depreciation	6,261,590	6,809,772
Deferred revenue expenses written off	-	3,107,772
Deferred Tax Liability	1,916,776	10,501,924
Provisions for Gratuity & Leave encashment	(2,628,029)	3,761,650
<b>Operating Profit before working capital changes</b>	<b>19,061,083</b>	<b>60,649,596</b>
Adjustment for		
Trade and other receivables	(117,226,734)	(141,375,071)
Inventories	(14,645,973)	(62,435,273)
Trade Payables	75,299,863	88,814,778
<b>Cash Generated from Operations</b>	<b>(37,511,761)</b>	<b>(54,345,970)</b>
Prior period adjustments	-	
Capital work in progress	(7,783,836)	(4,181,337)
	-----	-----
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(45,295,597)</b>	<b>(58,527,307)</b>
<b>B. Cash Flow From Investing Activities:</b>		
Purchase Of Fixed Assets	(20,773,845)	(2,008,431)
Deferred revenue expenses	-	-
<b>Net Cash Used In Investing Activities (B)</b>	<b>(20,773,845)</b>	<b>(2,008,431)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Proceeds from Long Term Borrowings	1,460,088	12,260,500
Short Term Borrowings	68,478,761	48,394,494
	-----	-----
<b>Net Cash flow from Financing Activities ( C)</b>	<b>69,938,849</b>	<b>60,654,994</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>3,869,407</b>	<b>119,256</b>
	-----	-----
Cash and Cash equivalents at beginning of the year	2,634,299	2,515,043
Cash and Cash equivalents at end of the year	6,503,706	2,634,299

As per our attached report of even date

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

For and on behalf of the Board of Directors

(SHANTILAL DAGA)  
Partner M.No.011617

MUKUND KAKANI  
Managing Director

KIRTI KUMAR JAIN  
Director (Finance)

JEEVAN INNANI  
Company Secretary

Place: Hyderabad  
Date: 28.05.2016



**Notes on financial statements for the year ended 31st March, 2016****Note No. 1: SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with Indian Generally Accepted Accounting Principles (GAAP), which comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). The accounting policies have been consistently applied by the Company unless otherwise stated.

**1.2 Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**1.3 Revenue Recognition**

- (i) The company recognises revenues on the sale of products, when the products are dispatched / delivered to the customer/dealer or when delivered to the carrier for export sales, which is when risks and rewards of ownership pass to the customer/ dealer.
- (ii) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- (iii) Revenue from services is recognized as per the terms of the contracts with the customers when the services are performed.
- (iv) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (v) Dividend income is recognized when the company's right to receive dividend is established.
- (vi) Export entitlements under the duty remission scheme are recognized as income when the right to receive the credit as per the terms of the scheme is established in respect of the exports made.

**1.4 Recognition of Expenditure**

Expenses are accounted for on an accrual basis and provision is made for all known losses and liabilities.

**1.5 Fixed Assets**

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any.
- (ii) The cost of Fixed Asset comprises its purchase price, including non-refundable taxes & duties and directly attributable cost of bringing the asset (including leasehold improvements) to its working condition for its intended use.
- (iii) All costs, including borrowing costs till commencement of commercial production, attributable to fixed assets are capitalized.

**1.6 Intangible Assets**

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized on a straight line basis over their estimated useful life of 10 years.



### **1.7 Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

### **1.8 Capital Work-in-Progress**

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

### **1.9 Depreciation**

Depreciation on fixed assets is provided on straight line method except on furniture and fixtures, vehicle, office equipment and computers, on which it is provided on written down value method, at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013.

### **1.10 Investments**

Current investments are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

### **1.11 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

### **1.12 Inventories**

Inventories are valued at the lower of cost and net realizable value. Obsolete, slow moving and defective inventories are identified at the time of physical verification and necessary provision is made for such inventories. The cost is determined using the weighted average cost method for all categories of inventories. Cost includes in case of Raw materials, Stores & spares and consumables the purchase price and attributable direct cost less discounts. In case of work-in-process and finished goods cost includes direct labour, material costs and production overheads.

### **1.13 Employee Benefits**

Short-term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the statement profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

### **1.14 Foreign Currency Transactions**

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of transaction.



- (ii) Monetary assets & liabilities denominated in foreign currencies are restated at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
- (iv) In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognized as income or expense along with the exchange differences on the underlying assets / liabilities. Further, in case of other contracts with committed exchange rates, the underlying is accounted at the rate so committed. Profit or loss on cancellations / renewals of forward contracts is recognized during the year. In case of option contracts, the losses are accounted on mark to market basis.

### 1.15 Leases

Operating lease payments are recognized as expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

### 1.16 Borrowing Cost

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to Statement of Profit & Loss.

### 1.17 Provisions, Contingent Liabilities and Contingent Assets

- (i) **Provisions:** Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.
- (ii) **Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.
- (iii) **Contingent Assets:** Contingent Assets are neither recognized or disclosed in the financial statements.

### 1.18 Accounting for Taxes on Income

The Current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company on the computed total income for the year.

Deferred Tax assets and liabilities are recognized on timing differences between taxable income and accounting income, originating in one period and expected to reverse in subsequent periods.

The Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.



Minimum alternative tax (MAT) under the provisions of Income Tax Act 1961 is recognized as current tax in the Statement of Profit and Loss.

The Credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability.

MAT credit recognized as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exist.

## Notes on financial statements for the year ended 31st March 2016

### Note No. 2

In Rupees

	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
<b>Note No.2.1</b>		
<b>Share capital</b>		
Authorised 100,00,000 (Previous Year 100,00,000) Equity shares of Rs.10/- each	100,000,000	100,000,000
<b>Issued, Subscribed &amp; Paid Up</b>		
75,30,500(Previous Year 75,30,500) Equity shares of 10/- each	75,305,000	75,305,000
<b>TOTAL</b>	<b>75,305,000</b>	<b>75,305,000</b>

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 31.03.2016		As at 31.03.2015	
	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

### 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
	<b>5,500,000</b>	<b>5,500,000</b>



Securities premium Reserve	106,318,993	106,318,993
Investment Allowance Reserve	1,654,000	1,654,000
<b>Surplus in statement of profit and loss</b>		
As per last balance sheet	(58,186,269)	(93,692,550)
Add:(Loss)/Profit for the year	13,510,746	36,468,478
	<b>(44,675,523)</b>	<b>(57,224,072)</b>
Less: Adjustment For Carrying Amount Of Assets	-	(962,197)
Net Surplus	(44,675,523)	(58,186,269)

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<b>TOTAL RESERVES &amp; SURPLUS</b>	<b>68,797,470</b>	<b>55,286,724</b>
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**Note No.2.3****Long term borrowings****Unsecured**

Loans from Directors	28,535,310	27,075,212
Loans from Related Parties	9,352,780	9,352,790

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<b>TOTAL</b>	<b>37,888,090</b>	<b>36,428,002</b>
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**Note No 2.3 A**

Loans from Directors & Other Related Parties are repayable after 12 Months and carries interest rate of 15% p.a.

**Note No.2.3 B**

Repayment of Unsecured loans are sub-ordinated to bank borrowings - Cash credit from Andhra Bank

**Note No.2.4****Deffered Tax Liabilities**

Deffered Tax Liabilities arising on account of

On Fiscal allowances on Fixed assets	9,463,713	7,314,257
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**Deferred Tax Asset**

On Employees benefits	(1,368,017)	(1,135,338)
Net Deferred Tax Liability/(Asset)	8,095,696	6,178,919

**Note No.2.5****Long Term Provisions**

Provision for Gratuity	3,092,599	2,898,935
Provision for Leave Encashment	255,371	236,776

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<b>TOTAL</b>	<b>3,347,970</b>	<b>3,135,711</b>
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**Notes on Financial Statements for the Year ended 31st March, 2016**
**Note No.2.6**
**Short Term Borrowings**

From Bank-Cash Credit Facility	115,587,284	48,394,494
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(Cash Credit Loan from Andhra Bank, Hyderabad are Secured by Hypothecation of First Charge on Inventory, Trade Receivables, Movable Assets & Immovable Assets & Guaranteed by Directors other than Independent Directors. Cash Credit Limit carries Interest rate of (Base Rate +3.5%)

HDFC Bank Car Loan (against hypothecation of Vehicle)	1,285,971	--
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<b>TOTAL</b>	<b>116,873,255</b>	<b>48,394,494</b>
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**Note No.2.7**
**Trade Payables**

Raw materials	148,275,988	73,434,122
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Others	25,291,144	14,359,742
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<b>TOTAL</b>	<b>173,567,132</b>	<b>87,793,864</b>
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**Note No.2.7A**

Trade payable includes Rs.17519126/-towards Buyers Credit for raw materials	17,519,126	0
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**Note No.2.7B**

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	NIL	NIL
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interest due on above and the unpaid interest interest paid	NIL	NIL
---	-----	-----

Payment made beyond the appointed day during the year	NIL	NIL
---	-----	-----

Interest due and payable for the period of delay	NIL	NIL
--	-----	-----

Interest accrued and remaing unpaid	NIL	NIL
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Amount of further interest remaining due and payable in succeeding years	NIL	NIL
--	-----	-----

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company, regarding the status of registration of such vendor under the said Act, as per the intimation received from them on the request made by the Company.


**Notes on Financial Statements for the Year ended 31st March, 2016**
**Note No.2.8**
**Other Current liabilities**

Current Maturity of leased finance	351,501	0
Interest accrued and due on Borrowings	4,453,574	997,994
Interest accrued but not due on Borrowings	1,352,014	1,312,129

**Other Payables:**

Sundry Creditors for Capital goods	3,990,309	1,554,582
Statutory Liabilities	1,438,376	4,608,524
Other Liabilities	9,740,823	23,326,773

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<b>TOTAL</b>	<b>21,326,597</b>	<b>31,800,002</b>
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**Note No.2.9**
**Short term Provisions**

Provision for Gratuity	225,135	89,840
Provision for Leave Encashment	19,749	7,831
Provision for Tax		
Less: Taxes Paid	0	2,987,501

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<b>TOTAL</b>	<b>244,884</b>	<b>3,085,172</b>
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**Notes on financial statements for the year ended 31st March, 2016**  
**Note No.2.10**

Name of the Asset	GROSS BLOCK					DEPRECIATION BLOCK			AMOUNT IN RS	
	As at 01.04.15	Additions during Year	Sales during Year	As at 31.03.16	Upto 01.04.15	for the Year	Transfer to Reserves	Upto 31.03.16	As at 31.03.16	As at 31.03.15
<b>Tangible Assets</b>										
Lease hold land	327,800	-		327,800	-	-		-	327,800	327,800
Factory/Building	33,087,011	1,631,897		34,718,908	14,008,080	982,438		14,990,518	19,728,390	19,078,931
Plant& Machinery	177,343,419	16,147,879		193,491,298	130,063,654	3,757,192		133,820,846	59,670,452	47,279,765
Elect Installations	11,142,949	1,118,909		12,261,858	8,507,250	401,710		8,908,960	3,352,898	2,635,699
Laboratory Equipments	1,215,639	-		1,215,639	1,087,402	38,556		1,125,958	89,681	128,237
Furniture & Fixture	858,848	11,300		870,148	525,049	88,093		613,142	257,006	333,799
Vehicles	4,491,437	1,700,000	1,351,000	4,840,437	1,843,888	781,719	1,051,000	1,574,607	3,265,830	2,647,549
Office Equipment	639,590	203,906		843,496	535,425	33,692		569,117	274,379	104,165
Computers	1,977,782	259,954		2,237,736	1,763,632	178,190		1,941,822	295,914	214,150
<b>Total</b>	<b>231,084,475</b>	<b>21,073,844</b>	<b>1,351,000</b>	<b>250,807,319</b>	<b>158,334,380</b>	<b>6,261,590</b>	<b>1,051,000</b>	<b>163,544,970</b>	<b>87,262,349</b>	<b>72,750,095</b>
<b>Previous Year</b>	<b>229,076,044</b>	<b>2,008,431</b>	<b>-</b>	<b>231,084,475</b>	<b>150,132,138</b>	<b>6,809,772</b>	<b>1,392,470</b>	<b>158,334,380</b>	<b>72,750,095</b>	<b>78,943,907</b>




**Notes on Financial Statements for the Year ended 31st March, 2016**
**Note No.2.11**
**NON CURRENT INVESTMENTS**
**Long Term Quoted**

In Fully Paid Equity Shares

Trade	1,000	1,000
500 HDFC Shares @ Rs. 2 per share Face Value	-----	-----
	<b>1,000</b>	<b>1,000</b>
Quoted Investments		
Market Value	535,575	511,425

**Note No. 2.12**
**Long term Loans and Advances**

Unsecured, Considered good:

Security Deposits	2,247,370	1,866,798
<b>TOTAL</b>	<b>2,247,370</b>	<b>1,866,798</b>

**Note No.2.13**
**Inventories**

Raw materials (Includes Stock in Transit of Rs. Nil Pr Year Rs.165672)	76,935,045	40,962,158
Work-in-Process	10,163,443	11,664,041
Finished Goods	19,086,079	34,864,595
Stores and Spares	1,264,230	5,312,030
<b>TOTAL</b>	<b>107,448,797</b>	<b>92,802,824</b>

**Note No. 2.13 A**

Inventories includes materials lying with the third parties	24,287,383	21,058,817
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**Note No. 2.13 B**

The Company has changed policy of method of valuation of Inventories from First in First Out method to Weighted average method which has resulted in reduction in the value of the closing inventories lower by Rs.5,53,615/- and profit before tax for the year is shown lower by Rs.5,53,615/- and reserves and surplus lower by Rs. 3,62,009/- (net of taxes of Rs.1,91,606/-)


**Notes on Financial Statements for the Year ended 31st March, 2016**
**Note No.2.14**
**Trade Receivables**

Unsecured considered good

Out standing for a period exceeding six months from the date they are due for payment	3,923,771	469,215
Others	241,539,541	130,811,756

<b>TOTAL</b>	<b>245,463,312</b>	<b>131,280,971</b>
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**Note No.2.15**
**Cash and Bank Balances**
**Cash and Cash Equivalents**

Balances with Bank	3,921,691	350,525
Cash on hand	337,015	163,774

**Other Bank Balances**

Deposits - Margin Money with maturity for more than 3 months but less than 12 months	2,245,000	2,120,000
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<b>TOTAL</b>	<b>6,503,706</b>	<b>2,634,299</b>
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**Note No. 2.15A**

Deposits with bank are against margin money on L.C. and B.G. maturing after 90 Days

**Note No.2.16**
**Short term Loans & Advances**

Unsecured Considered good:

Loans and advances to employees	1,055,337	1,264,040
Advances to suppliers	5,358,764	7,733,553
MAT Credit entitlement	8,446,534	10,359,000
Deposits with others	290,752	290,752
Cenvat credit receivable	27,702,034	20,986,718
Prepaid expenses	1,032,157	716,162
VAT receivables	437,998	385,995
Taxes paid (Net of Provisions)	4,495,287	
	4,440,155	55,132
		0

<b>TOTAL</b>	<b>44,378,708</b>	<b>41,736,219</b>
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**Notes on Financial Statements for the Year ended 31st March, 2016**
**Note No.2.17**
**Other current assets**

Interest receivable - Others	175,680	154,342
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<b>TOTAL</b>	<b>175,680</b>	<b>154,342</b>
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**Note No. 2.18**
**Revenues from operations**
**Sale of products**

Finished Goods	703,579,146	564,399,835
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Traded Goods	3,026,985	6,897,010
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	706,606,131	571,296,845
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Contract Manufacturing	4,604,405	43,864,637
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<b>TOTAL</b>	<b>711,210,536</b>	<b>615,161,482</b>
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**Note No. 2.19**
**Other Income**

Interest income	530,321	170,378
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Net Gain on foreign Exchange transactions	1,342,059	2,823,692
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Misc Income	15,064	16,831
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<b>TOTAL</b>	<b>1,887,444</b>	<b>3,010,901</b>
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**Note No. 2.20**
**Cost of raw materials consumed**

Opening Stock	40,796,486	10,182,406
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Add:Purchases	605,626,207	457,040,177
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	646,422,693	467,222,583
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Less :Closing Stock	76,935,045	40,796,486
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<b>TOTAL</b>	<b>569,487,648</b>	<b>426,426,097</b>
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**Note No. 2.20A**
**Details of raw materials consumed**

DCFA	212,816,564	95,936,584
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CPA	127,208,657	
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Q Acid	-	133,987,254
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Others	229,462,427	196,502,259
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<b>TOTAL</b>	<b>569,487,648</b>	<b>426,426,097</b>
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**Notes on Financial Statements for the Year ended 31st March, 2016**
**Note No. 2.21**
**Details of purchase of traded goods**

Raw Materials	2,715,810	4,924,267
<b>TOTAL</b>	<b>2,715,810</b>	<b>4,924,267</b>

**Note No. 2.22**
**Increase or Decrease in inventories**

Inventories At The Beginning Of The Year

Finished goods	34,864,595	11,369,618
Work in process	11,664,041	7,879,279
	46,528,636	19,248,897

**Inventories at the end of the year**

Finished Goods	19,086,079	34,864,595
Work in process	10,163,443	11,664,041
	29,249,522	46,528,636

(Increase)/Decrease In Inventories	17,279,114	(27,279,739)
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**Note No. 2.23**
**Employee Benefit expenses**

Salaries, Wages and Other Benefits	19,739,574	18,465,692
Contribution to Provident and Other funds	1,354,473	1,195,931
Staff welfare Expenses	600,397	422,525

<b>TOTAL</b>	<b>21,694,444</b>	<b>20,084,148</b>
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**Note No. 2.23.a**
**Employee Benefit:**

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

**Defined Contributions:**

Payments and Provisions for employees include Rs.13.54 lakhs (Previous Year RS.11.96 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


**Notes on Financial Statements for the Year ended 31st March, 2016**

**Leave Encashment** - Entitlement of 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.

In Rupees

	<b>Gratuity</b>		<b>Leave Encashment</b>	
	As At		As At	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
<b>a. Change in present value of obligation</b>				
Present Value of Obligation at beginning of period	2988775	2286125	244607	173108
Interest Cost	212387	199700	8747	13800
Current Service Cost	181295	204631	127773	116810
Past Service Cost- (Vested Benefits)				
Benefits Paid	(510701)	(134475)	(264067)	(39539)
Actuarial (Gain)/Loss on Obligation	445978	432794	158060	(19572)
Present Value of Obligation at end of Period	3317734	2988775	275120	244607
<b>b. Amounts to be recognised in the Balance Sheet and Statement of Profit &amp; Loss</b>				
Present value of obligation at end of period	3317734	2988775	275120	244607
Fair value of plan assets at end of period				
Funded Status	(3317734)	(2988775)	(275120)	(244607)
Unrecognised actuarial gain/(loss)				
Net Asset/(Liability) recognised in the Balance Sheet	(3317734)	(2988775)	(275120)	(244607)
<b>c. Expenses recognised in the statement of Profit &amp; Loss</b>				
Current Service Cost	181295	204631	127773	116810
Interest Cost	212387	199700	8747	13800
Past Service Cost- (non vested benefits)				
Net Actuarial (Gain)/loss recognised for the period	445978	432794	158060	(19572)
Expenses recognised in the statement of Profit & Loss	839660	837125	294580	111038
<b>d. Movement in the Liability recognised in Balance Sheet</b>				
Opening Net Liability	2988775	2286125	244607	173108
Expenses as above	839660	837125	294580	111038
Contribution Paid	(510701)	(134475)	(264067)	(39539)
Closing Net Liability	3317734	2988775	275120	244607
Past Service Cost- (vested benefits)				
Expected Return on Plan Assets				



## Notes on Financial Statements for the Year ended 31st March, 2016

### Assumptions

Mortality IALM (2006-08)Ult	LIC (1994-96) Ult	LIC (1994-96) Ult	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount Rate	7.46%	7.77%	7.46%	7.77%
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	15.76	16.30	15.76	16.30
Maximum Limit for Gratuity ( Rs. Lakhs)				

### Note No. 2.24

#### Finance Costs

##### Interest expenses

- Bank	11,544,756	1,382,456
- Others	5,739,540	4,956,703
Other borrowing cost	969,000	337,080
Interest on Taxes/ Duties paid	545,789	36,068

#### TOTAL

**18,799,085**

**6,712,307**

### Note No. 2.25

#### Other Expenses

Power & fuel	27,128,211	29,686,424
Consumption of Stores and spares	7,426,569	12,320,795
Rent	480,000	480,000

#### Repairs and maintenance:

- Plant and machinery	921,917	2,901,819
- Building	870,406	2,308,941
- Others	519,731	1,097,129
Insurance	561,234	364,578
Deffered revenue exp. written off	0	3,107,772
Research & Development expenses	2,514,285	2,298,109
Rates & taxes	661,854	629,034
Travelling and conveyance	3,304,357	2,092,834
Freight outward	1,886,998	946,254
Loss on derivative contracts	219,428	0
Miscellaneous expenses	11,300,965	8,224,545

#### TOTAL

**57,795,955**

**66,458,234**


**Notes on Financial Statements for the Year ended 31st March, 2016**

	<b>For the Year Ended 31.03.2016</b>	<b>For the Year Ended 31.03.2015</b>
<b>Note. No. 2.26</b>		
<b>(a) CONTINGENT LIABILITIES :</b>		
(i) On account of Bank Guarantee	500,000	500000
(ii) Buyers credit outstanding	17,519,126	
(iii) Claims against the company/ disputed liabilities not acknowledged as debts:		
(a) In respect of Excise matters	1,629,999	1629999
Demand raised for the year 2008-09.to 2013-14 (Oct-2013)- Appeal pending with Commissioner (Appeals) of Central Excise and Service Tax-Nagpur)		
(b) In respect of Customs matter - Demand raised for the year 2000-2001 and Appeal pending with CESTAT Mumbai)	696,062	696062
The Company expects no liability in respect of above matters.		
(c ) In respect of Service Tax on Director's Remuneration :-	397,766	0
Demand raised for the period from 01.07.12 to 31.10.14 and Appeal pending with Commissioner (Appeals) of Central Excise,Customs and Service Tax Nagpur against Order No.19/ ST/AC/2015 dt. 27.11.2015		
<b>TOTAL</b>	<b>20,345,187</b>	<b>2,826,061</b>
<b>Note No. 2.27</b>	<b>2015-16</b>	<b>2014-15</b>
<b>(a) Capital Commitments:</b>		
Estimated amount of contracts remaining to be essential on capital account not provided for	22500000	0.00
<b>(b) Other Commitments</b>		
There are No commitments other then Capital commitments.		
<b>Note No. 2.28</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Earning Per Share</b>		
Net Profit after tax attributable to eqity shareholders	13,510,746	36468478
weighted average of number of Shares	7,530,500	7530500
<b>Total Shares Outstanding</b>	<b>7,530,500</b>	<b>7530500</b>
Basic and Diluted earnings per share	1.79	4.84
Face value per share	Rs.10/-	Rs.10/-


**Notes on Financial Statements for the Year ended 31st March, 2016**

	<b>For the Year Ended 31.03.2016</b>	<b>For the Year Ended 31.03.2015</b>
<b>Note No. 2.29</b>	<b>2015-16</b>	<b>2014-15</b>
<b>CAPITAL INCENTIVE</b>		
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	4,500,000	4500000
Subsidy from Central Government	1,000,000	1000000
<b>TOTAL</b>	<b>5,500,000</b>	<b>5,500,000</b>
<b>Note No. 2.30</b>	<b>2015-16</b>	<b>2014-15</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 and expects full realisation.	2,798,385	2798385

**Note No. 2.31**

Company has evaluated the expenditure incurred on the development cost of new product and related pending end use of the same and accordingly these expenses have been written off :

(a) For the Year	0	3107772
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**Note no. 2.32**

The Company has not obtained Confirmations of balances outstanding to trade payables and receivables to debit and credit of the parties which are subject to reconciliation and review thereof by the management.

**Note no. 2.33**
**RELATED PARTY TRANSACTIONS**
**Names of Associated Companies**

Godavari Capital Pvt. Ltd.

Godavari Homes Pvt. Ltd

A.K. Paper Products Pvt. Ltd.

**NAMES OF ASSOCIATED FIRMS : NIL**
**NAMES OF KEY MANAGEMENT PERSONNEL**

Mr. Mukund Kakani, Mr. Mohit Jaju, and Mr. Kirti Kumar Jain, Jeevan Innani

**Names of Relatives of Key Management Personnel**

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




**Notes on Financial Statements for the Year ended 31st March, 2016**

Nature of transaction	Key Management Personnel	Relatives	Associates	Total
<b>A. Rent Paid</b>				
Sushma kakni		180,000		180,000
		(180,000)		(180,000)
Mohit jaju	300,000			300,000
	(300,000)			(300,000)
<b>B. Remuneartions</b>				
Mukund Kakani	410,000			410,000
	(288,000)			(288,000)
Kirtikumar Jain	180,000			180,000
	(180,000)			(180,000)
Mohit jaju	180,000			180,000
	(180,000)			(180,000)
Jeevan Innani	360,000			360,000
	-			-
<b>C. Interest</b>				
Kamala Jaju		1,168,514		1,168,514
		(1,094,083)		(1,094,083)
Ghanshyam Jaju (HUF)		298,572		298,572
		(285,514)		(285,514)
Ghanshyam Jaju		1,346,815		1,346,815
		(1,233,719)		(1,233,719)
Mukund Kakani	1,242,665			1,242,665
	(1,189,294)			(1,189,294)
Kirti Kumar Jain	360,073			360,073
	(334,836)			(334,836)
Mohit Jaju	1,322,901			1,322,901
	(818,595)			-
<b>D. Purchase Stores</b>				
A.K.Paper Products Pvt. Ltd.			252991	252,991
			(407,711)	(407,711)
<b>Sundry Creditors</b>				
Sushma Kakani		205,008		205,008
		(101,124)		(101,124)
<b>Loans</b>				
Mohit Jaju	9,268,158			9,268,158
	(7,863,165)			(7,863,165)
Mukund Kakani	8,266,000			8,266,000
	(9,299,023)			(9,299,023)


**Notes on Financial Statements for the Year ended 31st March, 2016**

Kirti Kumar Jain	2,356,152	2,356,152
	(2,487,498)	(2,487,498)
Ghanshyam Jaju	8,645,000	8,645,000
	(9,106,065)	(9,106,065)
Ghanshyam Jaju (HUF)	1,903,414	1,903,414
	(2,031,553)	(2,031,553)
Kamala Jaju	7,449,366	7,449,366
	(7,950,821)	(7,950,821)

<b>Note No. 2.34</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Miscellaneous expenses includes</b>		
<b>Payment to Statutory Auditors towards :</b>		
Statutory Audit fees	100,000	100,000
Fee for audit under IT Act	25,000	25,000
Certification and other matters	40,000	40,000
<b>TOTAL</b>	<b>165,000</b>	<b>165,000</b>

**Note No. 2.35**
**Particulars of sales, Closing and Opening Inventory**

In Rupees

	Sales Value		Closing Inventory	Opening Inventory
	2015-16	2014-15	31.03.2016	31.03.2015
<b>Manufacturing</b>				
Bulk Drugs (Net of ED)	703,569,146	498,460,150	19,086,079	34,864,595
Contact Mfg.	4,604,405	43,864,637	-	-
<b>Trading (Raw Materials)</b>				
Raw Materials (Net of ED)	3,036,985	6,137,800	-	-
<b>Total</b>	<b>711,210,536</b>	<b>548,462,587</b>	<b>19,086,079</b>	<b>34,864,595</b>

**Note No. 2.36**
**Value of Raw material Consumed**

	% of cons	2015-16	% of Cons	2014.15
Imported	63.09	353,240,545	63.2	272,581,899
Indigenous	36.91	206,658,877	36.8	158,533,399
		<b>559,899,422</b>		<b>431,115,298</b>

In Rupees


**Notes on Financial Statements for the Year ended 31st March, 2016**

<b>Note No. 2.37</b>	% of cons	2015-16	% of Cons	2014.15
<b>Value of indigenous goods, Stores &amp; Spares Consumed</b>				
Imported	-	-	-	-
Indigenous	100%	7,426,569	100%	12,320,795

**Note No. 2.38**

Value of Imports calculated on CIF basis in respect of :

Raw materials	394,089,572	298,107,078
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**Note No. 2.39**
**Expenses in foreign currency**

Travel and conveyance	447,912	341,600
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**Note No. 2.40**

Foreign currency exposure that are not hedged by derivative or

forward contract as on 31st March 2016	91,694,925	45,177,816
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**Note No.2.41**
**Derivative Instruments**

The details in respect of outstanding foreign exchange forward contracts:

<b>Particulars</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
	In Foreign Currency in Rs.	
Forward contracts outstanding		
In USD	200,000    13,257,000	NIL            NIL

The foreign exchange forward contracts mature within one month

**Note No. 2.42**

Earning in Foreign Currency

Revenue from Export Sales FOB Basis	10,825,914	0
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**Note No. 2.43**

Previous period's figures have been recast/restated to confirm to the current year presentations.

As per our attached report of even date

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

For and on behalf of the Board of Directors

(SHANTILAL DAGA)  
Partner M.No.011617

MUKUND KAKANI  
Managing Director

KIRTI KUMAR JAIN  
Director (Finance)

JEEVAN INNANI  
Company Secretary

Place: Hyderabad  
Date:28.05.2016



## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

**CIN: L24230TG1987PLC008016**

**Name of Company: GODAVARI DRUGS LIMITED**

**Registered Office: 1-8-303/34, Mayfair, Sardar Patel Road, Secunderabad -500003.**

Name of the Member(s) \_\_\_\_\_

Registered Address: \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No /Client ID : \_\_\_\_\_ DP ID \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of the  
above named company. Hereby appoint

Name : \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature or failing him \_\_\_\_\_

Name : \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature or failing him \_\_\_\_\_

Name : \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature or failing him \_\_\_\_\_

as my/ our proxy to attend and vote( on a poll) for me/us and on my/our behalf at the 28<sup>th</sup> Annual General Meeting / of the company, to be held on the 13<sup>th</sup> day of August at 2016 at 3.30 p.m. at FTAPCCI, J.S. Krishnamurthy Hall, Red Hills, Hyderabad and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No.**

Sl. No.	Resolution(S)	Vote
		For      Against

**Ordinary Business:**

1. Adoption of statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for the financial year ended 31st March, 2016
2. Re-appointment of Mr. Ghanshyam Jaju (DIN: 00104601) as a Director of the Company
3. Re-appointment of M/s. S. Daga & Co., Chartered Accountants as Statutory Auditors.

**Special Business:**

4. Ratification of remuneration payable to M/s. Bharathula & Associates, appointed as Cost Auditors of the Company for FY 2016-17
5. Revision in terms of remuneration of Mr. Mukund Kakani, Managing Director of the Company
6. Revision in terms of remuneration of Mr. Kirti Kumar Jain, Executive Director of the Company
7. Revision in terms of remuneration of Mr. Mohit Jaju, Executive Director of the Company



Signed this \_\_\_\_day of \_\_\_\_\_ 2016.

Affix Revenue  
Stamp

Signature of Shareholder

Signature of Proxy holder

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company

**GODAVARI DRUGS LIMITED**

**CIN: L24230TG1987PLC008016**

**Regd. Office: 1-8-303/34, Mayfair, Sardar Patel Road, Secunderabad -500003**

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

Full name of the member attending \_\_\_\_\_  
(In block capitals)

Member's Folio No./Client ID 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 28th Annual General Meeting of the Godavari Drugs Limited, at FTAPCCI, J.S. Krishnamurthy Hall, Red Hills, Hyderabad on Thursday, 13th AUGUST, 2016.

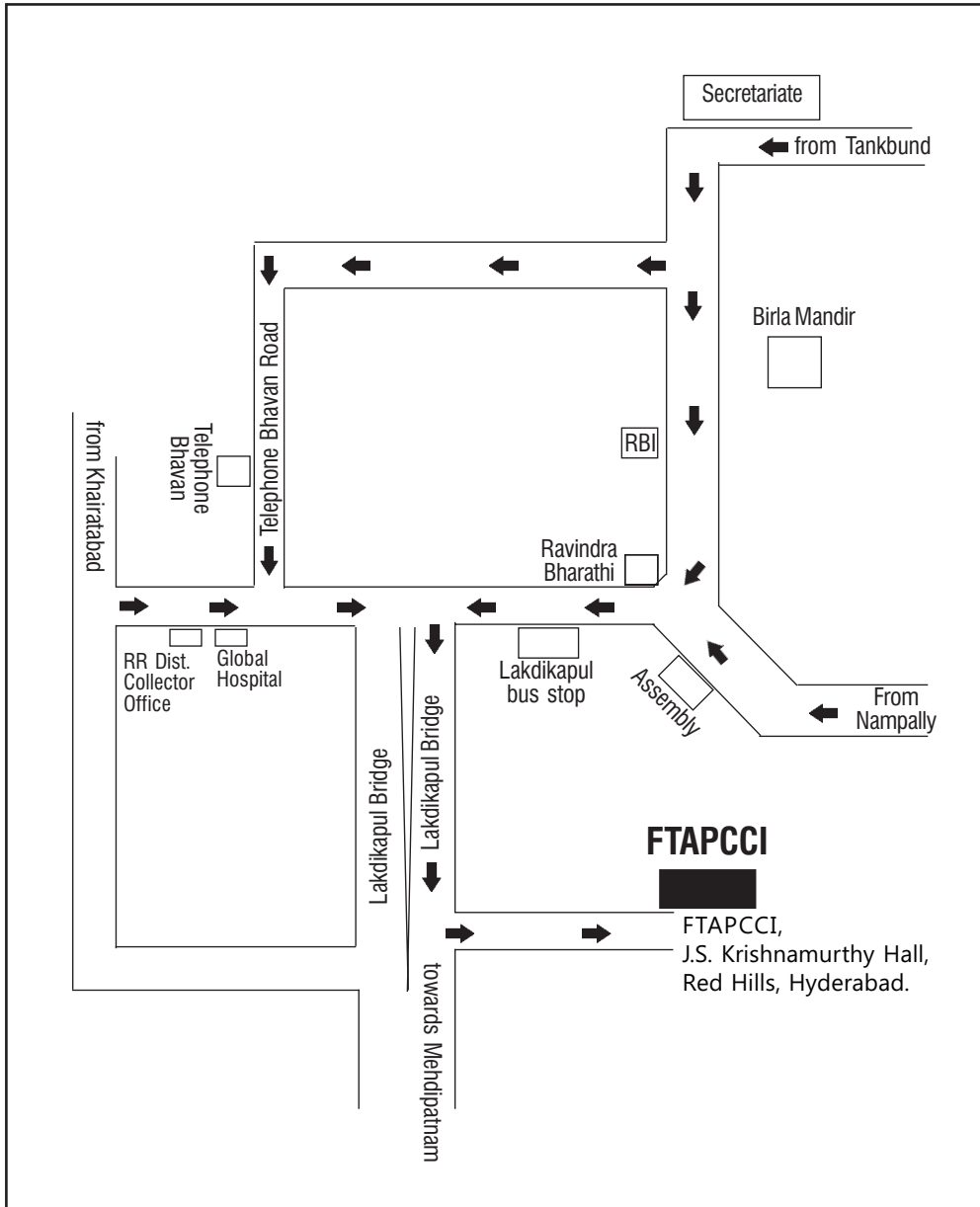
(Member's /Proxy's Signature)

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





## ROUTE MAP TO THE VENUE OF THE AGM



**BOOK-POST**

*If undelivered please return to :*

**GODAVARI DRUGS LIMITED**

Regd. Office: 1-8-303/34, Mayfair, Sardar Patel Road,  
Secunderabad -500003, Telangana State, India